GETTING AHEAD OF GENTRIFICATION:
Woodlawn’s Strategy for Managing Involuntary Displacement

ABSTRACT
The announcement of the Obama Presidential Center and Tiger Woods led redesign of the Jackson Park Golf Course, coupled with the continued expansion of the University of Chicago, the success of the city’s Micro Market Recovery Program and the deployment of the POAH administered thirty-million dollar Choice Award have all converged, indelibly transforming the Woodlawn neighborhood. These achievements have also unavoidably fanned the flames of displacement fear. In a community where +77% of all households are renting, that distress is not unfounded. Several studies commissioned by the Network of Woodlawn, successor to the LISC New Communities Program for this south side Chicago neighborhood, together with data compiled by the Institute for Housing Studies at DePaul University, have revealed that some 70% of all renters in Woodlawn were rent burdened in 2016. Rents since then have continued to soar. And while an estimated 33% of all households enjoy the protection of government-assisted housing, there is an uncomfortably high number of low, moderate and middle income renters, the “Uncomfortable Middle,” which are perilously vulnerable to involuntary displacement. The Network of Woodlawn has advanced several strategies to both identify vulnerable population and to advance public policies to alleviate this risk. Absent preemptive public policy, this neighborhood is poised to join other gentrified American communities where displacement may have been contained.

By: Thurman Smith, Vince Lane and Mattie Butler.
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IMMINENT DISPLACEMENT RISK: As used herein, a neighborhood is deemed to be imminently vulnerable to wide-spread displacement when all of the following hold true: 1) both home values and rents are increasing materially faster rate than the city as a whole, 2) the neighborhood median income is < 60% of citywide median, 3) more than 33% of the residents are already severely housing cost-burdened, and 4) more than 20% of the population are renters with household incomes < 80% of area median but do not reside in government-assisted housing. Woodlawn demonstrates all of these characteristics.

PROJECT OVERVIEW
The primary intent of this study is to determine the form, magnitude and timing of events in Woodlawn which, if left unaddressed, could lead to either involuntary displacement or blockage (inability to enter a neighborhood due to affordability). This report will also describe the methodology and data used and includes stress testing to identify specific tipping points where identified population segments become severely housing cost-burdened\(^1,2\) and thus more likely to exit\(^3\). The report will not examine race but does accept well-known correlations between race and income in Woodlawn and the city as a whole.

Largely using census based demographic reports, we have identified three principle dimensions for evaluating displacement data: 1) renters (both those residing in government-assisted/income-restricted housing and those in market-rate units) and owners, 2) income level (Low, Moderate, Middle and Upper), and 3) life stage (Type A - households headed by either a senior (age 65+) or person living with a disability or Type B – non senior or disability qualified head of households)).

Our analysis uses 2016 as a base line, a year that intentionally coincides with the announcements of the Obama Presidential Library and Tiger Wood’s redesign of the Jackson Park and South Shore golf courses. It also coincides with a massive deployment of neighborhood improvement capital by the University of Chicago\(^4\) and all of the local elementary schools on track to achieve a Level One or better status\(^5\). There is also a plethora of data demonstrating that 2016 was an inflexion point, one where Woodlawn home values and rental costs turned markedly upward after a glacial recovery from a tsunami of foreclosures and the painful duration of the area’s elevated and sustained unemployment.

\(^2\) Schwartz, M., & Wilson, E. (n.d.). Who Can Afford To Live in a Home?: A look at data from the 2006 American Community Survey, U.S. Census Bureau, Retrieved February 16, 2018, from https://www.bing.com/cr?IG=5886678FDB684B1BB382E2AC5C23B0AE&CID=5886678FDB684B1BB382E2AC5C23B0AE&rd=1&h=VK3oYxRe-mANBkmf9ekbJTDLA7rhhKk0_azCE5pf6i&v=1&r=https%3a%2f%2ffwww.census.gov%2fhousing%2fcensus%2fpublications%2fwho-can-afford.pdf&p=DevEx,5065.1
\(^3\) The State of the Nation's Housing 2017. (n.d.). Retrieved February 05, 2018, from http://www.JCHA.harvard.edu/research/state_nations_housing
From this base, we were able to gauge the magnitude of housing cost escalations required before any of the housing segments reached a severely cost-burdened condition. As used herein, severely cost-burdened (SCB) observes the HUD standard, further defined as the point at which median housing costs (mortgage + taxes + property insurance + utility costs, or rent + utility costs) exceeds 50% of the median income thresholds for a population segment. We were particularly looking to identify the tipping points where 20% and 50% of any segments becomes SCB classified and thus more pressured to leave.

To be clear, the Joint Center for Housing Studies of Harvard University (2017) reports that “32.9% of all US households are housing cost-burdened.” This suggests that a housing cost-burdened condition alone will not necessarily drive displacement. It further implies that households rationalize and adapt to that cost burden condition and for a wide range of reasons. However, the concentration of SCB households is not as pervasive. JCHA goes on to explain that concentrations of severely cost-burdened households varies widely across US cities, with most under 20%. Mindy Ault (2015), Social Science Analyst at U.S. Department of Housing and Urban Development, however, cites more explicitly that less than 15% of all US Households are living in this severe condition compared to plus 42% in Woodlawn.

This all, of course, raises the obvious question; at what point do severely cost burdened household, and particularly lower-income households with fewer options, actually begin to exit a community and how long does this exodus take before gentrification is acknowledged?

The simple truth is we don’t know. The predictive analytics required to address the wide array of economic and behavioral factors simply do not exist. Absent a definitive model, we elected to test for “Imminent Displacement Risk,” as defined above. This test concentrates on the likelihood and magnitude of any population segment being pushed out solely based on cost burden, and ultimately, leveling off at more normalized SCB levels of 15% to 20%.

The U.S. Census Bureau, consistent with this approach, concludes that the most severely housing cost-burdened cities in the U.S., cities which in turn are a sum of their neighborhoods, gravitate towards an implied equilibrium where severely cost-burdened household generally top-out below 20%. The notable exception again are low and very-low income communities where severe housing cost burden is a consistent reality – discussed later in this paper.

One might add that this cost avoidance behavior suggests that moderate and middle households elect to move, even if begrudgingly, to areas where the housing burden falls below 50% of income.
Thus, applying a 20% threshold as a meter, one can stress test for neighborhood tolerance levels that might precipitate displacement. At a 50% threshold, we assume the likelihood of exiting is heightened sufficiently to more forcibly drive an out-migration. To test this, we have introduced the Woodlawn Expulsion Index (WEI), as a predictive tool, to gauge the magnitude of housing cost movements required to push a population segment into the severely cost burdened category and thus define specific points or stages where aggregate households migrate into early, middle and late stage displacement.

More specifically, median home prices and rents were stressed/increased in line with percentage hikes forecasted for the neighborhood by Trulia. Noteworthy is that since 2016, Woodlawn’s median home price increases mirror early stage increases (in percentage terms) observed in other Chicago communities that were classified as “gentrified neighborhoods” between 2000 and 2017. More specifically, we are referring to the increases realized across four Chicago Neighborhoods (Andersonville, Wicker Park, Pilsen and Logan Square) where gentrifications has occurred.

IHS defines the level of said escalations as high magnitude increases (meaning > 21.6% change). As observed by Trulia (2018) below, the median 5 year price increase was greater than 30% in each of the gentrified neighborhoods compared to 22% for the city. For East Woodlawn (West Woodlawn not available) more than half of that growth occurred between 2016 and 2018.

In each of the comparative gentrification cases, the neighborhood median income also rose dramatically over the study period (2013 to 2016). Given a relative flat level of inflation and median income growth for the city, the neighborhood changes observed in the chart below, suggest an the in-migration of higher-income families and the implied out-migration of lower-income families. In each case, the local communities and press rather uniformly agree that gentrification occurred and was accompanied by an exodus of lower-income families, and in many cases, households of minority ethnicities. Noteworthy is

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that the gentrification in Pilsen and Andersonville started prior to 2013 and since then income growth has stabilized at near or below the city averages (meriting additional exploration).

<table>
<thead>
<tr>
<th>Median Income</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>4 Year Change</th>
<th>2 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Chicago</td>
<td>$75,645</td>
<td>$75,555</td>
<td>$79,332</td>
<td>$82,221</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>G1: Andersonville (Uptown/Ed.)</td>
<td>$45,730</td>
<td>$44,837</td>
<td>$45,711</td>
<td>$69,602</td>
<td>57%</td>
<td>55%</td>
</tr>
<tr>
<td>G2: Wicker Park (Westtown)</td>
<td>$70,098</td>
<td>$70,925</td>
<td>$75,509</td>
<td>$76,782</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>G3: Logan Square</td>
<td>$49,270</td>
<td>$49,270</td>
<td>$59,216</td>
<td>$60,808</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>G4: Pilsen (Lower West Side)</td>
<td>$35,686</td>
<td>$36,692</td>
<td>$36,090</td>
<td>$37,333</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>G5: Near West Side (West Law)</td>
<td>$68,735</td>
<td>$71,274</td>
<td>$72,143</td>
<td>$87,647</td>
<td>26%</td>
<td>23%</td>
</tr>
<tr>
<td>Median for Woodlawn</td>
<td>$23,986</td>
<td>$24,686</td>
<td>$23,986</td>
<td>$27,887</td>
<td>16%</td>
<td>13%</td>
</tr>
</tbody>
</table>

*ACS (2018), LISC (2018),
***CMAP: Community Snapshots (2016)
****City Data (2018)

Also noteworthy is that Woodlawn, since 2015 has shown a median income increase of roughly 13% compared to 7% for the city. When coupled with the relative small increase in households, we had to examine where this growth was coming from. The not so surprising observation was a slight increase in both the number of upper-income holds and lower-income households. Upper-income households in Woodlawn (defined using the IHS meter at $75,000 and above) increased .2% while lower-income households increased by 1.1%. Geoff Smith (2018) explains again that “the growth in lower-income household is most likely the growth in the student population.” Some of this is also explained by families now accommodated in the government assisted units added by POAH.

Source: IHS (2018)

Noteworthy is that median incomes in these neighborhoods also changed dramatically and presently median household incomes for the study group, except for Pilsen, are all increasing more sharply than the city. Given known CPI adjustments to income, the change in the study area implies that lower-income households were replaced with more affluent households – a classic displacement indicator.

**THE GREYNESS OF FAIR MARKET RENTS AND SECTION 8**

Fair market rent measures for Woodlawn merit some discussion, in part because there is some overlap in census tracks and zip codes which include the more affluent and neighboring Hyde Park markets. In fact, the 60637 zip code is roughly 20% weighted by Hyde Park. The consequence is that median rents are nudged higher by Hyde Park markets and create an opportunity for Woodlawn lessors to enjoy Section 8 rents which are higher than market rents otherwise realizable in certain parts of Woodlawn.
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That premium, however, has largely reversed itself in east Woodlawn which has enjoyed substantial rent appreciation during the last 24 months. West Woodlawn and the most southern parts of East and West Woodlawn, which overlap the LMI communities of Park Manor, Grand Crossing and South Shore remain at the low end of this rent spectrum.

The Section 8 tenancy also creates a level of revenue or payment stability that many landlords appreciate. The combination of a rental premium and stability give some reason to believe that landlords are not likely to exit the Section 8 market. However, as the gap between market rents and Section 8 caps increases, that argument weakens measurably. East Woodlawn has reached that point.

**POPULATION GROWTH IN CONTRAST TO REGIONAL POPULATION LOSSES**

There is an abundance of literature demonstrating that the Chicagoland region has and continues to be experiencing population losses.\(^\text{11}\) Despite this, the population in Woodlawn grew during this period as previously observed by Geoff Smith and Sarah Duda at IHS.

Further supporting this expectation of population growth is the number of vacant residential properties acquired with intent to repopulate, as evidenced by both rehab activity and 1QTR2018 sales Realtor.com, plus the profile of West Woodlawn units sold in 2017 by Neighborhood Housing Services.

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<table>
<thead>
<tr>
<th>Market for 2 Bedroom Unit</th>
<th>West Woodlawn</th>
<th>East Woodlawn</th>
<th>Hyde Park</th>
<th>Weighted (HP 20% / Woodlawn 80%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD 110% rent cap</td>
<td>$1,040</td>
<td>$1,625</td>
<td>$2,350</td>
<td>$1,565.25</td>
</tr>
<tr>
<td>Gap between Market &amp; HUD</td>
<td>$1,210</td>
<td>$1,210</td>
<td>$1,210</td>
<td>$1,210.0</td>
</tr>
<tr>
<td>Section 8 Premium</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>

Further supporting this expectation of population growth is the number of vacant residential properties acquired with intent to repopulate, as evidenced by both rehab activity and 1QTR2018 sales Realtor.com, plus the profile of West Woodlawn units sold in 2017 by Neighborhood Housing Services.
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Realtor.com reports 213 properties making up more than 240 units were sold in the first three months of 2018\(^\text{12}\). The combination of increased rehabbing and sales, with a record high sales price of $599,000 single family home price reported in March, 2018 support the expectation for continued population growth and a shift in the economic demographics, including an increase in the ownership ratio.

THE UNIQUE CASE OF LOW-INCOME FAMILIES

Uniform across a broad series of studies is that low-income households that do not enjoy access to income subsidized housing are measurably more likely to be severely cost-burdened. JCHA (2017), by way of example, cites that 70.3% of the lowest-income households (earning under $15,000) would be characterized as severely housing cost-burdened. It is also understood that only a fraction of all low-income households reside in project-based rental units. And while those not accommodated in project-based assisted housing may still have Section 8 or other assistance units, SCB may still be a daily reality. And while this observation applies to both owners and renters, renters are singled out because of the added vulnerability to landlord changes in preferences which can lead to resident evictions.

JCHA goes on to explain that “the share of renters with severe burdens varies widely across the nation’s 100 largest metros, ranging from a high of 35.4 percent in Miami to a low of 18.4 percent in El Paso.

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While most common in high-cost markets, renter cost burdens are also widespread in areas with moderate rents but relatively low incomes.” Recall again that IHS characterizes Woodlawn in this way.

However, in Woodlawn, some 3,141 of a total 9,629 households (Gensler, 2018) making up roughly 32.6% of the community and nearly 2/3rd of all low-income households in the neighborhood, are accommodated in income-restricted housing. One could conclude that they are somewhat immune to the effects of gentrification. On the other hand, this suggests that it is necessary to examine when said housing protections expire in order to identify both the magnitude and timing of the related vulnerability to housing losses should such income restriction be allowed to lapse.

As noted below, affordability covenants on an estimated 976 units expire before 2023 (some may have been renewed since 2016). Failure to extend these would impacting an estimated 10.4% of all household by 2023. More concerning is that the fact that some 40% of all subsidized units reserved for seniors and people living with disabilities expired or will expire in less than 5 years13. “This vulnerability alone bolsters the argument for establishing the community as a conservation district (Holmes, 2018)14.

<table>
<thead>
<tr>
<th>Income Restriction Expiry</th>
<th>2018-2023</th>
<th>2024-2030</th>
<th>2030-2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior &amp; Disabled Units</td>
<td>431</td>
<td>133</td>
<td>308</td>
</tr>
<tr>
<td>Percent</td>
<td>49%</td>
<td>15%</td>
<td>35%</td>
</tr>
<tr>
<td>Other Restricted Units</td>
<td>545</td>
<td>1012</td>
<td>926</td>
</tr>
<tr>
<td>Percent</td>
<td>22%</td>
<td>41%</td>
<td>37%</td>
</tr>
<tr>
<td>Total Restricted Units</td>
<td>976</td>
<td>1145</td>
<td>1234</td>
</tr>
<tr>
<td>Percent</td>
<td>28%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Percent of Households</td>
<td>10.4%</td>
<td>12.2%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

To be clear, traditional databases for verifying extensions of income-restrictions are often stale dated and the data continuously changes. Collection methods also vary or are based on sampling over multiple years – as is the case with the American Community Survey (ACS). We manually compiled our list of income-restricted housing by merging data from HUD, The Illinois Housing Development Authority (IHDA), Chicago Housing Authority (CHA) and the National Low-Income Housing Association (NLIHA). We also asked POAH and the Chicago Rehab Institute (CRI) and the Preservation Compact to review and opine on the same to strengthen the glossary. Together we have compiled the chart on page 9.

What we have clearly suggests that continuously addressing renewals of the affordability covenants must remain a priority – one that is already being policed under the city’s Affordable Housing Preservation Ordinance (AHPO).

14 Holmes, C. (2018, March 7). Woodlawn Subcommittee on Displacement - Request [E-mail to the author].
<table>
<thead>
<tr>
<th>Property Name</th>
<th>Risk Level</th>
<th>Property Address</th>
<th>Senior &amp; Disabled</th>
<th>Other</th>
<th>ELI Households</th>
<th>Target Tenant Type</th>
<th>Earliest End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 6126 S WOODLAWN AVE</td>
<td>High</td>
<td>6126 S Woodlawn Ave</td>
<td>0 0</td>
<td>Mixed</td>
<td>02/01/2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 6217-27 S DORCHESTER APARTMENTS (Faith Apts)</td>
<td>Low</td>
<td>6217 S Dorchester Ave</td>
<td>24 24</td>
<td>Mixed</td>
<td>01/01/2023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 6224 - 26 SOUTH KIMBARK (PKA 62woodlawn Cohousing)</td>
<td>Low</td>
<td>6224 S Kimbark Ave</td>
<td>10 10</td>
<td>Mixed</td>
<td>02/19/2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 6250 S HARPER/PARKSHORE EAST ELDERLY</td>
<td>High</td>
<td>6250 S Park Shore East Ct</td>
<td>204 204</td>
<td>Elderly</td>
<td>02/28/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 62ND ST DEVELOPMENT</td>
<td>TBD</td>
<td>6153 S Ebenhart Ave</td>
<td>162 162</td>
<td>Mixed</td>
<td>01/01/2023</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 6TH ST APARTMENTS</td>
<td>High</td>
<td>1526 E 6th Pl/6000 S. Maryland</td>
<td>63 63</td>
<td>Mixed</td>
<td>06/01/1999</td>
<td></td>
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<tr>
<td>7 CENTRAL WOODLAWN PARTNER</td>
<td>Low</td>
<td>6156 S University Ave</td>
<td>0 0</td>
<td>Mixed</td>
<td>01/01/2027</td>
<td></td>
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<tr>
<td>8 DORCHESTER APARTMENTS</td>
<td>Low</td>
<td>1410 E 62nd St</td>
<td>81 0 81</td>
<td>Disabled</td>
<td>09/01/2030</td>
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<td></td>
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<tr>
<td>9 CHAMPLAIN APARTMENTS</td>
<td>High</td>
<td>5641 S Champlain Ave</td>
<td>0</td>
<td></td>
<td>08/01/2069</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 6446 S KENWOOD</td>
<td>High</td>
<td>6446 S Kenwood Ave</td>
<td>0</td>
<td></td>
<td>04/19/2020</td>
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<td></td>
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<tr>
<td>11 WECAN 6346 S KENWOOD</td>
<td>Low</td>
<td>6146 S Kenwood Ave</td>
<td>0</td>
<td></td>
<td>03/24/2019</td>
<td></td>
<td></td>
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<tr>
<td>12 6201 S. GREENWOOD</td>
<td>High</td>
<td>6201 S. Greenwood</td>
<td>6</td>
<td>Mixed</td>
<td>12/06/2018</td>
<td></td>
<td></td>
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<tr>
<td>13 6226-28 GREENWOOD</td>
<td>High</td>
<td>6226-28 Greenwood</td>
<td>6</td>
<td>Mixed</td>
<td>12/06/2018</td>
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<tr>
<td>14 957 E. 62nd Street</td>
<td>High</td>
<td>957 E. 62nd Street</td>
<td>6</td>
<td>Mixed</td>
<td>12/06/2018</td>
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<tr>
<td>15 6556 S INGELISIDE</td>
<td>Low</td>
<td>6556 S Ingleside Ave</td>
<td>0</td>
<td></td>
<td>02/12/2066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 1112 E 62ND STREET</td>
<td>Low</td>
<td>1112 E 62nd St</td>
<td>0</td>
<td></td>
<td>02/07/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 6230 S DORCHESTER</td>
<td>Low</td>
<td>6230 S Dorchester Ave</td>
<td>0</td>
<td></td>
<td>05/28/2066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 DREXEL TERRACE APARTMENTS Woodlawn Manor</td>
<td>High</td>
<td>6330 E Drexel Ave</td>
<td>89 86</td>
<td>Mixed</td>
<td>01/01/2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 EDWIN BERRY MANOR</td>
<td>High</td>
<td>721 E 60th Street</td>
<td>84 84</td>
<td>Mixed</td>
<td>01/01/2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 FATHER MARTIN SARRELL HOUSE</td>
<td>High</td>
<td>1615 S 60th St</td>
<td>59 59</td>
<td>Elderly</td>
<td>12/11/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 GREENWOOD SENIOR LIVING</td>
<td>High</td>
<td>801-808 E 61st St</td>
<td>218 218</td>
<td>Elderly</td>
<td>01/01/2019</td>
<td></td>
<td></td>
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<tr>
<td>22 GREENWOOD/MARQUETTE APARTMENTS</td>
<td>Sold</td>
<td>1439 S 60th Pl</td>
<td>0 0</td>
<td>Sold</td>
<td>06/01/2021</td>
<td></td>
<td></td>
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<tr>
<td>23 ISLAND TERRACE APARTMENTS</td>
<td>Low</td>
<td>6430 S Stony Island Ave</td>
<td>240 240</td>
<td>Family</td>
<td>11/22/2035</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 JACKSON PARK TERACE (WCDC 1 &amp; 2)</td>
<td>Low</td>
<td>8640 S Harper</td>
<td>312 312</td>
<td>Mixed</td>
<td>01/01/2029</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 KENNETH CAMPBELL APARTMENTS</td>
<td>Low</td>
<td>6390 S Minerva Ave</td>
<td>105 105</td>
<td>Mixed</td>
<td>01/01/2030</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 KEYSTONE PLACE</td>
<td>Low</td>
<td>6531 S Minerva Ave</td>
<td>71 71</td>
<td>Family</td>
<td>01/01/2037</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27 KIMBERLIC RESIDENTIAL</td>
<td>High</td>
<td>6141 S University Ave</td>
<td>76 76</td>
<td>Disabled</td>
<td>10/31/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 MIDWAY PLAZA SENIOR</td>
<td>Low</td>
<td>52 52</td>
<td>Elderly</td>
<td>01/01/2030</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29 PARKSHORE EAST COOPERATIVE</td>
<td>Low</td>
<td>6000 S Park Shore East Ct</td>
<td>148 148</td>
<td>Family</td>
<td>08/04/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 PARKSHORE EAST ELDERLY</td>
<td>Low</td>
<td>6250 S Harper</td>
<td>204 204</td>
<td>Elderly</td>
<td>TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 POAH: 6201-07 S INGLEISIDE</td>
<td>Low</td>
<td>6201-07 S Ingleside</td>
<td>0</td>
<td></td>
<td>10/15/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 POAH: GROVE PARC APARTMENTS</td>
<td>Low</td>
<td>6101 S Evans Ave</td>
<td>228 228</td>
<td>Family</td>
<td>03/14/2031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33 POAH: RENAISSANCE APARTMENTS</td>
<td>Low</td>
<td>6105 S Ellis</td>
<td>117 117</td>
<td>Mixed</td>
<td>01/01/2042</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 POAH: STATION LOFTS</td>
<td>Low</td>
<td>63rd &amp; Cottage</td>
<td>35 35</td>
<td>Mixed</td>
<td>01/01/2045</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 POAH: THE BURNHAM OF WOODLAWN PARK</td>
<td>Low</td>
<td>6134 S Cottage Grove Ave</td>
<td>90 90</td>
<td>Elderly</td>
<td>03/14/2033</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36 POAH: TIRIANON</td>
<td>Low</td>
<td>6100 S. Cottage</td>
<td>24 24</td>
<td>Mixed</td>
<td>01/01/2035</td>
<td></td>
<td></td>
</tr>
<tr>
<td>37 POAH: WASHINGTON AT WOODLAWN PARK</td>
<td>Low</td>
<td>6154 S. Rhodes etal 16 brds</td>
<td>196 196</td>
<td>Family</td>
<td>03/14/2040</td>
<td></td>
<td></td>
</tr>
<tr>
<td>38 POAH: WOODLAWN CENTER NORTH (PRESEVATION)</td>
<td>Low</td>
<td>6129 S Cottage Grove Ave</td>
<td>81 81</td>
<td>Mixed</td>
<td>03/14/2030</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39 POAH: WOODLAWN CENTER SOUTH</td>
<td>Low</td>
<td>6227 S Cottage Grove Ave</td>
<td>82 82</td>
<td>Mixed</td>
<td>03/14/2035</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 POAH: WOODLAWN MIDWAY</td>
<td>Low</td>
<td>740 E 63rd ST</td>
<td>85 85</td>
<td>Mixed</td>
<td>03/14/2031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>41 THE PARKWAY GARDENS</td>
<td>Low</td>
<td>6711 S Ridgeland Ave</td>
<td>82 82</td>
<td>Family</td>
<td>04/30/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>42 THI-7</td>
<td>Low</td>
<td>1541 S MARQUETTE RD</td>
<td>0 0</td>
<td>Disabled</td>
<td>11/22/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>43 TRINITY OAKS</td>
<td>Low</td>
<td>6325 S Drexel Ave</td>
<td>84 84</td>
<td>Elderly</td>
<td>05/24/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>44 Wasington Scene Apartments</td>
<td>Low</td>
<td>6001 S. Vernon</td>
<td>92</td>
<td>Mixed</td>
<td>TBD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 WECAN NR-77</td>
<td>Low</td>
<td>5450 S Stony Island Ave</td>
<td>23 23</td>
<td>Mixed</td>
<td>04/08/2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>46 WEST 60TH STREET APARTMENTS</td>
<td>TBD</td>
<td>415 E 60th St</td>
<td>0 0</td>
<td>Mixed</td>
<td>06/01/1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>47 WESTWOOD PHASE II</td>
<td>Low</td>
<td>6201 S Rhodes Ave</td>
<td>42 42</td>
<td>Mixed</td>
<td>01/01/2027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>48 WOODLAWN SIX APARTMENTS</td>
<td>Low</td>
<td>6135 S Kimbark Ave</td>
<td>100 100</td>
<td>Mixed</td>
<td>01/01/2043</td>
<td></td>
<td></td>
</tr>
<tr>
<td>49 WOODLAWN/KIMBARK-APTS</td>
<td>Low</td>
<td>6201-7 S Kimbark Ave</td>
<td>33 33</td>
<td>Mixed</td>
<td>02/15/2013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Blend of National Housing Preservation Database (2018), POAH. HUD, IHDA, CHA, CRI and Preservation Compact
Getting Ahead of Gentrification: Woodlawn’s Strategy for Managing Involuntary Displacement

It should also be again be noted that there are also several new income-restricted developments in planning or under construction and multiple privately financed market-rate rental and for-sale developments in progress – all of which are also changing the population totals and distribution as well. The not yet completed POAH properties, including its 22-unit “Washington” development is included. Also, the vast amount of vacant but city controlled land creates an opportunity to create more affordable and workforce housing to offset units lost. But, the underlying vulnerability is still significant.

COMMUNITY CONDITIONS:
The community of Woodlawn has organized itself along the geographic boundaries of 63rd Street, running east and west, and Cottage Grove, running north and south, to create four quadrants, each with its unique socio-economic profile. Guided by the Network, each quadrant has its own community planning committee and is headed by a resident leader. That leader in turn serves as part of the broader Network of Woodlawn’s (NOW/the Network) Partnership for Economic Development (WPED) leadership committee. Each quadrant, armed with NOW resources, was charged to identify its own priorities, inventory community assets, create its own plan, maintain neighborhood communications and share the responsibility of implementing programming. More than 400 residents are participating in this community led planning and economic development process.

In 2016, NOW commissioned Gensler, one the nation’s most respected integrated architecture, design, planning and consulting firms to conduct an assessment of the neighborhood’s current condition and to identify and prioritize logical next steps for revitalization by quadrant. The Network expanded on this research by commissioning Skidmore Owings and Merrill (SOM) to advise the community on how to conduct its own independent research. This included identifying the various resource utilities available to access census, property ownership and other data required for a critical examination and forecasting process. This work overlapped unrelated but highly relevant studies completed by the Institute for Housing Studies (IHS) at DePaul University. The IHS work centered on displacement pressures in Chicago. Together, these works have served to frame what many Woodlawn resident already knew anecdotally, gentrification is coming quickly and the risk of involuntary displacement is real. This belief runs in contrast to traditional backwards-looking displacement theories that do not acknowledge gentrification until after a population has been displaced en masse. Instead, the community-shared belief is founded on the observation that perhaps gentrification occurs unevenly over time and often in more subtle bursts that are easily ignored. Because of this, we have chosen less traditional but measurably more current data sources to peg and project housing cost increases. The Multiple Listing Service (MLS) and Recorder of Deeds are chief among these.
To be clear, the research, from IHS in particular, confirmed that some 70% of all residents residing in Woodlawn were already housing cost-burdened in 2016. The Gensler study further revealed that roughly 61.8% of all housing units were rented, with another 22.4% of all units or sites vacant, making homeowners a meager 15.7% of total Woodlawn households. Gensler also pointed out that “at a median neighborhood income of $22,184, 32% of all household fell below the federal poverty level.” Gensler further explained that through 2015, “population growth in the neighborhood had been positive but slightly lower than the city average”, some of this the trailing effect of massive foreclosures. Population growth between 2010 and 2015 is estimated at 13% with stagnant home sales activity. That trend however reversed abruptly after the Presidential Library Center was announced in 2016. Since the announcement, home value have increased and rental hikes have been noteworthy.

According to Sam Cholke at Chicago’s DNA Info, Redfin (sales-based) estimates Woodlawn home values went up by 23% in the first six months of 2017, a rate far faster than the 4.6 percent increase in value for the Chicago area as a whole. RedFin’s year end estimate was 46%. Trulia likewise estimates that the value hikes reflect another 18% hike for 2018 while rents spiked 14% between August 2017 and August 2017.

The value and rental hikes do not bode well for lower and moderate income segments which are already housing cost-burdened and that do not have access to subsidized housing. On the other hand, one might argue that there is still plenty of affordable inventory. To this end, the same Trulia and RedFin surveys suggest the area still lags other prime communities with a meager median home price of $100K to $119K. Likewise, Gensler highlights that 22.4% of the homes were vacant. That number is dwindling and underscores, in part, the Network’s concern that early stage gentrification has set in and that the traditional data to evidence it has not yet been reported. Said another way, the lag in data collection does not mean the problem does not exist.

Organizations like Neighborhood Housing Services (NHS), levering funding from the Choice Award, the Attorney General and other charitable sources, was able to offer first time buyer incentives – all with long term affordability covenants. In partnership with the Preservation of Affordable Housing (POAH) under a collaboration called Renew Woodlawn, NHS also offers property discounts, rehab and term financing for underserved families. According Kristin Faust, Executive Director at NHS, Renew

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Woodlawn has already rehabbed and sold 28 homes, all in the western most quadrants, and has more in its pipeline. NHS’s report also illustrates that three quarters of the homes were sold to non-Woodlawn residents, and all sales were to moderate-income families earning less than 120% of AMI.

That reactivation of the western and lowest income quadrants, as a place of choice for the middle-class, is of particularly good news to residents. As Gensler (2016) points out, Woodlawn’s population is highly concentrated in the eastern quadrants, including the POAH development along Cottage Grove and the University of Chicago dormitories on Ellis Avenue. The eastern most quadrants, bordering the University of Chicago, Jackson Park, the lake front and the Obama Presidential Center, are projected to account for approximately 60 percent of the population by 2020.

Household and family sizes in the Woodlawn neighborhood are lower than the city wide average of 2.67. This is partially due to much smaller households and families in the more densely populated south eastern quadrants.

The Network is quick to point out that perception about the area’s school system may have contributed to why families migrated out of or elected not to migrate into the neighborhood. But even that has changed. In 2017, all four of the area’s elementary schools were rated Level or Level 1 or Level 1+s, the benchmark for highest performing schools. Most authorities consider the performance of elementary schools as a key motivator of home purchase or renting and as such can be a contributor to an area’s gentrification.

Gensler also highlights that the western most quadrants also have a higher concentration of low income households with roughly 36% living below the federal poverty level and the lowest household income levels.

<table>
<thead>
<tr>
<th>Population</th>
<th>NW</th>
<th>SW</th>
<th>NE</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>4843</td>
<td>4641</td>
<td>7171</td>
<td>7335</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Households</th>
<th>Avg. Household Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td>2.48</td>
</tr>
<tr>
<td>1854</td>
<td>2.50</td>
</tr>
<tr>
<td>2832</td>
<td>2.53</td>
</tr>
<tr>
<td>2990</td>
<td>2.45</td>
</tr>
</tbody>
</table>

The data identified 17 distinct population sub-segments, four of which are both very small and upper income. Because of the size and resilience to the stress level contemplated, we intentionally de-emphasized the upper income segments in the analysis. Likewise, as one may have expected, low and moderate-income segments were both very large and very sensitive to even small increases in cost. The related LMI segments also carried with it a relatively large inventory of project-based, income-restricted housing. As a result, we condensed these...
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into a singular category for Eligible Low income Renters (ELIR) which are renters currently accommodated in long-term, income-restricted units. The ELIR segment was insensitive to price movements and instead vulnerable to the lapse of protective covenants. We appropriately gauged this segment relative to the risk of covenant expiry.

This left those LMI household (owners and renters) that were not accommodated in income restrictive housing, where cost sensitivity was most noteworthy and thus stress tested.

It should be noted that Woodlawn’s population grew between 2010 and 2015, but this growth was largely in household size versus the number of new households. According to Geoff Smith (2018)\(^\text{21}\) at IHS, Woodlawn’s “population growth between 2010 and 2015 was largely driven by residents under age 10 (1,087 increase) and young people between ages 18 and 29 (1,082 increase). These numbers are from Tables 5a and 5b of the Housing Market, Socioeconomic and Demographic data set shared. This growth in young people is also serving to migrate the neighborhood closer to city norms.

Geoff (2018) explains that “it’s hard to know if the growth in population between 18 and 29 was driven by University of Chicago (U of C) students without further analysis. But, a few things to note from our data report that might help us make a more educated guess:

**Poverty increases** - Another area of growth in Woodlawn was in population below the poverty level which increased from 6,556 in 2010 to 10,062 in 2016. This growth in population below poverty is likely the function of a few things. It could be families in poverty moving to Woodlawn from other parts of the city. It could be families that were in poverty in Woodlawn in 2010 had children, therefore increasing the population below poverty. It could also be families or individuals living in Woodlawn who were not in poverty in 2010 are now in poverty. However, it could also be U of C students.

**Households flat** - While population increased in Woodlawn by nearly 2,900, the number of households increased by only 160. This would indicate that population increases did not lead to a ton of new household formation, but rather shifts in the composition of households living in Woodlawn. If you look at Table 2a, this gives a sense of how this plays out by income. There was substantial growth in households earning less than $50,000. This could include households in poverty. It could also include U

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\(^{21}\) Smith, G. (2018, February 20). Woodlawn Info NOW Tech Asst_Draft_small.pdf [E-mail to the author].
of C students. There was a large drop in middle income households earning between $50,000 and $75,000 per year, and there was a small increase in households earning more than $75,000. My guess would be that increases in this higher-income group was the product of U of C employees, but probably not students.”

**NOTEWORTHY SEGMENT ATTRIBUTES:**
Given that Woodlawn’s concentrations of low and moderate-income households is so pervasive (2016 census) – making up over 78% of the population coupled with a relatively modest middle income population, sensitivity to cost far outweighed other risk factors as a priority displacement driver for the neighborhood. Additionally, seniors (along with people living with disabilities) had the added vulnerability to nearer term lapses of government-assisted housing contracts or expiry of governmental loans.

**Low, Moderate and Middle Income Non-Seniors (Renters and Owners):** The population segment of Woodlawn jumped dramatically in 2016, but a large part of this was the 787 students that were accommodated in dormitory units developed by the University of Chicago. Per Gensler (2016), this student population was largely migrated in from neighboring Hyde Park when the university simultaneously sold a portion of its multi-family property inventory (also mostly Hyde Park but with some in Woodlawn). We eliminated the dormitory population from our analysis.
The remaining residents in this segment include families and more than a third were young families (those with a three year old enrolled in school), notwithstanding that per Rev. Byron Brazier (2018), head of the Network of Woodlawn, more than half of all school-aged children residing in Woodlawn are enrolled in schools outside of Woodlawn.

It should be noted that the average family size in Woodlawn is slightly lower than the city as a whole. Per Gensler (2016) and HIS (2017), this is the largest segment in Woodlawn and it carries a medium income of less than $26,000 compared to $66,020 for the city as a whole as defined by the Department of Numbers extract from the U.S. Census for 2016.

<table>
<thead>
<tr>
<th>Real Median Household Income for Chicago Illinois</th>
<th>2016</th>
<th>1 Year Change</th>
<th>3 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$57,617</td>
<td>+2.02%</td>
<td>+7.02%</td>
</tr>
<tr>
<td>Illinois</td>
<td>$60,960</td>
<td>+1.03%</td>
<td>+5.25%</td>
</tr>
<tr>
<td>Chicago</td>
<td>$66,020</td>
<td>+3.24%</td>
<td>+5.79%</td>
</tr>
</tbody>
</table>

This segment is also largely renters concentrated in two groups: ELIR, Non-Eligible Low to Moderate-Income Renters (NELMIR) – not housed in government assisted housing but some of which utilize Section 8 vouchers in market rate units. It is this latter group that has historically been the most vulnerable to eviction should properties sell or the owner elects to otherwise reposition the property – in both cases evicting LMI renters.

**Seniors:** According to IHS (2018), roughly 10.9% all Woodlawn residents were seniors in 2015. This accounts for roughly 2,886 people compared to roughly 872 government-assisted housing units set aside for either seniors or people living with disabilities. Of course, there are other government-assisted

22 Dr. Byron Brazier on Education in Woodlawn [Personal interview]. (2018, February 8).
units that accommodate seniors and some seniors reside in market rate units that accept Section 8 vouchers.

To get at the number of seniors that are homeowners we have asked the County Assessor to report the number of households claiming a senior exemption. That data is not yet available.

For the homeowner segment, we are looking to identify seniors, many of which are fixed-income, who would self-characterize themselves as highly vulnerable to housing cost escalations, most notably deferred maintenance costs, taxes insurance and utilities. This vulnerability is validated across an abundance of literature and by AARP as cited by SeniorAdvisor.com (2018)\(^2\)\(^4\).

Non-ELIR Senior Renters, were also readily identified in our analysis as a sub-segment which merits more exploration. The combination of fixed-income attributes coupled with the relative shortage of housing units specifically dedicated to seniors, merit this focus.

**WOODLAWN DISPLACEMENT VULNERABILITY ANALYSIS:**

There are several questions we have attempted to address in this analysis:

- Which population segments are vulnerable to displacement or blockage due to cost burden?
- What happens if a rebalancing occurs, one where the mix of renters and owners migrates to one reflective of the city (say 50% owners and 50% renters)?
- What vulnerabilities arise should current income restrictions on the neighborhood’s low-income housing inventory be allowed to lapse?

This analysis is being completed to inform the most appropriate public policies and economic development strategies pursued by the community and its stakeholders.

**Vulnerability to Housing Cost Burden:**

There is an abundance of literature demonstrating the high concentration of low-income families in Woodlawn. The most recent reports from IHS (2018) suggest that +77% of the population is housing cost burdened and that nearly 42% of all renters were severely housing cost burdened. Our intent was to determine the threshold at which more than 50% of any income segment would become severely housing cost burdened. To do this, we found it necessary to determine and view affordability by household size.

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As explained in the TIF ordinance creating the West Woodlawn TIF, affordable rents is relative to the number of bedroom required to accommodate a family. The most accurate assessment would then stress test by Family size and income (implying 28 LMI segments in their HUD based model below). Given the complexity of this approach and noting that income remains the primary driver, we assumed a median family size of 2.5 (rounded to 3), as supported by the Gensler (2016) data for Woodlawn, and this in turn implies a 2 or 3 bedroom unit. We then stress tested income for the Low, Moderate and Middle income segments.

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Implied Family Size</th>
<th>Very, Very Low</th>
<th>Very Low</th>
<th>Low</th>
<th>Moderate</th>
<th>Observed Range</th>
<th>Units in Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>1</td>
<td>$396</td>
<td>$660</td>
<td>$1,055</td>
<td>$1,583</td>
<td>$636-$903</td>
<td>3</td>
</tr>
<tr>
<td>1</td>
<td>1.5</td>
<td>$424</td>
<td>$707</td>
<td>$1,131</td>
<td>$1,697</td>
<td>$417-$1,046</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>$509</td>
<td>$848</td>
<td>$1,357</td>
<td>$2,036</td>
<td>$706-$1,578</td>
<td>17</td>
</tr>
<tr>
<td>3</td>
<td>4.5</td>
<td>$588</td>
<td>$980</td>
<td>$1,568</td>
<td>$2,352</td>
<td>$1,145-$2,009</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>6</td>
<td>$656</td>
<td>$1,093</td>
<td>$1,749</td>
<td>$2,624</td>
<td>$1,218-$1,523</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>7.5</td>
<td>$724</td>
<td>$1,206</td>
<td>$1,930</td>
<td>$2,895</td>
<td>$2,133</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>9</td>
<td>$792</td>
<td>$1,320</td>
<td>$2,111</td>
<td>$3,167</td>
<td>n/a</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42</td>
</tr>
</tbody>
</table>

Source: HUD, Chicago Tribune, Chicago Sun-Times, S. B. Friedman & Company

*Derived from the number of bedrooms using HUD formulas.
**Based on a random sample of apartments located in the Woodlawn Community Area and advertised in the Chicago Tribune and Sun Times during the month of August 2009.

The stress testing implies that with as little as a 15% increase in median rents while household income grows at an inflation adjusted rate of 2%, more than 50% of all low and moderate income households would become (or already are), severely housing cost burdened.

<table>
<thead>
<tr>
<th>Income Class</th>
<th>Base Median</th>
<th>Median Household Income (After CPI Adjustments)</th>
<th>Base Median</th>
<th>MARKET MEDIAN RENTS (In Gentrification Scenario)</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 2% 4% 5%</td>
<td></td>
<td>2016 15% 30% 45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Low (&lt;40% AMI)</td>
<td>$15,000</td>
<td>$15,300 $15,912 $16,887</td>
<td>$1,300</td>
<td>$1,495 $1,690 $1,885</td>
<td>12%</td>
<td>127%</td>
<td>148%</td>
</tr>
<tr>
<td>Low (40% AMI)</td>
<td>$26,408</td>
<td>$26,936 $28,014 $29,694</td>
<td>$1,300</td>
<td>$1,495 $1,690 $1,885</td>
<td>67%</td>
<td>72%</td>
<td>84%</td>
</tr>
<tr>
<td>Moderate (60% AMI)</td>
<td>$39,612</td>
<td>$40,404 $42,020 $44,542</td>
<td>$1,300</td>
<td>$1,495 $1,690 $1,885</td>
<td>44%</td>
<td>48%</td>
<td>56%</td>
</tr>
<tr>
<td>Low Middle (AMI)</td>
<td>$66,020</td>
<td>$67,340 $70,034 $74,236</td>
<td>$1,300</td>
<td>$1,495 $1,690 $1,885</td>
<td>27%</td>
<td>29%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Overlaying this data on our Expulsion Index, an estimated 3,750 to 4,500 renting households could be displaced, albeit over an unspecified timeline. Again, this very narrowly assumes that the population distribution in Woodlawn will, over time, migrate towards demographics that typify the city as a whole.

Laube Consulting Group. (2010). West Woodlawn Eligibility Study: Redevelopment Plan and Project Amendment #1 (Publication). City of Chicago, IL: Department of Community Development
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Observing the cost sensitivity noted herein, the Network is examining strategies specifically designed to manage costs escalations. These are outlined in the “Strategy Options” section later in this paper.

WHAT HAPPENS IF RE-BALANCING OCCURS?

Currently an estimated 15.7% to 20% of all Woodlawn housing units are owner. The variance also largely depends on how statisticians treat vacant inventory. Trulia (2018)\textsuperscript{26}, estimates the city of Chicago proportions at 45% owner-occupied and 55% renters. If Woodlawn were to rebalance over time in line with citywide metric to say 50%/50%, the result would be a massive erosion of rented inventory and most likely a displacement of low-income families which make up the majority of the renters.

The risk of rebalancing is heightened when one considers that through the recession there was a significant level of cash buying by non-resident investors\textsuperscript{27}. According to Geoff Smith and Sara Duda (2012) at the Institute for Housing Studies (IHS), roughly 68% of all Woodlawn property sales in 2011 were cash buyers.

Given the relatively low numbers of home occupied units sold during the same period, it is reasonable to assume these were rented, and given the large number of low-income households, a large portion of these with Section


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8 enabled residents with children (also consistent with the way the population expanded). Assuming a profit motive for as little as half of this cash acquired inventory, several hundred units could be resold as market rate properties or converted for single-family occupancy.

Today the IHS\textsuperscript{28} describes Woodlawn as an area of “Moderate-Cost with Rising Prices.” The study goes on to argue that “if these areas are also near stronger real estate markets or amenities (as Woodlawn is), this could lead to more rapid shifts in future housing demand and increased pressure on housing costs for vulnerable populations.”

While the IHS study does not speak to rebalancing or conversion of rental housing to owner-occupancy, the reality observed in Wicker Park, Logan Square and Pilsen do.

What is at stake is an estimated 1,000 to 3,000 housing units that might be converted from rental to for-sale as two or three story town-homes. And while this is at best a “guestimate,” a term offensive to true statisticians, for community residents it characterizes a fear that has played out in other communities.

**WHAT HAPPENS IF HOUSING COVENANTS ARE ALLOWED TO EXPIRE?**

As noted below, subordinated loans (with income-restricting covenants) covering 976 affordable units have or will expire by the end of 2023. This could potentially create a noteworthy vulnerability for 431 households headed by seniors or people living with disabilities plus another 545 units of housing for the general public. Together this impacts roughly one in every ten households in Woodlawn and nearly a third of all residents housed in government-assisted properties.

<table>
<thead>
<tr>
<th>Income Restriction Expire</th>
<th>2018-2023</th>
<th>2024-2030</th>
<th>2030-2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior &amp; Disabled Units</td>
<td>431</td>
<td>133</td>
<td>512</td>
</tr>
<tr>
<td>Percent</td>
<td>40%</td>
<td>12%</td>
<td>48%</td>
</tr>
<tr>
<td>Other Restricted Units</td>
<td>545</td>
<td>1012</td>
<td>926</td>
</tr>
<tr>
<td>Percent</td>
<td>22%</td>
<td>41%</td>
<td>37%</td>
</tr>
<tr>
<td>Total Restricted Units</td>
<td>976</td>
<td>1145</td>
<td>1438</td>
</tr>
<tr>
<td>Percent</td>
<td>27%</td>
<td>32%</td>
<td>40%</td>
</tr>
<tr>
<td>Percent of Households</td>
<td>10.4%</td>
<td>12.2%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

The likelihood of this happening, however is partially mitigated by the fact that most of this housing is either controlled by the city or not-for-profit, affordable housing oriented organizations. Further, based on conversations with the various property owner, we were able to zero in more specifically on a more-narrow subset of vulnerable projects and are working to obtain evidence that extensions of those commitments or contracts had either been documented (but not yet published by the authorizing issuer) or negotiations were underway. These are summarized as follows:

Noteworthy, however, is that at least two developments have been sold, including the 204-unit, Park Shore East, which was sold by Woodlawn Community Development Corporation to Elzie Higginbottoms. The strategy for that project has not yet been ascertained. Another 86-unit property, Drexel Terrace, has been on and off the market for several years, asking for as much as $9 million at one point.

When coupled with an uptick in home sales for the neighborhood, this loss of inventory risk remains a principle concern.

MITIGATION STRATEGY OPTIONS:

Given the risks defined above, the Network studied a plethora of strategies being deployed by other communities. Extracting from the Displacement Glossary constructed by The Urban Displacement Project at University of California, Berkley, together with those policies defined by the University of Illinois Chicago’s Nathalie Voorhees Center, the Network has embarked on implementing several strategies to arrest involuntary displacement. These are summarized as follow:

1. Control of Municipally Owned Properties under one development plan whereby WPED and Aldermanic letters of support are required for acquisition.
   a. Expand on the City’s Lots for Working Families program
      i. Pair with an extension of Renew Woodlawn
      ii. Creation of Woodlawn Affordable Housing Trust Fund (Mirror of Chicago’s Pilot Act For the Preservation of Affordable Housing in Logan Square)
   b. Support operationalization of existing land trusts and promote creation of shared equity housing cooperatives.

2. Continuous Monitoring and Proactive drive for renewal of income restrictions on government-assisted housing units.

3. Inclusionary Zoning on New Developments (increase inventory of workforce housing)

4. Expand TIF ordinance to allow for funding work force housing and to make home repairs for LMI homeowners in both the eastern and western quadrants.
   a. Include Incremental funding for energy improvements for LMI households
   b. Permit some limited funding to NHS for homeowner education (PITI) to drive more consistent use of place-tax-exemptions, energy grants and cost reduction strategies.

5. Tax abatement for low-income households and fixed income seniors.

6. Support launch and invest in Woodlawn Displacement Mitigation Fund

7. Confirm Woodlawn eligibility for city’s Neighborhood Opportunity Fund and THRIVE zone.


Chicago Metropolitan Authority for Planning. (2017). Cook County property tax classification effects on ... Retrieved February 23, 2018, from http://www.bing.com/cr?IG=1297A4777E27DA48D4B5061103A340079&CID=0E5B01086A4268740F1B0A946BED69ED&rd=1&h=xvIVMIQKjWj7cWCOqu7bGwWvMO3DQf3k4vHw4ilbQ&v=1&r=http%3a%2f%2ffwww.cmap.illinois.gov%2fupdates%2ffall%2f-%2ffasset_publisher%2fUIMF6lFbMob6%2fccontent%2fcfcook-county-property-tax-classification-effects-on-property-tax-burden&p=DevEx,5069.1


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Holmes, C. (2018, March 7). Woodlawn Subcommittee on Displacement - Request [E-mail to the author].
Getting Ahead of Gentrification: Woodlawn’s Strategy for Managing Involuntary Displacement


Getting Ahead of Gentrification: Woodlawn’s Strategy for Managing Involuntary Displacement

Smith, G. (2018, February 20). Woodlawn Info NOW Tech Asst_Draft_small.pdf [E-mail to the author].


Young, S. (2018, February 21). Preservation Compact Class 9 Question [E-mail to the author].
APPENDIX A: POLICY RECOMMENDATIONS

STRATEGY 1: Woodlawn Policy to Manage Redeployment of Municipally Controlled Residential Properties (Update as said policy draft is updated).

To mitigate the risk of involuntary resident displacement resulting from the neighborhoods vulnerability to gentrification, the Network of Woodlawn has asked the City of Chicago and Cook County to support a comprehensive and equitable housing initiative aimed at managing the dwindling but still large inventory of under-utilized, foreclosed, blighted or vacant residential properties in the Woodlawn quadrants. The outcome desired is to craft a policy that aligns with community’s aspiration to be an economically diverse and inclusive community. The intended policy is being fleshed out and will be informed by input from the community and subject matter experts.

PROPOSAL: Policy to Manage Redeployment of Municipally Controlled Residential Property.

This is one of several proposed but concurrent housing policy initiatives designed to support equitable but viable housing development in Woodlawn. While all elements will ultimately need to be more fully vetted and developed with the guidance of subject matter experts (policy, financial, market), the key elements of this proposal include:

SITE CONTROL: Aggregate all of the city and county controlled residential or residentially zoned properties in Woodlawn under one strategy with intent to implement a long-term redeployment that insures the following:

1. Accelerate/Expedite cycle times on city processes (a key developer compliant)
2. Both aldermanic and WPED support letters will be required for any entity to acquire city owned land in Woodlawn.
3. 40% to 50% redeployed as market rate for-sale or rental properties
4. 20% to 40% redeployed as for-sale or rental workforce housing (affordable to households earning not more than 140% of the area median).
5. 20% to 30% redeployed as affordable rentals subject to long-term affordability restrictions but eligible for families earning up to 140% of the area median.
   a. Affordable properties would be subject to a 20 year affordability condition coupled with a non-forgivable subordinated mortgage with a deferred and compounding interest payable that all becomes due upon default or sale.

BIAS TOWARDS RESIDENTS VERSUS INVESTORS (ABSENTEE LANDLORDS)

The Network is looking to more aggressively implement the City Lots for Working Families program in Woodlawn. The City Lots for Working Families (CL4WF) program provides vacant, City-owned lots to developers of affordable single-family homes and two flats for $1 each. Through the program, eight to 20 City-owned lots with a maximum appraised value of $125,000 can be conveyed per developer for each project. Houses must be made available to qualified buyers with incomes up to 140 percent of area median income. Buyers must use the homes as their primary residences for a minimum five-year occupancy period. The program:
• incentivizes home builders to purchase vacant, City-owned property to construct affordable housing
• helps to repurpose vacant land, create local employment, and expand homeownership opportunities
• encourages critical economic development and community improvement to neighborhoods, including promoting local wealth building through home equity appreciation
• promotes affordable homeownership opportunities in higher-cost communities, expanding economic and racial diversity
• provides a streamlined acquisition process and reduced permit fees, enabling greater participation for small and minority developers

Program Requirements

Land sold under the program must be used for owner-occupied, single-family homes and two/three-flats except as otherwise approved by both the alderman and WPED. Properties constructed under the program will be subject to affordability criteria for a minimum of five years. The buyer must execute a mortgage, security, and recapture agreement, as well as a covenant of residency. The initial buyer will earn a 20% write-down of the first $50,000 of land value through a recapture mortgage amount reduction for each year they live in the home. If the initial buyer sells the building within the affordability period, the prorated balance of the recapture mortgage will be due on sale, proceeds of which would inure to the Chicago Community Land Trust (CCLT.)

Program Features

• At Least 75% of homes must be priced and sold at a price determined by the Department of Planning and Development (DPD) to be affordable to households at 140% of area median income (AMI)
• Sale price may be lower depending on the local market conditions
• Maximum buyer Income: 140% AMI
• No buyer or developer subsidies provided under this program
• Maximum lot value $125,000*
• MBE/WBE, City residency requirements waived*
• No prevailing wage requirement
• First $50,000 of land value write-down forgiven over five years
• Anything over $50,000 land value is recaptured with provision upon sale – fully forgiven after 30 yrs. (30 year provision may provide some property tax benefits to homebuyer).
• Minimum lots per project: 8 - Maximum lots per project: 30 (for experienced developers)
• Lots located on Chicago’s Park Boulevard System are not eligible for sale under this program
• New construction homes built under the program will be subject to City minimum Design Standards, which are found in the application
• Additional details and requirements can be found in the application.
• Increase max number of units a developer can undertake in the City Lots for Working Family Program.
  o Clarify that sales price cap for a two unit property is 2x cap.

This program could also augment Neighborhood Housing Services “Renew Woodlawn” program, which would be expanded to include the eastern most quadrants of Woodlawn.
EQUITABLE AND LOCAL PARTICIPATION:
Our aim would include proactively reaching out to minority and mission based developers that are already engaged in this space (e.g. Do-For-Self) to drive equitable and mission oriented participation in the program.
1. Lever the client base of local CDFI’s like Community Investment Corporation (CIC), Chicago Community Loan Fund, Renovo, Neighborhood Housing Services, Urban Partnership Bank and First Eagle Bank to identify rehabbers and developers.
2. Broadly announce the program through local stakeholders to optimize local participation.
3. Integrate with the successor managers of the MMRP

QUALITY STANDARDS: All RFQ’s will demonstrate that the proposed developments or rehabilitation will meet NOW’s qualitative standards which are intended to mirror those published by CIC.

KEY PROJECT SCALE & COST ASSUMPTIONS
1. Target is to control up to 400 housing units contained in 200 properties.
2. Assumption is that we will target 20 investor/developer-rehabbers with 10 units each and each held to comply with target distribution cited above
3. Assuming an average acquisition cost of $60,000 per unit and rehab cost of $80,000 per unit for an all-in cost of $140,000 per unit (obviously higher in NE and SE quadrants), the capital requirement per investor is $1,400,000.
4. The typical equity requirement would be $140,000
5. The typical debt requirement would be $1,260,000

FINANCING STRATEGY: Our aim is to craft a layered financing strategy which lever existing resources in the market (e.g. CIC, Renovo or First Eagle Bank), coupled with a layer of lower cost Project Related Investments (e.g. Benefit Chicago, Field Foundation) or grants:
1. Incentive Based Financing
   a. Deferred City Purchase Price (recorded as a third mortgage) of 80% of the acquisition price. Average = $48,000 at 0% interest.
      i. Pro-rated and recorded against the affordable units only
      ii. Potentially refinanced with CHA (City exist strategy)
   b. Project Related Investments (say Benefit Chicago or Chicago City Treasurer)
      i. Estimated at $52,000 per investor and repaid from sale proceeds and priced at 7%.
2. Traditional CIC 1-4 Unit Loan, CCLB or Renovo Rehab Loan or Bank Loan
   a. Aim is up to 90% of cost (not more than 75% to 80% of value)
3. Borrower Cash Equity is $40,000 on average in this model
4. Explore TIF expansion/modification requirements needed to enable this program.
   b. Establish the Impact Area as a Conservation Area.
EQUITY BASED INCENTIVES: Using a combination of deferred city property acquisition costs and residential TIF monies, eliminate up to 90% of the equity requirements required for investor developer/rehabbers to acquire the sites identified above, in exchange for agreement to comply with the Site Control mandates above and the process mandates listed below:
1. No less than 25% of the employees used will come from the City of Chicago
2. Additional benefits will be awarded to investor that agree to and can prove that no less than 15% of the employees reside in Woodlawn
3. Additional benefits will be awarded to investors that hire Chicagoland employees that are ex-offenders which have been released during the preceding 24 months.
4. Work with area lenders to offer lower interest rates to developers that utilize ex-offenders at a to-be-determined threshold.

PROGRAM ADMINISTRATION: As proposed, the senior lender will manage the construction loan, documentation and disbursement process, implementing its own standards (no reinventing the process). Each investor/developer would be approved by the CCLB. The CCLB would be the obligated party under any RDA with the City of Chicago. CCLB would complete compliance reporting for WPED.

STRATEGY 2: CONTINUOUS MONITORING AND PROACTIVE DRIVE FOR RENEWAL OF INCOME RESTRICTIONS ON GOVERNMENT-ASSISTED HOUSING UNITS.

Given the very large population protected by affordable rental covenants, continuous monitoring of this housing segment is critical. And we acknowledge that the City of Chicago’s Housing Preservation Ordinance was crafted to do just this. The Network, however, is recommending more comprehensive discussions with HUD and IHDA on Section 8 renewal policy guidelines, and project-by-project assessments to insure that there are no intentional or unintentional changes that might impair this inventory, either by failure to renew or failure to reinvest.

Specifically, the Network is suggesting that the City of Chicago Continue Chicago’s Affordable Housing Preservation Ordinance (AHPO)29

- In an effort to help retain and preserve federally subsidized affordable housing for low-and moderate income families and seniors, the City of Chicago adopted the Affordable Housing Preservation Ordinance in 2007, which requires owners of federally assisted housing developments in the city of Chicago, who intend to prepay, terminate, sell or otherwise dispose of the development, without substitution of substantially similar affordability restrictions, to notify DPD 12 months in advance.
- DPD will expeditiously advise the Network of Woodlawn of any said notices and will continue to maintain a list of pre-qualified, affordable housing developers, and solicits bids from them, to work with the tenants, purchase the development, and maintain its affordability for at least ten (10) years. The owner of an affordable housing development is prohibited from selling the development, without giving notice to DPD and accepting any bona fide offer of a pre-qualified

29 Holmes, Calvin, (2018, February 20). Woodlawn Displacement Assessment [E-mail to the author].
developer, to purchase the development at a price that is economically substantially identical to any bona fide private offer the owner has received. The only exception would be if the owner directly sells the development to someone who agrees, by recorded agreement, to maintain the development as affordable housing, as defined by State law.

- Consider establishing Woodlawn as a Conservation District.

**STRATEGY 3: INCLUSIONARY ZONING**

The Network is recommending that the city require all new development over 10-units in Woodlawn set aside no less than 2 units as affordable to households earning less than 120% of AMI. This is consistent with the City of Chicago’s Affordable Requirements Ordinance which requires residential developments that receive city financial assistance or involve city-owned land to provide a percentage of units at affordable prices. The ordinance applies to residential developments of 10 or more units and requires that developers provide 10 percent of their units at affordable prices. The current ordinance applies if a zoning change is granted that increases project density or allows a residential use not previously allowed.

Herein, the Network is recommending that the ordinances “planned development” condition also apply to projects in Woodlawn Planned Development Area – suggesting further that all of Woodlawn would be deemed a “planned development area.”

For-sale units would also be produced via a modification or addendum to the city’s existing Affordable Requirements Ordinance which would stipulate that said units must be affordable to households at or below 120 percent of Area Median Income (AMI) – increased from 100% under the existing ordinance. Rental units, likewise must be affordable to households earning up to 100 percent of AMI – increased from the 60% under the current ordinance.

The intention here is to expand the ordinance to preserve housing affordable to moderate and lower middle income households – the traditional middle class which does not benefit from the neighborhoods existing government-assisted housing stock.

Units built under the proposed Woodlawn specific addendum to the Affordable Requirements Ordinance are required to remain affordable over time. Controls in the form of a mortgage, right to repurchase at the lower of original cost less amounts due on the city sponsored mortgage or other financial device will be required to regulate the long-term affordability. At the time of purchase of development land or other city assets, the City records a 30-year lien for the difference between the unit’s market price and its affordable price to the eligible buyer.

Other units will be targeted for placement in a Woodlawn specific, Community Land Trust (CCLT). These units will have a 30-year restrictive covenant with a maximum resale price. The maximum resale price will be the original purchase price plus a percentage of the market appreciation, and in most cases will be a below market price.

**STRATEGY 4: EXPAND WEST WOODLAWN TIF ORDINANCE TO ALLOW FOR FUNDING WORK FORCE HOUSING AND TO MAKE HOME REPAIRS FOR LMI HOMEOWNERS IN BOTH THE EASTERN AND WESTERN QUADRANTS.**
Established in 2010 and expiring in 2034, the TIF\textsuperscript{30,31} was designated to encourage affordable and market rate residential investment, as well as commercial investment, within a 64-block area of Chicago’s South Side. Resources made available by the TIF also target public infrastructure improvements, transit upgrades, infill projects, and new job-training and day care opportunities for area residents. At inception, the TIF identified that 95% of the buildings in the TIF area were 35 years or older and many had substantial need for repair. Most water and sewer lines were installed prior to 1909. The area was also qualified as a Conservation Area (meeting substantial blight criteria). These conditions still hold true today.

Households earning up to 140% of AMI are qualified for a City-wide TIF-NIP (neighborhood improvement program), which is in the form of a grant to make exterior and qualified energy related improvements. This program is subject to routine expiry. Reliable sources suggest a new version of TIF-NIP launches in April, 2018 and is expected to mirror these terms but only for households up to 80% of AMI. The city will direct pay for qualified improvements, eliminating the need for bridge financing. An energy audit grant is also recommended to help LMI families identify energy needs.

Presently, there are two unidentified, West Woodlawn specific projects line itemed on the West Woodlawn TIF website (see TIF Projections on Page 27). At the same time, Neighborhood Housing Services, a local CDFI, reports that 28 homes in the TIF area were rehabilitated and sold to LMI households. The TIF advanced $174,145 to support NHS efforts (City of Chicago, 2017).

Under the TIF, the city contemplated funding $69.3 million of which $224,050 was been funded through 2016. The program was expected to be funded with tax increments from the TIF area. As of 12/31/2016, the TIF value was reported at $483,509, which clearly comes nowhere close to addressing the contemplated demand. It should also be noted that the fund reported operating losses in 2016 and transferred non-deployed funds totaling more than $200,000 for area street lighting.

<table>
<thead>
<tr>
<th>Estimated Redevelopment Project Costs</th>
<th>Eligible Expenses</th>
<th>Estimated Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services (including analysis, administration, studies, surveys, legal, marketing, etc.)</td>
<td>$800,000</td>
<td></td>
</tr>
<tr>
<td>Property Assembly (including acquisition, site preparation, demolition, and environmental remediation)</td>
<td>$8,000,000</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation of Existing Buildings, Fixtures, and Leasehold Improvements</td>
<td>$15,000,000</td>
<td></td>
</tr>
<tr>
<td>Eligible Construction Costs (includes Affordable Housing Construction Costs)</td>
<td>$28,000,000</td>
<td></td>
</tr>
<tr>
<td>Relocation Costs</td>
<td>$2,000,000</td>
<td></td>
</tr>
<tr>
<td>Public Works or Improvements (including streets and utilities, parks and open space, public facilities (schools &amp; other public facilities)(1))</td>
<td>$11,500,000</td>
<td></td>
</tr>
<tr>
<td>Job Training, Retraining, Welfare-to-Work</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>Interest Costs</td>
<td>$3,000,000</td>
<td></td>
</tr>
<tr>
<td>Day Care Services</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL REDEVELOPMENT COSTS (2), (3), (4)</td>
<td>$69,300,000</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{30} Laube Consulting Group. (2010). West Woodlawn Eligibility Study: Redevelopment Plan and Project Amendment #1 (Publication). City of Chicago, IL: Department of Community Development

Without substantial redevelopment within the West Woodlawn TIF Area, the TIF is highly reliant on transfers from other TIFs to cover projected liabilities.

As highlighted below, the TIF is projecting roughly $2,500,000 in transfers in from the neighboring Woodlawn TIF to fund the planned developments (City of Chicago, 2017). The TIF has also allocated $250,000 per year historically for a defined Small Business Investment Fund (SBIF) liability. It is expected that this may be continued, albeit not in the projections. An unspecified $300,000 school project is also contemplated for 2018.

Again, the Network is looking to modify the TIF to permit a continuation of the Renew Woodlawn Program which was funded initially with Choice Award, Attorney General (AG) grants and other non-recurring sources.

### STRATEGY 5: TAX ABATEMENT FOR FIXED INCOME SENIORS.
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Tax abatements remain a topic of significant interest and debate, with some authorities like the Chicago Metropolitan Authority for Planning (CMAP) advocating for varying level of reform as a vehicle to drive higher levels of regional economic growth\textsuperscript{32}. This in term implies a shift of the regional tax burden to residential properties and thus constitutes a market force which might serve to increase the housing cost burden on Woodlawn residents.

Summarily, the CMAP data highlighted on the right, suggests that commercial properties which make up 17\% of the market value of real estate assets, carry +35\% of the share the equalized assessed value on which taxes are based. Further, commercial properties are taxed at a higher rate. As such, this data suggests that a shift or reform in real estate tax policy, one that potentially eliminates income-based abatements and allocates more cost to residential properties could aggravate the already cost burdened and particularly LMI residents which are already severely housing cost burdened.

It is further noted that Cook County and the City of Chicago presently offer and support an array of property tax exemptions designed specifically to address the cost burden on lower-income, elder, disabled and fixed-income homeowners. Likewise, there are incentives for multi-family dwellings that service lower-income households. The Network is looking for the city to support continuing these and particularly the following:

\begin{itemize}
\item \textbf{Senior Freeze Exemption}: Allows qualified senior citizens to apply for a freeze of the equalized assessed value (EAV) of their properties for the year preceding the year in which they first apply and qualify for this exemption. The differential between the paid and what would otherwise have been billed is accrued. The accumulated accrual comes at the sale of the property and thus is essentially a deferred tax. That tax becomes a liability on the seller or the inheriting party – typically a non-senior/non-spouse family member. That beneficiary could also be a low-income resident and unable to pay the back taxes upon transfer of the asset.

\item \textbf{Senior Citizen Exemption}: The Senior Citizen Exemption provides tax relief by further reducing the equalized valuation of an eligible residence
\end{itemize}

\textsuperscript{32} Chicago Metropolitan Authority for Planning. (2017). Cook County property tax classification effects on ... Retrieved February 23, 2018, from http://www.bing.com/cr?IG=1297A47E27DA48D48B5861103A340079&CID=0E5B010B6A4268740F1B0A946BED69ED&rd=1&h=xvVMIQkW7cWQqVuYbGwMo3-DQh3k4vHw4IBQ&v=1&r=http%3a%2f%2fwww.cmap.illinois.gov%2fupdates%2fall%2ffasset_publisher%2fUIIMf5LnFMB6%2fcontent%2fcook-county-property-tax-classification-effects-on-property-tax-burden&p=DevEx,5069.1
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At City Level Chicago Homeowner’s Assistance Program
Consider bringing this back. (Disbanded after 2 years). It was funded by the city, whereby a loan was made against equity to pay taxes. (Need to Research)

Home Improvement Exemption:
The Home Improvement Exemption allows you to increase the value of your home with up to $75,000 worth of improvements without increasing your home’s taxable market value for the new improvements for at least four years

Disabled Persons Exemption:
This exemption provides disabled persons with an annual $2,000 reduction in the equalized assessed value (EAV) of the property.

Disabled Veteran’s Homeowner Exemption:
Veterans with a service-connected disability as certified by the U.S. Department of Veterans Affairs are eligible for this annual exemption. It reduces by certain amounts the Equalized Assessed Value (EAV) on a disabled veteran’s primary residence, very likely lowering the tax bill.

It is very important to note that the Equalized Assessed Value (EAV) is not the amount of tax payable. The EAV is only the partial property value on which your taxes are computed; a reduction in EAV, however, generally reduces the dollar amount by which the tax bill may be lowered.

Beginning with Tax Year 2015 (billed and paid in 2016), veterans whose level of disability is as little as 30% are eligible for a deduction from the EAV of their primary residence. The amounts of those EAV deductions range from $2,500 to $5,000. Also, for the first time, veterans 70% or more disabled are totally exempt from property taxes.

STRATEGY 6: WOODLAWN DISPLACEMENT MITIGATION FUND

Woodlawn Displacement Mitigation Fund (Fund)
The purpose of this Fund is to provide capital for the development of affordable housing for working families in Woodlawn and is one of several concurrent strategies designed to counter the displacement effects inherent in the area’s revitalization.

The program will provide both construction and short-term financing for small, indigenous and not-for-profit developers of income-restricted, one to four unit properties. Via a partnership with Neighborhood Housing Services of Chicago, the program could also provide long-term financing for qualified one and two-unit buyers. The homes are designed for households with qualifying incomes between 80% and 140% of the Area Median.

As planned, the Fund would be managed by a local CDFI – most likely CCLF or RFLF2, Chicago’s newest Community Development Finance Institution (CDFI). RFLF2 is an affiliate of Renovo Financial. Target Fund participants would include, the City of Chicago – Vacant Building Rehab Program, Fund 77, Benefit Chicago. PNC Bank currently lends or invests with Renovo, CCLF and CCLF.
Qualified developers (builders and rehabbers) will be able to acquire City of Chicago controlled land under the “City Lots for Working Families” program and obtain financing from the Fund. The program is intended to create an alternative source of affordable capital for entrepreneurs which generally do not enjoy access to traditional capital sources for new housing development. As proposed, the Fund will allow small, indigenous and not-for-profit developers to more equitably compete with more larger and opportunistic firms, while creating local jobs, resident owners and new business operators.

A target product for this fund is a two or three unit property, with garden units designed for disability access. One unit would be occupied by the owner. The other two units would be rented, making the owner-occupant both a resident and investor. All qualified buyers would be required to take property management training – as in programs offered locally by Community Investment Corp, an existing Renew Woodlawn partner. All developments are subject to compliance with the Woodlawn Community Plan which includes affordability, architectural integrity and DBE/WBE/MBE requirements.

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>PRICING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Debt</td>
<td>$ 7,500,000</td>
</tr>
<tr>
<td>Benefit Chicago - Mezzanine Debt</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>Fund 77 - Mezzanine Debt</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>City of Chicago: Neighborhood Rebuild</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>CDFI Program Manager</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td></td>
<td><strong>Blended</strong></td>
</tr>
<tr>
<td>City of Chicago Land Equity</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>Fund Loan Pricing</td>
<td>$ 20,000,000</td>
</tr>
</tbody>
</table>

Constructions Loans would enjoy a 12 month maturity with one 6-month extension option. All loans would be subject to a 1.5% fee that will be retained by Renovo as payment for construction loan administration. Extension fees would be capped at .5% per six-months. Eligible projects would fall within the Emerald South Economic Region (Woodlawn, Washington Park and South Shore communities).

Draws on the fund must be initiated within 4 years of fund closing. The final draw on any project must be completed with 5 years of fund closing. Loans converted to term must be repaid within 7 years of the fund closing.

Projects approved under this program may not exceed $1,500,000 at any one time to either any one project or any one developer and its affiliates. Repeat borrowings are permitted, so long as this threshold is not exceeded.

Repayment of investments realized from the sale or refinance of any loan may be recycled until the 4th anniversary of the Fund. Thereafter, repayment will be in this order: First, any unpaid interest to the investors proportionally, then to the Senior Lender until fully repaid, then proportionally to the mezzanine lenders until fully repaid, then to Renovo.

No less than $250,000 of the fund will be held as a loan loss reserve. Distributions from the loan loss reserve will be in the same order as above except that there shall be no distribution for any accrued but unpaid interest.
OUTCOMES EXPECTED:
Assuming an average cost of $200,000 per unit, the fund would create 100 units if funds are cycled once, 200 units if funds are cycled twice and 300 units if funds are cycled three times. Our aim is to cycle the funds 2.5 times to create 250 work force housing units.

CATALYST DEVELOPMENT
It would lend credibility to the program to kick it off with a shovel ready development that satisfies all of the criteria above. One local, not-for-profit, minority developer has control of certain city-owned property in Woodlawn and plans to develop a series of two unit developments as outlined herein. That developer may not have the financial depth to undertake this project but for a strategy like this. The sites are also important to the overall demonstration of equitable recovery in the neighborhood.

STRATEGY 7: CONTINUE WOODLAWN ELIGIBILITY FOR CITY OF CHICAGO NEIGHBORHOOD OPPORTUNITY FUND
The Neighborhood Opportunity Fund was announced in early 2016 as part of Mayor Emanuel's goals for equitable neighborhood development. The fund provides resources to encourage development in West, Southwest and South Side commercial corridors. Funds for the program are generated through the Neighborhood Opportunity Bonus, which enables developers of downtown construction projects to increase density in exchange for voluntary payments. The Neighborhood Opportunity Fund receives and allocates 80 percent of all bonus payments.

Proceeds are used to support commercial corridor investments involving grocery stores, restaurants, service providers, cultural facilities and uses that address other neighborhood needs.

Costs eligible for grants include:
• site preparation and assembly
• employee training programs
• others expenses
• public improvements,
• design

Funding is provided as grants to private and public agencies for projects that align with community-based goals. The grants do not have to be repaid. Individual awards exceeding $250,000 require City Council approval. Additional information can be found at the program's website.

Twenty percent of Neighborhood Opportunity Bonus proceeds is split in support of local infrastructure and designated landmarks.
APPENDIX B

FINANCIAL RESOURCES:
To enable equitable development, the Network is separately entering discussions with other finance oriented stakeholder to build out a more comprehensive financing strategy. Stakeholders include:

1) Community Development Financial Institutions
   - CIC, CCLF, Renovo, LISC,
     - CIC Multi-family Strategy and CIC 1-4 Rehab Strategy
     - CCLF’s Neighborhood Investor Lending Program
     - Renovo’s Small Rehabber Loan Fund
       - Consider a LMI oriented sub-fund via a partnership with City Treasurer and Benefit Chicago.

2) Other State, City & County Programs:
   - Integrate City Strategy for 63rd Street Corridor
   - Integrate Cook County Land Bank Strategy for Washington National Bank Building with CMAP Corridor Plan

Woodlawn TIF-NIP

The Tax Increment Financing-Neighborhood Improvement Program (TIF-NIP) is a Department of Planning and Development (DPD) program that provides home repair grants in eligible TIF districts. Since 1999, 25 TIF-NIPs have been created.

The program provides home repair grants for single-family residences (1-4 units). Grants are primarily for exterior repairs, however, up to 30% of the grant may be used for interior repairs that are health and safety related. An exception is made to the 30% limit for energy conserving measures, including air sealing the home, replacing the boiler or furnace with a high-efficiency model and installing roof insulation below R-49. Homeowners earning up to 100% of the area median income (AMI) are eligible. If household income is between 100 to 140% of AMI, homeowners must match the grant dollar for dollar

3) Federal Programs: Hardest Hit Funds
4) Philanthropic Sources: (Chase, Citi, PNC, AMBF, other)

OTHER RESOURCES
HOUSING: (310 ILCS 50/) Abandoned Housing Rehabilitation Act.

Chicago Neighborhood Rebuild Pilot (Consider expanding to include Woodlawn)
The Department of Buildings shall not process any application for or issue any permit allowing the demolition or development of a covered property until the owner has paid the Woodlawn Residential Area Affordable Housing Preservation Fee(s) ("Preservation Fee(s)") required by this chapter. The Building Department shall place a hold in the Hansen permitting system on any project that is subject—or potentially subject—to this chapter, to ensure that no permits are issued for development or demolition of covered properties until the owner has paid the required Preservation Fee.

Payment of the Preservation Fee is a condition of the validity of permits issued for covered properties. The City shall have a lien against a property until Preservation Fees imposed by this chapter have been paid. This subsection (D) shall not apply to the demolition of any building or structure if demolition is necessary to remedy conditions imminently dangerous to life, health or property as determined in writing by the Department of Buildings, the Board of Health or the Fire Department. (E) Restrictions on rezoning of covered properties. The City shall not approve the rezoning of a covered property for subsequent development of housing units unless no less than fifty percent (50%) of the housing units shall be affordable housing units or all applicable fees listed in subsection (F) of this chapter have been paid. Developers shall not submit piecemeal applications for zoning approval to avoid compliance with this chapter. (F) Affordable Housing Preservation Fees. Fees pursuant to this chapter shall be charged and collected using the following fee schedule.

<table>
<thead>
<tr>
<th>(1) For demolition of a:</th>
<th></th>
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<tbody>
<tr>
<td>Single family home:</td>
<td>$300,000</td>
</tr>
<tr>
<td>Two flat:</td>
<td>$450,000</td>
</tr>
<tr>
<td>Three flat:</td>
<td>$550,000</td>
</tr>
<tr>
<td>Four flat:</td>
<td>$650,000</td>
</tr>
<tr>
<td>Five or more units:</td>
<td>$150,000 per unit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(2) For development that results in more than 500 square feet of new space, or more than 500 square feet of added housing unit(s), and a total floor area</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1,750 square feet</td>
<td>$100,000</td>
</tr>
<tr>
<td>&gt; 1,750 square feet but &lt; 2,000 square feet</td>
<td>$150,000</td>
</tr>
<tr>
<td>&gt; 2,000 square feet but &lt; 2,500 square feet</td>
<td>$200,000</td>
</tr>
<tr>
<td>&gt; 2,500 square feet</td>
<td>$250,000</td>
</tr>
</tbody>
</table>
(3) For rezoning of a covered property for residential use
   (a) resulting in rental property affordable to families at or below 40% of AMI or
       ownership units affordable to families at or below 100% of AMI:
       No fee;
   (b) resulting in rental property affordable to families above 40% and up to 60% of AMI
       or ownership units affordable to families above 100 and up to 120% AMI: $ 500 per city
       lot; and
   (c) for all other rezoning of covered properties: $300,000 for up to the first $3,125
       square feet and $300,000 for each additional 3,125 square feet.

These fee amounts may be adjusted annually, beginning on January 1 of the year following the
second anniversary of the effective date of this chapter, to reflect adjustments in the Consumer
Price Index for all Urban Consumers for the Chicago metropolitan area, based upon data
published by the United States Department of Labor, Bureau of Labor Statistics. If that index no
longer exists, the commissioner shall, in his or her reasonable discretion, select some other
comparable index.

(G) Woodlawn Residential Area Affordable Housing Trust Fund. All fees collected pursuant to this
chapter shall be deposited into a Woodlawn Residential Area Affordable Housing Trust Fund, which shall
be established for this purpose. A board of trustees shall manage and administer the Trust Fund,
including the disbursement of all funds from the trust. The board of trustees shall have eleven trustees,
consisting of:

   (1) two representatives from each of the four Woodlawn Quadrants (WQL) each selected by a
       majority vote from that quadrant; (2) two representatives drawn from the Woodlawn
       Partnership for Economic Development (WPED); (3) the aldermen from Wards 5 and Ward
       20; (4) the Commissioner of the Department of Planning and Development or his or her
       designee; and (6) the Commissioner of the Department of Buildings or his or her designee. If
       one or more of the non-profit community organizations mentioned in this paragraph—WQL
       or WPED—ceases to exist, a similar non-profit community organizations similarly committed
to combatting displacement of current residents and preserving affordable housing in the
Woodlawn Residential Area may be substituted in its place for purposes of this paragraph.

   (2) The board of trustees shall make decisions by majority vote, with each trustee having one
       vote. The board of trustees shall review and approve or disapprove proposals submitted to
       it for use of trust funds, which shall be used to create, maintain, or preserve affordable
       housing in the Woodlawn Residential Area, including, by way of example, by acquiring land
       for affordable housing development or by providing grants or loans to residents to repair or
       renovate existing affordable housing units or defray the expense or rising property taxes.
       The board of trustees shall disburse funds so that at least 50% of the fees collected in a
       calendar year are disbursed during the next calendar year. The board of trustees shall
       publish an annual report itemizing collections and disbursements.
(H) Standards for construction and occupancy of affordable units. In the event of the rezoning of a covered property for a subsequent development that includes one or more affordable unit(s), the affordable unit(s) shall be comparable to any market rate units in the development in terms of unit type, number of bedrooms per unit, quality of exterior appearance, energy efficiency, and overall quality of construction. Affordable units may have different interior finishes and features than market-rate units if they are durable, of good and new quality, and are consistent with then-current standards for new housing. Affordable units shall have access to all on-site amenities available to market rate units, including the same access to and enjoyment of common areas and facilities. Affordable units shall have functionally equivalent parking when parking is provided to the market rate units. Affordable units shall be constructed, completed, ready for occupancy and marketed concurrently with or prior to market rate units at the same site location.

(I) Notification and data collection. When the City receives an application for a permit to proceed with development of demolition of a covered property, or for rezoning of a covered property, a sign shall be posted on the applicant property in English and Spanish, or an additional language as determined by the trustees of the Woodlawn Residential Area Affordable Housing Trust Fund, at least 14 days prior to approval of the permit or the rezoning. In addition, in January and July of every year, the Department of Buildings shall track and publish data showing, for each covered property for which a permit or rezoning was approved in the previous six months: (a) the address of the covered property; (b) the amount of the Preservation Fee collected; and (c) the name of the person or entity that paid the Preservation Fee. This data shall be published in an accessible, visible position on cityofchicago.org and/or as part of the Department of Planning and Development's Affording Housing Plan Quarterly Reports.

(J) Enforcement. Any owner who undertakes development or demolition work any covered property without paying the Preservation Fee(s) required by this chapter shall be guilty of a violation of this chapter and shall be punished by a fine of twice the amount of the fees required in subsection (F), and, in the case of a residential real estate developer licensed pursuant to Chapter 4-40 of the Municipal Code or any successor chapter, also by the revocation of the developer's residential real estate developer license. In addition to any other available remedy, the City may seek an injunction or other equitable relief in court to stop any violation of this chapter. The City may also seek any other remedies and exercise any other enforcement powers as allowed by law. The remedies and enforcement powers established in this chapter are cumulative, and the City may exercise them in any order. Any fines or penalties, costs or interest imposed for a violation of this section shall be deposited into the Woodlawn Residential Area Affordable Housing Trust Fund and shall be used and disbursed in accordance with subsection (G).

(K) Hardship waiver. The board of trustees of the Woodlawn Residential Area Affordable Housing Trust Fund shall have discretion to waive or reduce fees otherwise required by this chapter if:

1. The owner of a covered property provides both: (a) a written, signed report from a licensed structural engineer indicating that a building or structure on the covered property for which a demolition permit is sought is structurally unsound and hazardous and (b) a recorded commitment by the current or future owner of the property to provide an equivalent or greater number of replacement, affordable housing unit(s) on the covered property; or
(2) The owner of a covered property is at or below the Chicago Area poverty level and both: (a) demonstrates that the verified, reasonable cost of rehabilitation the covered property is greater than the appraised value of the covered property, and (b) provides a recorded commitment by the current or future property owner to provide an equivalent number of replacement, affordable housing unit(s) on the covered property; or
(3) A prospective buyer of a covered property for which a demolition permit is sought provides a recorded commitment to provide an equivalent number of replacement, affordable housing units within the Woodlawn Residential Area.

In making decisions whether to waive or reduce fees for hardship under this subsection, the board of trustees shall exercise its discretion consistent with the intent of this ordinance, which is to maintain and preserve affordable housing for low and moderate-income households in the Woodlawn Residential Area. Hardship waiver requests require case-by-case review. Hardship requests should be made to the board of trustees.
APPENDIX D
COMMUNITY LAND TRUSTS AND SHARE EQUITY HOUSING COOPERATIVES

Community Land Trusts

Background and Summary:
Community Land Trusts (CLTs) are organized as a non-profit corporation and governed by a board of community leaders, local businesses and land trust homeowners. The CLT model first appeared in the 1970’s as a strategy to keep houses permanently affordable and to mitigate gentrification and displacement. Among the best known of CLTs nationally is the Burlington, Vermont CLT with over 500 parcels including residential and commercial properties. According to the Portland, Oregon based non-profit, Grounded Solutions Network, there are 280 CLTs nationwide.

A CLT board ensures that the land will not be sold to developers by keeping it in the community’s possession, but still allows people to buy a home and earn equity on the structure. The CLT home will always be affordable. A 99-year lease between the homeowner/member and the non-profit governs the use of land; the land trust ground lease sets a fixed rate for the house’s appreciation (typically a 15% cumulative maximum), so that the homeowner builds equity while still keeping the price affordable for the next buyer/member.

Policy Proposal: Chicagoland Owners Land Trust

a) Operationalization of a community trust in Woodlawn that receives land and/or improvements and retains land and/or improvements as community assets in perpetuity – typically 99 years. Fortunately, there is an existing multi-service-area physical land trust in Chicago that could be recruited to establish a service area in Woodlawn. The Chicagoland Owners Land Trust (COLT), established by the non-profit CDFI Chicago Community Loan Fund (CCLF) in 2017 with seed funds from Bank of America Foundation, has the ability and interest to establish its second service area in the Woodlawn community. Organized as a 501(c)3 non-profit, COLT is governed by a nine-member board and has established Chicago Lawn as its first service area. COLT has the ability to acquire developed or undeveloped land, to hold land in perpetuity, to hold ground leases, and, to arrange for the purchase, sale, repurchase, and rental of housing and other structural improvements as appropriate.

b) Recruitment of additional Woodlawn stakeholders to the existing COLT Board and/or establishing a Woodlawn service area advisory committee that would advise the COLT board on specific land trust business in Woodlawn. Currently the 9-member COLT board consists of community leaders, local businesses and prospective CLT homeowner recruiters from the following organizations: CCLF, Greater Southwest Development Corporation, Blacks In Green (a Woodlawn community stakeholder), Chicago Anti-eviction Coalition and Action Now. This board can seat as many as 12 members, allowing for additional Woodlawn representatives. The COLT board and Woodlawn advisory committee could also work closely with other community equity preservation strategies such as Blacks In Green’s “Sustainable Square Mile” concept to help bring it to fruition.

c) The Woodlawn service area for COLT would be determined by the COLT board and the to-be-established Woodlawn advisory committee which would include consultation with the City of Chicago, Cook County Land Bank Authority and National Community Stabilization Trust regarding available inventory for including in the land trust.
Getting Ahead of Gentrification: Woodlawn’s Strategy for Managing Involuntary Displacement

d) COLT would expect to execute memorandums of understanding with existing Woodlawn direct service providers to conduct the outreach to community residents regarding purchasing a home in the land trust; providing homeownership stewardship counseling; rehabbing properties for homeowners/members and/or providing construction oversight assistance; and financial literacy among other needed services to ensure success for the homeowner/members and the land trust. CCLF has already begun the process recruiting grant support for these activities and has established strong interest from a prospective donor for seed capital.

e) COLT has already secured verbal commitment from two Chicagoland lenders to provide home purchase mortgages which accept the 99-year ground lease and is working to create a consortium of such lenders to make it easy for would-be land trust buyer-member’s to secure home financing.

f) CCLF is committed to providing commercial loans to not-for-profit and for-profit developers who would be enlisted to develop individual homes as needed. The Community Investment Corporation (CIC) would be an additional CDFI lender recruited to provide such commercial loans when needed.

The Case for CLTs: Additional Information

- 90% of low-income households remained homeowners five years after buying a shared equity, CLT home, far exceeding the 50% average home ownership retention rate among conventional market, low-income homeowners (Source: Lincoln Institute of Land Policy.)

- Reviewing the resale of 205 housing units in land trusts between 1988 and 2008, analysts noted that, on average, a CLT homeowner who resold her home after five and one half years, recovered her $2,300 down payment and earned an additional $12,000 net gain in equity.

- The housing collapse in 2008 offered an extreme test of the viability of CLTs. Homeowners who took out conventional mortgages were over eight times more likely to be in the process of foreclosure than those with CLT mortgages. That disparity soared to more than 25 times if the homeowner had a subprime mortgage. Similar disparities occurred in the comparative rate at which homeowners were delinquent in their payments.

“Protecting Communities from Gentrification” by Dr. David Morris
10/23/17 – Institute for Self-Reliance

Shared Equity Housing Cooperatives

Background and Summary

Limited Risk: Shared equity housing cooperatives are held jointly by the member owners, who control an equal percentage of the cooperative’s value. A non-profit cooperative corporation is formed to hold the mortgage. A blanket mortgage is used to finance the housing cooperative, allowing members to pool their resources without having to individually qualify for a mortgage loan. The cooperative sets caps on the capital gain that a departing member can receive as described below.
Established Model for Success: the first shared-equity cooperative to be built in the U.S. was the 1,500 unit Amalgamated Housing Cooperative, built in 1927 in New York City. Developed privately by the Amalgamated Clothing Workers Union, shared-equity cooperatives were built by HUD following the 1949 Housing Act and are considered by HUD to be “their most successful multi-family housing programs.”

Affordability in Perpetuity: In a shared equity cooperative, resale value is restricted to 1 to 2% per year. Income guidelines help to ensure the cooperative’s long-term affordability. Shared equity cooperatives are designed to be affordable to households priced out of the market, typically serving households earning between 50 and 80% of area median income.

Lower Costs Than Comparable Rentals: On average, housing cooperatives are typically 20 to 30% lower in cost than comparable rental properties. This is due to the ownership structure, resale restrictions and lack of a third-party to profit off of the development.

Tax Benefits/Civic Participation: Cooperative members also benefit from tax deductions for mortgage interest and property taxes, experience lower rates of foreclosure when compared to condominiums and single-family homes, and typically benefit from its members’ more frequent participation in civic and community affairs.

Higher Net Worth/Long-term Occupancy: On average, cooperative members experience higher levels of satisfaction, increased net worth, greater independence, and gain skills that lead to jobs and education. Cooperative members experience less crime, greater opportunities for participation and leadership and longer term tenure than tenants, leading to stronger, more stable communities.

Policy Proposal: Tenant Purchase Program

The Tenant Purchase Program (TPP) works with qualified non-profit and for-profit developers to stabilize, manage, and plan for the rehabilitation and future ownership of these properties. TPP is modeled on successful tenant purchase programs in New York City (known as Third Party Transfer) as well as the Washington, D.C.-based Tenant Opportunity to Purchase Act (TOPA) program. Third Party Transfer, through the intervention of the non-profit Urban Homesteading Assistance Board (UHAB), has led to the formation of thousands of units of shared-equity housing cooperatives in New York City, bolstered by assistance of low-interest city financing. This effort amends the Troubled Buildings Initiative as one of the City of Chicago’s chief strategies to dispose of dilapidated, tax delinquent properties. In addition, the Tenant Purchase Program is a strategy to offer Chicago tenants a “first right of refusal” (not codified under Chicago’s Tenant ordinance) and to make way for the formation of a tenants’ association (or cooperative corporation) and an eventual tenant purchase.

a) Tenants are given offer of purchase, regardless of third party contract, within seven days of notice to sell.
b) Tenants are issued a floor plan, summary of operating expenses, utility usage and capital expenditures over the last two years. In addition, the tenants may request a rent roll, list of tenants, and current vacancies.

c) Tenants form tenant association (or cooperative corporation.) As an amendment to the TPP’s model (both Third Party Transfer and the Tenant Opportunity to Purchase Act (TOPA), tenants would select a non-profit or for-profit developer partner to prepare a development budget and negotiated purchase.

d) Tenants must express notice to purchase within 45 days; tenants (working with developer-partner) must produce 5% of sale price to secure site. The deposit is refundable if a good faith purchase fails to materialize.

e) Tenants and developer-partner have 60 days to negotiate a purchase price with building owner; purchasers must present names and contact numbers for leaders and legal representative; certificate of incorporation, articles of incorporation and bylaws; and proof that they represent a tenant majority.

f) Tenants (or co-op corporation) have 120 days from date of contract to secure financing or financial assistance.

g) For tenants who do not wish to participate in the building purchase, household would be eligible for the benefits that accrue to tenants who participate in the Keep Chicago Renting ordinance.

Cook County Land Bank (as confirmed by its Director, Robert Rose) could serve as the receiver of the property prior to a transfer to the tenants’ association. As with other land bank initiatives, the receiver would eliminate liens or any encumbrances on the subject property prior to the transfer to the third party. Cook County Land Bank then transfers ownership of the properties to the tenants as a cooperative.

Local CDFI lenders such as CCLF and CIC are likely sources of lending and technical assistance for the Tenant Purchase Program (TPP). National financing sources like the National Cooperative Bank and Shared Capital could be recruited as needed. So that the newly created cooperative corporations would be well versed in governance, finance, group decision-making and enforcing its bylaws, Chicago Rehab Network could potentially be recruited to serve in the role of training and technical assistance provider in partnership with the aforesaid network of lenders.