

# Affordable Housing Gap Grows, And Available Resources Are Lacking

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A new study from DePaul University's Institute for Housing Studies shows a growing gap between the number of people in Chicago who need affordable housing, and the available supply. The report updates previous ones published by IHS, which city officials used to help develop Chicago's current five-year housing plan.

The findings highlight concerns over whether the city has the tools or political will to bridge the affordability gap, and as Chicago's population declines, creating new affordable housing may become even harder.



Mayor-elect **Lori Lightfoot** rose to the office after making promises to refocus the attention of city government on areas that many voters felt **Mayor Rahm Emanuel** slighted in favor of downtown development.

According to IHS, many sections of the city have lost affordable units, including North Side and Northwest Side neighborhoods that have seen influxes of higher-income renters. The data also raises the possibility that Chicago's recent decline in population is at least partly due to lack of affordable housing, especially in economically stagnant, low-cost neighborhoods on the South and West Sides.

"This is the continuation of a long-term trend, and it's very concerning," IHS Deputy Director Sarah Duda said.

Data released by the U.S. **Census Bureau** last month shows the metro area population declined by more than 22,000 in 2018, the fourth year in a row the region saw a decrease.

"This loss of population is significant, and the group most affected is the African American community," said Charlton Hamer, senior vice president of **The Habitat Co.**'s affordable housing unit. "If you take a ride through the West Side

OR SOUTH SIDE, THE LOSSES ARE QUITE EVIDENT.

The new IHS report uses 2017 data, the most recent available from the American Community Survey, an ongoing effort by the U.S. Census Bureau.

Although demand for affordable units in Chicago has declined by 8.9% since 2012, the supply of affordable homes fell by 15%, according to IHS. Duda said the falloff was likely due to the declining number of two- to-four-unit rental buildings.

“We know that two- to four-unit buildings serve many of the lowest-income households, so that’s a critical part of our affordable housing stock,” she said.

In 2007, buildings of this size represented 35.7% of the rental stock in Cook County, but in the 10 years following, that percentage declined to 29.5%, IHS data shows. Since 2012, the county lost 29,212 rental units in two- to four-unit buildings, a 9.8% reduction.

The decline came about for a variety of reasons, Duda said. In weak markets, including ones on Chicago’s South and West Sides, homes fell into disrepair, vacancy and then demolition. In stronger markets, many buildings that once housed multiple families were converted into single-family homes.

The very poorest residents in the region may not be the hardest hit. Since 2015, the number of households earning 30% to 50% of the area median income (between \$20,521 and \$34,201) that rent in Cook County dropped 28,832, an 18.2% decline. While a small number of the shrinking group may have bought homes or gotten higher-paying jobs, Duda said it is more likely they left the county.

“It’s not just an issue of rising rents in higher-income neighborhoods, it’s also that low-cost areas have suffered from disinvestment, so it’s a dual challenge, and we need to present alternatives in areas where we see rising costs, and we need better strategies to invest in low-income communities,” Duda said.



IHS defines affordable units as those that cost lower-income households earning 150% of poverty, or \$37,641 annually, 30% of their monthly income — about \$940 per month.

The biggest drops in affordable supply between 2012-2014 and 2015-2017 were in North and Northwest side communities, places where gentrification has become a hot-button issue. The share of such units declined

gentrification has become a hot button issue. The share of such units declined 13.1 percentage points in the Portage Park/Jefferson Park neighborhood, 12 percentage points in Logan Square/Avondale, 10.9 percentage points in Irving Park/Albany Park and 10.7 percentage points in Lincoln Square/North Center.

During the same period, the city of Chicago's overall share of affordable rental stock declined by 4.9 percentage points. Affordable units can be lost either through rental increases, conversion to non-rental housing or demolition.

Reversing that decline or even just putting a stop to the bleeding will be a huge task. The federal government helps the city and state raise funds for the construction and preservation of affordable units by granting each tax credits, but those are given out on a per capita basis, and a declining population could further restrict their use, according to **David Block**, director of development at **Evergreen Real Estate Group**, an affordable housing developer and manager.

Evergreen, in partnership with the **Chicago Housing Authority**, recently **broke ground on Oso Apartments**, a 48-unit affordable rental community at 3435 West Montrose Ave. in Chicago's Albany Park. The partners plan to finish the building this year, and set 32 units aside for renters on CHA's waiting list, with the remaining 16 reserved for households earning up to 60% of the area median income.

It also just finished developing the Northtown Branch Library, at 6800 North Western Ave., and the Independence Branch Library at 4024 North Elston Ave., both collaborations with the CHA. Each will have 44 units of affordable housing for seniors opening later this year.

Block said all the projects address real needs in neighborhoods with growing demands for affordable housing, but he does not necessarily consider them a model for solving the city's affordable housing problem. The library projects, for example, have access to many different types of financing, including tax credits and funds from the CHA, that many affordable developments do not, and senior housing usually arouses far less opposition from community groups than typical affordable housing does.

The total amount of funds earmarked for the creation of affordable housing is also insufficient. The city of Chicago supported 1,847 new, long-term affordable rental units in 2017, according to the Center for Tax and Budget Accountability, and the CHA created 684 new units of public housing in 2017.



And even though federal, state and city subsidies sustain tens of thousands of existing affordable housing units in



the region, IHS found that the gap between the supply and demand for affordable units in Cook County stood at about 180,000 in 2017, up from 176,000 in 2012.

“Chicago is doing what it can with a limited set of resources, but there is never going to be enough money coming from the feds to address the affordable housing crisis,” Block said.

Hamer’s firm is also deeply involved in the preservation of existing affordable housing and the development of new units.

Habitat just completed its \$16M acquisition and renovation of East Park SRO at 3300 West Maypole Ave. on the city’s West Side, a project that preserved all 152 units as affordable housing. Financing came from a wide variety of sources, including the city, Illinois Housing Development Authority and the **Federal Home Loan Bank** of Chicago.

Along with its CHA partner, Habitat will soon break ground on Ogden Commons, a mixed-use project on eight West Side acres. Located near Douglas Park on the former site of a now-demolished CHA development, it will eventually have 332 units, with about 80% reserved for affordable housing.

Hamer helped the city create its Five-Year Housing Plan, and agrees with Block that more needs to be done. He also believes the city has not done enough to support housing for working-class residents, as most of the existing subsidies and development programs target housing for the lowest-income groups.

The recent turnover in City Hall and City Council may present an opportunity to bring about the change needed to ensure the city can preserve affordable housing for a wider variety of residents, he said.

“There was already acknowledgement of the need for more diversity, but there just wasn’t the political clout or grassroots effort necessary to shift resources. Lori Lightfoot has also acknowledged the need for more income diversity within the city, and I hope with a new administration coming in we will see not just acknowledgement but more resources to help solve the problem.”

Block is similarly waiting to see what new political leadership will (or won’t) mean.

“Many of the new alderman have expressed interest in affordable housing, and that’s great, but just because there is more interest doesn’t mean there will be

more money,” he said.

See Also: [POAH, YMCA Strike \\$24M Deal To Preserve Affordable Housing](#)

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