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[Home](#) > [News](#) > [City](#)

Rent on the rise: How high will rent in Chicago climb?

By Deborah Bayliss/Defender Contributing Writer*Posted July 11, 2018* [Leave a comment](#)

Denitha Polk says she cannot afford housing in a safe neighborhood. Photo by Alberta Dean

Denitha Polk, like many other Chicago residents with low- to-moderate income, is challenged with financial and other barriers to finding rental housing she can afford.

A report released recently by The Institute for Housing Studies at DePaul University shows Cook County rentals “remain” unaffordable for the majority of low- and moderate-income households with an increasing gap in the number of available affordable units and the number of renters who need them.

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According to the report, Bronzeville, Hyde Park, Rogers Park, Austin, Belmont Cragin, West Town and the Near West Side are the top neighborhoods with the biggest affordability gaps.

Polk, 41, has a bachelor's degree in business management and a master's in human resources management, and earns \$2,080 a month before taxes as an administrative assistant for a property management company.

Her income, she said, is not enough for the two-bedroom apartment she needs for herself and her college-aged son but is too high to qualify for affordable housing.

“I was evicted from my Westhaven Park apartment (a near West Side residential development with market-rate as well as low-income rental units) a month ago because they said I made too much money. We had a place that we called home and within a heartbeat it was taken away. I am not willing to move to just any neighborhood. For one thing, I'm raising a young Black male and I'm very protective of him. When I come across an apartment in the range I can afford, they are in neighborhoods with very high crime or are not up to livable standards or city codes.”

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Following her eviction, Polk was forced to move back to her parent's West Garfield Park home. She said barriers to finding a nice affordable place are real and scary.

“The rental market in Chicago is dismal and the waitlists for income restricted apartments are full and



Housing Vouchers

Polk added that HUD's (U.S. Department of Housing and Development) income guidelines to qualify for low income housing vouchers need to be adjusted.

"When I tried to apply for a Section 8 voucher, I was told that my income was too high," Polk said. "Not only do income guidelines need to be adjusted, HUD needs to also put term limits on the amount of time someone can hold a voucher. It needs to be more of a rotation so more people who need them can get them. You have some people living in the same apartment for years and paying \$10 to \$20 a month. I'm getting back on my feet and I wish someone would give me a break and rent to me."

The DePaul study shows, since 2012 Cook County lost more than 15,000 two- and four-flats, a common source of affordable rental housing. Some of those units are lost as neighborhoods gentrify and new owners convert them into single family homes. In other neighborhoods, disinvestment and blight are the problem. Units in those areas are being lost to neglect.

The housing crisis that occurred in the late 2000s along with the banking and financial crisis that led to what was called the worst recession since the Great Depression are also factors which resulted in an abundance of vacant properties.

LaShone Kelly, housing specialist with the Garfield Park Community Council (GPCC), said, "I've seen the predatory lending negatively impact lower income people. What you're seeing now is the residual effect of that. People are being excluded economically and African-Americans have been discriminated against racially, for so long."

Kelly is assisting Polk and others in their search for decent affordable housing.

LaShone Kelly stands in front of an abandoned building. Photo courtesy of LaShone Kelly

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than 40 local projects with at least 30 partner organizations and facilitated more than \$8 million in community investment, according to information on the organization's website.

GPCC acts as a facilitator between residents and various public and private institutions, including law enforcement, private developers, city officials, and funders.

Housing efforts are part of the core efforts of the organization with its Garfield Park Housing Center, which focuses on landlord/tenant issues as well as foreclosure prevention initiatives in partnership with city-wide housing organizations.

The Housing Center has helped nearly 700 families faced with renting an apartment in a foreclosed property and provided counseling and legal assistance through a partnership with the Lawyers' Committee for Better Housing.

In 2012, the organization was chosen by the City of Chicago to lead work under the Micro Market Recovery Program in Garfield Park. Kelly oversees the program that put blighted and abandoned properties back into productive use, assists homeowners in danger of foreclosure, and identifies programming to combat the physical, social and economic conditions that result from large numbers of foreclosures in one community.

Rising Rent

Rent Café.com, a nationwide apartment search website, recently released its own monthly rental report with data compiled from rents charged in the 250 largest U.S. cities. June brought a 2.9 percent increase of the national average rent which reached an all-time-high of \$1,405, meaning renters pay on average \$40 more per month than they did a year ago.

Kelly said both the DePaul and the Rent Café reports are on par with what she is seeing in Garfield Park.

“On the east side of Garfield Park (where you have higher income earners and newly renovated structures) the monthly rental rates are anywhere from \$1,200-\$1,500 a month. However, property owners who list their rentals on the West Side of Garfield Park, (which has not seen nearly the number of new developments as east Garfield Park) on average, are listing a three bedroom, one bath apartment for \$1000-\$1,100.”

Developers in the city cater to higher-income renters with the new apartments they build, according to the DePaul report that shows also that neighborhoods across the city are losing too many lower-priced apartments to rental rates that continue to increase.

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“Low income mothers with children looking for two- and three-bedroom apartments are hard pressed to find something decent, clean and affordable,” Kelly said. “If a young mother makes \$12 an hour (the city’s new minimum wage rate) and works a 40-hour work week, she’s grossing \$480 week or \$1,920 a month. Statistics say you shouldn’t spend more than 30 percent of your income on rent so she should look for an apartment that rents for \$576 to \$600 a month. There are no apartments out there for her and her children at that rate.”

According to the Joint Center for Housing Studies, 43 percent of very low-income households earning less than 30 percent of the area median income—which is about \$19,000 a year in Cook County—are paying more than half of their income towards rent and are living in severely rundown units.

Because people are having such a difficult time finding decent affordable housing, families are starting to move in together to share the burden, Kelly said.

Others plan to or have already left the city because of crime and the high cost of living in the city.

Between 2015 and 2016, more than 12,000 African-American residents left Cook County, an increase from the previous year when about 9,000 residents left, the *Chicago Tribune* reported.

Reasons for the dire housing situation vary with factors such as the high cost of building affordable housing, overly tight zoning, stagnant wages and rising cost of living, according to the DePaul study.

In distressed neighborhoods like South Shore, Englewood and Garfield Park, with high poverty levels, low income apartments are available but residents still cannot afford them because their incomes are too low. So building more housing would not fix the problem. In this case, according to the report, vouchers, operating subsidies, or more anti-poverty policies are what’s needed.

Closing the Gap

The problems are clear and there is no question that the affordability gap needs to be closed; the question is how city officials plan to address it.

One way may be through a new initiative. Anthony Simpkins, Deputy Commissioner for Affordable Housing Preservation and Asset/Portfolio Management with the City of Chicago, Chicago Mayor Rahm Emanuel and the Community Investment Corporation (CIC) recently announced the Chicago Opportunity Investment Fund, a new initiative designed to create and preserve affordable rental housing throughout the city.

The \$30 million fund will provide low-cost financing to developers purchasing existing multifamily buildings if they guarantee affordable units in their properties for the next fifteen years. After 15 years, those units revert back to market rate.

“Every resident of Chicago deserves a great place to call home,” Mayor Emanuel said. “When the CLOSE > public sector, private sector and non-profits work together, we can create stronger communities and



The initiative is designed to expand access to neighborhoods where rental costs are continually rising for low income residents and families. The Community Investment Corporation has support from government, private lenders and social impact investors. The City of Chicago is providing \$5 million to leverage \$25 million in private and other investment for the fund, according to information provided by the City.

“By providing developers with low cost equity, the Opportunity Investment Fund will quickly and efficiently create affordable units in strong markets,” CIC President & CEO John G. Markowski said.

The program’s \$30 million investment reportedly will generate 300 affordable units and 1,500 mixed income units.

MB Bank contributed approximately \$4 million to the fund.

“MB is proud to support the expansion of affordable housing options in Chicago,” Mitch Feiger, President and CEO MB Financial, Inc., said. “Our commitment to investing in and building strong and vibrant communities where we live and work is fundamental to our mission.”

Kelly commended the mayor for his efforts to deal with the problem and for re-implementing the Chicago Department of Housing and Economic Development, but she added that dollars placed with grass roots organizations versus developers, have a positive impact on the immediate area.

Peter Strazzabosco, communications outreach and deputy commissioner, Chicago Department of Planning and Development, said last week that in addition to the Investment Fund, the mayor announced, the planning department is also working on a five-year plan to deal with the affordable housing situation but did not provide details.

Residents like Polk hope the plan will help them find safe and affordable housing.

Info box

Minimum Wage in Chicago

On December 2, 2014, the Chicago City Council passed an ordinance increasing minimum wage for Chicago workers to \$13 per hour by 2019. The increase for approximately 410,000 Chicago workers is expected to inject \$860 million into the local economy, and lift 70,000 workers out of poverty range, according to city officials.

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The City began phasing in its new minimum wage, raising the hourly minimum wage from \$8.25 to \$10 in 2015, from \$10.50 in 2016, \$11 in 2017, \$12 in 2018, and \$13 in 2019, indexed annually to the Consumer Price Index (CPI) after 2019.

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