

PRESENTATION

June 5, 2019

# Applying Lessons from The 606 to Map Displacement Pressure in Chicago

Presented by Institute for Housing Studies



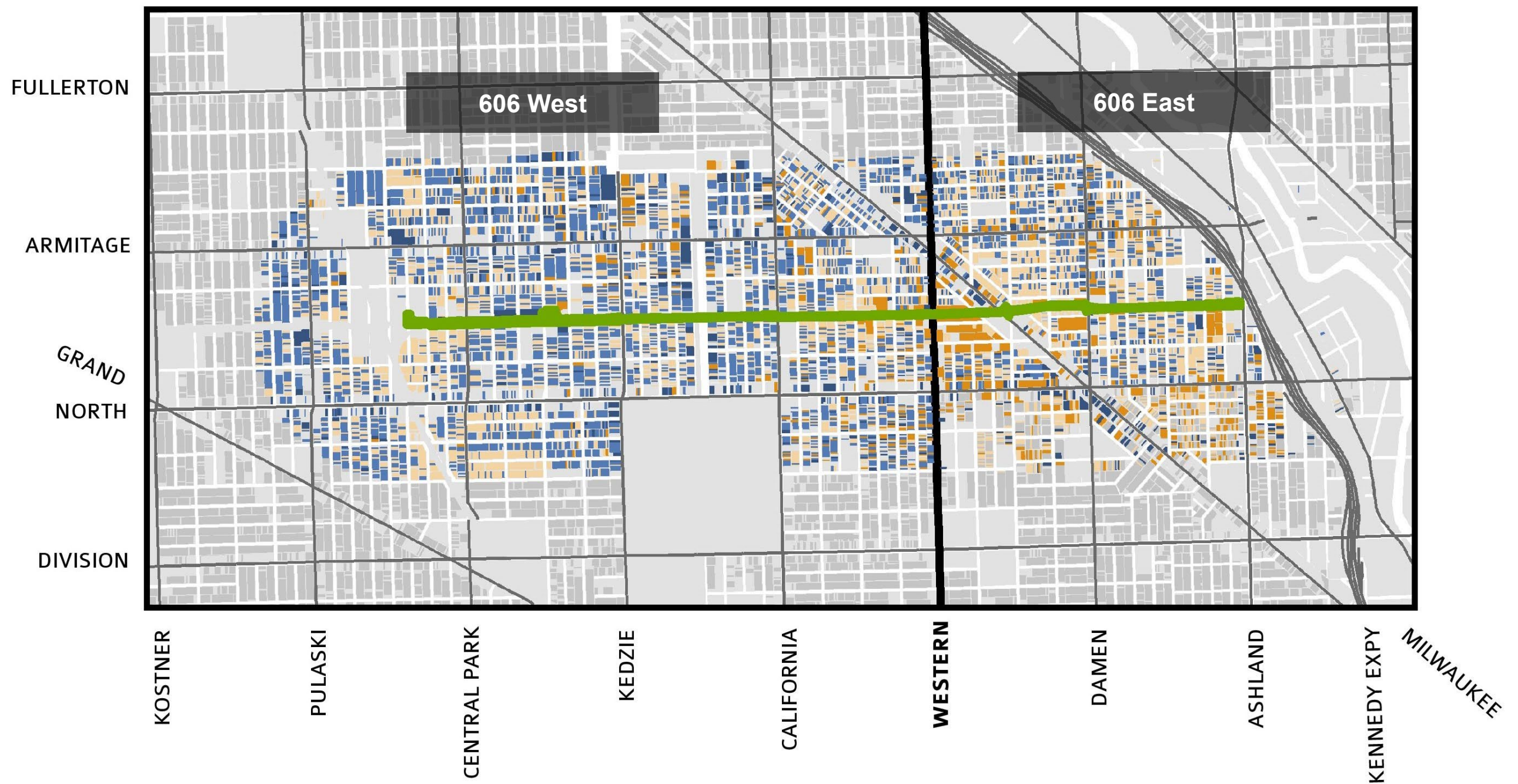
# Institute for Housing Studies

- 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

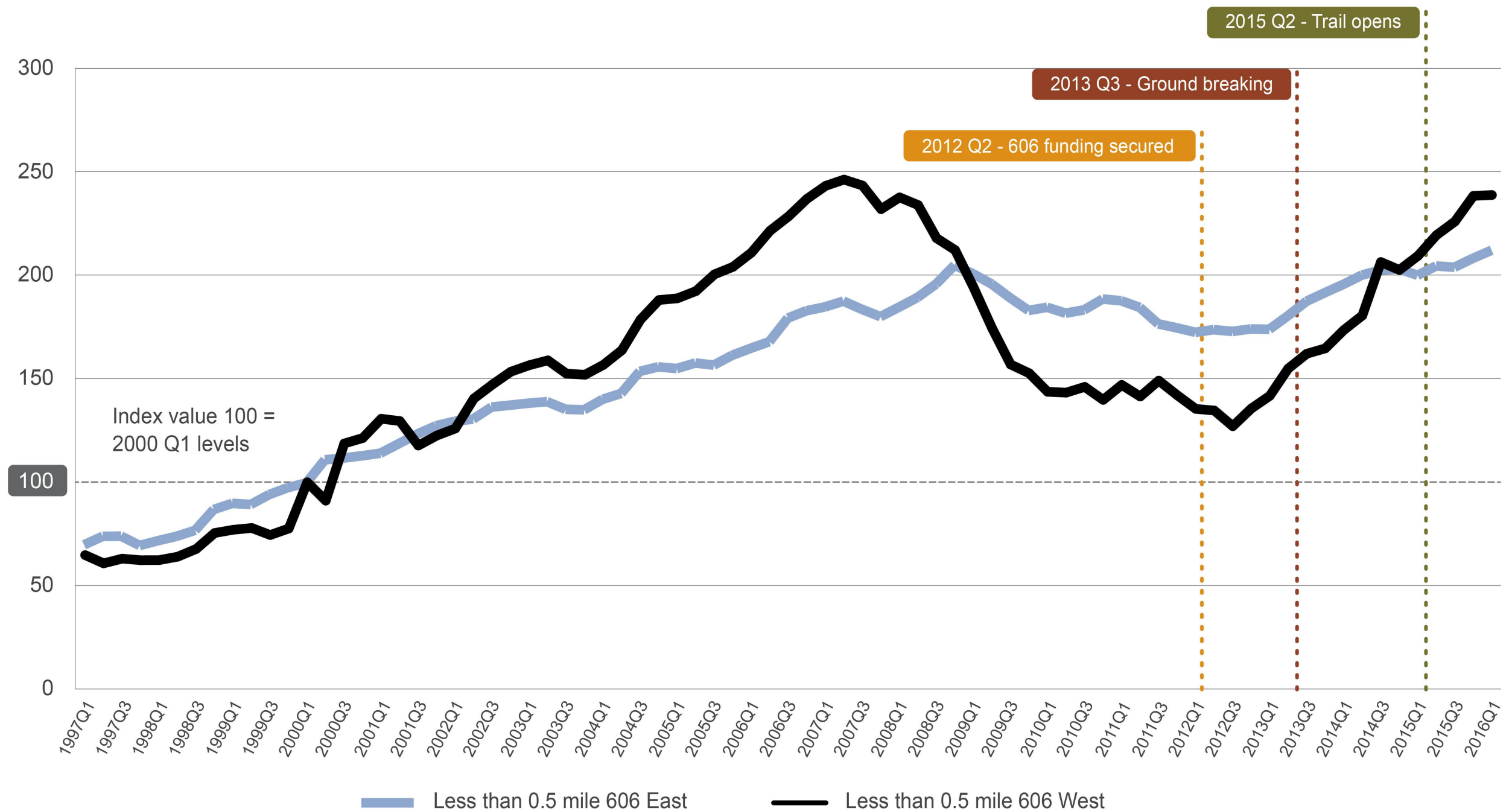
	606 West	606 East
Median Household Income	\$ 49,701	\$ 115,924
Poverty Rate	25.5%	4.8%
Renter Share	61.5%	41.5%
Renter Cost-Burden Share	50.5%	27.0%
Latino Share	67.3%	11.1%
4+ Person Household Share	25.5%	9.4%
Properties Impacted by Foreclosure	24.1%	7.1%
Investor Share	20.7%	4.8%

SOURCE: IHS CALCULATIONS OF AMERICAN COMMUNITIES SURVEY DATA - 5-YEAR, 2009-14, IHS DATA CLEARINGHOUSE, 2015



# Price trends along The 606

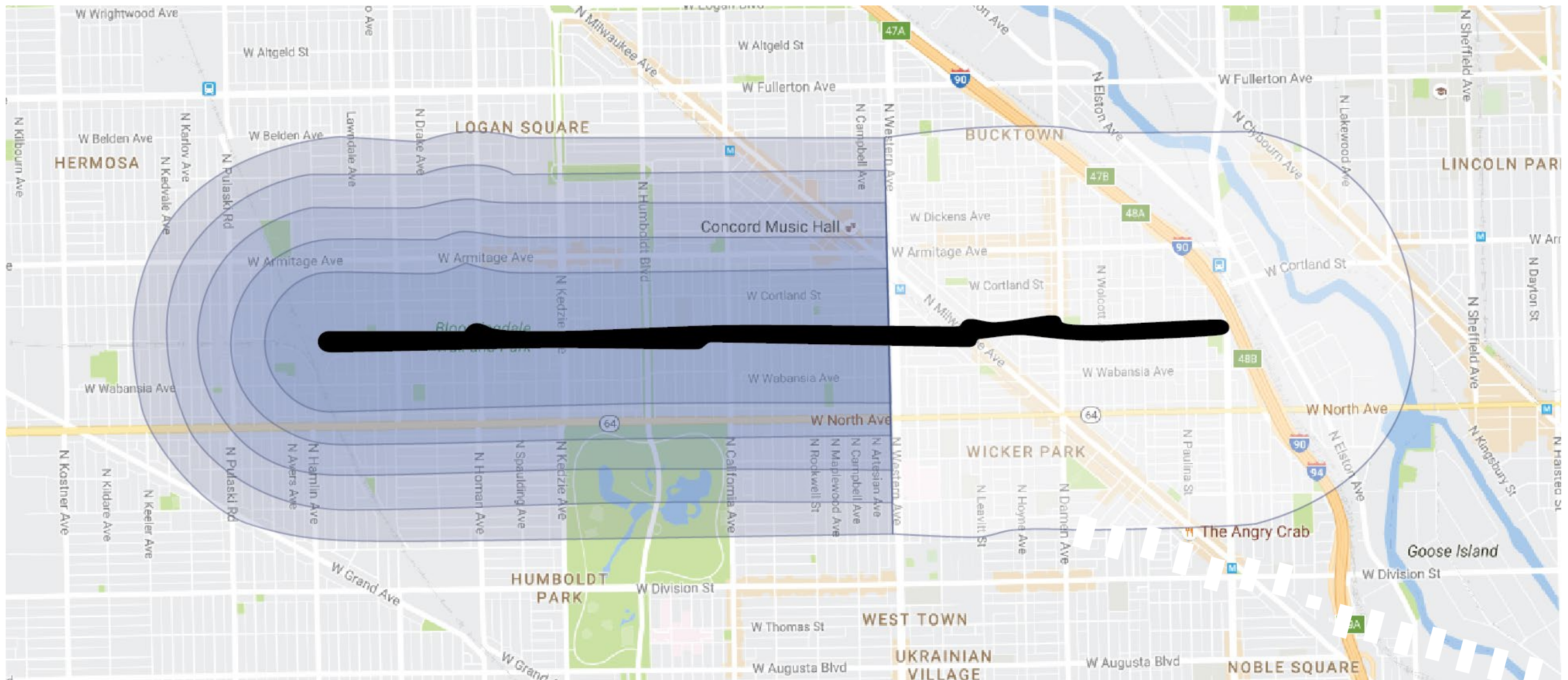
Quarterly price trends for single family homes within ½ mile of The 606, 1997 to 2016 1Q



SOURCE: IHS COOK COUNTY HOUSE PRICE INDEX 2016 1Q

# 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

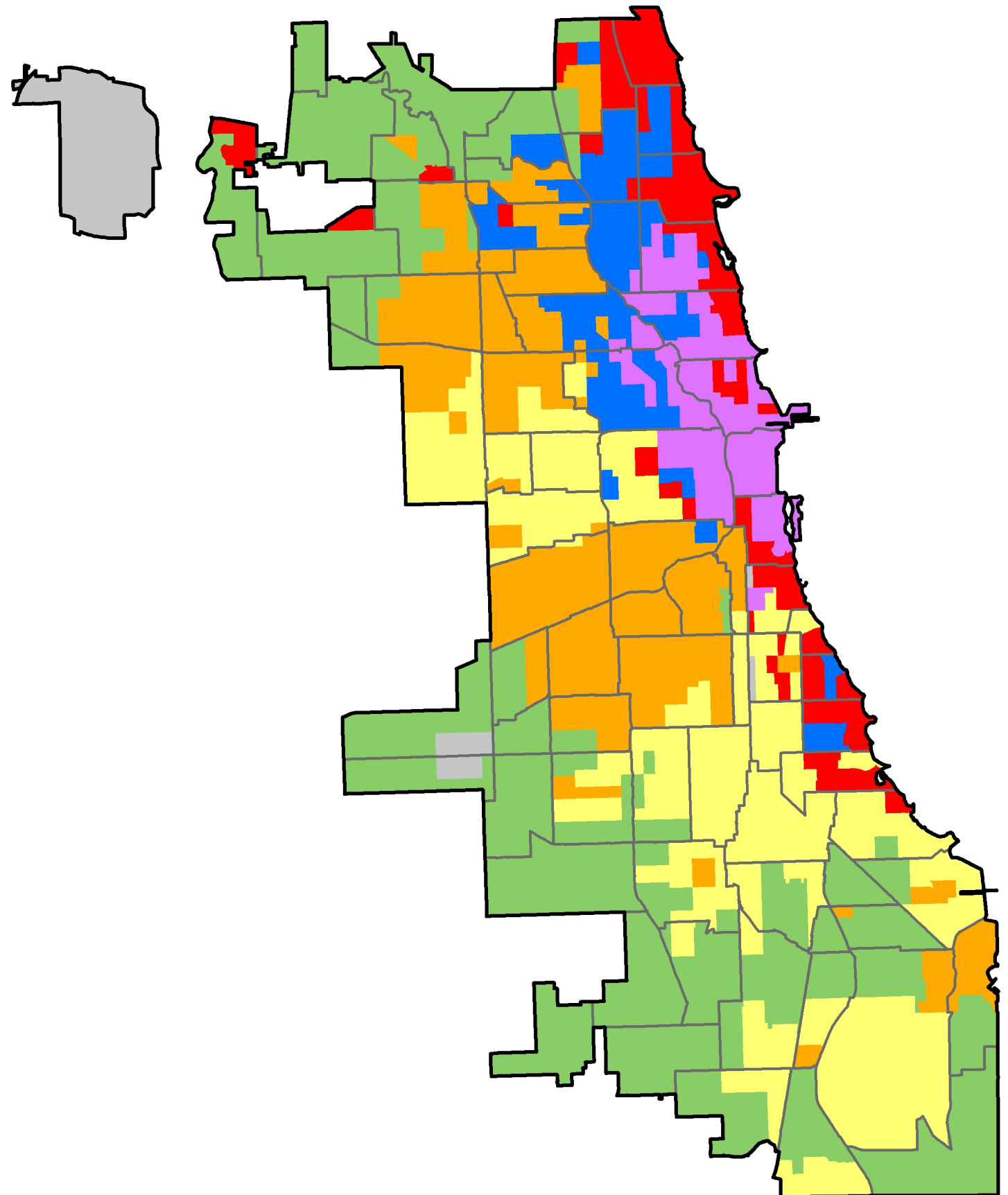
- **Neighborhood characteristics matter**
  - A neighborhood's location, housing characteristics and the underlying vulnerability of the population to displacement can help us anticipate effects.
- **The timing of interventions are important to their success**
  - The market can change quickly and many 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.



# Using data to target and prioritize preservation strategies

Identifying areas with  
vulnerable populations  
and housing types

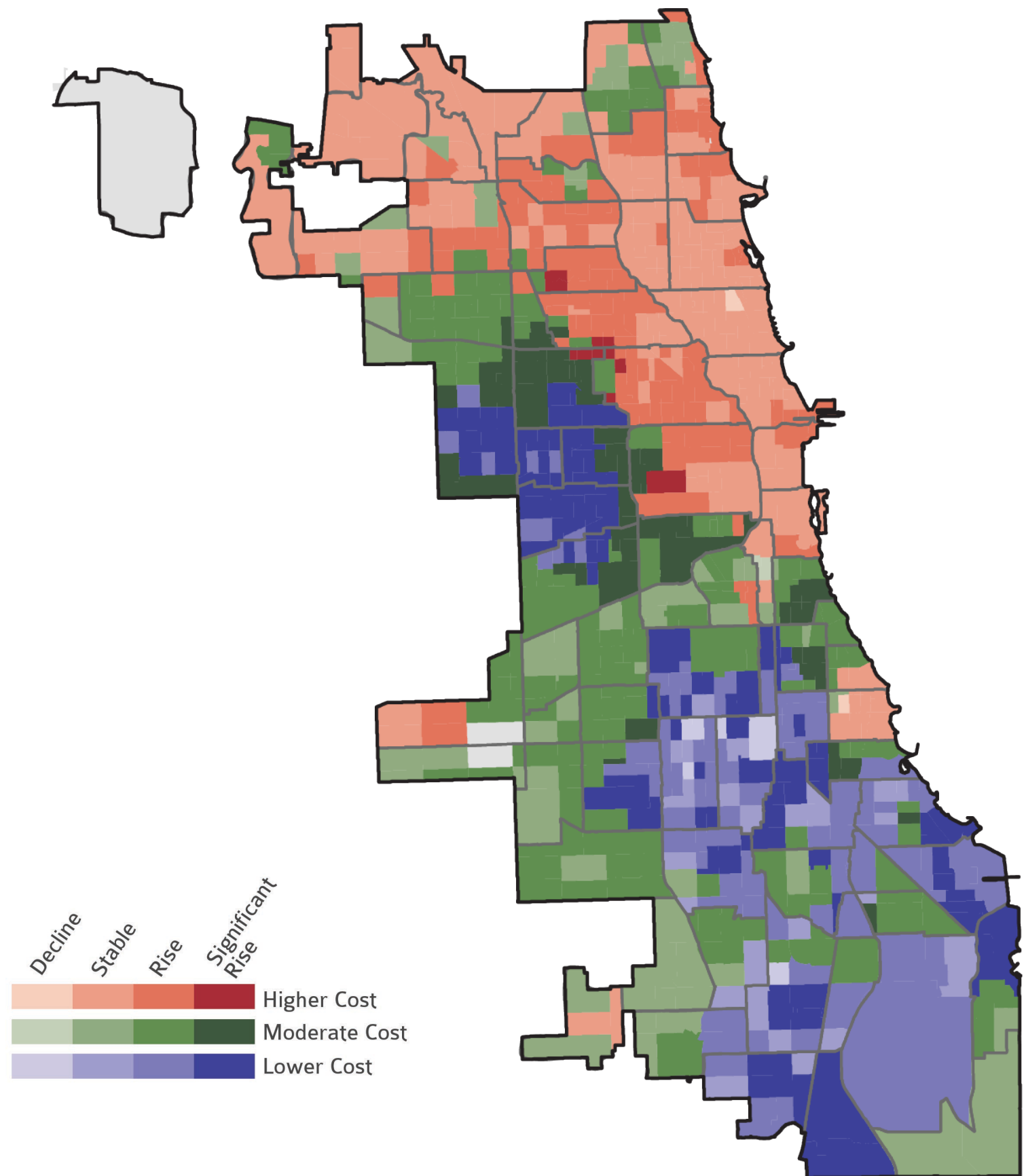
SOURCE: IHS CALCULATIONS OF 5-YEAR  
AMERICAN COMMUNITY SURVEY DATA,  
2011-15



# Using data to target and prioritize preservation strategies

Current and changing levels of affordability

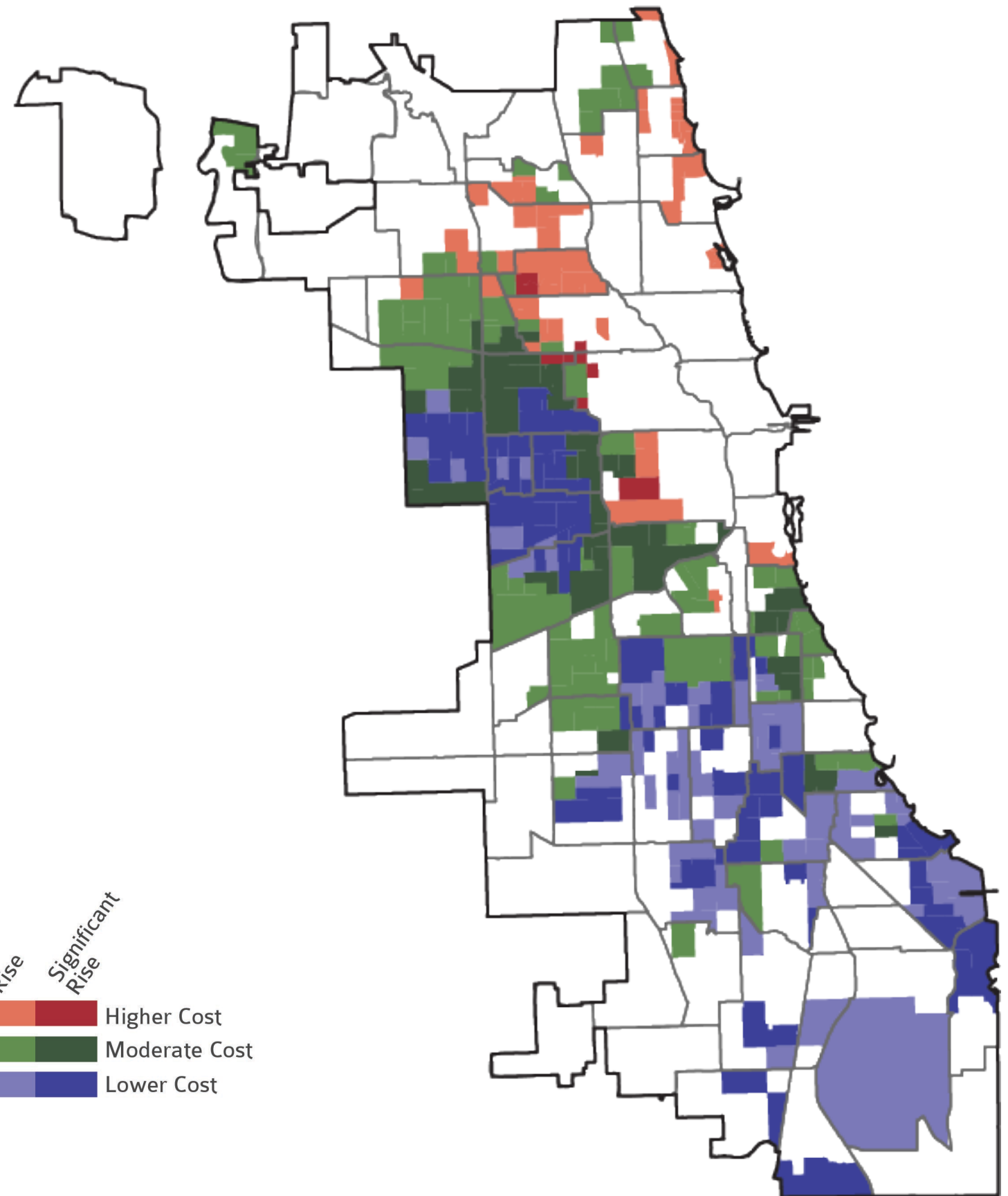
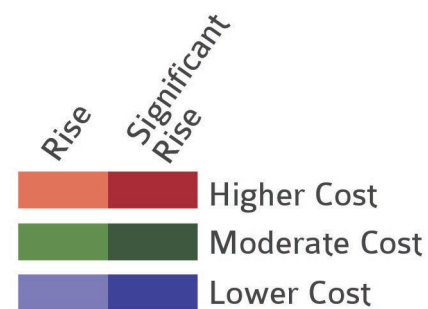
SOURCE: IHS CALCULATIONS OF PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2017 AND 2012, COOK COUNTY ASSESSOR



# Using data to target and prioritize preservation strategies

Current and changing levels of affordability in vulnerable neighborhoods

SOURCE: IHS CALCULATIONS OF 5-YEAR AMERICAN COMMUNITY SURVEY DATA, 2011-15 AND PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2017 AND 2012, COOK COUNTY ASSESSOR





# 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

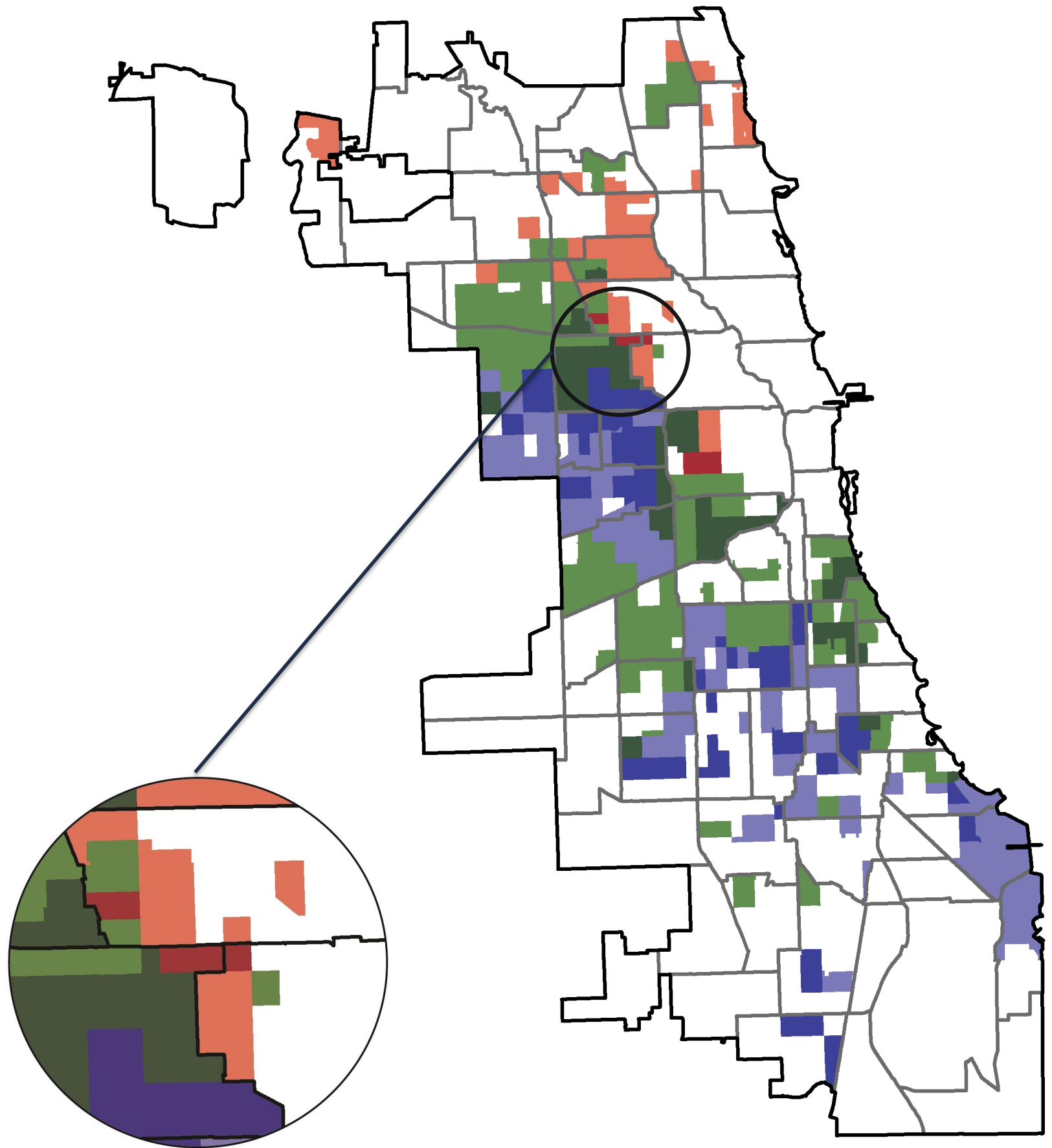
- Low-cost

- 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



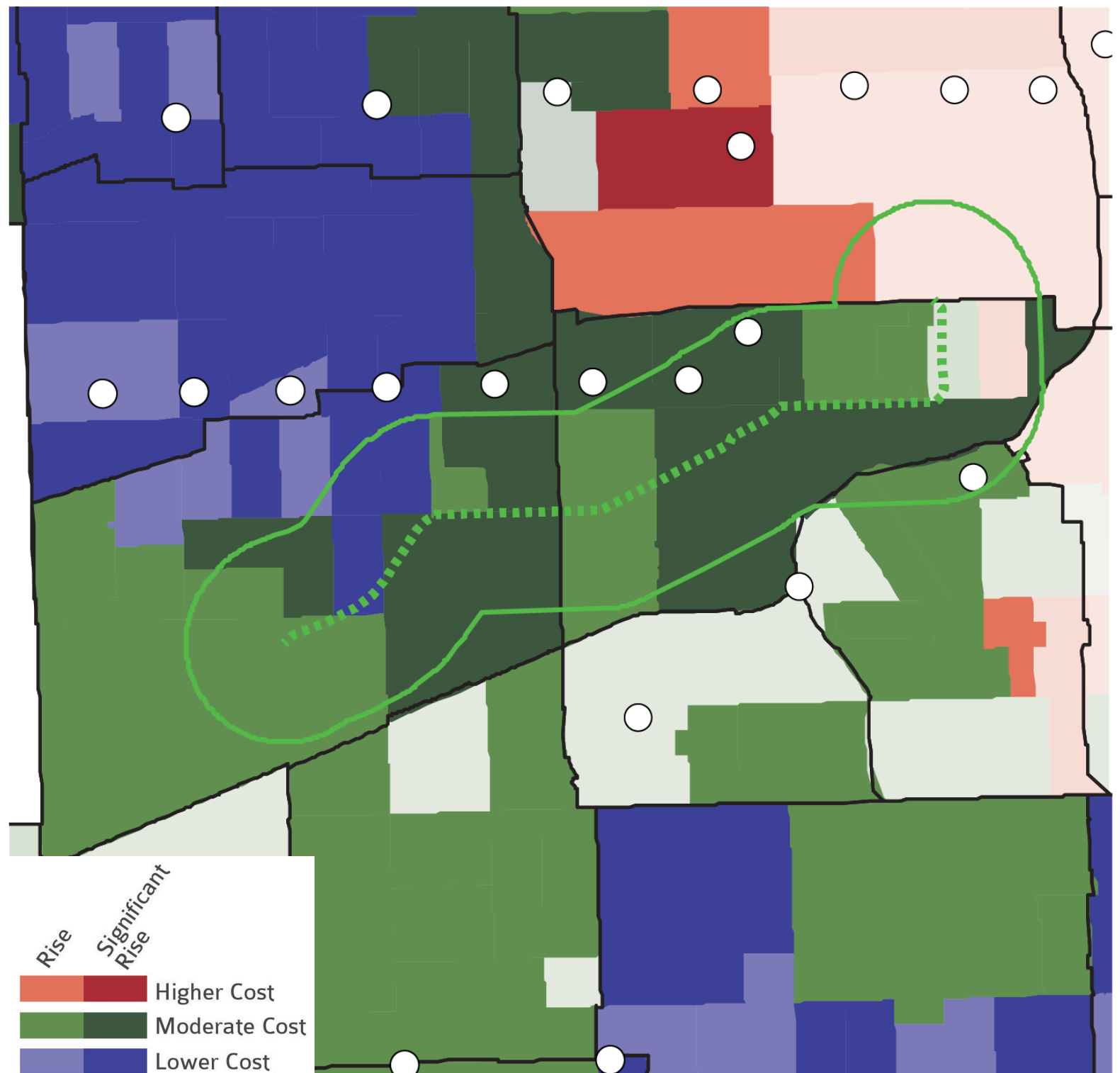
SOURCE: IHS CALCULATIONS OF 5-YEAR AMERICAN COMMUNITY SURVEY DATA, 2011-15 AND PROPERTY SALES DATA FROM COOK COUNTY RECORDER OF DEEDS, 2016 AND 2012



# Case study – Neighborhoods Surrounding Proposed El Paseo Trail



SOURCE: IHS CALCULATIONS OF 5-YEAR  
AMERICAN COMMUNITY SURVEY DATA,  
2011-15 AND PROPERTY SALES DATA FROM  
COOK COUNTY RECORDER OF DEEDS, 2017  
AND 2012

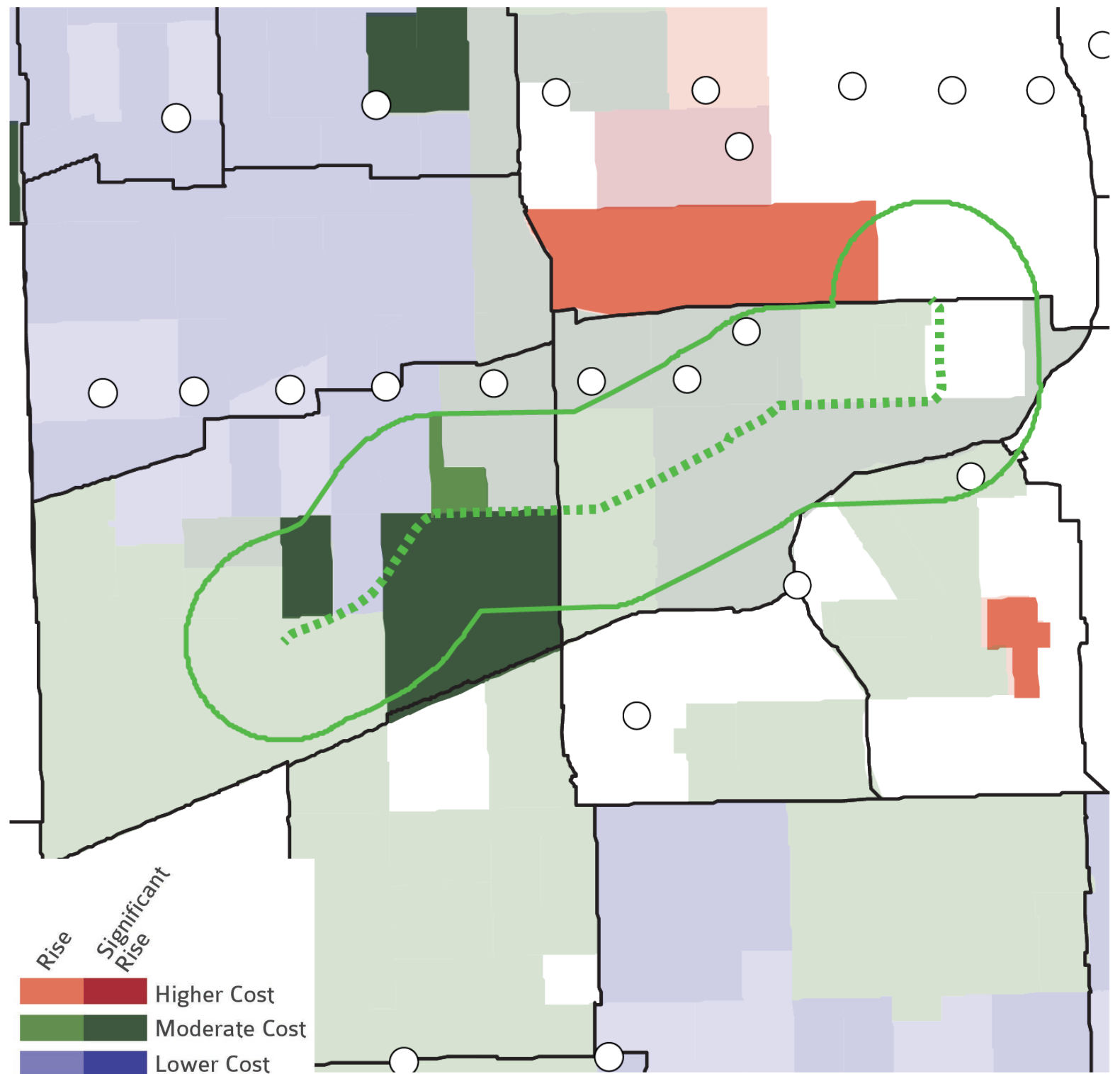




# Case study – Intensifying Neighborhoods Surrounding El Paseo Trail

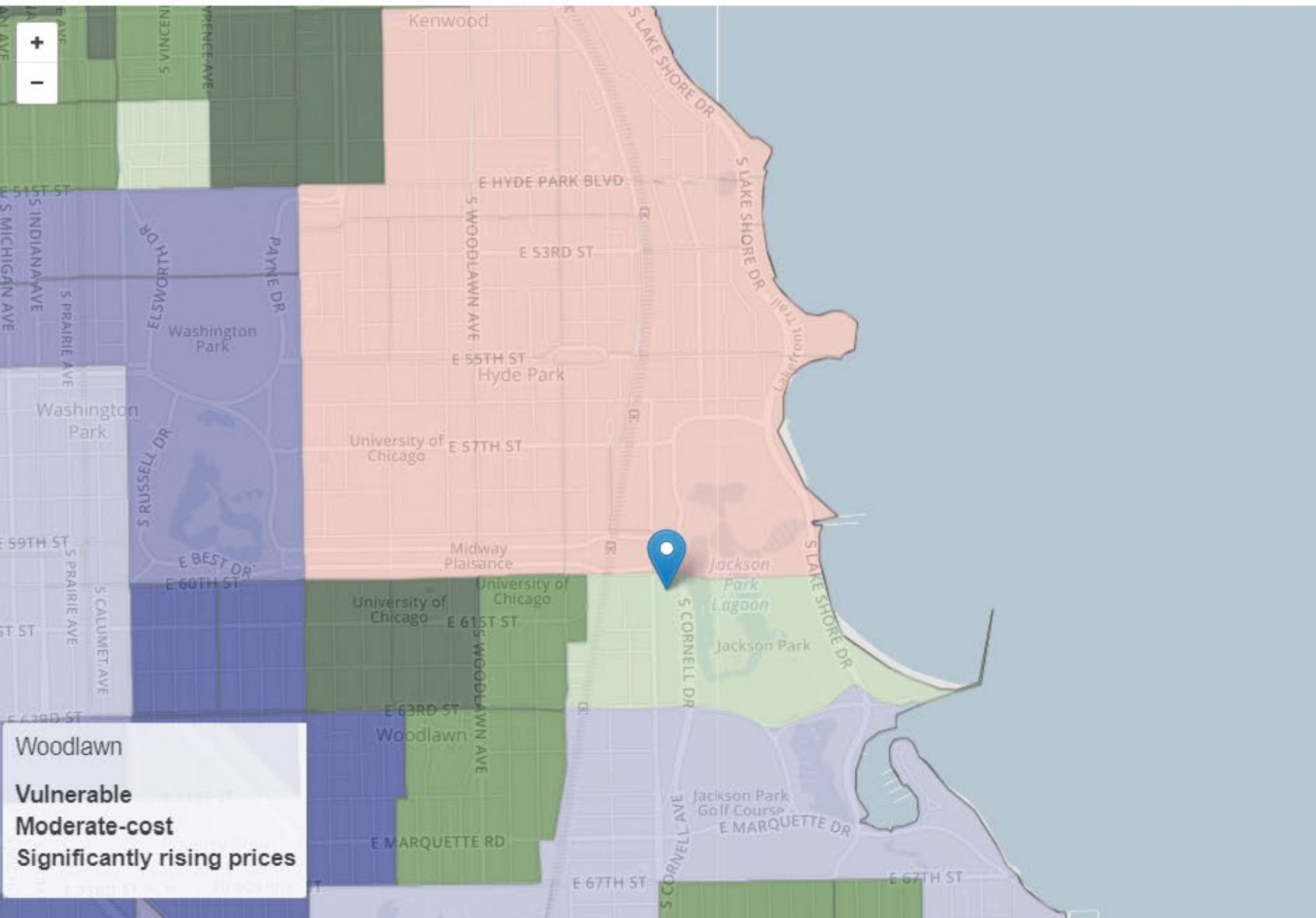


SOURCE: IHS CALCULATIONS OF 5-YEAR  
AMERICAN COMMUNITY SURVEY DATA,  
2011-15 AND PROPERTY SALES DATA FROM  
COOK COUNTY RECORDER OF DEEDS, 2017  
AND 2012



# 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 »](#)



High-risk

Moderate-risk

Low-risk

606 Trail

Paseo Trail

Obama Pre



## THE OBAMA PRESIDENT

The Obama Presidential Center will be located at the end of Midway Plaisance and Lake Michigan. It will include gardens, trails, green space, and recreational facilities, a restaurant, and spaces for educational and cultural activities. The Science and Industry, the Obama Presidential Center is comparable to the city's Museum of Contemporary Art.



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