

February 05, 2015

Demolition orders down, but housing crisis far from over

By [Maura Webber Sadovi](#)



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Orders to demolish dangerous and dilapidated homes and buildings in the city fell 12 percent last year even as the struggle with vacant and boarded-up housing has worsened in some of Chicago's hardest-hit neighborhoods.

Judges ordered 1,154 city buildings, most of them homes, razed last year, down from 1,316 in 2013 but up from 1,085 in 2012, according to data from the Chicago Department of Buildings and the Department of Law. The demo orders hit a recent historical peak in 2013 after rising steadily in the wake of the housing crisis, said John Holden, a Law Department spokesman.

The drop may suggest the housing crisis is ebbing in some of the city's most blighted neighborhoods, as foreclosure cases decline and more investors buy up properties that might have been torn down. The city sees it as a sign that its push is working to get abandoned buildings back into productive use.

"The declining number of demolition orders shows Chicago's ongoing progress in overcoming the national housing crisis and putting the worst of its effects behind us," the city's Law Department said in a statement. Chicago has reduced the number of buildings needing to be demolished by promoting expedited sales of foreclosed properties to individual owners and non-profits, the department said.

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Still, housing experts say the market has yet to stabilize in the city's poorest neighborhoods struggling with depopulation and unemployment. In all of Chicago, the share of homes vacant for more than two years fell to 2.5 percent in the third quarter of last year, from 2.7 percent the year-earlier period, according to the Institute for Housing Studies at DePaul University. By contrast, in the Riverdale neighborhood on the Far South Side, the vacancy rate rose to 25.7 percent in the third quarter, from 23.1 percent a year earlier. In South Chicago, it rose 9.7 percent from 8.6 percent, and in West Englewood it jumped to 8.4 percent from 7.7 percent.

"The conditions in 2014 generally improved across the city and county in a lot of housing markets, but it's still very challenging in a lot of the most distressed markets," said Geoff Smith, the institute's executive director. "We've seen some prices improvements but they're really depressed."

It's logical that demolition orders are declining as the biggest wave of foreclosures has worked its way through the system, said Robert Grossinger, vice president of Enterprise Community Partners, an affordable housing finance group. Properties typically become so-called zombie, or unattended, and fall into disrepair and become hazardous immediately after a foreclosure case is filed but before banks take control. That's often when homeowners move out and banks have yet to assess the properties, Grossinger said.

Fewer homes are in that early stage of foreclosure, he said.

"The numbers in that twilight zone have dropped significantly," he said. "It doesn't mean these neighborhoods are any better. It just means that there's either a vacant lot or there's a property with a new owner holding onto it."

HOPING FOR INITIATIVES

Others hope more rehab initiatives will take hold if the pace of demolitions continues to slow. Cook County Commissioner Bridget Gainer, chairwoman of the Cook County Land Bank Authority, said she has started seeing more developers willing to buy vacant homes for rehab over the past year. Some are willing to buy two or three rather than just one that they might have bought previously. PrivateBank announced this week that 12 developers had

been selected that would be eligible for construction financing to rehabilitate properties as part of a program with the Land Bank.

Gainer said she views demolition as a last resort for many of the region's empty homes.

"Demolition is kind of like amputation," she said. "If you have to amputate a knee to save the rest of the body then you have to do it but you don't want to get into the habit of it."

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