Under-Zoning Is Exacerbating Displacement Near The 606

The Bloomingdale Trail, aka The 606. Photo: John Greenfield

The Bloomingdale Trail, aka The 606, which opened in June 2015, is a terrific recreation and transportation amenity that serves four neighborhoods – Bucktown, Wicker Park, Logan Square, and Humboldt Park – on Chicago's Northwest Side. While the blocks around elevated greenway had already been gentrifying before work on the trail began in August 2013, a November 2016 report from DePaul’s Institute for Housing Studies found that property values along the western stretch of trail had gone up by 48.2 percent since the groundbreaking. Moreover, most of the vacant lots along the western half are being used to build single-family homes, which means that the population of the area will probably never return to its higher historic levels, when there was more multi-unit housing.

The area is "under-zoned," meaning that the current zoning doesn’t allow the construction of new multi-family housing to be built, and discourages the preservation of existing housing that’s affordable. Fifty percent of the area within two blocks of the entire Bloomingdale Trail allows only single-family houses to be built "as-of-right," without requesting a zoning change from the local alderman. Only 29 percent of the area is zoned to allow new buildings with more than one dwelling unit to be built as-of-right. The remaining 21 percent of the area includes "planned developments" (which involve additional city and community oversight, and usually have multi-family housing in them), plus parkland and industrial space.

The Institute for Housing Studies has published a new map showing displacement pressure in Chicago, i.e. the current level of vulnerability that households have to being priced out of the neighborhood, based on the income levels of current residents, property values and changes in sale prices. The areas shown in red on the map "have a high share of lower-income renters, families, and seniors who are vulnerable to displacement when costs increase."

Let me tell you a little bit about the Census tract I live in, 2301, just south of Julia de Burgos Park, a 606 access park located on the north side of the trail between Whipple and Albany. I live a block away from the park and I love having convenient access to the greenway. As you can...
see from the map detail shown here, IHS’s study says that tract 2301 is a high cost area and there are significantly rising housing prices.

According to the Census, 483 people moved out of my tract between 2000 and 2016. But the “zoning capacity” of the area wouldn’t allow the same number of people to return to the tract because it doesn’t allow for enough new housing units to be built to accommodate them all. The same thing is generally true for the adjacent tracts.

The role of zoning

The zoning designation RS-3, which allows only one single-family house per property, is the most common “zoning district” in my Census tract, covering 73.8 percent of the area. Multi-family housing can be built as-of-right on 25.4 percent of the area. But the current designation doesn’t reflect the kind of housing that already exists there. Many existing two-, three-, and four-flats in the area are “legal, non-conforming” uses on land zoned for single-family houses.

Zoning also dictates how existing buildings can be modified. For example, if a single-family house is in a district that allows multi-family housing, the homeowner could renovate the basement into a rentable dwelling unit. In addition, the property owner of a multi-family building could add or split units.

(Interestingly, one thing that’s not allowed, regardless of the zoning district, is the construction of new coach houses. These structures, also known as accessory dwelling units, are common in Chicago, but you can’t build new ones, and if you make major renovations to an existing one you can no longer rent it out.)

During the same period that the population of my tract dropped by 483, the number of occupied housing units decreased by 4.4 percent due to demolitions and the replacement of multi-unit housing with single-family homes.

Vacant lots are being used almost exclusively for single-family housing

In the 2015 property tax year, the Cook County assessor classified 17 properties in my tract as vacant land. Three of them are zoned to allow between two and four units depending on the lot size, and one is zoned to allow up to four units. The remaining lots are all zoned for single-family housing only. One of these vacant lots is double-wide, but since it’s zoned for single-family, only one house may be built on this large piece of land without a zoning change.

If the maximum number of allowed units were built on all 17 lots, my tract would add 29 housing units. The current density of the tract is 2.7 people per unit. If the households that move into these 29 units maintained this density, 78 people would occupy these units.
A three-flat is under construction on one of four vacant lots near the Bloomingdale Trail. The zoning on the two lots closest to the greenway only allows one single-family house to be built on each lot.

New policies proposed or adopted

In May three Near Northwest Side alders introduced an ordinance called the Pilot Act for the Preservation of Affordable Housing in the 606 Residential Area, which would charge an additional fee of between $300,000 and $650,000 for deconversions of multi-family buildings into single-family homes, as well as a fee for enlarging existing buildings, along the western half of The 606. This revenue would be used to fund affordable housing in the area. Nine months later, the ordinance is still languishing in City Council.

In October, Mayor Rahm Emanuel introduced and the Council passed two other ordinances with the stated goal of increasing the amount of affordable housing in gentrifying areas on the West and Near Northwest sides. One of the new laws, which went into effect on November 1, requires that developers of projects with 10 or more units set aside 15 percent of the units as affordable, instead of the usual 10 percent, and eliminates the option of instead paying a fee that goes to the city’s affordable housing fund. However, that ordinance will have no effect on the amount of affordable housing in my tract because the zoning doesn’t allow buildings this large.

Since 2015, most of the vacant lots in my tract have been developed, have active construction projects, or were recently issued building permits. Two of the lots that allow multi-unit buildings have received permits for multi-family housing. The other two aren’t currently being developed. All of the single-family zoned lots are getting single-family houses. In addition, in some cases single- and multi-family buildings have been demolished to make room for new single-family houses, further reducing the number of available housing units.
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https://chi.streetsblog.org/2017/12/20/under-zoning-is-exacerbating-displacement-pressure-around-the-606/
Great article, Steven.

It feels to me that a middle ground would be to amend the zoning laws to allow easier build-outs of existing SFHs into multi-unit. Offering an inducement to home owners to rent a room or floor to others would be a way to encourage "beathing room" where it is needed without having to rely upon "developers" to solve the problem.

Not everyone wants to be a landlord but giving a nudge to those who might seems like a more human oriented solution than the restrictive measures being asked for.

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Question: Do you (the author) use the terms ‘gentrification’ and ‘displacement’ as synonyms, or is there a distinction between the two words/phenomena? I'm just thinking that multifamily housing (both condos and rentals) can also be very expensive / out of reach economically for lots of folks.

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They don't mean the same thing. Merriam-Webster defines gentrification as "the process of renewal and rebuilding accompanying the influx of middle-class or affluent people into deteriorating areas that often displaces poorer residents." Our goal should be to figure out policies to ensure that when wealthier people move into a neighborhood, it doesn't result in higher housing costs for existing low-income and working-class residents that force them to leave the area. In effect, that would be gentrification without displacement.

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How about connecting property tax rate to income? (As we do with income tax)? Lower income households pay lower property taxes. But then I wonder: what about low-income folks who own and want to "cash in" on the gentrification?

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This is exactly the thinking behind swapping in a progressive municipal income tax for the regressive property tax. We have a ridiculous amount of our operating budget covered with property taxes - the latest mess with Berrios shows how the poor get screwed in our current system.

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I'm sure the zoning classifications don't help, and the deconverting issue is obviously having impacts, but I think the SFH demand (which is sky high) is likely being driven by market demand instead of pure zoning restrictions. I'm not sure just opening up the zoning will result in multi-family rental units being built.

I know friends that own three flats in Logan Square, and the market to sell them (unless deconversion is an option) is a lot tighter. Sure, they're gaining value and the rental market is obviously high enough that money can be made, but I'd bet a developer can make more money right now building a...
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https://chi.streetsblog.org/2017/12/20/under-zoning-is-exacerbating-displacement-pressure-around-the-606/

end SFH on a vacant lot. As long as that’s true, that’s all they’ll build.

Carter O'Brien ➔ rohmen • 20 days ago

I confess that I never thought I'd see the day a SFH would be worth more than a 2 or 3 flat, building materials etc being held constant.

When we were househunting it was still the opposite (at least in Logan Sq and neighboring areas), there was a definite premium for two and three flats, reflected in the fact the banks factored in that rental income to your loan application.

Obesa Adipose ➔ 20 days ago

Steven Vance, I'm glad you mentioned coach house aka granny flats as this is an untapped potential for SFH neighborhood density. I surprised the aldermen aren't even aware of this. Vancouver BC seems to be in the lead on this. They would be esp relevant in TOD areas. I don't know if this is true but I was told recently that it was just 8 years ago that these structures were completely banned.

Being a homeowner just outside the 606 area I would have been spitt'n mad if the alderman wanted to penalize me for deconverting my property - those demo costs would lower the valuation of my property and I'd take the hit should I decide to sell. The only compensation for me would be somewhat lower property taxes due to the lower valuation of my property. Small compensation.

And then there's the furniture factory at Lawndale and the 606 - why didn't the aldermen push to get that converted to residences? The CHA is sitting on a pile of money and if not them then the city could have used some of that mayoral up-zoning, downtown money to finance purchase of this property. No one even batted an eye when a developer announced it's going to be turned into a U-Store it type development.

Tooscrapps • 20 days ago

Good article Steven. It's disappointing to see alderman push for down-zoning some of their neighborhood arteries (Ramirez-Rosa) while de-conversions are happening on side-streets. If zoning is going to require retail on arteries, you need people to support those stores. There are too many vacancies on some of our more vibrant P-streets already (near me: Broadway north of Diversey), what chance does retail on Halsted have?

Carter O'Brien • 20 days ago

This zoning limitation is crazy, this is not the suburbs.

But that said, at this point in time, if you were to permit the greater density I highly doubt you would even slow the displacement of the longtime residents and those of LMI, and you might in fact accelerate it.

To wit, my parents' first house was a 2 flat in Lake View, Census Tract 628. It has over twice as many residents as yours does, 3,500, and over twice as many housing units, with 1,611. The ratios appear to be consistent with your tract, in terms of units and residents. This density is great for many things; but that extra housing supply has certainly done nothing to mitigate the housing costs. It in fact raised them, as that higher supply was outweighed by significantly higher demand.

This is not an insignificant issue - for a multitude of reasons, a greater population of wealthy people tends to result in communities that are not necessarily less dense (see my old census tract), but that are most assuredly not diverse, economically speaking.

This is the displacement that is cause for concern IMO. It's not healthy or just to price the lower and lower middle class out of entire neighborhoods, we need not just more density but specifically more density of affordable housing stock, suitable for families.

Tooscrapps • 20 days ago

Ramirez-Rosa has down-zoned 2 areas on Milwaukee and I think for different reasons. But in either case the down-zoning is a means for him to take control of the 'as of right' to build on those major artery properties. For the property on Milwaukee and Spaulding (the former bakery) the owners (who were going to build market rate apts as of right) will have to go through zoning - that is him - and he can dictate the terms for approval. Knowing him those terms would include the addition of affordable housing. The other down-zoning on Milwaukee, between Diversey and Pulaski, is I believe at the request of some property owners on that street. I don't know yet the story behind that one.

Obesa Adipose ➔ Tooscrapps • 20 days ago

I think his reasons are sound, the problem is that downzoning is the only tool he has to influence the development. The bigger issue is of course why we haven't evolved beyond aldermanic prerogative, because what one alderman can easily put in place the next one can just as easily undo.

Obesa Adipose ➔ Tooscrapps • 20 days ago

My problem with that is once it's downzoned, the alderman usually bends to the NIMBY's when they try to upzone it. If he were purely using it as a tool to push for affordability/developer concessions, I would understand.

However, that's not usually how it works out. Parking and "character" usually are the gripees that win out at community meetings. See: https://chicago.curbed.com/...
You only have to look at the area around Division and Ashland and the strip of Milwaukee from North all the way to Logan Sq and you'll see the aldermen ignoring or just giving small concessions to the NIMBYs. Ditto the Fulton Market area.

Personally I like the idea of the community being part of the process, after all living there makes them the subject matter experts. The 1st Aldi store development plan at Mil and the 606 was a mess - it basically blocked the entire 606 for half a block - and the community process forced the developer to amend his plans for the better.

I think the press is part of the perception problem here - I've covered a number of these meetings and it seems the more ridiculous the NIMBY demands the more often they're cited in the press as if that's all that was said. The cooler heads that usually prevail at these meetings just aren't interesting enough for an click-bait.

Carter O'Brien • Obesa Adipose • 20 days ago
I love community engagement, absolutely. But as it is an art and not science, it just does offer the hucksters plenty of opportunities to game the system.

Tooscrapps • Obesa Adipose • 20 days ago
Neighbors in LP shot down the initial Diversey/Hampden upzone because it was being built on a private lot that they rented space in. Some even demanded the new building have dedicated rental parking for them because their pre-war buildings lack it. It's insane.

Now they are building as-zoned and we're all probably worse-off for it. Meanwhile, the neighbors across Diversey, who this would also impact, didn't get to provide input to Smith, because it's not her ward.

And for the record, I think that plan should have been rejected because of the monster SFRs they wanted to piggyback onto the upzone.

Carter O'Brien • Tooscrapps • 20 days ago
If by character we mean affordability and economic diversity (in addition to historic preservation) then yes, I would say that stretch qualifies. You can see from the DePaul mapping tool that part of this stretch is high risk for displacement, and the other part looks like it will be there soon.

I am also not really a fan of either this process nor the larger process in which Chicago handles zoning. Community meetings are so easily manipulated... the book "Street Signs Chicago: neighborhood and other illusions of big-city life" by Charles Bowden and Lew Kreinberg should be mandatory reading for anyone interested in these topics.

Tooscrapps • Carter O'Brien • 20 days ago
Sorry, when I say "character" I mean: doesn't fit in "our" neighborhood. Could be the height, number of units, facade, or too many affordable, Section-8 or CHA units.

Carter O'Brien • Tooscrapps • 20 days ago
I hear you.

kastigar • Tooscrapps • 20 days ago
No, some aldermen completely ignore opposition from the community.

In the 39th Ward there been opposition to zoning changes on Devon, to build a church instead of a restaurant, to build a shopping center on Foster and the Edens, and to change the zoning from POS to RS-3 to build housing along the river and the Weber Spur near Bryn Mawr and Kostner.

Neighborhood opposition hasn't moved the alderman.
Why Transportation Advocates Should Get Behind the Affordable Housing Movement

By John Greenfeld | Aug 10, 2017

We need to help make sure longtime residents get to stay in their communities to benefit from new amenities.

New Development, Investment Anticipates Future Bloomingdale Trail

By Steven Vance | Nov 17, 2014

The Bloomingdale Trail is attracting new investment along its length, including the construction of new multi-family and single-family housing. The blocks bracketing the multi-use path and adjacent parks (collectively known as the 606) saw less construction than their wider neighborhoods during the 2008-2009 recession — but now construction is picking up. Investors and developers are confidently [...]

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