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## Accelerating the Housing Recovery and Building Community Wealth in Chicago



*By Courtney Hutchison*

As the 10-year anniversary of the subprime mortgage crisis nears, recovery continues to be uneven, with low-income communities and communities of color facing the steepest climb toward economic stability. In Chicago, foreclosures devastated many Black neighborhoods on the South and West Sides, leaving behind blighted, vacant houses that could remain trapped in the court system for years.

Facing a struggling housing market and communities in crisis, local officials and grassroots organizers in Chicago have rallied to rebuild, forging new policies, organizations, and partnerships that not only reinvest in struggling communities of color, but reenvision community ownership and power.

"The foreclosure crisis may have ended, but there's still a vacant housing crisis, there's still an assessment bias for homes in communities of color — a lot of the things that exacerbated the housing crisis are still in play, and it will take collaborative efforts with the community to address them," said Bridget Gainer, commissioner for the Cook

County 10th district and chairwoman of the Cook County Land Bank.

The ongoing recovery in Chicago's housing market has been shaped by a patchwork of city and community efforts. Here we highlight three aspects of these efforts: the Chicago Anti-Eviction Campaign, a movement that gained notoriety when members took over vacant homes for use by homeless families; the Cook County Land Bank, which acquires vacant properties caught in the foreclosure process and makes them eligible for rehab and resale; and a burgeoning land trust run by the Chicago Community Loan Fund that aims to increase available affordable housing.

### **Homeownership loss exacerbates wealth inequalities**

Owning a home can be one of the strongest wealth-building opportunities for American families, allowing them to secure equity that often appreciates over time and can be passed on to future generations. At the same time, this lever for economic stability [has historically been denied to communities of color](#) through racist policies like [redlining](#), and the legacy of this prejudice [persists today](#) through discriminatory practices in real estate and lending.

Though homeownership among people of color in the U.S. had been on the rise by the turn of the 21st century, the subprime lending crisis (which targeted people of color and their neighborhoods) undid decades of progress: [During the Great Recession](#), Hispanics [lost 66 percent](#) of household wealth through foreclosure and African Americans lost 53 percent, while Whites lost only 16 percent. In Chicago, nearly half of African American families owned homes before the recession; by [2016](#), only 39 percent did.

This drop in homeownership didn't just affect the people who were evicted. It also crippled the housing market in their communities as properties became tied up in an overwhelmed court system, and long-vacant homes attracted crime and drove down neighborhood property values.

"The recession flooded the court system with foreclosures in Cook County," said Gainer. "You had a system that was used to processing 15,000 foreclosures a year now processing 50,000, and there simply weren't the resources to deal with it."

By [2013](#), Chicago had 33,902 vacant homes, with vacancy rates of up to one in six properties in some census tracts in low-income South Side neighborhoods. Though banks are legally required to maintain foreclosed properties, this seldom happened in communities of color. A [2014 study](#) found that foreclosed properties in communities of color in Chicago were nearly four times as likely to have unsecured, broken, or boarded doors compared to those in White communities. The injustice of lenders evicting families from their homes only to leave those homes unused for months or years drove William "J.R." Fleming to found the Chicago Anti-Eviction Campaign in 2009.

"It was disgusting how the banks were getting away with so much — evicting families, not taking care of the properties, letting them amass fines for years," Fleming said.

At first, members of the Campaign focused only on preventing evictions — standing in front of houses to physically prevent the eviction process and providing legal aid to families fighting in court. They later garnered [national attention](#), however, when they began a new tactic: occupying and repairing blighted properties for use by local homeless families. In every case, they received permission from neighbors, though they did not have legal rights to the homes.

These bold actions made it impossible for other local leaders to avoid addressing the broken and bloated foreclosure process. According to Gainer, "Their methods were controversial, but they played a crucial role in hitting the pause button."

### **Helping the housing market rebound in South and West Chicago**

When it became clear that the court system was the bottleneck keeping so many houses vacant, the Cook County Commissioner's Office began strategizing ways to expedite the process of getting vacant houses back on the

market.

"You'd think it would be easy to get access to a house that's in foreclosure if you want to rehab and resell it, but the reality is that it's very difficult and time-consuming and many small developers simply didn't have the legal resources or the capital to do it," Gainer said. "We had community members complaining that we had too many vacant homes and too many unemployed people in the same neighborhoods, so we thought, why not create local jobs and rehab the houses at the same time?"

Leveraging \$4.5 million in settlement money from a federal case against subprime lenders, Gainer worked with Fleming and other community organizers to adapt a [land bank model from Flint, Michigan](#). In 2013, the Cook County Land Bank Authority was created to acquire properties caught up in the court system, clear them of back taxes and other fines, and make them more accessible to local developers of color. Gainer noted that while the Land Bank has no official quotas regarding the affordability of the properties or the diversity of its developers, it does the majority of its work with Latino and African American entrepreneurs working in communities of color on the South and West Sides. It also prioritizes projects that result in owner-occupied (not rental) properties and those that expand developer businesses, thus creating jobs. This month, the Land Bank hopes to finish the rehab of its 200th home. It has 186 more currently under construction and 300 in the court system pipeline.

Jason Williams, co-owner of [Ultimate Real Estate Group](#), has rehabbed several Land Bank properties in South Side and Washington Heights, and credited the land bank as a "big reason" that many of these neighborhoods are turning around after the crisis.

"When you do a home or two, it changes the whole block," said Williams, who noted that most of the properties are being purchased by young professionals.

Though Chicago represents the largest land bank by geography, Gainer pointed out that the land bank model could be useful to cities and counties anywhere. "This isn't a magical thing that happened in Chicago, anyone can do this," she said. "It's a way to put the power of property back in the hands of the community, not the courts."

### **Pursuing community ownership with a land trust model**

By helping to stem the backlog of foreclosed houses in Chicago's low-income communities and communities of color, the Land Bank put the Chicago Anti-Eviction Campaign in the interesting position of having less to protest. But the Land Bank's efforts to combat blight, while critical, only address part of the problem, Fleming noted, leaving the underlying issues of housing affordability, gentrification, and housing insecurity untouched. This is why the Campaign is exploring other models for intervention that have an explicit focus on community ownership and affordability.

"We want to have a strong emphasis on community-controlled development," Fleming said.

Over the past couple of years, Fleming and other local housing advocates have been working with several nonprofit and private partners to pilot a land trust that will acquire, rehab, and sell foreclosed or blighted homes in high-opportunity neighborhoods as affordable housing stock. In 2015, Bank of America granted \$1 million to a local community development financial institution, Chicago Community Loan Fund (CCLF), to support the creation of land trusts in Cook County.

Since then, the Chicago Anti-Eviction Campaign, Action Now Institute, and Greater Southwest Development Corporation have partnered with CCLF to explore models for this project and identify properties and community residents who might inhabit them. This partnership hopes to eventually acquire 50 foreclosed and/or blighted homes, beginning this fall.

"Housing is one part of economic development, but it impacts so many other things," said Ghian Foreman, executive director of the Greater Southwest Development Corporation. "It's like an ecosystem, and it's going to take

public and private investment working together to bring back underserved communities."

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## In Boston, Momentum Grows for Renters' Rights



#RenterWeekofAction March in Boston, September 16.

By *Abbie Langston*

José Velasquez has lived in Boston for the past 28 years. In April 2006, he and his family moved into a 14-unit apartment building on Meridian Street in East Boston. The landlord didn't maintain the place very well, but Velasquez was able to take care of some of the repairs and upkeep himself, and the rent increases were manageable. Then new owners took over the building this summer, and Velasquez and all of his neighbors were given 30-day eviction notices — as with many such mass evictions — so their building could be renovated and rented out at a higher market rate.

Most of the building's residents moved out. But Velasquez and his wife, who live with their adult daughter and niece, both of whom require special care, decided to stay and fight. "I've always paid rent on time. I've never failed them. So I feel I have rights," he explained in his native Spanish. A few days after he received the eviction notice, Velasquez connected with other tenants and organizers through [City Life/Vida Urbana](#), a local housing justice

organization that helps people facing eviction or rent hikes stay in their homes. So when the [#RenterWeekofAction](#) kicked off its nationwide campaign of coordinated direct actions and renter assemblies with a citywide march in Boston on September 16, Velasquez was there.

## **Resisting gentrification and building renter power**

"[At the march] I spoke with the community about the help we need and the role of Vida Urbana. The event was really beautiful," Velasquez recalled. "We need to defend our rights because, if we don't, the rich come to step over us. We need to fight for the well-being of our families." He continued, "The rich are coming to Boston to buy properties, turning them into condominiums and making buildings expensive. But the poor also want to live well and care for our families."

His story is all too common: throughout the United States, as rents rise and wages remain stagnant, a growing number of renters are unable to afford the cost of housing. Boston is no exception.

Renters across the country are being squeezed and displaced," said Darnell Johnson of [Right to the City Boston](#). "While the crisis is worsening, we also believe that renters are beginning to wake up to enormous power we have when organized. At Homes For All, we're supporting communities in organizing tenants unions and neighborhood groups to defend our housing, reclaim our communities, and win community control of land, housing, and development that impacts working-class people."

To address these challenges, Right to the City and its partner organizations are focused on building power among renters — and in Boston, where more than 390,000 people live in renter households, there is plenty to build on. Sixty-five percent of Boston's residents are renters, and after paying their rent and utilities they contribute nearly \$7.5 billion to the Boston economy each year.

But in this city, where the economy and the population are both growing, many long-term residents are at risk of displacement. According to a recent National Equity Atlas [analysis](#) of housing affordability and the economic impact of burdensome rents in Boston, from 2000 to 2015 median rents in the city *increased* by 18 percent, while median renter-household incomes actually *declined* by 11 percent. So it's not surprising that during the same period, the share of renter households who are rent-burdened (spending more than 30 percent of their income on housing costs) jumped from 42 percent to 51 percent.

The financial burden of high rents isn't only a challenge for families who can barely make ends meet; it's also a strain on the local economy. If no Boston renters were housing burdened — if they spent only what they could afford on rent — they would have an extra \$764 million to spend in the community each year, with people of color enjoying the largest percentage gains. Latino renters like the Velasquez family would see a 16 percent increase in their annual disposable income (income after paying for rent and utilities), and their Asian or Pacific Islander counterparts would see a 19 percent gain. On average, each rent-burdened household in the city would have an additional \$9,300 each year to help cover the costs of necessities like food, transportation, health care, and childcare.

## **Renter protections can reduce the high costs of displacement**

In the context of accelerating gentrification and skyrocketing rents, the City of Boston has taken a two-pronged approach to address housing affordability: One set of strategies focuses on increasing the supply of affordable housing, setting aside millions of dollars to help affordable housing developers compete in the city's fast-moving real estate market for both existing buildings and new development space. Another group of policies aims to help existing tenants stay in their homes.

Yesterday, the city council passed the [Jim Brooks Community Stabilization Act](#), a just cause eviction ordinance that will "help protect residential tenants and former homeowners living in their homes post-foreclosure against arbitrary, unreasonable, discriminatory, or retaliatory evictions" and give the city greater ability to track evictions in real time. Another legislative proposal would give tenants the right of first refusal on foreclosed properties. And city officials are

also working to provide incentives to property owners to keep tenants — and rents — stable.

Last year, Mayor Marty Walsh launched the city's [Office of Housing Stability \(OHS\)](#) with an explicit anti-displacement mission to help residents find and maintain affordable housing. As part of its broad [anti-displacement agenda](#), OHS regularly tracks building sales to identify residents who may be at risk for mass eviction, and reaches out to tenants to inform them of their rights. So when OHS staff heard about the clearing out of the building where the Velasquez family lives, they immediately reached out to City Life/Vida Urbana.

"In the case of a no-fault eviction, tenants can get an additional six months — up to a year for elderly or disabled tenants — but we are finding residents agreeing to leave after just six weeks," said Kate Brady, senior program manager at OHS. "Massachusetts has a lot of tenant-friendly protections, but they only work if people know when and how to assert them." That's why OHS is pushing for state-level legislation that would guarantee a right to legal counsel for tenants facing eviction. "With a right to counsel, tenants can rebalance a power imbalance in which the vast majority of landlords have an attorney, but only 6 percent of tenants do," Brady explained.

For many low-income residents, that imbalance is exacerbated by a mix of market forces that drive up property values while driving down workers' economic power. In May of this year, one month before he received his eviction notice, Velasquez, who works in maintenance, asked his employer for a raise after he heard that several of his co-workers had received pay increases. Instead, his hours were cut. "They took one day off my schedule and reduced my pay," he explained. "They said they didn't have money for me but they were hiring other people."

Not long after, to entice Velasquez to give up his apartment, the building's new owners offered to pay him \$400 per month for a period of a year — but he knew it wouldn't be enough. "I said no, because if I leave, the other apartments [out there] are too expensive." According to data from, the median market-rate rent for a two-bedroom unit in Boston was \$2,400 a month as of July 2017, and Velasquez estimated that even the cheapest places where he could move with his family cost around \$1,800. "Right now, I pay \$950," he said. "We break even with the current rent, so I couldn't pay double. I just couldn't afford it."

Beyond the family budget, OHS points to the potential public savings in shelter and health-care costs as another incentive to help renters stay in place. "Preventing displacement not only keeps families stable in terms of their work, schools, and communities," explained Lisa Pollack, director of communications for the Department of Neighborhood Development, "the costs savings can be astronomical." Pollack added, "We really need to get farther upstream" to prevent crises rather than just responding to them.

For the tens of thousands of families in Boston struggling to get by, the difference could be life-changing. "Before I learned about Vida Urbana I would just think and cry inside," Velasquez said. "But now I have learned that everyone must defend their rights. Even if you don't speak English and are an immigrant, even the undocumented — we all have rights."

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