Outline

- Housing and neighborhoods as markets
- The middle classes and markets
- Markets and neighborhood change
- Who can’t compete
- Braking the market for the middle classes
$3.5 Billion in New Markets Tax Credits Awarded to Spur Economic Growth Nationwide
The Hidden Horror of Hudson Yards Is How It Was Financed
Kriston Capps
Apr 12, 2019

In 2016, more blacks (62%) than whites (40%) had incomes less than $40,000 and fewer blacks (35%) than whites (50%) had incomes from $40,000 to $120,000. Blacks earned 65% as much as whites at the median.

In 2016, more Hispanics (64%) than whites (40%) had incomes less than $40,000 and fewer Hispanics (33%) than whites (50%) had incomes from $40,000 to $120,000. Hispanics earned 63% as much as whites at the median.
The Middle Classes and Markets

Home Price-to-Income Ratio

- 50th Percentile
- 75th Percentile
- 90th Percentile

Household Income

[Graph showing the trend of Home Price-to-Income Ratio from 1973 to 2017, with different percentiles highlighted.]

https://www.jchsharvard.edu/blog/price-to-income-ratios-are-nearing-historic-highs/
“It is not my experience ... that the big problem on the South Side has been too much development, too much economic activity, too many people being displaced...We’ve got such a long way to go in terms of economic development before you’re even going to see the prospect of significant gentrification. Malia’s kids might have to worry about that.”

--Barack Obama, Chicago, 2018
Markets and Neighborhood Change


WOODLAWN
Change in attached prices: 71.1%
Median attached price: $140,000
Change in detached prices 64.7%
Median detached price: $140,000
“Land prices have shot through the roof in this area. In many ways, you are a victim of your own success.” – North Kenwood-Oakland, Chicago, ~2000s
Markets and Neighborhood Change

North Kenwood (Census Tract 3902)

Median home value (in 2016 dollars)

1990 - $126,640

2016 - $568,200
Markets and Neighborhood Change

North Kenwood (Census Tract 3902)

Average rent (in 2016 dollars)

1990 - $691

2016 - $935
Markets and Neighborhood Change

North Kenwood (Census Tract 3902)

Owner-occupied housing units

1990 – 20%

2016 – 53%
Change in households in the Chicago region by income and race and ethnicity, 2005-15

Note: Not adjusted to inflation.

https://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/socioeconomic-shifts-in-the-chicago-region
Who can’t compete (Chicago city)

Maps show average individual income by census tract.

https://www.wbez.org/shows/wbez-news/the-middle-class-is-shrinking-everywhere-in-chicago-its-almost-gone/e63cb407-5d1e-41b1-9124-a717d4fb1b0b

## Braking the Market for the Middle Classes

### Groveland

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<thead>
<tr>
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<th>1990</th>
<th>2000</th>
<th>2017</th>
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<tbody>
<tr>
<td>Population</td>
<td>11,711</td>
<td>11,147</td>
<td>10,034</td>
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<tr>
<td>Poverty rate</td>
<td>13.5%</td>
<td>8.4%</td>
<td>19.2%</td>
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<tr>
<td>Homeownership</td>
<td>75.3%</td>
<td>74%</td>
<td>66%</td>
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Source: [http://www.robparal.com/ChicagoCommunityAreaData.html](http://www.robparal.com/ChicagoCommunityAreaData.html)
Braking the Market for the Middle Classes

- **Don’t forget about the middle** – Prevent the decline of working class and middle class neighborhoods before it happens.

- **Counter-market public investments** – When all the private dollars are flocking to neighborhoods A thru M, public and non-profit dollars should be targeted to neighborhoods N thru Z

- **Act early to preserve affordability and inclusion** – Never assume there is no threat of becoming “prime real estate.” Preservation (of affordable housing, local businesses and cultural institutions) is easier than trying to rebuild it later.