

Solution to city's foreclosure crisis? It starts with the data

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Crain's recent special report on foreclosures illustrates how very few Chicago communities have been left unscathed after five years of a weak housing market, persistent foreclosure activity and a growing number of vacant and abandoned buildings. As house prices improve and the market begins a delicate recovery, it has become clear that some neighborhoods will emerge on solid footing while others will be left with deep and lasting scars from the foreclosure crisis.

Data from the Institute for Housing Studies show that prices of single-family homes in Cook County neighborhoods hit hardest by the foreclosure crisis are 57 percent below what they were at peak levels and more than 32 percent below prices in 2000. By comparison, in areas less impacted by foreclosure, prices today are just 15 percent less than they were at the peak of the housing boom and well above price levels seen in 2000.

Much of the region's housing stock and population sit in neighborhoods between these two extremes, however. These "middle neighborhoods" have some combination of underlying strength and weakness in their housing markets. Strengths might include a historically significant and durable housing stock, affordable housing for working families, proximity to public transportation or the presence of a key anchor institution such as a university or a faith-based institution. These strengths may be offset, however, when paired with weaknesses such as underperforming primary and secondary schools, a dilapidated housing stock, limited walkability or geographic isolation from jobs.

The greatest challenges facing policymakers are not simply related to understanding the nature of the region's housing problems or even developing creative solutions to stabilize the hardest-hit neighborhoods. The greatest challenges will be leveraging limited resources and making difficult decisions about in which neighborhoods to strategically intervene and, within those neighborhoods, how to deploy resources to take advantage of community assets while eliminating or mitigating underlying weaknesses.

MAKING PRIORITIES

These types of decisions need to be grounded in data and analysis that are timely, granular and based on market realities. This analysis also must be combined with community knowledge and input to inform the most effective policies and strategies.

With nearly 70,000 vacant homes and apartment units in the region, how will policymakers prioritize what neighborhoods and markets to focus on, much less decide which individual properties should be demolished or rehabbed?

Data collected by federal government agencies can help us track neighborhood **demographic and economic trends, mortgage applications** and **vacancy levels**. **Local governments produce address-level, administrative data** on property sales, mortgage recordings, foreclosure activity and property taxes.

These data, when combined and analyzed, can help us categorize neighborhoods based on their past characteristics and current market conditions. Data can be used to identify areas that are strong markets that may need no public investment or deeply distressed communities that may require different, longer-term strategies that reimagine their futures.

For that broad range of communities in the middle where targeted intervention can serve as a catalyst for recovery, data analysis can tell us about the nature of housing demand in those areas. What are population

trends? What is the nature of the housing stock? Have investors or homeowners historically bought properties in the neighborhood? Who is buying now? Which properties are posing problems for the community, and **how did they get there?**

MAKING CHANGE HAPPEN

One example of how data analysis grounded in community expertise is being implemented at the neighborhood level can be seen in the work of the Southwest Organizing Project, or SWOP, an IHS partner. SWOP is active in Southwest Side communities such as Chicago Lawn that have been hit hard by the foreclosure crisis. Nearly 35 percent of all the housing units in Chicago Lawn have had a foreclosure filing since 2005, and in the second quarter of 2013, 6.3 percent of all residential addresses have been vacant for at least two years. Both of these numbers are well above the city average.

Despite these challenges, SWOP's communities have critical assets, particularly a strong network of organizations such as faith-based institutions, schools and neighborhood development groups, that are actively involved in stabilizing and rebuilding the community.

SWOP takes a holistic approach to neighborhood redevelopment by leveraging and building on relationships with these key institutions to improve schools, public safety and health. However, housing has always been one of the central focuses of SWOP's efforts.

In developing and implementing its housing strategies, SWOP increasingly has embraced the impact that data can have on understanding the broad housing market context, but equally important, it is identifying "tipping point" blocks where strategic intervention can have the greatest impact. SWOP uses local knowledge of its neighborhood along with data collected on the inventory of vacant properties. It then works with IHS to understand the housing-market conditions in its own and neighboring communities, as well as the transaction histories behind specific vacant properties.

Like many neighborhoods in the Chicago region, the areas SWOP works in have a long way to go, but armed with this combination of data analysis grounded in local knowledge, it can better tailor its strategies and target vacant homes and blocks to save.

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