On the Edge: The Future of African-American Urban Middle Neighborhoods

Reclaiming Vacant Properties Conference 2019
Center for Community Progress
October 3, 2019
By Nedra Sims Fears, Executive Director
Greater Chatham Initiative
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Chicago’s & Greater Chatham’s Characteristics

IMPROVED HOUSING MARKET & ECONOMY; DEMOGRAPHIC SHIFTS; & ENGAGED COMMUNITY ANCHORS
- Modest housing uptick
- Fewer underwater owners & distressed properties
- Modest access to capital
- Aging population, housing stock, and infrastructure

ROBUST CORE, OKAY ECONOMY & GLOOMY HOUSING MARKET
- Booming central business district
- Growth/gentrification of 1st rung Latinx & white neighborhoods
- Fewer underwater homeowners & distressed properties
- Robust access to capital
- Aging housing stock and infrastructure
Greater Chatham Initiative’s four South side Chicago neighborhoods

- Auburn Gresham
- Avalon Park
- Chatham
- Greater Grand Crossing
2019 Greater Chatham Profile

- 110,000 persons live in 46,444 households
- 97% African American
- Females 56% and Males 44%

**Age Breakout**
- Birth to 5 years is 6%
- Grades K-8 is 13%
- Grades 9-12 is 5%
- Four-Year College or University is 6%
- Adults (Ages 18-64) excluding college students is 54%
- Seniors (65 +) is 16%

**Household Incomes**
- Median income is $31,000
- 60-71% have annual incomes <$50,000
- 14-17% have incomes $50,000-$74,999
- 14-26% have incomes >$75,000

- Has 17 Level 1+ and Level 1 elementary schools
- Has 4 Gold-Level early care and education centers

**Crime is down:**
- Shootings decreased 41%
- Robbery down 30%
- Burglary down 25%

Data is from World Business Chicago and Institute for Housing Studies at DePaul
An estimated 33-50% of the properties are vacant due to heirship challenges.

**Target Area Residential Landscape**

<table>
<thead>
<tr>
<th>Communities</th>
<th>SF</th>
<th>2-4 units</th>
<th>pre 1940</th>
<th>Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn Gresham</td>
<td>7,953</td>
<td>5,532</td>
<td>40%</td>
<td>22%</td>
</tr>
<tr>
<td>Avalon Park</td>
<td>2,473</td>
<td>624</td>
<td>41%</td>
<td>8%</td>
</tr>
<tr>
<td>Chatham</td>
<td>4,980</td>
<td>3,209</td>
<td>40%</td>
<td>11%</td>
</tr>
<tr>
<td>Grand Crossing</td>
<td>3,995</td>
<td>4,285</td>
<td>60%</td>
<td>21%</td>
</tr>
</tbody>
</table>
Chicago Cook County Land Bank
Single-Family Acquisition Opportunities
August 2019
City of Chicago Micro-Market Recovery Program
Chatham Area
Vacant properties
March 2019 snapshot

<table>
<thead>
<tr>
<th>Property Type</th>
<th>#</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes</td>
<td>60</td>
<td>49%</td>
</tr>
<tr>
<td>2-Flat</td>
<td>44</td>
<td>36%</td>
</tr>
<tr>
<td>3-Flat</td>
<td>11</td>
<td>9%</td>
</tr>
<tr>
<td>4-Flat</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>&gt;8 units</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td></td>
</tr>
</tbody>
</table>

About 6% of the properties are vacant

MMRP STRATEGIES
1. Attract new owners and investments to vacant on targeted neighborhood blocks
2. Increase homeownership opportunities—downpayment assistance
3. Reduce the cost of homeownership
4. Create communities of choice
The market recovery in select south side submarkets

Quarterly Single Family House Price Changes in City of Chicago Neighborhoods, 1997 to 2018

SOURCE: IHS SINGLE FAMILY HOUSE PRICE INDEX

Auburn Gresham, Avalon Park, Chatham
Roseland, West Pullman
Englewood, West Englewood, Greater Grand Crossing, South Shore, Woodlawn, South Chicago
City of Chicago
Single Family Market Overview Key Takeaways

• Single family sales activity increased faster in the GCI area than in the City of Chicago overall

  • Property sales in Chatham and Avalon Park had the highest values, but prices remained flat or declined slightly from 2017 to 2018

  • Greater Grand Crossing had largest increases in SF sales and median prices, but prices remained the lowest in the GCI area

• Flipping activity slowed, but values of likely flips increased

• Dwindling REO inventory means that more properties are being purchased directly from foreclosure auction

• Prices and price increases in the GCI area are generally comparable to south side peers
Single Family Sales Activity in Greater Chatham has increased

Annual Single Family Property Sales in GCI Community Areas, 2015 to 2018
Annual Median Sales Price for Single Family Homes in GCI Community Areas, 2015 to 2018

<table>
<thead>
<tr>
<th>Community Area</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn Gresham</td>
<td>$51,000</td>
<td>$70,000</td>
<td>$69,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Avalon Park</td>
<td>$60,000</td>
<td>$72,500</td>
<td>$68,500</td>
<td>$80,000</td>
</tr>
<tr>
<td>Chatham</td>
<td>$60,500</td>
<td>$84,000</td>
<td>$95,000</td>
<td>$83,500</td>
</tr>
<tr>
<td>Greater Grand Crossing</td>
<td>$40,000</td>
<td>$50,000</td>
<td>$51,250</td>
<td>$60,000</td>
</tr>
</tbody>
</table>
SF Prices Recover to Higher Price Points

Share of SF Sales in GCI area by Price Tier, 2015 to 2018

2018
- Less than $50K: 27.2%
- $50K to $100K: 33.6%
- $100K to $150K: 11.8%
- $150K to $200K: 15.3%
- More than $200K: 12.1%

2017
- Less than $50K: 30.6%
- $50K to $100K: 29.1%
- $100K to $150K: 13.8%
- $150K to $200K: 17.0%
- More than $200K: 9.4%

2016
- Less than $50K: 39.2%
- $50K to $100K: 23.5%
- $100K to $150K: 10.5%
- $150K to $200K: 19.8%
- More than $200K: 7.0%

2015
- Less than $50K: 44.9%
- $50K to $100K: 22.8%
- $100K to $150K: 11.9%
- $150K to $200K: 16.3%
- More than $200K: 4.1%
SF Prices in Greater Chatham Remain Comparable to Peers

Ratio of Annual Median SF Sales Price in Greater Chatham compared to South Side Peer Neighborhoods

- Auburn Gresham: 85.0% (2015), 86.3% (2016), 100.0% (2017), 104.4% (2018)
- Avalon Park: 120.8% (2015)
- Chatham: 100.8% (2015), 104.4% (2018)
- Greater Grand Crossing: 66.7% (2015), 75.0% (2018)
Homes for >$200k sold in half the time than their <$200K counterparts.

Aug-19

Analysis of Chatham Properties Sold
Multiple Listing Service Analysis
by Cynthia Love, Realtor

<table>
<thead>
<tr>
<th>List Price Range</th>
<th># of Listings</th>
<th>Avg Days on Mkt</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $49,999</td>
<td>28</td>
<td>153</td>
<td>10%</td>
</tr>
<tr>
<td>$50,000-$99,999</td>
<td>73</td>
<td>104</td>
<td>26%</td>
</tr>
<tr>
<td>$100,000-$149,999</td>
<td>58</td>
<td>155</td>
<td>21%</td>
</tr>
<tr>
<td>$150,000-$199,999</td>
<td>69</td>
<td>137</td>
<td>24%</td>
</tr>
<tr>
<td>$200,000-$249,999</td>
<td>44</td>
<td>59</td>
<td>16%</td>
</tr>
<tr>
<td>$250,000-$299,999</td>
<td>9</td>
<td>59</td>
<td>3%</td>
</tr>
<tr>
<td>$300,000-$349,999</td>
<td>1</td>
<td>23</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>282</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Active Listing Summary

<table>
<thead>
<tr>
<th># of Units</th>
<th>Avg Days on Mkt</th>
<th>Median List Price</th>
<th>Average List Price</th>
<th>Max List Price</th>
<th>Min List Price</th>
<th>Total Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>282</td>
<td>119</td>
<td>$139,000</td>
<td>$136,663</td>
<td>$307,500</td>
<td>$12,000</td>
<td>$38,539,010</td>
</tr>
</tbody>
</table>
In 2018, investors scooped up 42% of the single-family homes sold. They had a $49-54k median sales price. Investors rehabbed and sold homes to individuals that had the $131-163k median sales price.
Hot Spot Analysis of Sales Value per Square Foot in Single Family Homes, 2016
Auburn Gresham, Avalon Park, Chatham and Greater Grand Crossing

SOURCES: COOK COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT, IHS CALCULATIONS

INSTITUTE FOR HOUSING STUDIES
AT DEPAUL UNIVERSITY
Hot Spot Analysis of Sales Value per Square Foot in Single Family Homes, 2018
Auburn Gresham, Avalon Park, Chatham and Greater Grand Crossing

SOURCES: COOK COUNTY RECORDER OF DEEDS VIA PROPERTY INSIGHT, IHS CALCULATIONS
Chatham, Auburn-Gresham and Avalon Park had a record single-family sales price increase of 14.3% from 2017-2018.
Greater Chatham’s large and robust real estate investor sector creates record house price sales increase.

• Rehabbed homes entice next generation of home purchasers.
• Sales price increase helps upside down homeowners recover equity.
• Big and small anchors stimulate investor interest
2-4 Market Overview

- Between 2017 and 2018, 2-4 unit building sales activity increased at much faster rates in the GCI area than in the City of Chicago overall

- Greater Grand Crossing had substantial increases in 2-4 unit building sales and median prices

- All GCI community areas have seen steady increases in the share of higher value sales

- Prices and price increases in the GCI area are generally comparable to south side peers, seeing recovery compared to City benchmark
2-4 Unit Sales Activity in Greater Chatham has increased

Annual 2-4 Unit Property Sales in GCI Community Areas, 2015 to 2018

<table>
<thead>
<tr>
<th>Community Area</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auburn Gresham</td>
<td>96</td>
<td>154</td>
<td>162</td>
<td>176</td>
</tr>
<tr>
<td>Greater Grand Crossing</td>
<td>110</td>
<td>160</td>
<td>145</td>
<td>185</td>
</tr>
<tr>
<td>Chatham</td>
<td>72</td>
<td>92</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>Avalon Park</td>
<td>3</td>
<td>21</td>
<td>18</td>
<td>14</td>
</tr>
</tbody>
</table>
2-4 Unit Prices in Greater Chatham have Steadily Increased

Annual Median Sales Price for 2-4 Unit Properties in GCI Community Areas, 2015 to 2018

GCI Area Sees Strong Growth in Higher Value 2-4 Sales

Share of Sales by Price Tier in GCI Area, 2015 to 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Less than $50K</th>
<th>$50K to $100K</th>
<th>$100K to $150K</th>
<th>$150K to $200K</th>
<th>More than $200K</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>40.2%</td>
<td>27.4%</td>
<td>9.6%</td>
<td>15.7%</td>
<td>7.1%</td>
</tr>
<tr>
<td>2016</td>
<td>30.0%</td>
<td>27.2%</td>
<td>10.5%</td>
<td>21.3%</td>
<td>11.0%</td>
</tr>
<tr>
<td>2017</td>
<td>20.8%</td>
<td>28.3%</td>
<td>13.3%</td>
<td>18.1%</td>
<td>19.6%</td>
</tr>
<tr>
<td>2018</td>
<td>16.0%</td>
<td>28.0%</td>
<td>16.2%</td>
<td>14.7%</td>
<td>25.2%</td>
</tr>
</tbody>
</table>

GCI Area Sees Strong Growth in Higher Value 2-4 Sales
Two-to-Four Sales, 2015

- Less than $49,999
- $50,000 to $99,999
- $100,000 to $149,999
- $150,000 to $199,999
- More than $200,000

SOURCE: IHS COOK COUNTY HOUSE PRICE INDEX 2016 4Q
Two-to-Four Sales, 2018

- Less than $49,999
- $50,000 to $99,999
- $100,000 to $149,999
- $150,000 to $199,999
- More than $200,000

SOURCE: IHS COOK COUNTY HOUSE PRICE INDEX 2016 4Q
2-4 Unit Prices in Greater Chatham Remain Comparable to Peers

Ratio of Annual Median 2-4 Sales Prices in Greater Chatham compared to South Side Peer Neighborhoods

Auburn Gresham

Avalon Park

Chatham

Greater Grand Crossing

2015

2016

2017

2018
2-4 Unit Prices in Greater Chatham Undervalued compared to City

Ratio of Annual Median 2-4 Sales Prices in Greater Chatham compared to City of Chicago

- Auburn Gresham: 28.8%, 53.8%
- Avalon Park: 44.1%, 87.5%
- Chatham: 35.2%, 46.9%
- Greater Grand Crossing: 47.3%

Graph shows the percentage of undervaluation for each area from 2015 to 2018.
Critical partnership between Greater Chatham and Neighborhood Housing Services and City of Chicago provides much needed down payment assistance

71 of 79 homeowners created received down payment assistance

**SOURCES**
- Neighborhood Lift, 80%AMI, $15K, #44
- MMRP, 120% AMI, $15K, #7
- NLS, 80%AMI, $20K, #7
- NLS Corporate120%AMI-$10L, #8
Low wealth home purchasers benefit from down payment assistance

For 18-months from January 2018-July 2019

- 71 households @80-120% AMI
- Purchased 1-4 units owner-occupied properties
- Received $15,000-38,000 in down payment assistance
- Leveraged $9.9 million in mortgages
- $149,000 average loan

Map of where 66 new Greater Chatham households moved from

Legend

- Original Addresses (66)
Neighborhood homeownership rate is flat in Chatham or declined 4-6% in Avalon Park, Auburn Gresham and Greater Grand Crossing from 2010-2015.

Owner-occupants who are cost burdened have declined -2% to -4% from 40-45% in 2010 to 40-42% in 2015.
Greater Chatham Public Schools

30 Elementary Schools

- 56% are rated 1+ or 1
- 24 or 89% are Attendance Area Schools
- 3 or 10% are Charter Schools
- 2 or 6% are Magnet School
- 1 or 3% is a Classical School

*Data is from Chicago Public Schools*
“Greater Chatham is where South Siders shop. That’s why we branded Chatham Center Chicago.”

Nedra Sims Fears, Executive Director
Greater Chatham Initiative
INFORM HOMEOWNERS WHY GC IS A COMMUNITY OF CHOICE

Chatham Center Chicago Map

School Guide
INFORM INVESTORS & REALTORS WHY GC IS A COMMUNITY OF CHOICE

Investors’ Forum

Realtors’ MMRP Meeting
POSITIVE FOOT TRAFFIC

1st Responder
Pop-Up Art

Kwanzaa on the 9

Harvest Festival
TACTICAL URBANISM

Dining on the 5’

Window board up and mural
Challenges to our work

▪ Non-HGTV housing stock and non-Millennial amenities
▪ Fragmented and siloed financing and down payment assistance programs
▪ Challenged heirs
▪ Appraisal gap
▪ Low income and low wealth homeowners loose homes to property taxes
THANK YOU

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