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# KEY FINDINGS: HOUSING

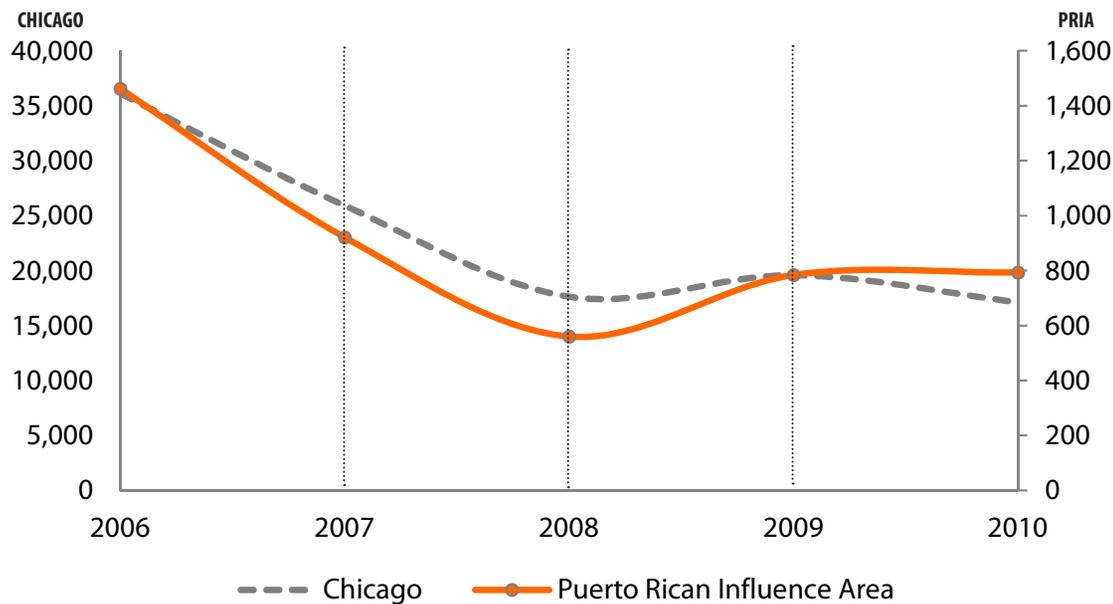
- **37% of all Puerto Ricans in Chicago today are homeowners (up from 25% in 2000)— equal to African Americans, but less than Mexicans (49%) and whites (55%).<sup>1</sup>**
- **Across Chicago, 62% of Puerto Rican renters and 57% of Puerto Rican mortgage holders are cost burdened—paying more than a third of their income for housing.<sup>1</sup>**
- **In Chicago, a typical Puerto Rican mortgage is \$1,973, not including taxes, insurance or utilities. A typical Puerto Rican rent is \$875 (2 BR).<sup>1</sup>**
- **In the Puerto Rican Influence Area, median monthly rent increased 27% over the last 9 years, whereas incomes only increased 17%.<sup>1</sup>**
- **3,815 Latino households in the PRIA receive public housing subsidies. They make up 12% of all Latino households in the area.<sup>3</sup>**
- **From 2000 to 2010, median home values in the PRIA *doubled*, from \$168,300 to \$341,967. This is more than \$70,000 greater than the Chicago-wide median home value of \$270,000.<sup>2,5</sup>**
- **During the recent housing bubble, 31% of all mortgage loans made in the PRIA were high-cost—with APRs more than 8% above standard national interest rates. Rates in this category often signal predatory lending.<sup>4</sup>**

1. 2006 - 2010 AMERICAN COMMUNITY SURVEY (5 YEAR) 2. 2005 - 2009 AMERICAN COMMUNITY SURVEY (4 YEAR) 3. 2008 HUD PICTURE OF SUBSIDIZED HOUSING

4. 2004 - 2010 HOME MORTGAGE DISCLOSURE ACT DATA PRODUCTS 5. 2000 DECENNIAL CENSUS 6. 2006 - 2010 BOXWOOD MEANS, INC DATA

7. 2007 US TREASURY DATA 8. 2005 AMERICAN COMMUNITY SURVEY (1 YEAR) 9. 2010 AMERICAN COMMUNITY SURVEY (1 YEAR)

## Through the Bubble: Number of Home Sales, 2006 - 2010<sup>2</sup>



The last few years of residential home sales, including single-family homes, townhouses and condominiums, tell the story of the of the recent housing boom and bust. The peak of home sales nationwide was 2006. In 2008, after the bubble collapsed, the housing market hit rock-bottom.

The drop in home sales in the Puerto Rican Influence Area in 2008 was likely more pronounced due to the intensity of pre-collapse market speculation. There is reason for optimism, however. Despite the PRIA's proportionally deeper decline in home sales early in the recession, it matched Chicago in 2009 and exceeded it in 2010.<sup>6</sup>

This rallying home market is testament to the enduring value of these neighborhoods and their housing stock.

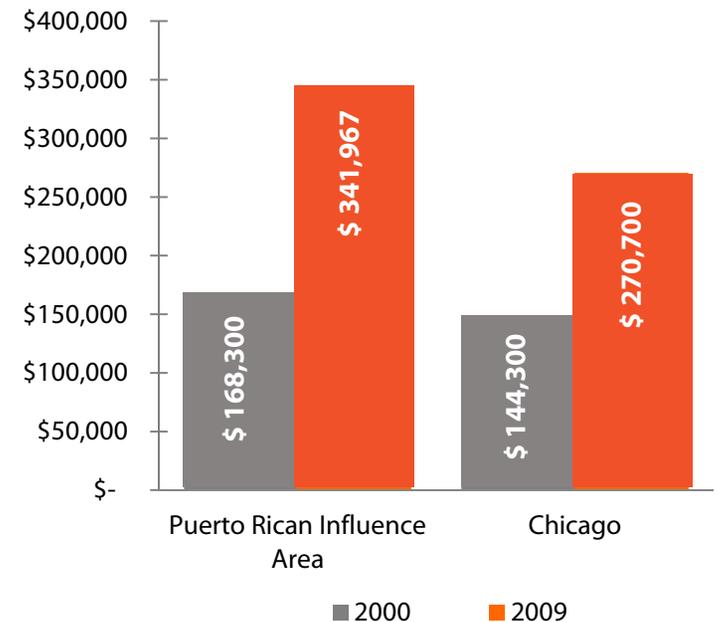
**OWNERS**

Housing Values in the Puerto Rican Influence Area doubled from 2000 to 2009, outpacing Chicago-wide growth during that same period. Adjusted for inflation—and despite the loss of value due to the recession—this growth represents a 38% increase.<sup>2</sup> Such robust growth in the value of owner-occupied housing units in the PRIA supports anecdotal evidence that the PRIA was a hot market during the recent real estate boom.

Homeowners who have remained in the Puerto Rican Influence Area have benefited from this increase in home values compared with Puerto Ricans living in other parts of Chicago. The median home value for a Puerto Rican homeowner today in the Puerto Rican Influence Area is 11% greater than for the the typical Puerto Rican in the City of Chicago.<sup>2</sup>

Despite strong net growth in Puerto Rican home values from 2000 to 2009, most homeowners lost value after the 2006 peak of the housing bubble. Though it is difficult to estimate the net wealth that Puerto Rican homeowners in Chicago may have lost during the crisis, other studies show that in the City of Chicago, "Latino areas present high levels of property-value loss, more similar to African American than to white areas" (Martinez, 2009). Home value loss is particularly acute for Latinos, who tend to retain wealth as home equity. For this reason, the Pew Center estimates that Latinos nationwide lost 66% of their accumulated wealth during the 2006-2009 recession (Pew, 2011).

### PRIA vs. Chicago: PRIA Maintained Higher Median Home Values from 2000 to 2009<sup>6</sup>



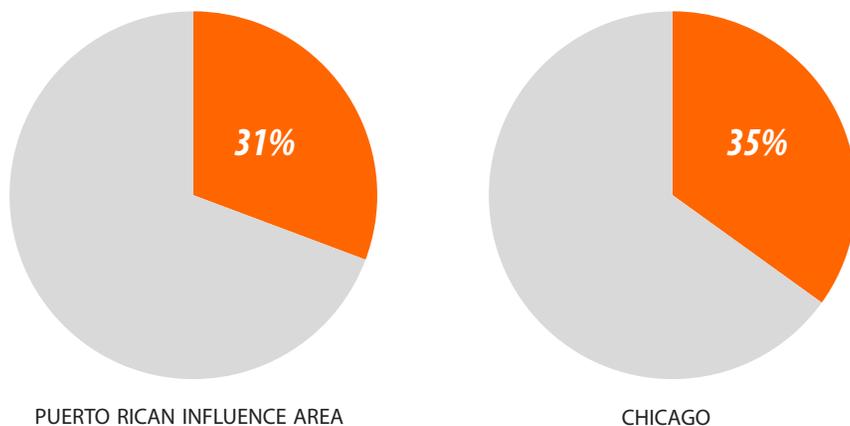
These three indicators (mortgage credit, foreclosure and vacancy) taken together provide different windows onto bubble and post-bubble conditions in the Puerto Rican Influence Area. Unfortunately, federal data stops at 2010.

Data from the Home Mortgage Disclosure Act indicate that 31% of the loans made between 2004-2006 in PRIA and 35% in the city of Chicago were high-cost.<sup>4</sup> A mortgage loan is high-cost when the rate the borrower takes on for the life of the loan is substantially higher than the daily rates set by the US Treasury. High-cost loans are also generally referred to as “sub-prime.”

First mortgages are high-cost when their rate is greater than 3% over the Daily Treasury Rate. Refinance mortgages are high-cost when their rate is 5% or more above that same rate.

*EXAMPLE: In late July 2007, the Daily Treasury Curve Rate was 5.05%<sup>7</sup>. A first mortgage would then be defined as high-cost if it were 8.05% (5.05% + 3%) or greater. Similarly, a high-cost refinance loan for this period would be 10.05% for a 30-year loan.*

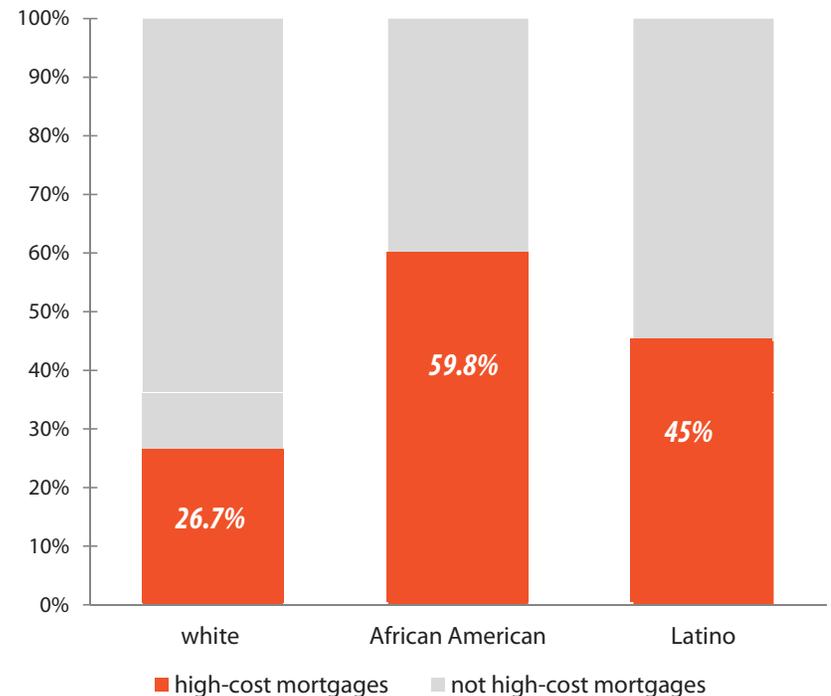
### PRIA vs. Chicago: About 1/3 of Loans Made in Both PRIA and Chicago During the First Part of the Housing Boom (2004 - 2006) Were High-Cost<sup>4</sup>



# MORTGAGE CREDIT

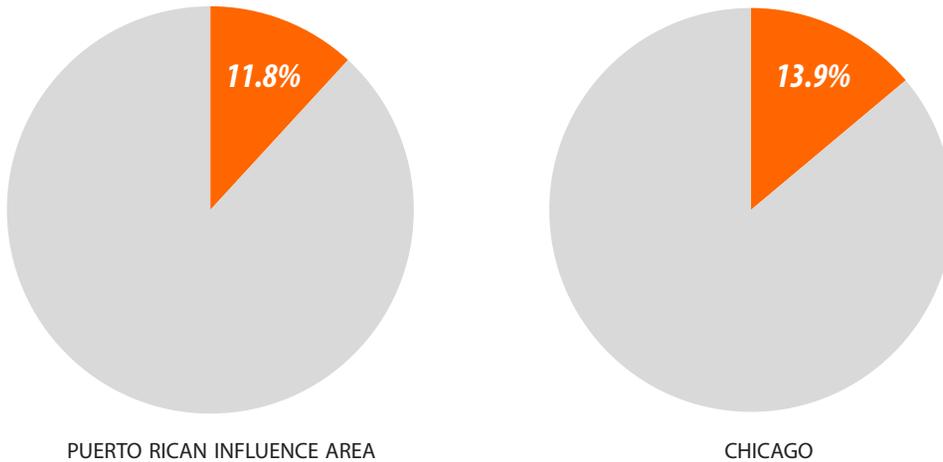
Minorities, particularly Latinos and African Americans, are more likely to receive high-cost loans. Among whites in Chicago, for example, 26.73% received high-cost loans in 2005 (the year that these loans peaked) while over half of African American borrowers (59.8%) and nearly half of Latino borrowers (45.03%) received high-cost loans.<sup>4</sup> The census tracts west of Humboldt Park were most impacted by high-cost loans, an area which is home to a considerable number of African-American households. High-cost loans have been interpreted as signs of predatory lending.

### Chicago: Latinos and African Americans Received More High-Cost Loans in 2005 Than Whites<sup>4</sup>



# FORECLOSURE

**PRIA vs. Chicago: There Were Slightly Fewer Properties in Foreclosure or Seriously Delinquent in PRIA During the 2008 - 2009 Phase of the Housing Crisis**



Between 2004 and 2007 in the Puerto Rican Influence Area it is estimated that about 12% of the total number of mortgages were either in foreclosure or were seriously delinquent.<sup>4</sup>

According to the Woodstock Institute, between 2011 and 2012, the estimated number of completed foreclosures for single-family homes was 2,717 (Woodstock, 2012). This number represents about 6% of all Chicago foreclosures. This is in line with the rest of the city since the PRIA represents approximately 6% of the entire housing stock of the city.

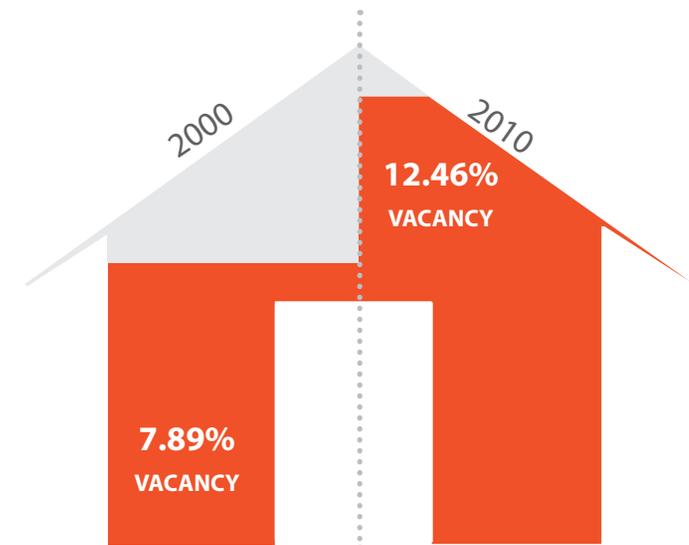


# VACANCY

Vacancy rates have been rising across Chicago over the last 10 years. The Puerto Rican Influence Area reflects this city-wide trend. Vacancy is often correlated with foreclosed properties, or with properties that have been remodeled or homes built with the intention of being sold but have, for any number of reasons, stayed on the market.

Between 2000 and 2010, vacancies increased in the PRIA by 37% (from 7.89% to 12.46%).<sup>1,5</sup> During those same years, Chicago vacancies increased from 7.28% to 10.62% (31%). As is evident, vacancy rates have been slightly higher in PRIA than in Chicago.

## PRIA: Vacancy Rates Rose from 2000 to 2010



# RENTERS

Increasing rents, paired with shrinking real incomes, result in a serious decline in rental affordability. As the proportion of renters' incomes spent on housing costs (rent and utilities) rises relative to their overall income, many renters are becoming increasingly unable to afford their housing. When the proportion of a renter's income spent on housing costs exceeds 30%, HUD considers them *cost burdened*.

62% of Puerto Rican renters were considered to be cost burdened, in comparison with 53% of the total population. However, only 46% of whites paid more than 30% towards their rent<sup>1</sup>.

Recession-related high unemployment rates and foreclosure have created demand pressures in the rental market as more people choose—or are forced—to rent. Based on these and other demographic factors and trends in housing supply and demand, the DePaul University Institute for Housing Studies estimates that the number of households renting in Chicago will increase to 233,000 by 2020. In addition to demand pressures in the rental market, there is a mismatch between the growing number of families and the number of available, family-sized (3 BR +) rental units, which results in either overcrowding or families leaving the city.

Therefore, preserving and developing more affordable rental housing in all sizes stands out as a policy priority. The Agenda and other housing advocates in the community should emphasize securing federal funds, such as the Hardest Hit Fund in order to create innovative programs and initiatives in support of long-term affordable housing of all kinds.

**64% of Puerto Ricans in Chicago live in rental housing. Puerto Rican renters typically pay \$875 per month for a two bedroom, which is \$10 less per month than the city wide median rent<sup>1</sup>.**

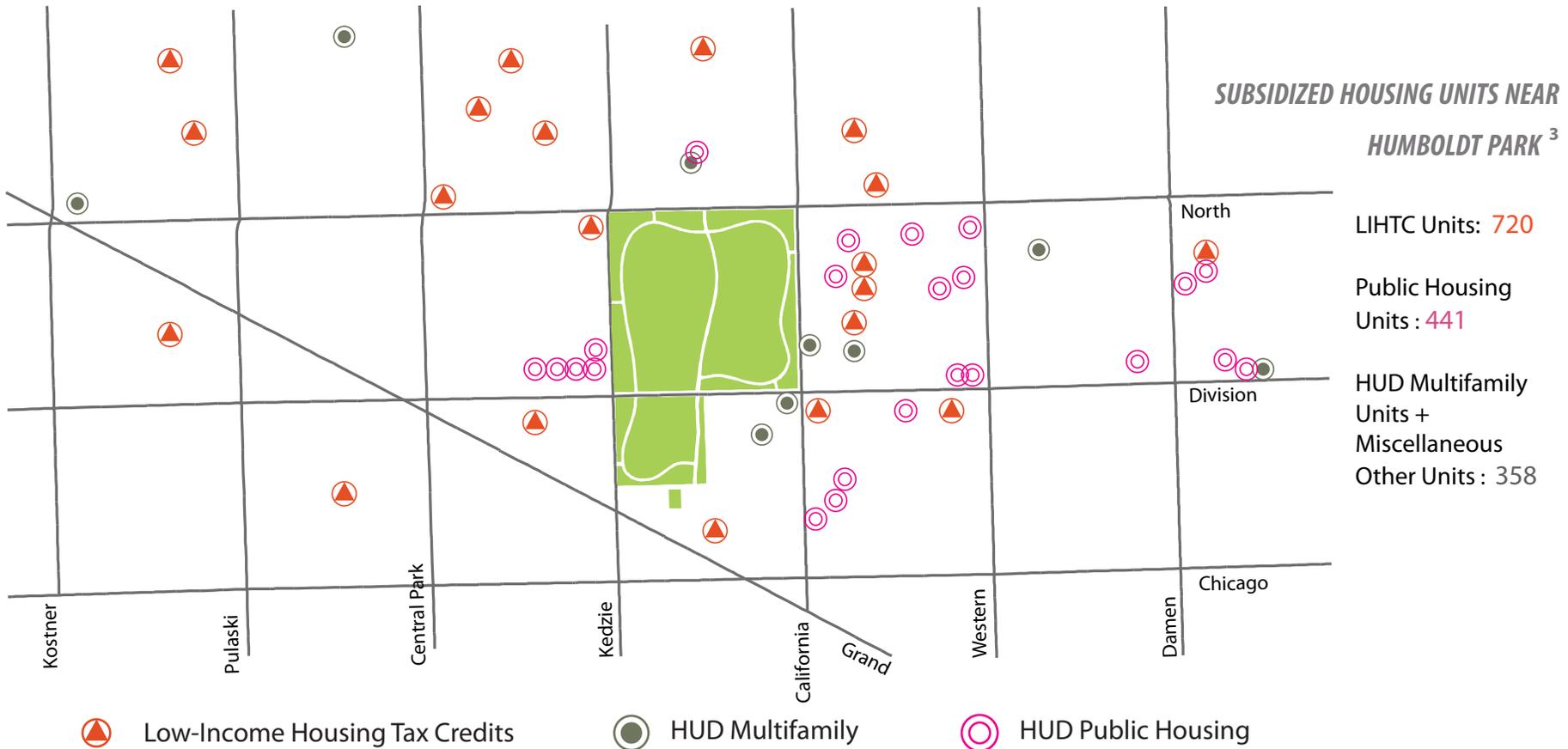
From 2008 to 2010, median income for Latinos in Chicago fell 5%, decreasing from \$47,656 to \$45,391<sup>8,9</sup>.

From 2005 to 2010, inflation-adjusted rents across Chicago increased by an average of 23%—an extra \$213 per month<sup>8,9</sup>.

● = 20 Puerto Rican Renter Households  
● = 20 Puerto Rican Owner Households

The PRIA has a lower share of subsidized housing than the City of Chicago as a whole (4.48% vs. 5.68%<sup>3</sup>). However, according to data from 2005-2009, there seems to be more demand for subsidized housing within the PRIA as evidenced by the percent of all households (29% vs. 31%<sup>2</sup>) with incomes in the bottom income quartile (earning less than \$25,000). In the PRIA, about 3,815 of all subsidized households were Latino, accounting for about 12% of all Latino households or 2 out of 3 subsidized households. On the other hand, African Americans accounted for a total of 1,359 households or 1 out of 3 subsidized households<sup>3</sup>.

Most of the subsidized housing within PRIA is around Humboldt Park and along Paseo Boricua (see map below). According to the property listings provided by HUD's 2008 "A Picture of Subsidized Households," within this immediate area, there were 441 public housing units and 358 multifamily (other) units. The Low-Income Housing Tax Credit (LIHTC) program had the largest share with 720 units<sup>3</sup>. LIHTC developments have a 15-year or 20-year low-income compliance period after which they can be turned into market rate units. According to our calculations, **about 33 units out of 266 total units are owned by private developers who, after the compliance period has ended, have an incentive to charge higher rents than LIHTC had previously allowed.** Fortunately, most organizations (233) that received LIHTC are affordable housing providers and as such are committed to maintaining the long-term affordability of these rental units. Nonetheless, non-profit developers need to pursue additional federal funding such as HOME and Community Development Block Grants in order to keep up with the costs of rehabilitating and maintaining these rental units. Unfortunately, federal funding for affordable housing is becoming increasingly scarce. Therefore, it is imperative for community advocates and legislators to work together and develop new financing strategies to both create and maintain affordable housing in the Humboldt Park Area.



# NEIGHBORHOOD CHANGE

Most demographic analyses suggest that Puerto Ricans have been moving over the past few decades toward the northwest. The following map shows the population changes for Puerto Ricans in the city between 2000 and 2010 by Chicago Neighborhoods. The population growth is shown in orange while the population decline is shown in pink. Logan Square lost the most Puerto Ricans (-8,153), followed by Humboldt Park (-3,775), while Portage Park gained the most (+1,253), followed by Jefferson Park (+767). Given that the losses by neighborhood are larger than the gains, we can conclude that the population is not re-concentrating but dispersing.

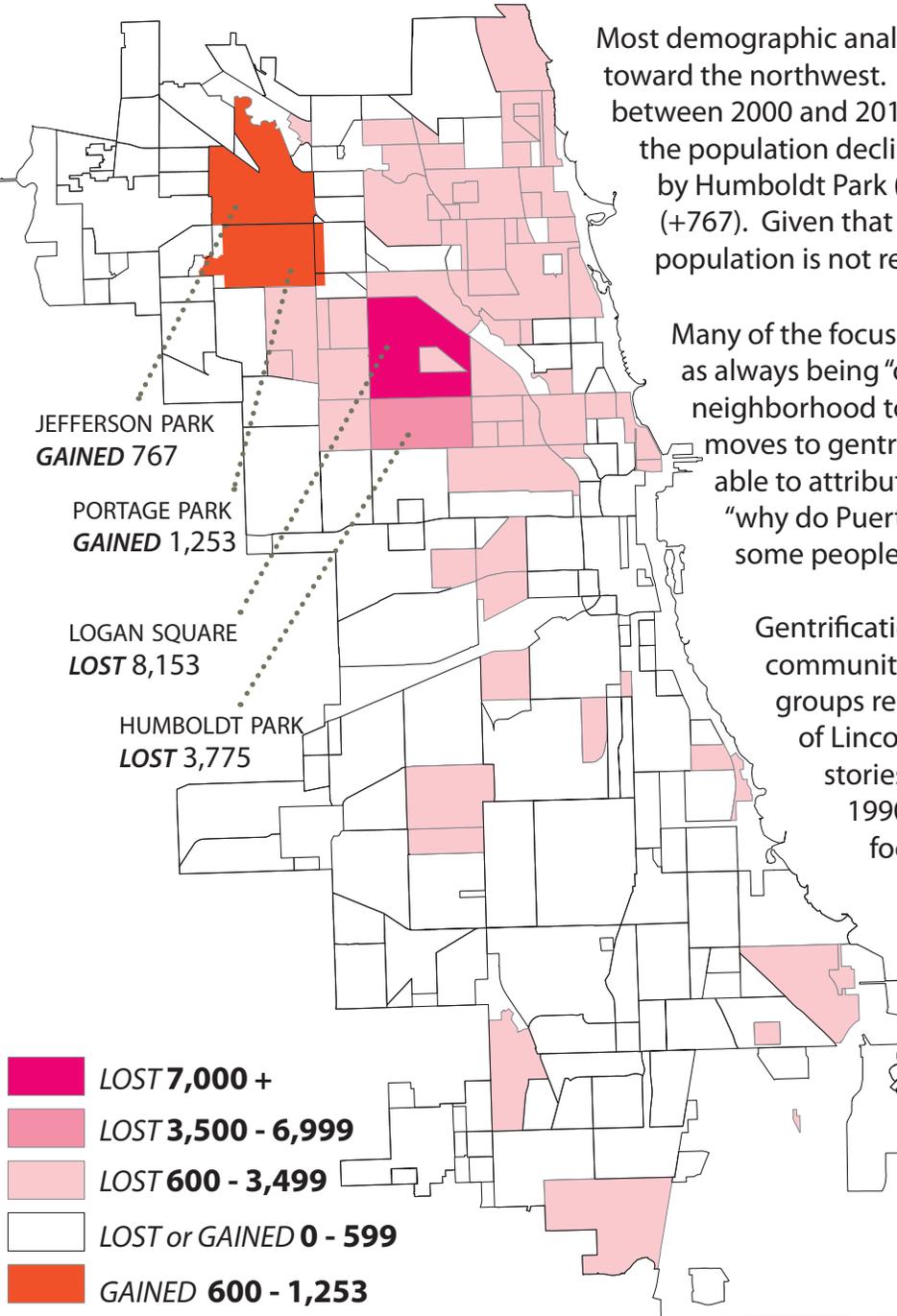
Many of the focus group participants refer to Puerto Ricans as always being “on the move,” constantly moving from neighborhood to neighborhood, and they attribute these moves to gentrification. Although this study was not able to attribute causality or to answer the question “why do Puerto Ricans move,” we can at least infer that some people might have moved due to gentrification.

Gentrification is not a foreign word for Puerto Rican community residents. Older residents in our focus groups remembered the urban renewal projects of Lincoln Park and Old Town in the 1960s and 1970s, while younger generations told stories about how their parents sold their property in West Town for a fortune in the 1990s. But gentrification is not a thing of the past. One woman shared her view in a focus group:

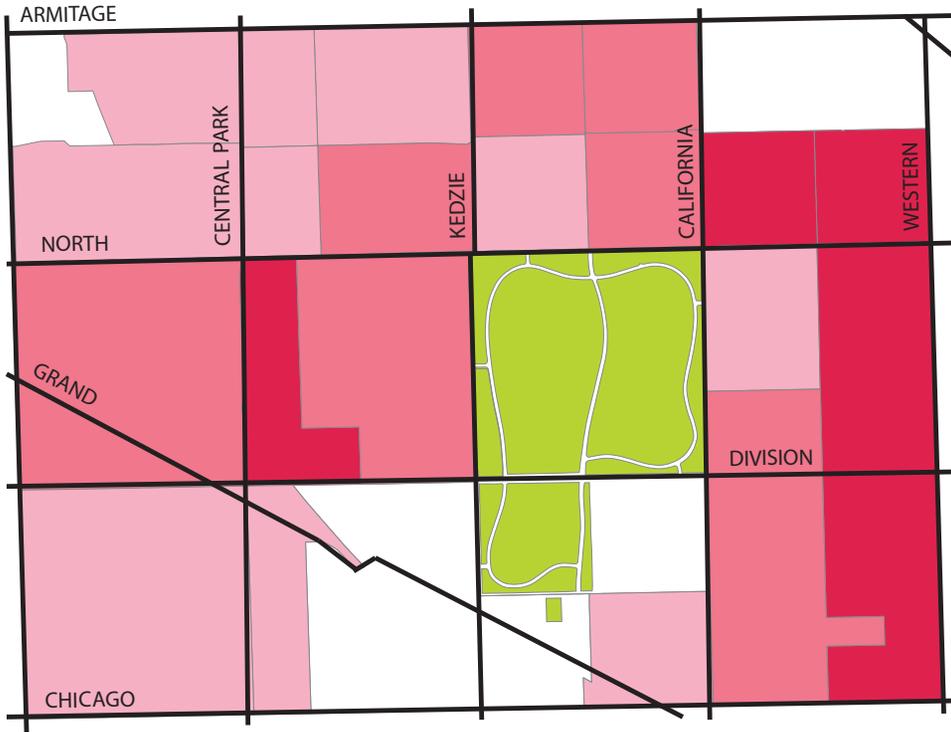
*“Our number one issue that we’ve always been talking about has been gentrification, our inability to stay in one area and grow as a community.”*

*(Agenda Focus Group)*

“I own a home with my mother in the Wicker Park area and we bought it years ago where we were the insiders. So as the community became gentrified, we became the outsiders. We currently have the house on the market, which is with a heavy heart to leave the community. We’re not in a time where this is a selling market. I’m thinking to myself, what is going to happen? Where am I going to place her, move her once we sell it because we’re getting a lot of hits. The price is probably pretty reasonable where she’s not going to make a lot of money. Even with the amount of money that we would be making, she’s not going to be able to go into a better neighborhood. I’m thinking to myself this is our home, this is where we’ve been. It’s kind of frustrating when you’re being forced to move out because taxes now are like \$10,000. Who can afford to pay that?”



# GENTRIFICATION ANALYSIS



Number of Gentrification Indicators:



	Gentrification indicators: Census Data	Criteria
1	% Minority	Less than 50% minority
2	Median Family Income	Above city median (\$46,781)
3	% Families below poverty	Below city average (17.16%)
4	% Families without children	Below city average (54.39%)
5	Household size	Below city average (2.52)
6	% Adults with at least a bachelor's degree	Above city average (31.75%)
7	Housing value, owner-occupied units	Above city average (\$270,700)
8	Rents	Above city average (\$866)
9	% Owner-occupied housing units	Above city average (43.78%)
10	% Female-headed households	Below city average (15.73%)

In order to confirm the stories we heard over and over again in our focus groups and interviews—that Puerto Ricans on the eastern end of the Humboldt Park community have left due to encroaching gentrification—we developed a quantitative analysis using 2010 census data. In this model, 10 well-known indicators of gentrification were compiled to determine the census tracts where gentrification is likely occurring in colloquial Humboldt Park. This analysis is a fairly good indicator of gentrification when the tract shows more than 7 of these indicators (Voorhees, 2001). As the map to the left shows, in 2010 5 census tracts had more than 7 gentrification indicators; 4 of these tracts are on the eastern side of Humboldt Park.

From the earliest stages of gentrification, community activists searched for ways to stop real estate speculation and prevent displacement. Initiatives like the Humboldt Park Empowerment Partnership (HPEP), formed in 1996, concentrated on providing economic opportunities for residents to help them resist displacement and gentrification. In addition, housing organizations such as the Latin United Community Housing Association (LUCHA), Bickerdike Redevelopment Corporation, Casa Central, Spanish Coalition for Housing and Hispanic Housing have led efforts to provide affordable housing for residents.

Another strategy includes repopulating Humboldt Park with “new” Puerto Ricans. In 2004 the Juan Antonio Corretjer Puerto Rican Cultural Center formed a campaign called “Humboldt Park No Se Vende” (Humboldt Park is Not For Sale). The grassroots campaign involved posting billboards calling on all Puerto Ricans to unite and return to the barrio, using the following slogan: “Oye Boricua, rent an apartment, buy a building, open a business, get involved.” A more recent slogan has used the occupy movement to encourage Puerto Ricans everywhere and anywhere to “occupy” Humboldt Park and return to the “barrio” (hood).

A former Puerto Rican elected official, one of the strongest advocates for affordable housing, once said that “slowing down gentrification may be the best we can do.” Gentrification may be more than just the loss of place. It may also lead to the loss of wealth-making capacity. Hence, keeping Puerto Rican retail businesses in the vicinity of their customers continues to be one of the main responses to the encroachments of gentrification.