Applying Lessons from The 606 to Map Displacement Pressure in Chicago

Presented by Institute for Housing Studies
Institute for Housing Studies

• IHS’s mission is to provide reliable, impartial, and timely data and research to inform housing and community development policy decisions and discussions in the Chicago region and nationally

• IHS accomplishes this through an applied research model
  • Data collection and improvement
  • Research
  • Technical assistance

• Presentation – Lessons from Measuring the Impact of The 606
  • Research on changing housing market dynamics in neighborhoods near The 606
  • How the market response varied depending on underlying demographic, socioeconomic and housing market characteristics
  • Implications for preserving affordability around future public investment projects and how IHS is building on these findings to understand displacement citywide
Role of Public Investment in Driving Neighborhood Change

• Impacts on housing demand, supply, and affordability
  • A new amenity can attract new households, increasing demand for housing
  • New demand and investments can lead to increased house prices and rents
  • New development likely unaffordable to low- and moderate-income households

• Lost affordability and displacement pressure
  • Increased costs exacerbate cost-burden and destabilize housing situations
  • Renters, seniors, low-income households, large households, and cost-burdened households are at greater risk for displacement in a rising cost environment

• Price changes are an indicator of shifting demand and affordability
  • IHS used its House Price Index to understand the impact of The 606
  • Price index model controls for housing, location, and transaction characteristics to track changes in the sales price of a “typical” single family home
The 606 linear park region includes very different markets

SOURCE: IHS DATA CLEARINGHOUSE
The 606 linear park region includes very different markets

Characteristics of the eastern and western neighborhoods adjacent to The 606

<table>
<thead>
<tr>
<th></th>
<th>606 West</th>
<th>606 East</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>$ 49,701</td>
<td>$ 115,924</td>
</tr>
<tr>
<td>Poverty Rate</td>
<td>25.5%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Renter Share</td>
<td>61.5%</td>
<td>41.5%</td>
</tr>
<tr>
<td>Renter Cost-Burden Share</td>
<td>50.5%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Latino Share</td>
<td>67.3%</td>
<td>11.1%</td>
</tr>
<tr>
<td>4+ Person Household Share</td>
<td>25.5%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Properties Impacted by Foreclosure</td>
<td>24.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Investor Share</td>
<td>20.7%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

SOURCE: IHS CALCULATIONS OF AMERICAN COMMUNITIES SURVEY DATA - 5-YEAR, 2009-14, IHS DATA CLEARINGHOUSE, 2015
Was there a premium in 606 West?

Change in price premium in 606 West by distance (miles) from The 606

SOURCE: IHS CALCULATIONS OF DATA FROM IHS COOK COUNTY HOUSE PRICE INDEX 2016 1Q
Key Findings for Policy and Practice

• Neighborhood characteristics matter
  • A neighborhood’s location, housing characteristics and the underlying vulnerability of the population to displacement can help us anticipate effects.

• The timing of interventions are important to their success
  • The market can change quickly and many of the most robust strategies to preserve affordability are impractical in strong markets.

• Proximity matters
  • The impact varies depending on distance to the project and policies can similarly be geographically targeted.

• Policy incentives must be responsive to market changes
  • Understanding the scale of effects can help inform policy incentives targeted to owners to keep housing affordable.
Identifying areas with vulnerable populations and housing types

SOURCE: IHS CALCULATIONS OF 5-YEAR AMERICAN COMMUNITY SURVEY DATA, 2011-15
Current and changing levels of housing affordability

SOURCE: IHS CALCULATIONS OF PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2016 AND 2012, COOK COUNTY ASSESSOR
Combining layers to identify areas with displacement pressure

Assessing Displacement Risk in Vulnerable, Rising Markets

• **High-cost**
  - Likely active displacement
  - High demand for market-rate housing creates opportunities and challenges for policies leveraging that demand to build and preserve affordable units

• **Moderate-cost**
  - Potential “tipping-point” neighborhood
  - The relative affordability of these markets gives practitioners an opportunity for more proactive policies to preserve affordability, but window is closing

• **Low-cost**
  - Limited current risk from rising prices
  - Population loss tied to long-term disinvestment might be more critical type of displacement
  - Abundance of lower-value properties and land may provide the best opportunity for comprehensive, long-term housing strategies for inclusive growth
Census Tracts Vulnerable to Displacement with Rising Costs

Mapping Displacement Pressure in Chicago

Where is displacement a concern in Chicago? View different levels of displacement and lost affordability pressures at the neighborhood level and learn about strategies to preserve housing affordability in areas with different levels of displacement risk. Read the full report. 

The Obama Presidential Center will be built on the end of Midway Plaisance and Lake Michigan. The center will include gardens, trails, green space, and recreation area, eight-story museum, gift shop, restaurant, and spaces for educational programs. With its proximity to the Museum of Science and Industry, the Obama Presidential Center is comparable to the city's Museum Campus. 

Woodlawn
Vulnerable
Moderate-cost
Significantly rising prices
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