

PERSPECTIVES: THE POWERS THAT BE

## Amazon headquarters could make Chicago's housing crisis worse

By  Curtis Black | 20 hours ago



*Photo by Alfred Twu*

Gov. Bruce Rauner and Mayor Rahm Emanuel are now offering \$2.5 billion in taxpayer subsidies to Amazon if the giant corporation agrees to put a major office complex here.

I'm wondering why we aren't getting \$2.5 billion in Amazon stock in exchange for our investment, but perhaps I just don't understand these things (<http://chicagoreporter.com/subsidizing-amazon-wont-pay-off-for-illinois-taxpayers/>).

This is only the first round of Amazon's public auction for its second headquarters, and our leaders have said they are prepared to offer more subsidies in subsequent rounds. What happens if we win?

One Seattle resident writes a cautionary tale in Politico. Having witnessed that city's "transformation" as the online retail behemoth's corporate headquarters grew there, the writer suspects "Amazon's suitors may be laboring under some unrealistic expectations" (<http://www.politico.com/magazine/story/2017/10/19/amazon-headquarters-seattle-215725>) by "overstating the benefits" of hosting the new headquarters, and "underestimating the impact that tens of thousands of young, well-paid 'knowledge workers' can have on local infrastructure, housing prices and even politics."

Chicago already has a growing affordable housing crisis. Half of the city's renters can't afford (<http://www.chicagotribune.com/business/ct-macarthur-foundation-housing-crisis-worries-0616-biz-20160615-story.html>) their monthly housing costs – a far higher proportion (<https://www.macfound.org/press/press-releases/housing-affordability-more-problem-chicago-area-nationally-according-new-macarthur-survey/>) than the national average. And when the Chicago Housing Authority opened its waiting lists three years ago, a quarter of Chicago households tried to get on (<http://chicagoreporter.com/cha-wait-list-exposes-chicagos-affordable-housing-crisis/>) it.

Still, it's worse in Seattle. There, rents have risen 65 percent since 2009. The Seattle region is "in the midst of the greatest affordable housing and homelessness crisis that our state has ever seen," Rachael Myers of the Washington Low-Income Housing Alliance told the *Washington Post*. Amazon "obviously impacts" the housing shortage, she said.

It's tough for homeowners too. Seattle is the hottest real estate market in the nation (<https://www.seattletimes.com/business/real-estate/seattle-no-1-in-home-price-growth-again-starter-homes-require-half-of-income/>), with home prices rising at more than twice the national rate. The median price of a home in Seattle is \$729,000, and the price of "starter homes" has doubled in five years, typically eating up one-half of household income for first-time buyers. Prices keep climbing despite the fact that Seattle leads the nation in new-home construction.

Chicago's housing market is different from Seattle's, and Amazon's impact would depend to some extent on which area of the city it chose to locate. But "obviously it would have an impact, and we have an opportunity to learn from Seattle's experience," said Geoff Smith, executive director of the Institute for Housing Studies at DePaul University.

Karen Lewis of the Chicago Teachers Union and other labor leaders have called on Amazon to sign a community benefits agreement (<http://www.chicagotribune.com/news/opinion/commentary/ct-perspec-amazon-chicago-deal-1005-story.html>) that, among other things, would "create affordable housing units to offset those that will otherwise be lost." They're predicting that an Amazon complex would increase pressure on low-income residents in gentrifying areas, and that "residents in previously non-gentrified neighborhoods would face displacement."

But what about city policies to safeguard communities?

"Rent control is definitely one piece of the solution," said Jawanza Malone, executive director of the Kenwood Oakland Community Organization and a leader of the Lift the Ban Coalition, which is backing legislation that would roll back state law barring cities in Illinois from regulating rents. "The problem is, [under current law] we can't even have a conversation about what options are available to protect people."

Several California cities recently enacted rent stabilization measures, he said. (Los Angeles and San Francisco have had such ordinances since the late 1970s.) And in the face of Seattle's housing crisis, community activists there are now pushing rent control (<http://seattlemag.com/article/it-time-bring-back-rent-control-seattle-0>), and a new renters' commission (<https://www.seattletimes.com/business/real-estate/facing-rental-crisis-seattle-creates-a-renters-commission-to-explore-new-laws/>) established by Seattle's city council has it on its agenda.

"People think of rent control as a hard cap on increases," said Frank Avellone, policy director at the Lawyers' Committee for Better Housing. Its earliest, Progressive-era versions were just that. "But in most places, it's much more flexible—it allows for increases for inflation and for repairs and renovations," he added. The modern version is often referred to as "rent stabilization."

Avellone cites research from New York City that dispels the myths about rent control – that it discourages development, leads to property disrepair, or makes it impossible for landlords to get a fair return on their investment.

But it's only one piece of a solution to the affordable housing crisis in the private market, and to fostering "development without displacement," he said. Other strategies, backed by the national Right to the City Alliance, include a just-cause-for-eviction ordinance, to prevent developers from clearing out renters in order to gentrify buildings and bring in higher-income residents; and proactive rental inspections by the city to ensure buildings are kept up.

Avellone added that Chicago needs to revise the city's Affordable Requirements Ordinance to increase affordable housing set-asides and index them to city income levels rather than regional median incomes. And he says the city needs to update its Transit Oriented Development ordinance, which incentivizes housing near transit lines but doesn't encourage construction of affordable or family-size units.

Such policies would stabilize families, stabilize buildings, and stabilize neighborhoods.

"It's a concern if a big company like Amazon is going to locate here. It's going to affect housing affordability for renters and everyone else," Avellone said. "But we already have city policies that just open the door for gentrifiers."

We need to fix them, regardless of where Amazon decides to go – but especially if Amazon is coming here.

