

Renter Demographics and the Distribution of Affordable Housing in 3 Community Areas on the South Side of Chicago

- Introduction

This report summarizes my findings on the distribution of affordable housing and the demographic characteristics of residents in three community areas on the South Side of Chicago, including Woodlawn, Washington Park and South Shore.¹ Since the Plan for Transformation in 1999, the demolition of public housing has had an uneven impact on different communities in Chicago. Displaced former public housing residents were put on different affordable housing programs and often directed to neighborhoods in the South Side of Chicago, instead of the more integrated areas in metropolitan Chicago.² As a result, several communities on the South Side currently have a high concentration of families with subsidized housing, such as through the Housing Choice Voucher program. The rental population also has become highly vulnerable in these areas given the large population under subsidized housing, and as a result of the housing crash and foreclosure crisis of 2007.

I examine data on the renter demographic characteristics in Woodlawn, Washington Park and South Shore, as well as residents' financial wellbeing, including the income and poverty levels, and eviction rates in these three communities. Then I examine the supply of affordable housing through subsidized housing programs administered by the Chicago Housing Authority, as well as affordable housing created by the Low-Income Housing Tax Credit program. Analyses reveal that a large number of affordable housing programs accompany a high degree of vulnerability of residents to rent fluctuations. Apart from additional affordable housing developments, residents in these communities are in need of further assistance to build housing stability.

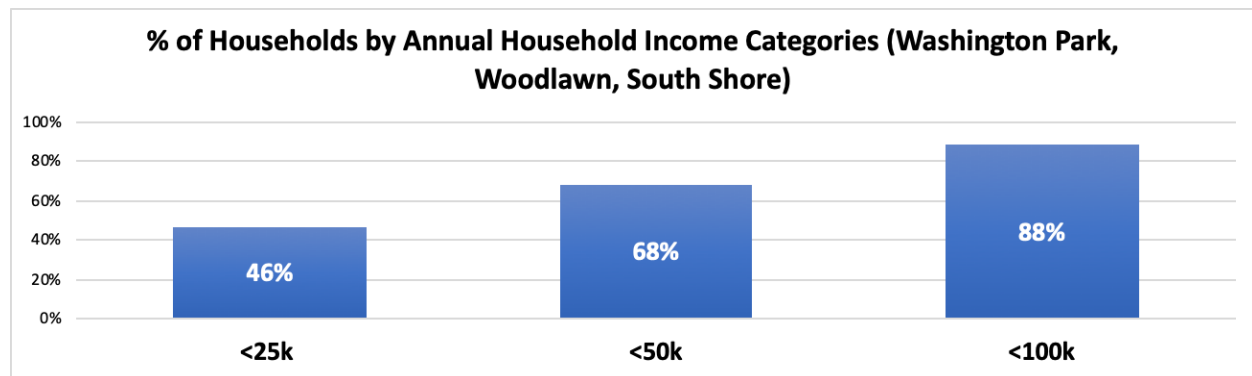
- The Majority of Residents in Woodlawn, Washington Park and South Shore are Renters

Woodlawn, Washington Park and South Shore have a total population of 87,322, out of which 67,577 (77.4%) are renters. There are a total of 29,653 renter-occupied housing units in these three community areas, which is 79.1% out of all occupied housing units in total.

¹ The findings and graphs in this writing sample do not include or overlap with any findings from the South Side Housing Data Initiative that has not already been published. The analysis of this writing sample concerns 3 community areas on the South Side of Chicago in total, while the SSHDI report (see "South Side Housing Data Initiative." Accessed April 13, 2022. <https://historicsouthsidecommunitysurvey.com/>) concerns housing data in each of the individual community areas. All data used in this writing sample is publicly available.

² Hunt, D. Bradford. *Blueprint for Disaster: The Unraveling of Chicago Public Housing*. Chicago, IL: University of Chicago Press, 2010, 281-2.

The metropolitan area median household income in Chicago is \$58,247. If a household earns 50% of this median household income, \$29,124, it is often qualified for receiving housing assistance (50% AMI is a common income eligibility criterion for affordable housing programs). The 2019 American Community Survey shows that a total of 17,099 households in Washington Park, Woodlawn and South Shore, or 46% of the total households in these 3 areas, are earning less than \$25,000 annually, which is below 50% of the metropolitan AMI. These households fulfill the income requirement for receiving rental assistance, even if they may not be living in rental housing.



Data Source: U.S. Census Bureau, “Income,” *American Community Survey*. 2019 (5-Year Estimates), distributed by Social Explorer, <https://www.socialexplorer.com/a9676d974c/explore>

- **The Majority of Households in Woodlawn, Washington Park and South Shore are Housing Cost Burdened**

To corroborate the previous finding, we can examine data on Housing-Cost Burdened households. In general, if a household is paying more than 30% of its income toward housing costs, it is considered housing-cost burdened. If a household is paying more than 50% of its income toward housing, then it is considered extremely housing-cost burdened. **55.1% of total households, or 20,655 households**, in South Shore, Washington Park and Woodlawn are housing cost burdened.³ The average median gross rent in the three neighborhoods is \$963 per month, which is **\$272 more** than 30% of the average median household income in these three neighborhoods, \$691 per month.⁴ This confirms the previous finding, namely that there is a high demand for lower rent in the three communities.

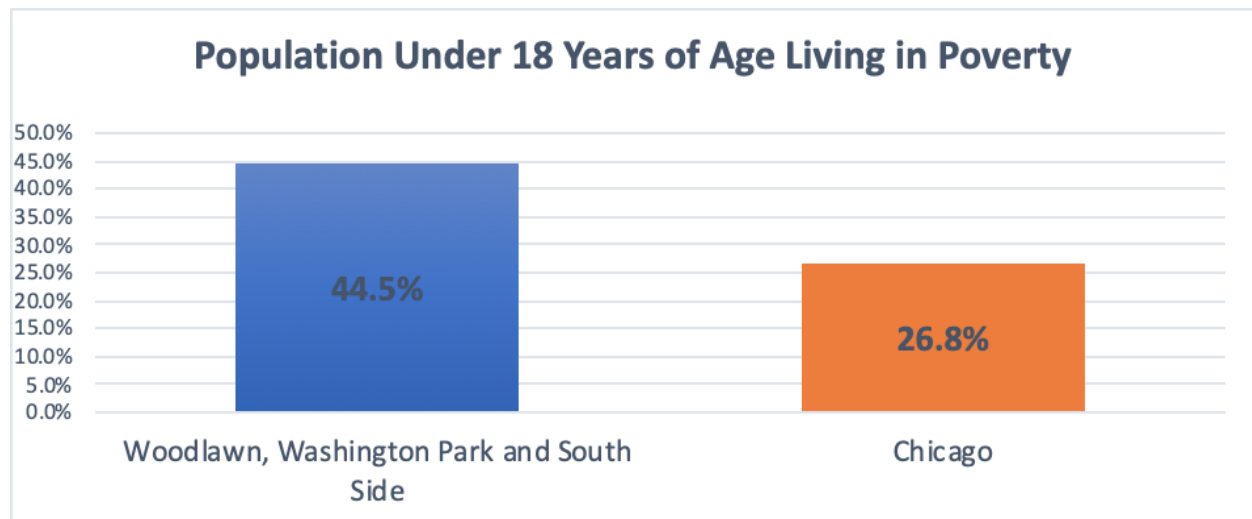
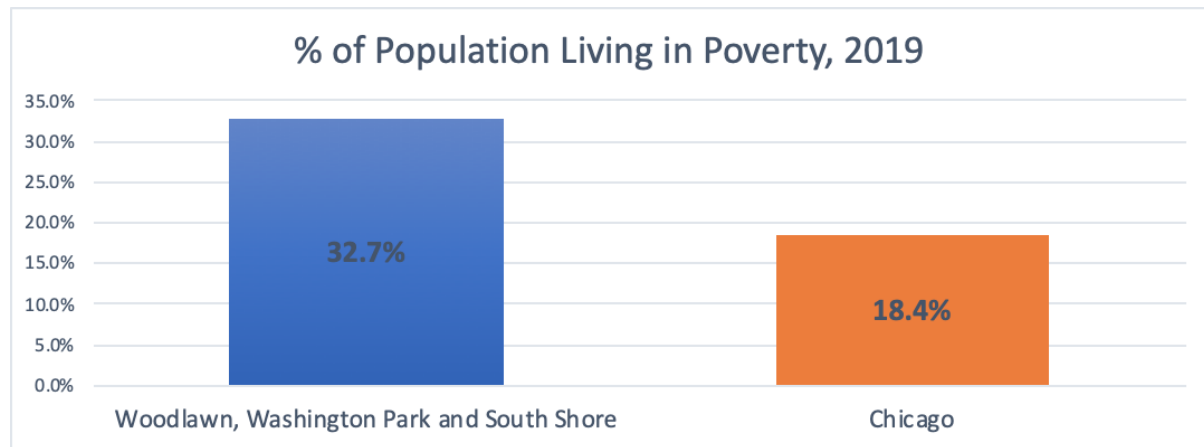
- **Poverty**

An evaluation of the population living under poverty level is helpful in assessing the need for affordable housing. Woodlawn, Washington Park and South Shore combined have a much higher rate of poverty,

³ 9.2% of renting households were not computed in the 2019 American Community Survey.

⁴ U.S. Census Bureau, “Income,” *American Community Survey*. 2019 (5-Year Estimates), distributed by Social Explorer, <https://www.socialexplorer.com/a9676d974c/explore>

at 32.7%, than the City of Chicago. The percentage of children under 18 living in poverty in those three community areas is **a glaring 44.5%**, compared with 26.8% in the city of Chicago. 27.9% out of all families in these three community areas live in poverty.⁵



Data Source: U.S. Census Bureau, "Poverty," *American Community Survey*. 2019 (5-Year Estimates), distributed by Social Explorer, <https://www.socialexplorer.com/a9676d974c/explore>

The majority of families living in poverty (72.1%) of total families living in poverty, or 18.9% of total families (including families below and above poverty level), are female-led households with children under 18 years of age, with no husband present. Children in single-parent households living in poverty pose a serious problem in these communities, since childhood poverty is known to cause long-term damage to health, academic achievement and socio-economic development.

⁵ U.S. Census Bureau, "Poverty," *American Community Survey*. 2019 (5-Year Estimates), distributed by Social Explorer, <https://www.socialexplorer.com/a9676d974c/explore>

Given the high poverty rate and the high proportion of single-family households with children among all households living under poverty level, communities are in need of affordable housing that provides adequate amenities and healthy environments for children and youth.

- **Eviction**

In 2019, the three community areas had 2,508 eviction filings. The eviction filing rate (number of eviction in 100 households) are 8.5% in Washington Park, 5.9% in Woodlawn, and 8.7% in South Shore. The eviction rates in these communities are much higher than the Chicago average, 2.9%. Since the data is only dated from 2019, the impact of the pandemic on eviction is actually unclear.⁶

The high eviction rates in the three communities confirm that renters in these areas are particularly vulnerable and at risk of displacement.

- **Existing Affordable Housing (HUD rental assistance & LIHTC)**

Affordable housing can naturally occur in a well functioning housing market, allowing most working and middle class households to find decent housing. In absence of a sufficient number of naturally occurring affordable housing, state and local housing authorities administer a variety of programs to provide housing subsidies to renters or create affordable housing. Here I focus on subsidized affordable housing by the Department of Housing in the 3 community areas.

Rental assistance can include Public Housing, Housing Choice Voucher, Project-Based Section 8 Voucher, Senior and Disability Housing, etc. In the City of Chicago, the Housing Choice Voucher (HCV) program is the most prevalent form of housing subsidies. A family issued a housing voucher finds its own housing unit on the private market. A subsidy is paid to the landlord directly by the City of Chicago's Department of Housing on behalf of the family.⁷ The HCV program targets primarily households with income not exceeding 50% of the median income of the metropolitan area, especially those with income lower than 30% of the median income of the metropolitan area.⁸

Apart from providing housing subsidies to renting families, housing authorities also administer programs to create new affordable housing. The Low-Income Housing Tax Credit (LIHTC) Program is the primary means to create affordable housing in Chicago. On behalf of federal and state governments, the Chicago Housing Authorities (CHA) allocate tax credits to private investors for constructing, acquiring or rehabilitating rental housing at affordable rents. The contracts that private investors sign with CHA often entails a 30-year guaranteed affordability period. After 30 years, the

⁶ Lawyer's Committee for Better Housing, *Chicago Communities*, 2021.

<https://eviction.lcbh.org/geography/type/ca>

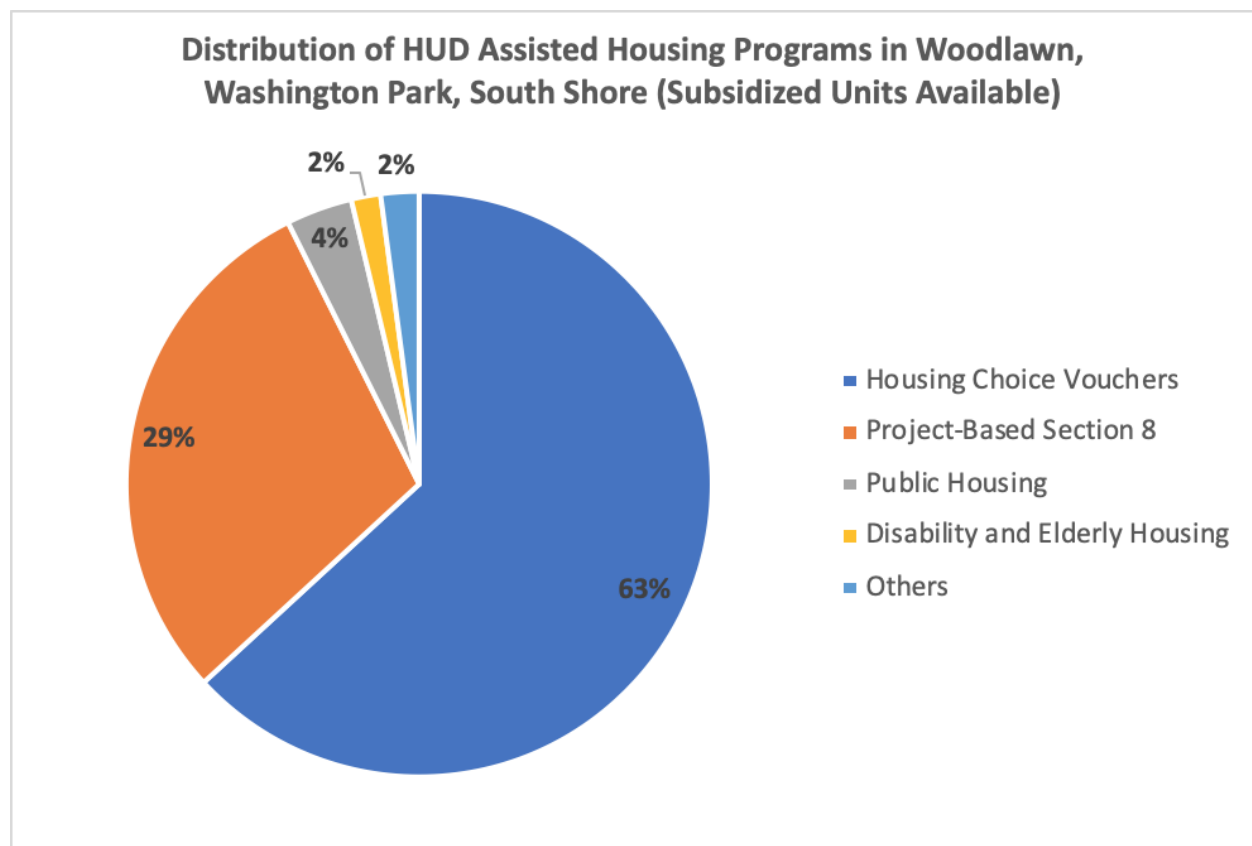
⁷ U.S. Department of Housing and Urban Development (HUD). "Housing Choice Voucher Program Section 8." Accessed April 13, 2022. https://www.hud.gov/topics/housing_choice_voucher_program_section_8.

⁸ Ibid.

owner has the option of converting the units back to market rates. This potentially puts tenants in low-income units at the risk of displacement. At times, the LIHTC contracts are combined with vouchers. The LIHTC, similar to the HCV program, serves households below the median income of the metropolitan area.⁹

1. HUD rental assistance

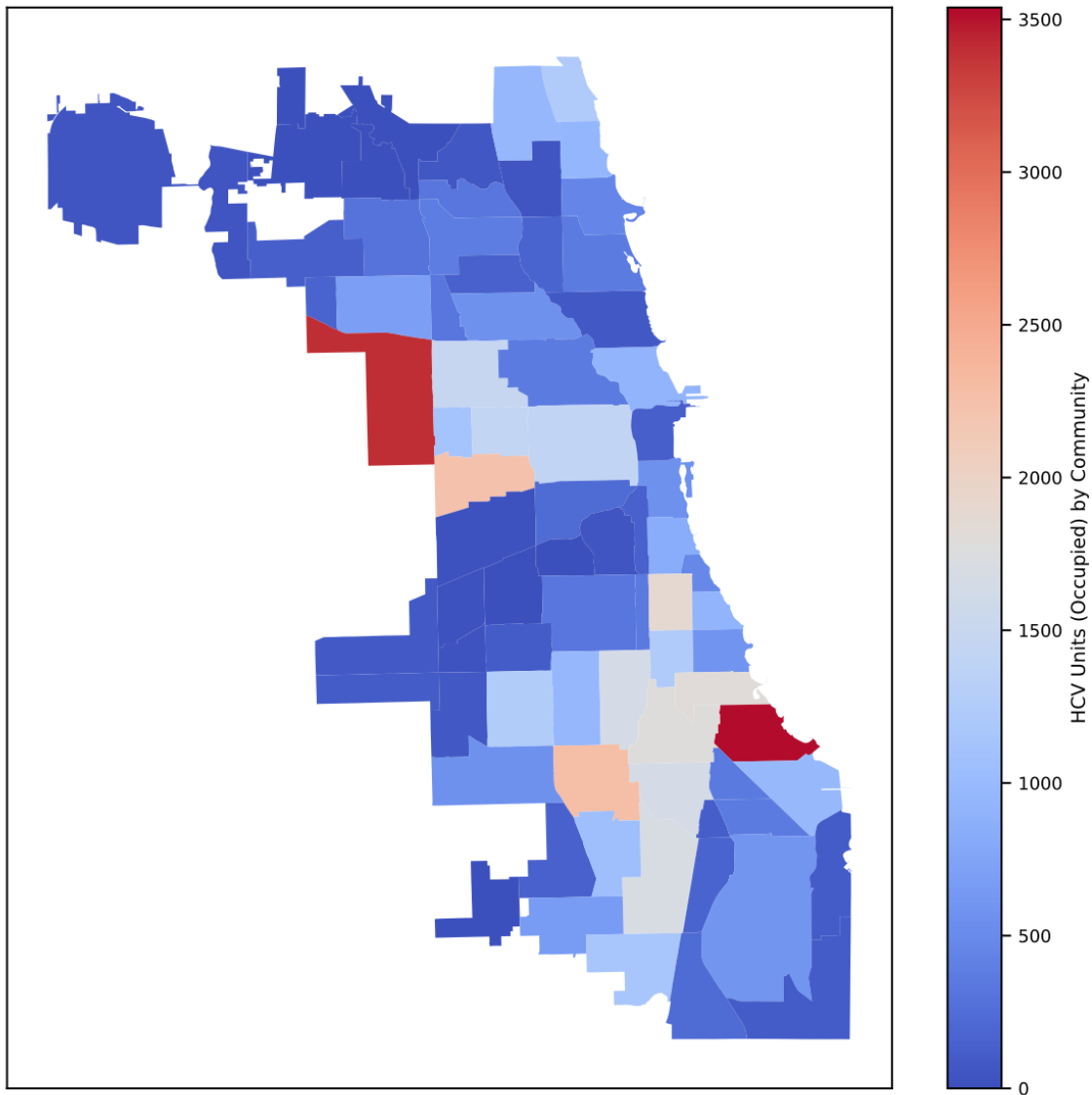
Woodlawn, Washington Park and South Shore have a total of **11,471 units** and **19,720 residents** receiving rental housing assistance through programs including Housing Choice Vouchers (63.2% of all assisted units), Project-Based Section 8 Vouchers (29.5% of all assisted units), public housing (3.7% of all assisted units), and disability and elderly housing (1.6% of all assisted units). Almost all of subsidized units are above 95% occupied, with the exception of public housing units, which tend to be occupied between 79% - 89%.



(Data Source: Department of Housing and Urban Development, “Picture of Subsidized Housing,” (2021). https://www.huduser.gov/portal/datasets/assthsg.html#2009-2020_query)

⁹ U.S. Department of Housing and Urban Development. “Low-Income Housing Tax Credit (LIHTC) | HUD USER.” Accessed April 14, 2022. <https://www.huduser.gov/portal/datasets/lihtc.html>.

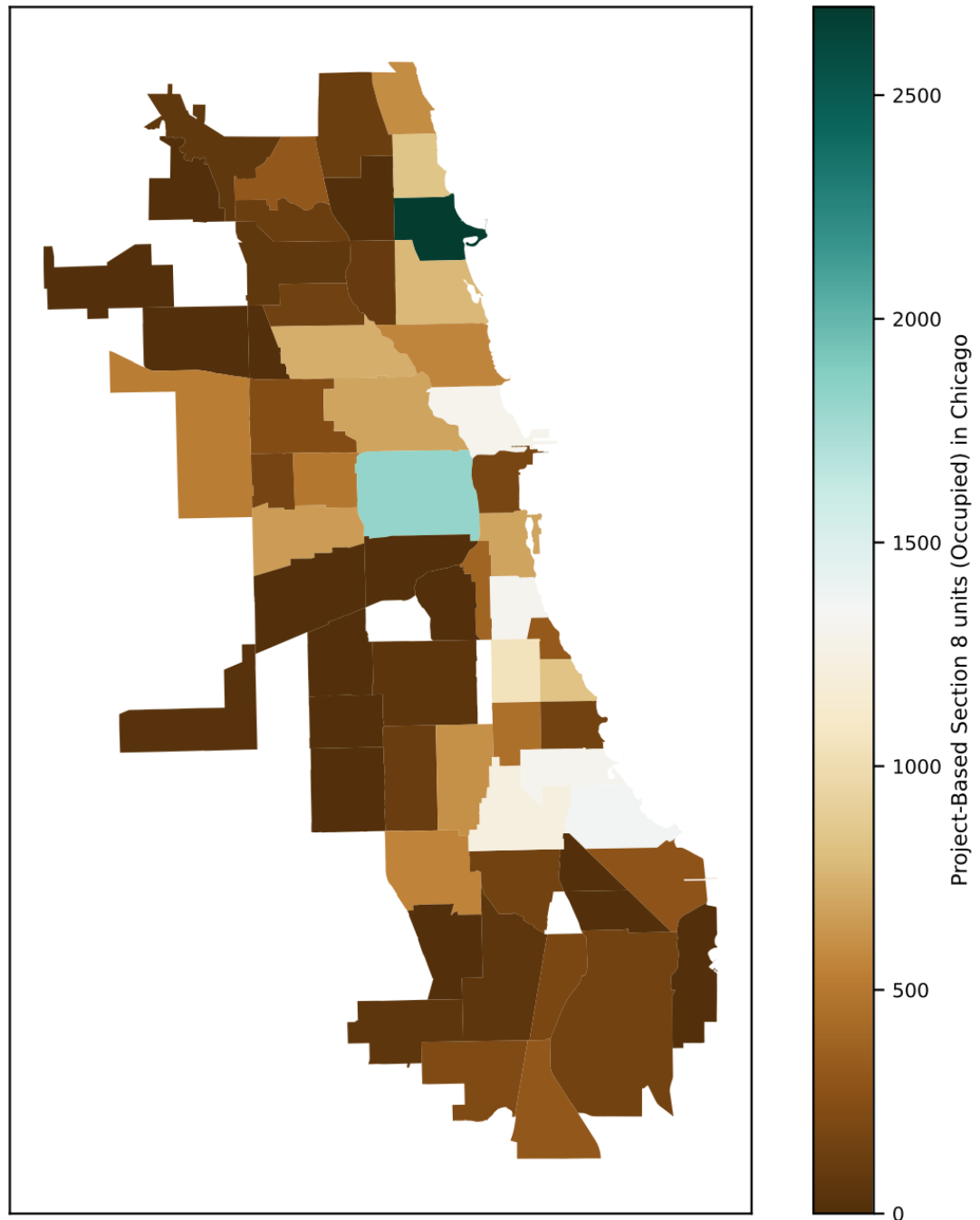
The majority of households receiving HUD rental assistance (68.8%) are on Housing Choice Vouchers, which allows tenants to choose their own housing on the private rental market. HUD then provides the HCV holder a subsidy to make up the gap between rent and 30% of the household's income. A look at the distribution of units covered by HCV in Chicago shows that communities with higher HCV units tend to aggregate on the south and west side of Chicago. South Shore has the highest number of occupied HCV units in Chicago (3889 units),



(Data Source: Department of Housing and Urban Development, “Picture of Subsidized Housing,” (2021). https://www.huduser.gov/portal/datasets/assthsg.html#2009-2020_query)

What about subsidized units covered by Project-Based Section 8 vouchers? Similar to HCV, Project-Based Section 8 subsidies are given by HUD to make up the difference between rent and 30%

of a tenant's income. Unlike HCV, receiving the subsidy is frequently contingent on the tenant's living in a particular building. The following is a map showing how many units receive this subsidy in each community in Chicago:



(Data Source: Department of Housing and Urban Development, "Picture of Subsidized Housing," (2021). https://www.huduser.gov/portal/datasets/assthsg.html#2009-2020_query)

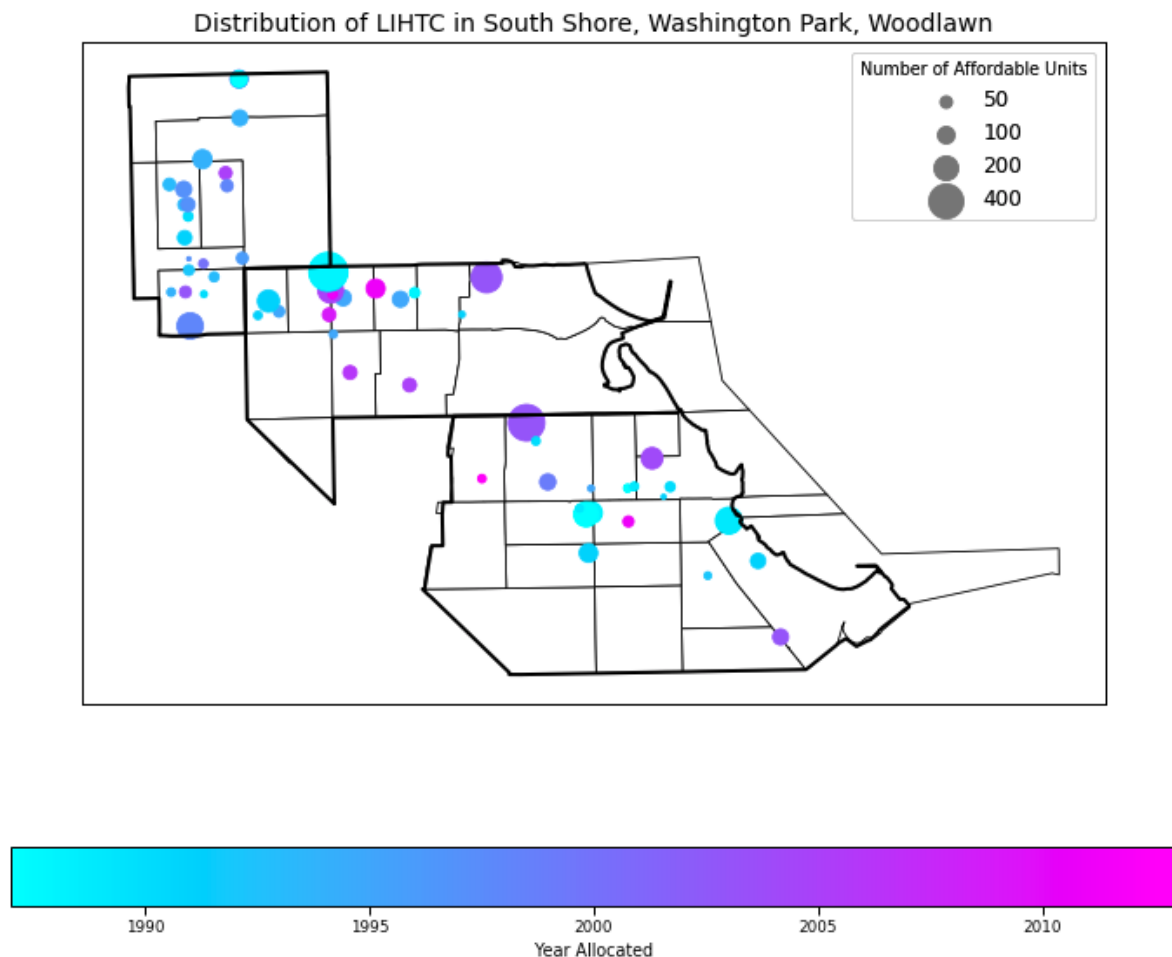
All three communities are on the mid- to higher end in terms of total units under Project-Based Section 8 program.

2. LIHTC

LIHTC is federal tax credits given to private investors to develop properties that keep rent affordable. It is administered by the Internal Revenue Service. In Woodlawn, Washington Park and South Shore, there are a total of **59 properties with 4,996 low-income units** funded by the Low-Income-Housing-Tax Credit program. Most buildings funded by LIHTC in these three communities have 100% low-income units. Some of the units funded by LIHTC also receive federal rental assistance such as project-based vouchers and HCV. **22 out of 59 properties were allocated LIHTC credits between 1987 and 1992**, which means that they have already passed the 30-year period during which affordability is guaranteed. After the 30 year period, the owners will be able to convert affordable units to market-rent ones. This potentially poses a serious risk of displacement for the 4,996 households living in those units, if they are not able to pay market rent to live in the same units.

The following map shows where the buildings under LIHTC in the three communities that are soon going to expire. The size of the dots shows how many low-income units are in each building, and the color shows the year in which LIHTC was allocated to the property. The older buildings—indicated by the blue range—have up to 500+ units. Buildings that were allocated by 1992 have passed the 30 year

affordability period, and their residents could potentially be displaced.



(Data Source: Department of Housing and Urban Development, “Low-Income Housing Tax Credits,” (2019). <https://lihtc.huduser.gov/>)

- **Conclusion**

As shown above, in the three community areas I examined, there is a high proportion of households with income below 50% of the median household income in the Chicago metropolitan area. $\frac{1}{3}$ of the population are living below the poverty line, with a high proportion of single family households with children living in poverty. The eviction rates are more than twice higher than in Chicago overall and households are highly financially vulnerable.

The current provision of affordable housing is insufficient to meet the demand in absence of naturally occurring affordable housing, especially as rent rises due to the planned construction of the Obama

Presidential Center.¹⁰ In particular, many affordable housing buildings funded by the Low-Income Housing Tax Credit program have expiring contracts and may no longer guarantee affordability. The residents of these properties, sometimes up to 500+ households, potentially face the risk of displacement. The high degree of vulnerability of residents in these communities on the South Side of Chicago calls for more actions to protect the rental population, such as programs to promote home ownership opportunities and programs to assist single-parent households with children.

¹⁰ Vinicky, Amanda. "Study Shows 'Clear Evidence of Rising Rents' Near Obama Center Site." *WTTW News*. Accessed April 14, 2022. <https://news.wttw.com/2019/09/05/study-shows-clear-evidence-rising-rents-near-obama-center-site>. See also: Byrne, John. "Study: For Many Residents around Obama Presidential Center Site, Housing Prices Are Already Too Expensive - Chicago Tribune." Accessed April 14, 2022. <https://www.chicagotribune.com/politics/ct-obama-center-rents-study-lori-lightfoot-20190905-w4jr5ykg3vatrhekb4426fo7u-story.html>.