

The Plan for Transformation's Impact



The Gentrification of the Mid-South Side of Chicago

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A fresh new day is dawning on the corner of 35th and State, full of warmth and promise. This historic neighborhood is about to experience a long-awaited revival. The plan for Park Boulevard is as expansive as it is exciting: 37 acres of friendly parks, local shops, a neighborhood school and six distinctive home styles. All in a convenient location that's close to downtown, and yet offers comfort and privacy—a dream for all city dwellers (Park Boulevard, 2007).

— Promotional website for Park Boulevard, a new mixed-income development built as part of the Chicago Housing Authority's Plan for Plan for Transformation

I make \$50,000 a year, how am I going to afford a \$200,000 condominium to stay in a neighborhood that I've lived in all my life? . . . Gentrification is great unless you're one of the people being gentrified (Ryan, 2006).

— Debra Daniel, a resident of the neighborhood in which Park Boulevard Park Boulevard is located

As these quotes indicate, Park Boulevard, a mixed-income housing development that opened in spring 2007 on the mid-South Side of Chicago, is rife with contradictions. On the one hand, the new development is encouraging much needed investment on the long-neglected mid-South Side. But on the other hand, current residents fear that they will be priced out of their neighborhood as wealthier residents move in. Currently, the Chicago Housing Authority has not fully assessed the impact that its Plan for Transformation will have on real estate development in Chicago, which could force poorer residents out of the mid-South Side.

The Plan for Transformation is an attempt by the Chicago Housing Authority to address the problems associated with the CHA's old model of housing development: large public-housing complexes, often with high-rise buildings. Public housing built by the CHA from the 1940s to the 1960s isolated the very poor in dilapidated buildings that were taken over by gangs, drugs, and violence. By building mixed-income housing, the CHA hopes to integrate low-income families with families of a range of incomes, which, in theory, will bring these families access to better social services, quality building maintenance, and social networks with higher-income people. Ostensibly, mixed-income housing is a positive move toward creating neighborhoods with a range of incomes where low-income people have better access to tools that would help them leave poverty. This goal is reflected in the Plan for Transformation's goals. In addition to improving the physical state of CHA units, the Plan for Transformation is also designed to promote resident self-sufficiency.

However, the CHA has not considered in detail the effect mixed-income housing has on real estate prices. Because mixed-income housing is new construction, often with high-end upgrades, the developments make the neighborhood more attractive to middle-income people. While bringing middle-income people to a neighborhood also serves to draw



Figure 1. A mid-South Side block in the process of transition, near a Chicago Housing Authority mixed-income development, 2006.

Photo by author.

business investment, school reform, and other positive services to that community, it also indicates gentrification. Gentrification, which is a trend that occurs in Chicago in many neighborhoods such as Wicker Park and Pilsen, takes place when middle-class people begin moving into a previously dilapidated area, both rebuilding homes and displacing the poorer residents who live in the area but can no longer afford to pay the increased rents or property taxes. Because the CHA is primarily concerned with low-income people who are also public-housing residents, it has not considered the effect that building mixed-income housing will have on the non-CHA poor and lower-middle class. As the mid-South Side's property values increase, due in part to the presence of CHA mixed-income housing, poorer residents may be displaced and will be unable to enjoy the increased services that the new middle class have brought with them.

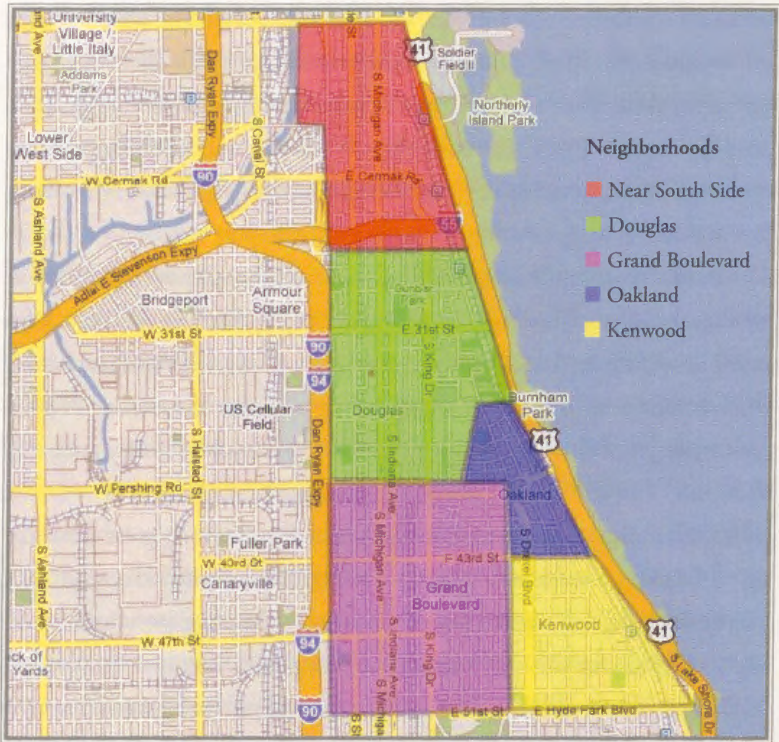
This paper will demonstrate that the Plan for Transformation, which was intended both to provide public-housing residents with better living

conditions and to revitalize Chicago's mid-South Side, has had the unintended consequence of increasing the value of nearby properties so much that the non-CHA poor could be forced out of their neighborhoods and so be unable to enjoy the benefits of the revitalization occurring on the mid-South Side. The mid-South Side of Chicago will be used as a case study to assess the effects mixed-income housing has on gentrification. The mid-South Side is a particularly appropriate microcosm because it is where the bulk of Chicago's large-scale public-housing projects were located and is slated to contain much of the new mixed-income housing that is in the process of being built. This paper will give an overview of the history of the Chicago Housing Authority's housing policies and show how they affected the neighborhoods within the mid-South Side. It will then outline the CHA's latest housing policy, the Plan for Transformation. Previous studies on the role of mixed-income housing will be outlined, with an emphasis on the research that has been done linking mixed-income housing to gentrification. I will then present my own data analysis, demonstrating that CHA policy has a substantial influence on the rising property values and increased investment on the mid-South Side. From this analysis, I will provide policy recommendations for how urban planners can encourage revitalization while avoiding displacement.

Background

The History of Public Housing Projects in Chicago

Housing for the poor was first considered a responsibility of the government during the New Deal. The National Industrial Recovery Act passed in 1933 was a public-works program designed to create jobs and to build housing for the poor (Jackson, 1985, p. 221). In 1937, the United States Housing Act passed, which allowed for funding to create local



Map 1. Map of Chicago's Mid-South Side

In this paper, Chicago's mid-South Side refers to the neighborhoods of Near South Side, Douglas, Grand Boulevard, Oakland, and Kenwood.

Map by the author.

housing authorities to develop housing projects (p. 223–224). Through this law, the Chicago Housing Authority was established and it began constructing housing projects in Chicago. Thus, from the 1930s onward, Chicago's government took on much of the responsibility for building low-rent housing.

During the 1930s, Chicago's black population was confined to the mid-South Side, known as the "Black Belt." During World War I and again in World War II, blacks migrated in large numbers to Chicago,

attracted by the plethora of factory jobs available (Grossman, 1989). However, as the black population increased, the space in which they were allowed to live did not. The construction of public-housing projects during the 1930s and 1940s in the Black Belt was met with enthusiasm and relief because segregation had forced blacks of all economic levels to live in deteriorating housing (Hirsch, 1983, Chapter 1).

Public housing during this time was considered more attractive to residents than the housing they were leaving behind. J.S. Fuerst, who interviewed many former and current public-housing residents about their experiences, argues that the 1940s to 1960s was the heyday of public housing and that residents enjoyed living in public housing during this time. He writes, "Under the leadership of Elizabeth Wood [the CHA's first director], public housing thrived, producing good housing, good neighborhoods, and a strong sense of community" (2003, p. 195). Public housing during this period was popular among poor and working class blacks in Chicago who had experienced extreme overcrowding in the Black Belt. While Fuerst's description of public housing from the 1940s to the 1960s may be overly romanticized, he correctly points to a time before public housing deteriorated. Public housing during this time was of a higher quality than many surrounding housing options, had a strong sense of community, and housed tenants of a range of incomes.

Also during the 1940s and 1950s, the racial covenants that prevented blacks from moving outside of the Black Belt began crumbling. In 1948, the Supreme Court ruled that racially restrictive covenants were unconstitutional (Hirsch, 1983, p. 16). As a result of financial incentives to live in suburbs and a fear of living near blacks, whites fled Chicago in large numbers (Jackson, 1985). "As vacancies began to appear around established black communities in the late 1940s and 1950s, black 'pioneers,' eager to escape ghetto conditions and both willing and able to compete

economically for the inner-city housing becoming available, moved into previously all-white neighborhoods" (Hirsch, 1983, p. 28). Thus, at the same time that the CHA was constructing public housing for poor and working-class blacks, middle-class blacks were expanding the former Black Belt and living in the more attractive, formerly white neighborhoods now within their reach.

Despite the support of blacks during the 1930s and 1940s for the decision to build public housing in Chicago's Black Belt, the federal laws concerning public housing served to reinforce racial segregation. Applications for federally subsidized housing were based on a community's discretion, which meant that suburbs, which were generally all-white during this time, were not required to construct public housing. "A suburb that did not wish to tarnish its exclusive image by having public housing within its precincts could simply refuse to create a housing agency" (Jackson, 1985, p. 225). Even within Chicago, white neighborhoods were able to avoid public housing. White Chicago alderman prevented public housing from being built in their neighborhoods (Fuerst, 2003, p. 197). In Chicago, only 7 out of 33 projects were not built in predominantly black census tracts. However, by the time these developments were complete, all but one of those census tracts were over 85% black (Hirsch, 1983, p. 242–243). In fact, by 1978, 95% of public housing in Chicago "was dumped into the most poverty-impacted black ghettos in the city" (Jackson, 1985, p. 228). The resulting segregation of public housing further reinforced the concentration of poverty within Chicago's mid-South Side.

Despite the segregated placement of the public-housing projects in Chicago, the period from the 1940s to the 1960s is generally considered to be the heyday of public housing. However, a change in federal public-housing law further concentrated poverty within these projects, which many scholars mark as the turning point in the quality of public housing.

In the late 1960s, Congress enacted the Brooke Amendment, requiring public housing residents to pay 25 percent of their income for rent . . . For the working class, this policy meant a rent hike with each pay increase. Similarly, in the 1970s and 1980s Congress forced local housing authorities to give preference in admissions to the poorest of the poor. Once fully implemented, these policies had a devastating impact on public housing across the country, turning many projects from beloved parts of the community into warehouses shunned by outsiders (Fuerst, 2003, p. 201).

As a result of these changes, working-class public-housing residents were forced out, leaving only the most desperate behind.

As public housing developments changed from mixed income to exclusively low income, they swiftly deteriorated. Alex Kotlowitz spent years in the late 1980s with a family living in the Henry Horner Homes on Chicago's Near West Side. He writes, "as early as 1965, *The Chicago Daily News* ran an extensive series on 'the misery, bungling and a hellish way of life' at the Robert Taylor Homes, the city's largest development. It detailed regular shootings and rapes, broken elevators, and apartments so overheated that children got nosebleeds" (1991, p. 259). Many of the problems occurred due to poor management on the part of the CHA. In 1982, a Department of Housing and Urban Development report was issued stating that the CHA "is operating in a state of profound confusion and disarray. No one seems to be minding the store; what's more, no one seems to genuinely care" (p. 260). In 1989, when Vincent Lane became the CHA's director, "the CHA had been so poorly run that the staff didn't even have an accurate count of the number of tenants in its complexes or, for that matter, the total number of apartments" (p. 260).

Kotlowitz's ethnographic account of the Henry Horner Homes details the violent gang warfare, inadequate facilities, and general hopelessness present in Chicago's public-housing complexes during the 1980s. The desertion of public-housing developments by the working poor combined with incompetence on the part of CHA staff created isolated and dangerous public-housing communities. As will be explored further, these two problems are directly addressed by the Plan for Transformation, which seeks to integrate middle- and working-class people back into CHA developments, as well as to reform CHA management.

The decline of public housing hit the mid-South Side particularly hard because the area was saturated with public housing. The CHA built "almost a solid corridor of low rent housing along State Street and nearby streets from Cermak Road (22nd Street) to 51st Street" (Hirsch, 1983, p. 243). The 30-block public-housing corridor along State Street and the surrounding public-housing developments directly contributed to a high-poverty and crime rate and served to discourage investment in the area for decades.

Revitalization of the Mid-South Side

Throughout the 1950s and 1960s, middle-class people, especially whites, were avoiding living in inner-city areas. However, in 1977, plans were announced to begin a middle-class development on abandoned railroad tracks in the South Loop. The development, known as Dearborn Park, was an economically successful venture, which spurred the development of the Near South Side that took off during the 1990s (Dearborn Park, 2004). Researcher Mary Pattillo argues that the success of Dearborn Park first prompted the CHA to consider revitalizing its projects because "Dearborn Park had proved that areas south of downtown could attract affluent newcomers" (2007, p. 227). As I will discuss later, the unveiling

of the CHA's Plan for Transformation allowed the redevelopment of the mid-South Side to move forward.

One example of a neighborhood on the mid-South Side that saw its revitalization occur only after a change in CHA policy is the North Kenwood/Oakland (NKO) community. Mary Pattillo's book *Black on the Block* provides a detailed ethnographic portrait of the changes occurring in the North Kenwood/Oakland neighborhood. Like much of the mid-South Side, North Kenwood/Oakland was saturated with public-housing projects for over half a century. In 1985, the CHA announced that the Lakefront Properties, six public-housing high-rise buildings in North Kenwood/Oakland, would be renovated. Residents were moved out with the promise that they could move back in after renovation. However, this promise was never fulfilled. Instead, in 1991 two of the buildings, called Lake Parc Place, were turned into one of Chicago's first attempts at income-mixing within public housing (Pattillo, 2007, p. 231). The emptying of all six buildings, and the renovation of two, encouraged more investment in the North Kenwood/Oakland neighborhood. In 1994, several developers created two blocks of new houses in what was called the Parade of Homes—the "first new construction of single-family homes in NKO in decades" (p. 196). Under pressure from middle-class residents of North Kenwood/Oakland, who "feared the effects of new public housing just as the neighborhood was attempting to rise from the shadow of the deserted high-rises" (p. 204), the four un-renovated high rises were demolished in 1998 (p. 225). The popularity of the demolition of public housing and the successful creation of mixed-income housing communities within North Kenwood/Oakland convinced the CHA to continue building mixed-income housing by creating the Plan for Transformation.

The Rise of Mixed-Income Housing

It became clear to most researchers and to the general public that large-scale public-housing projects were not a successful model for public housing. Much of the failure of public-housing high rises was attributed to the isolation of extreme poverty that these buildings created. Over the mid-1980s and 1990s, mixed-income housing was explored as a means to end the isolation of extreme poverty. In 1986, the federal government established the Low Income Housing Tax Credit to explore new models of publicly funded housing for the poor. This program gave developers a subsidy based on the number of affordable units they built within a development. Unlike previous policies, poor families who lived in these developments could remain if their income levels rose. However, this was not a large-scale policy of income mixing: only 18% of the properties under this program included market-rate units. The developers' subsidies were based on the number of affordable units, so most developers chose to allocate all for low-income tenants (Smith, 2002, p. 4).

Bolstered by the popularity of income-mixing as a solution to poverty, the U.S. Department of Housing and Urban Development (HUD) began a program in 1990 that "permitted between 25 and 50 percent of the units in a public-housing development to be leased to families with incomes of up to 80 percent of the area median income" (Smith, 2002, p. 4). However this was a small, demonstration program designed to test the feasibility of mixed-income housing and it took another two years for mixed-income housing to become the dominant federal housing policy. In 1992, HUD began offering HOPE VI Revitalization Grants to demolish distressed public housing and replace it with mixed-income housing. Over the first decade of the program, from 1993 to 2002, HUD

allocated \$4.55 billion dollars to local housing authorities throughout the country, who demolished 78,000 units of public housing (p. 4).

The Chicago Housing Authority became a strong supporter of mixed-income housing and received a great deal of financial assistance from HUD for this purpose. For example, in 2000, the CHA received a HOPE VI grant of \$35 million to redevelop four housing projects that were in close physical proximity to one another. The CHA received six separate grants from 1994 to 2001 to replace the majority of its public-housing projects with mixed-income housing (Levy, 2006, p. 1).

Due to the initial success of small-scale mixed-income housing projects in Chicago and the presence of federal funding for mixed-income housing, the CHA decided to change its city-wide housing model. The CHA created a city-wide policy of tearing down public-housing projects and replacing them with mixed-income housing and called it the Plan for Transformation. The plan—which originally was scheduled to last 10 years but has since been stretched to 15—was approved by HUD in February 2000. Its three stated goals are to “Renew the physical structure of CHA properties; Promote self-sufficiency for public housing residents; [and] Reform administration of the CHA” (CHANGE, 2007). To carry out this plan, the CHA is in the process of tearing down many public-housing projects throughout Chicago and replacing them with mixed-income housing. It has relocated the families who were living in these projects to other public-housing developments or given them Section 8 Housing Choice Vouchers to subsidize apartments in the private market. Mixed-income housing developments will be an approximate mix of one-third market-rate units, one-third affordable housing (available for purchase at a subsidized rate to families below a certain income threshold), and one-third public housing. Families who wish to move into a mixed-income housing development must meet requirements that

typically include work obligations, drug tests, criminal background checks, and credit checks. In order to meet these conditions, the CHA has established partnerships with other organizations to provide social services to tenants including employment assistance and drug counseling (CHANGE, 2007).

Mixed-income housing is reminiscent of the economic diversity present in public housing from the 1940s to the 1960s. Families of a range of incomes will live in these developments and the middle-class families will be in a position to demand better services in their neighborhood and from their management companies. As the revitalization of North Kenwood/Oakland demonstrates, tearing down public-housing high rises has served to spur development on the mid-South Side by ending the isolation of extreme poverty that these high rises created.

Literature Review

Studies that discuss mixed-income housing theory and many that study specifically the Plan for Transformation have not focused on mixed-income housing's role in gentrification. This section will review the literature available on concentrating poverty, mixed-income housing, and the Plan for Transformation. The few sources available that look at the Plan for Transformation's role in the gentrification of the mid-South Side will be examined. The dearth of sources on the subject will indicate that further exploration is needed.

Negative Consequences of the Concentration of Poverty

William Julius Wilson, one of the leading scholars on urban poverty, argues that the exodus of middle-class blacks from urban areas coupled with the decline in highly paid manufacturing jobs has caused a severe

concentration of poverty (1996, p. 42). Depopulation and the decline in the number of working adults in high poverty areas causes basic neighborhood institutions to lose customers and close. He argues that the absence of working adults causes children to “grow up in an environment that lacks the idea of work as a central experience in adult life” (p. 44). Wilson further argues that in urban black neighborhoods where most adults are employed, social networks are strong. Neighbors reinforce the discipline that children receive in their homes and discourage “illegitimate” behavior (p. 62). In contrast, “parents in high-jobless neighborhoods have a much more difficult task of controlling the behavior of their adolescents, of preventing them from getting involved in activities detrimental to pro-social development” (p. 64). Wilson’s theories have strongly influenced supporters of mixed-income housing. Citing Wilson, Brophy and Smith argue, “proponents of mixed-income housing see it as a tool to address the difficulties related to what has been termed the *culture of poverty*. This phrase derives from the view that physical concentration of poor households in multifamily projects causes severe problems for the residents, including joblessness, drug abuse, and welfare dependency” (1997, p. 5). Wilson’s theories have greatly influenced the movement toward deconcentrating poverty through mixed-income housing (Rosenbaum, et al., 1998).

Mixed-Income Housing Theory

Mixed-income housing has become the policy of choice for many policy makers because it is in-line with the popular theory that poverty concentration leads to negative behaviors, it is politically and economically feasible, and it is seen as a way to revitalize poor neighborhoods. Alistar Smith, in his article, *Mixed-Income Housing Developments: Promise and Reality*, provides an overview and criticism of the theory behind mixed-

income housing. Supporters of mixed-income housing, he argues, believe that income-mixing will be beneficial to poor residents. Mixed-income housing will serve to manage negative behavior because higher-income residents will be less likely to tolerate crime and the children of poor residents may adopt their neighbors' mainstream values due to the presence of positive role models. In addition, mixed-income housing will create informal job networks that poorer residents can utilize (2002, p. 9). However, Smith objects to these theories, arguing that there is not a great deal of evidence that low-income residents interact with their middle-income neighborhoods in a meaningful way. He argues, "strong efforts on the part of property managers is likely needed to facilitate such interaction" (p. 26). In addition, Smith objects to the theory that mixed-income housing will help low-income residents avoid negative behavior because "it presumes negative behavior on the part of low-income tenants" (p. 22). Instead, those exhibiting negative behavior, such as drug dealers, actually may not be public-housing tenants.

By creating housing that fits in with the neighborhood and brings in private money, mixed-income housing has become a politically popular policy. Smith points out that previous low-income housing has often been of low-quality construction, and the housing is frequently highly visible and stigmatized high-rise buildings. Because mixed-income housing is often attractive and fits into the neighborhood, it can overcome community objections to affordable housing (p. 10, 33). In addition, because market-rate units are being sold, developers don't need as high a subsidy from the government because they are profiting from some of the units.¹

1. Since the foreclosure crisis of late 2007–early 2008, the sale of market rate units in mixed-income developments has slowed dramatically. As a result, developers such as Thrush—the developer behind Jazz on the Boulevard—have gone bankrupt (Smith, 2008).

Finally, and most significantly for this paper, it is theorized that mixed-income housing will rebuild healthy communities. Mixed-income housing increases the amount of attractive, new homes in an area, which may encourage development and cause additional high-income people to move into the neighborhood (p. 10). Paul Brophy and Rhonda Smith, in their article, *Mixed-Income Housing: Factors for Success*, further argue, “low-income households will have the benefits of better schools, access to jobs, and enhanced safety, enabling them to move themselves and their children beyond their current economic conditions” (1997, p. 6). As middle-class people are drawn to neighborhoods with mixed-income housing, the services in the neighborhood will, in theory, increase in both quantity and quality.

Case Studies of the Plan for Transformation on the Mid-South Side

Unlike the theoretical framework behind mixed-income housing, its implementation in Chicago has had inconclusive social benefits. Numerous studies have documented the difficulties mixed-income communities on the mid-South Side of Chicago face. Martina Smith and James Rosenbaum and others have studied the interactions between middle-income and low-income residents in mixed-income housing. Smith found that middle-class people who lived in mixed-income housing had a higher level of distrust for their neighbors, compared to residents who live in the surrounding area, but do not live in mixed-income developments (2007, p. 12). Rosenbaum studied the interactions between the moderate-income and low-income tenants of Lake Parc Place, a development containing no market-rate units. He found that the residents did interact in casual ways and that the moderate-income tenants employed the low-income tenants as babysitters and beauticians. How-

ever, the researchers were unable to demonstrate that the moderate-income tenants served as role models for the low-income tenants (1998, p. 732–733). In both studies, some of the theorized benefits for public housing residents' social networks failed to materialize.

Other studies evaluating the Plan for Transformation have focused on the public housing residents who are not allowed to move into mixed-income developments. Popkin et al. documented the difficulties moving the last residents out of Ida B. Wells and Madden Park before they were torn down. Popkin found that the remaining residents in Wells and Madden were primarily residents with special needs such as drug addictions, those with criminal records or a lack of a CHA lease, and large families who needed four-bedroom units (2003, p. ii–iii). This study indicates that mixed-income housing is not a housing solution for all public housing residents.

Popkin and Cunningham found improvements in the lives of residents who were moved out of public housing and given Section 8 vouchers to relocate to other neighborhoods. The authors found, "those residents who did succeed in moving ended up in better housing in safer and less poor neighborhoods than their original public housing community" (2005, p. 187). However, even with a reduction in neighborhood poverty, most CHA residents who moved with vouchers remained in high-poverty areas. "More than half (55 percent) are living in communities with poverty rates greater than 40 percent; only 11 percent (six households) are living in neighborhoods less than 20 percent poor, and only three of those households moved to extremely low-poverty neighborhoods (less than 10 percent)" (p. 187). In addition, the majority of those studied moved to areas where over 90% of residents were black. While the neighborhoods many CHA residents moved to continued to have a high percentage of poor families and be majority

black areas, the neighborhoods did appear to be safer. "Movers were about half as likely as those still in public housing to report 'big problems' with drug trafficking and gang activity in their neighborhood (about 50 percent versus over 90 percent) . . . 41 percent of movers reported big problems with shootings and violence, compared to 90 percent of non-movers" (p. 188). Thus, the Plan for Transformation may have small but important positive benefits for those moving out of public housing and into the private market with Section 8 vouchers.

At the request of the John D. and Catherine T. MacArthur Foundation, a nonprofit foundation that has given financial support to the Plan for Transformation, the Urban Institute conducted a study in 2006 evaluating the success of the Plan for Transformation. The study focused on Oakwood Shores, a mixed-income housing development in the Douglas community area that replaced Madden Park, Ida B. Wells, and the Darrow Homes. The Urban Institute found that placing low-income tenants in mixed-income housing has been difficult. They have been hard to locate due to incorrect phone numbers and a shortage of names provided by the CHA (Levy, 2006, p. 24–25). In addition, the CHA increased the employment requirement from 20 to 30 hours per week for each adult in a household that wished to live in a mixed-income development. According to the agency CHA hired to lease the low-income units, "meeting employment criteria has proven to be the toughest obstacle for many households" (p. 20). Despite having difficulty leasing the public-housing units, the leasing agency has had no trouble leasing the moderate-income and market-rate units (p. 25). This implies that the number of higher-income people in the area is increasing, while many of the low-income people who used to reside in the CHA developments in Douglas are unable to return. The difficulties encountered at Oakwood Shores give weight to the theory that mixed-income housing drives

out low-income residents, leaving only the moderate- and market-rate tenants in the units (Smith, 2007, p. 16). All of these case studies of public housing on the mid-South Side also indicate that attention has not focused on the effect mixed-income housing has had on the gentrification occurring on the mid-South Side.

Mixed-Income Housing's Role in the Gentrification of the Mid-South Side

The role that mixed-income housing plays in gentrifying the neighborhood in which the housing is built has never been fully explored. In fact, much of the research done on mixed-income housing on the mid-South Side does not mention gentrification. Papers by Nyden et al. and Levy are among the few that touch on the relationship. Nyden argues that the Plan for Transformation “significantly reduces the available affordable or low-income housing in the area” (2006, p. 15). He sees the CHA as a major player in the gentrification occurring in the mid-South Side. While other communities experience changes as a result of “market forces,” where a combination of private-developer decisions change the housing market and community character, the experience in the mid-South has been one where a major public agency—the CHA—has influenced community character (p. 15). Levy is one of the few scholars focused on CHA policy who also touches on the impact mixed-income housing has had on the non-CHA poor. He found that “concern about displacement is considerable not only among current public housing residents who know they will have to relocate, but among unsubsidized neighborhood residents as well” (2006, p. 38).

However, most of the case studies documented in this paper focus exclusively on public-housing residents or on their relationships with higher-income tenants living in mixed-income housing. Researchers who

have documented mixed-income housing's role in gentrifying the mid-South Side have not sufficiently measured the impact mixed-income housing itself has had on rising home prices and rents on the mid-South Side of Chicago. My own data analysis will attempt to meet this need.

Methodology

Description of Data Used

Using the mid-South Side as a case study, I will attempt to measure the effect that mixed-income housing has on nearby property values and building repairs. The purpose of this data analysis is to see how quickly property values are rising and to measure the role of the CHA's Plan for Transformation. If property values are rising rapidly as a result of CHA policy, lower-middle class, working class, and the non-CHA poor could be displaced from the mid-South Side. Such displacement could force children to switch schools, increase adults' commutes to work, and cause families to miss out on the benefits of living in a revitalized neighborhood. My analysis is based on two data sets described below, as well as data on CHA properties that I obtained from the CHA's website.

Property Transfers Data Set

To measure property values, I obtained a record of all Cook County property transfers from 2000 to 2007 from Chicago Business News. This data includes the price of the property, the date sold, and the address. Using Arc GIS (geographical information system), I mapped all of the properties in Chicago and then matched them with a census-tract file to assign a census tract to each property. At first, a total of 24,121 properties, or 4.7% of my data set, were not matched by GIS, meaning GIS did not

recognize the addresses. The address file I used to match the addresses was about 10 years older than the property-value data, so new streets accounted for some of the unmatched addresses. Many of the addresses, however, were misspelled or misread by GIS. Since 4.7% was a rather high amount of data to be excluded from my data set, I manually rematched the properties using GIS. I was able to reduce the quantity of unmatched addresses to 3.8%. While this data will allow me to measure the changes in property values from 2000 to 2007, when much of the mixed-income housing was built in Chicago, it does not include information about the property sold. In other words, I am unable to distinguish between the property transfer of an office, condominium, six-unit apartment building, vacant lot, or other type of property. This limitation will be discussed shortly.

Building-Permit Data Set

I also obtained data on all building permits issued by the City of Chicago from 1993 to 2004. This data was available through the Greater Chicago Housing and Community Development website, run by the Chicago Metropolitan Agency for Planning. Already organized by census tract, this data also includes the address of each property. The building permits include information on the type of permit (i.e., new construction, repairs, etc.) and the type of building (i.e., non-residential, town house, etc.), dollar amount, and date. This data, however, does not have information about whether or not the full amount applied for on the permit was used and it does not indicate if repairs performed were done by the owner or by a developer looking to sell a property for a higher price. In conjunction with the property-transfer data, the building-permit data will allow me to measure the rising home prices on the mid-South Side by census tract.

Data on Chicago Housing Authority Properties

I have compiled data on the Chicago Housing Authority properties on the mid-South Side. This publicly available information includes the number of units torn down in a public-housing project and when those buildings were torn down. I also obtained information on when the mixed-income housing units were announced to the public, built, and opened. For all these developments, I have the census tract in which the development was or is located. This data is available through the CHA's website.

Limitations of Property Transfer Data

The property-transfer data used in this analysis does have limitations. Property-transfer data includes all type of property transferred—including vacant lots and storefronts—which may vary in price from homes. However, trends that occur using property-transfer data appear to be similar to that of the Census's measure of median home value. Chart 1 displays the median home value from 2000 to 2006 measured by the Census's annual American Community Survey. The chart also includes the median property transfer for each of these years. The trends for the Census and property-transfer data sets are quite similar, especially from 2000 to 2003. This similarity indicates that median property transfers can be used as a proxy for median home value when measuring housing price trends over time, since the property-transfer data is down to the census tract level, while the American Community Survey only includes data down to the city level.

Results and Analysis

My statistical analysis indicates that CHA policy has had a substantial impact on investment and home prices on the mid-South Side of

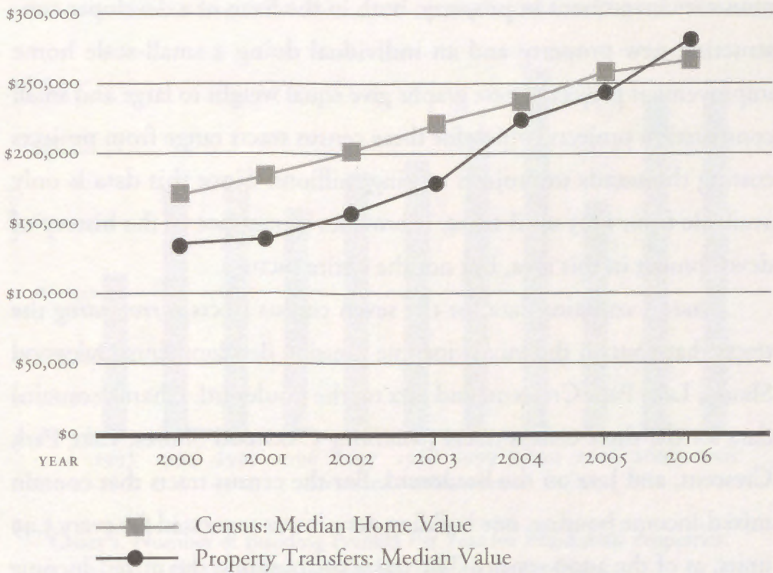


Chart 1. Chicago Median Home Values and Median Property Transfer Amounts

Chicago. I look at how the policy decisions of the Chicago Housing Authority affect trends in the number of building permits requested near three mixed-income developments. I then perform a statistical analysis that further links mixed-income housing developments to rising home prices in the areas containing those developments. Finally, I look at two areas close in proximity that contain similar amenities but have varied CHA roles.

Trends in Building Permits in the Area near Oakwood Shores, Lake Park Crescent, and Jazz on the Boulevard

The following data shows the number of individuals or builders who applied to begin a construction project in a given year. It is evidence of

monetary investment in property, both in the form of a developer constructing new property and an individual doing a small-scale home improvement project. These graphs give equal weight to large and small construction projects, which for these census tracts range from projects costing thousands to projects costing millions. Since this data is only available from 1993 until 2004, it provides a snapshot of the history of development in this area, but not the entire picture.

Chart 2 contains data for the seven census tracts *surrounding* the tracts that contain the mixed-income housing developments Oakwood Shores, Lake Park Crescent, and Jazz on the Boulevard. Chart 3 contains data for the three census tracts *containing* Oakwood Shores, Lake Park Crescent, and Jazz on the Boulevard. For the census tracts that contain mixed-income housing, one building permit was requested for every 5.49 units, as of the 2000 census. The tracts surrounding the mixed-income housing contained a similar proportion of building permits — one building permit requested for every 5.95 units. Since the two groups contain a proportionately similar number of building permits, when the building permits were requested becomes the central concern.

Chart 2 shows a trend in growth that is similar to the Chicago metropolitan area as a whole (see Chart 4). It shows steady growth of investment during the 1990s, when the Chicago housing market was also growing. The dip in 2001 could be explained by the recession that occurred during that year (Hall, 2003) — although it is important to note that Chart 4 does not indicate that a similar dip occurred in 2001 for the Chicago metropolitan area. The years 2002 and 2003 remained near the level of 2000, indicating that not a great deal changed in the pattern of building permit applications during the early 2000s.

Chart 3, which shows the area containing the three mixed-income developments, portrays a rather different picture. Building permits in

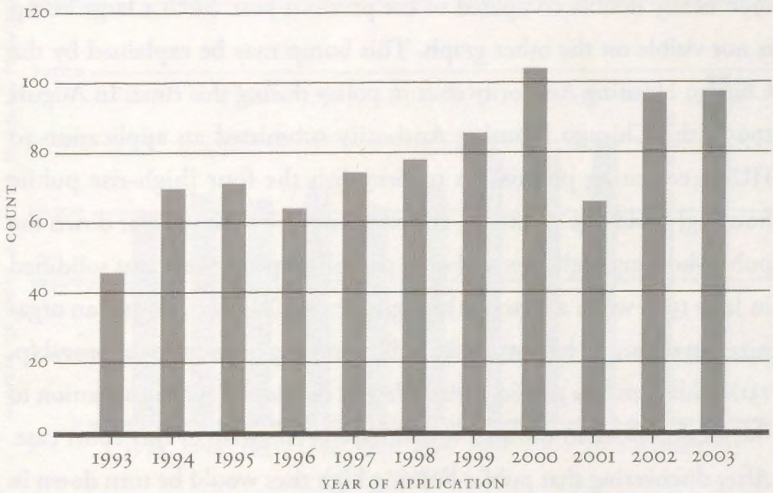


Chart 2. Number of Building Permits Per Year for Residential Properties.
*Census Tracts Surrounding Jazz on the Boulevard,
 Oakwood Shores, and Lake Park Crescent*

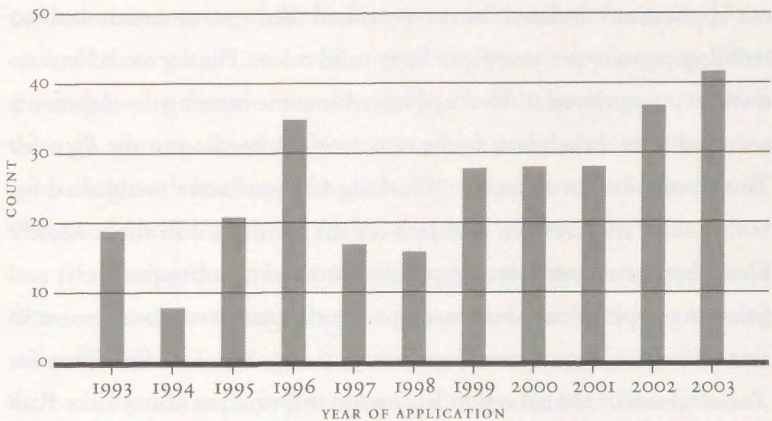


Chart 3. Number of Building Permits Per Year for Residential Properties.
*Census Tracts Containing Jazz on the Boulevard,
 Oakwood Shores, and Lake Park Crescent*

1996 nearly double compared to the previous year. Such a large bump is not visible on the other graph. This bump may be explained by the Chicago Housing Authority shift in policy during this time. In August 1995, “the Chicago Housing Authority submitted an application to HUD requesting permission to demolish the four [high-rise public housing] buildings” (Pattillo, 2007, p. 248). The plan to tear down the public-housing high rises and only partially replace them was solidified in June 1996 when a plan was brought by the CHA, HUD, and an organization of former tenants of the public housing to court for approval (p. 231). This plan was publicly available and developers paying attention to the local policies in the area would have been aware of this court case. After discovering that public-housing high rises would be torn down in this area, developers may have chosen to invest in area housing.

However, the CHA had not yet fully developed a plan for the units replacing the CHA property that was slated for demolition. The unclear direction of CHA policy may help explain why, after 1996, building permit applications declined for two years and then rose to remain near 30 building permits per year from 1999 until 2001. The increased investment in properties near the slated mixed-income housing developments occurred after those plans were announced. According to the Plan for Transformation for FY 2002, “Working Groups” were established for both Lake Park Crescent and Jazz on the Boulevard in 1999, Master Development teams were selected in 2000 and 2001, respectively, and financing applications were made to the city and state government in 2001 (Plan for Transformation Year 3, p. 84–85). The first Plan for Transformation annual report to contain information about Lake Park Crescent and Jazz on the Boulevard was published October 16, 2001—indicating that the CHA’s concrete plan to create mixed-income housing in these census tracts was made public in 2001. This may explain why

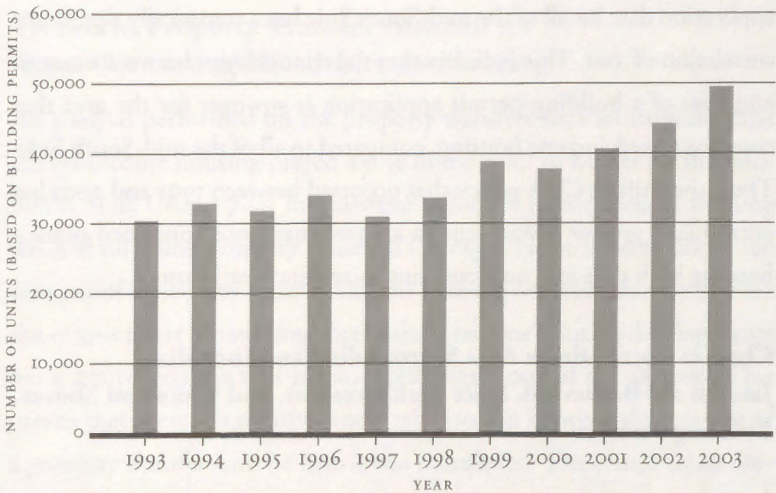


Chart 4. New Privately Owned Housing Units in the Chicago Metropolitan Area.

permit applications rose after 2001. Unfortunately, the data is not available to indicate if this trend continued.

Charts 2 and 3 cannot be compared perfectly to Chart 4. The latter tracks housing units, while the former tracks number of permits. However, all three graphs are based on building-permit applications. Chart 4 is included to demonstrate the steady growth in housing construction through the 1990s and early 2000s, which stands in contrast to the sporadic growth in the census tracts containing Jazz on the Boulevard, Oakwood Shores, and Lake Park Crescent.

Correlating the amount of building permits and their application date further demonstrates that the presence of mixed-income housing influenced investment in this area. Chart 5 indicates that for the area surrounding and including Jazz on the Boulevard, Lake Park Crescent, and Oakwood Shores, amount of building permits and application date have a .131 correlation that is statistically significant at the .01 level. In comparison, the correlation between amount of building permits and

application date for all of the mid-South Side has a statistically significant correlation of .061. This indicates that the relationships between amount and date of a building-permit application is stronger for the area that contains mixed-income housing, compared to all of the mid-South Side. Thus, the shift in CHA policy that occurred between 1993 and 2003 has encouraged greater investment in an area that once contained public-housing high rises and now contains mixed-income housing.

Chart 5: Correlations: Area Surrounding and Including Jazz on the Boulevard, Lake Park Crescent, and Oakwood Shores, Building Permits

Amount	Amount	Application Date
Pearson Correlation	1	.131**
Sig. (2-tailed)		.000
N	1049	1049

** Correlation is significant at the 0.01 level (2-tailed).

Chart 6: Correlations: All of Mid-South Side, Building Permits

Amount	Amount	Application Date
Pearson Correlation	1	.061**
Sig. (2-tailed)		.000
N	4087	4087

** Correlation is significant at the 0.01 level (2-tailed).

Trends in Property Transfer Amount for Areas Containing Mixed-Income Housing

An analysis performed on the property transfers data set indicates that mixed-income housing played a role in the price of homes on the mid-South Side. Charts 7–11 indicate the influence mixed-income housing has had on rising property values in Chicago. From 2000 to 2007, the amount of a property transfer and the date the transfer was recorded for the census tracts *surrounding* three mixed-income housing developments has a .171 correlation that is statistically significant at the .01 level. This means that there is a positive linear relationship between the amount of a property transfer and the date it was transferred. The census tracts *containing* those three mixed-income housing projects also have a positive correlation between the amount of a property transfer and the date it was transferred. This correlation is much higher at .328 and statistically significant at the .01 level. In comparison, both Chicago as a whole and the mid-South Side have a very small positive statistically significant correlation of .022 and .030, respectively.

What can be concluded from these correlations is that the property values in the area containing three mixed-income housing developments—Jazz on the Boulevard, Oakwood Shores, and Lake Park Crescent—have a stronger relationship with the passage of time than the area directly surrounding these developments. As mentioned previously, “Working Groups” were established for both Jazz on the Boulevard and Lake Park Crescent in 1999. Lake Park Crescent broke ground in 2003; Jazz on the Boulevard and Oakwood Shores broke ground in 2004. The three mixed-income housing developments located in these census tracts appear to have had a strong influence on real estate prices from 2000 to 2007 because it was during these years that the

Chart 7: Correlations: Census Tracts Surrounding, but not including, Jazz on the Boulevard, Oakwood Shores, and Lake Park Crescent

Amount	Amount	Date Recorded
Pearson Correlation	1	.171**
Sig. (2-tailed)		.000
N	1464	1464

** Correlation is significant at the 0.01 level (2-tailed).

Chart 8: Correlations: Census Tracts Containing Jazz on the Boulevard, Oakwood Shores, and Lake Park Crescent

Amount	Amount	Date Recorded
Pearson Correlation	1	.328**
Sig. (2-tailed)		.000
N	929	929

** Correlation is significant at the 0.01 level (2-tailed).

Chart 9: Correlations: Census Tracts in Chicago

Amount	Amount	Date Recorded
Pearson Correlation	1	.022**
Sig. (2-tailed)		.000
N	387162	387162

** Correlation is significant at the 0.01 level (2-tailed).

Chart 10: Correlations: Census Tracts on the Mid-South Side

Amount	Amount	Date Recorded
Pearson Correlation	1	.030**
Sig. (2-tailed)		.000
N	15071	15071

** Correlation is significant at the 0.01 level (2-tailed).

Chart 11: Correlations: Census Tracts Surrounding and Including Park Boulevard

Amount	Amount	Date Recorded
Pearson Correlation	1	.269**
Sig. (2-tailed)		.000
N	342	342

** Correlation is significant at the 0.01 level (2-tailed).

developments were agreed upon, announced, built, and opened. The area directly around these developments also saw a rise in real estate as the years progressed, indicating that these developments also had an influence on the surrounding area, albeit to a lesser degree.

A similar argument can be made for the area surrounding and including Park Boulevard, a mixed-income housing development farther west. This development broke ground slightly later—in December 2005 (New Horizon on the South Side, 2006). This area also has a strong positive relationship between the amount of property transferred and the date it was recorded: .269, significant at the .01 level. Because Park Boulevard was constructed slightly later, data from 2000 to 2007 shows a trend that is shorter than that of the area containing Jazz on the Boulevard, Oakwood Shores, and Lake Park Crescent.

All of the strongly positive correlations between property transfer amount and date for the areas surrounding and containing mixed-income housing indicates that the presence of mixed-income housing has influenced property values.

Two Areas with Similar Amenities but Varied CHA Roles

The idea that CHA policy strongly influenced development on the mid-South Side can be illustrated by comparing two areas along the lakefront, one with a strong CHA presence and one without. Area A² is along the lakefront, an 8 to 12 minute drive to the Loop, and does not and has not contained any CHA projects. Directly south, Area B³ is also along the lakefront and is a similar 11 to 12 minute drive to the Loop, but does contain CHA projects.⁴ Area B contained the public-housing high-

2. Census tracts 3305, 3501, and 3510

3. Census tracts 3601, 3603, and 3604



Map 2. Map of Area A and Area B.

rise buildings, the Lakefront Properties, torn down in 1998, as well as mixed-income housing developments, Oakwood Shores and Lake Park Crescent, both planned and built during the early 2000s.

4. Drive to loop data based on www.mapquest.com information mapping drive from various addresses within census tract to the intersection of State Street and Washington Boulevard in Chicago's Loop. Two of the Lakefront Properties' buildings were converted into a low- and lower-middle class mixed-income development in 1991, as discussed previously.

Because these two areas are similar in access to the Loop and natural amenities, their property values should show similar trends. However, this is not the case. The area without CHA influence has a statistically insignificant correlation between amount of property transfer and date the property transfer was recorded of .083 (see Chart 12). The area with CHA influence has a statistically significant correlation between amount of property transfer and date the property transfer was recorded of .346 (see Chart 13). In other words, the amount that property was sold for rose steadily by date for the area containing mixed-income housing, but no such relationship existed for the area without mixed-income housing.

This analysis has demonstrated in a variety of ways, using two separate data sets obtained from different sources, that the Chicago Housing Authority shift in policy during the 1990s has influenced both building permit applications, dollar amounts, and property-transfer amounts.⁵ I have established that areas that contain mixed-income housing have seen a rise in property values and an increase in investment.

Discussion

Rising Property Values

An increase in property values most directly benefits homeowners. Lance Freeman, in his study of the gentrification of Harlem and the Clinton Hill neighborhood in Brooklyn writes, “the escalating housing prices increased the return on [homeowners’] housing investment substantially” (2006, p. 60). Presumably, homeowners on the mid-South Side would experience a similar benefit. However, only 18.7%, or 13,740 units

5. Please see Appendix for a more detailed discussion of property transfer data, including a comparison to other Chicago neighborhoods.

Chart 12: Correlations: Area A: Census Tracts 3305, 3501, and 3510

Amount	Amount	Date Recorded
Pearson Correlation	1	.083
Sig. (2-tailed)		.407
N	103	103

Chart 13: Correlations: Area B: Census Tracts 3601, 3603, and 3604

Amount	Amount	Date Recorded
Pearson Correlation	1	.346**
Sig. (2-tailed)		.000
N	697	697

** Correlation is significant at the 0.01 level (2-tailed).

on the mid-South Side were owner occupied in 2000. In 1990, before gentrification occurred on the mid-South Side, the percentage of owner-occupied housing was only 4.4%, or 1,614 housing units. As a point of comparison, in 2006, 49.3% of Chicago's housing units were owner-occupied (U.S. Census Bureau, 2008). Therefore, while the few homeowners on the mid-South Side in 1990 have seen a large return on their investment, most pre-gentrification residents have not benefited monetarily from the rising property values.

The rising property values on the mid-South Side indicate that housing costs will rise for the original residents, in the form of higher property taxes and higher rents. However, Freeman argues, "due to speculation, housing inflation in gentrifying neighborhoods is likely to be worse in the ownership sector than the rental sector" (p. 79). It is possible that ownership costs are rising at a faster rate than rental costs. However,



Figure 2. Typical limited-service grocery store available to mid-South Side residents, 2006.

Photo by author.

Bennett, Smith, and Wright argue that rental costs are increasing rapidly: “Several neighborhoods on [Chicago’s] South and West Sides that had a large supply of affordable units in 2000 have seen rents climb as market activity has increased, especially in neighborhoods adjoining sites where public housing was demolished” (2006, p. 305). Unfortunately, the authors do not provide data to support this claim and the size of the rental increase is unclear.

Increased Middle Class

The rising property values in areas of the mid-South Side that contain mixed-income housing indicate that people with higher incomes are mov-

ing into these areas. By design, mixed-income housing is expected to fill approximately one-third of the units with market-rate tenants. Oakwood Shores, for example, offers market-rate condos priced from \$179,900, town homes from \$374,900, and single-family homes from \$699,900 (Fine Home Style for Brilliant City Living, 2008). These units would be affordable to a family making \$33,000, \$68,000 and \$127,000 a year respectively.⁶ This indicates that middle-class families of a variety of incomes are moving into the neighborhood.

The presence of middle-class residents in CHA developments and the areas surrounding those developments may cause neighborhood improvements available to all residents. Freeman points to the rise in amenities after middle-class people entered Harlem and Clinton Hill, Brooklyn:

Many residents appreciated the rise in amenities and services. Gentrification often brings to mind yuppies and the upscale specialty shops that serve them, leaving the impression that these services would do little for long-term residents. To some extent this characterization is accurate, but it is not always complete. The changes taking place in Clinton Hill and Harlem in some ways might be perceived as the normalization of commercial activity in these neighborhoods after decades of disinvestment. A supermarket with decent produce, a drug-store, and a moderately priced restaurant are amenities taken for granted in many neighborhoods but were in short supply in inner-city areas like Clinton Hill and Harlem (2006, p. 61–62).

6. Based on a down payment of 20%, a 30-year mortgage, an annual fixed-interest rate of 5.5%, and 30% of the family's pre-tax income devoted to principal and interest.

Freeman's description of the amenities now available in Clinton Hill and Harlem also applies to the mid-South Side. Two new Jewel grocery stores have opened since gentrification began on the mid-South Side. On the Near South Side, a Jewel was built on Roosevelt Road in 1999 and a Jewel has opened recently in Douglas as well (Almada, 1999).

In addition to increased access to quality groceries, the presence of middle-class families on the mid-South Side may improve local schools. If middle-class and low-income families are sending their children to the same schools, the middle-class families will presumably be better equipped to demand improved school quality. However, in the North Kenwood/Oakland neighborhood, Mary Pattillo argues that the schools targeted for improvement by the new middle-class residents were also highly competitive. King High School was closed due to poor performance and reopened as a selective college preparatory school in 2002. Neighborhood children scoring below the national average on the Iowa Test of Basic Skills are denied entry into the high school (2007, p. 159). North Kenwood/Oakland Charter School, while not a selective elementary school, posed its own set of difficulties for neighborhood residents: "When the North Kenwood/Oakland Charter School first opened, roughly 60 percent of the student body came from outside the neighborhood" (p. 158). Since both of these quality school options were also open to children outside of the neighborhood, resident children must compete with a larger applicant pool. While the increased presence of middle-class families in the North Kenwood/Oakland neighborhood did improve some local schools, not all low-income or working-class families are able to enjoy these benefits. A middle-class resident can choose to send her children to private school if they are not admitted into North Kenwood/Oakland Charter School or King College Prep, but a low-income family does not have this option.

While all residents could benefit from improvements in grocery stores and schools, middle-class gentrifiers also inspire investments that low-income residents cannot enjoy. Freeman points out that some long-term residents of Clinton Hill and Harlem resent the new businesses coming into their neighborhoods because they feel that these businesses cater to the new, wealthier, predominantly white residents. The gentrification of Bronzeville differs from Clinton Hill and Harlem because the new middle-class residents are overwhelmingly black (Pattillo, 2007, p. 10). Thus, while some of the new businesses opening on the mid-South Side do cater to a middle-class clientele, they also celebrate black culture and history. Residents with lower-incomes are able to enjoy these new amenities to varying degrees. Blu 47, an upscale restaurant on 47th Street and King Drive, offers a “down-home Southern style menu,” live jazz and blues, and a Sunday “Gospel Brunch” featuring live gospel music (Blu 47 Restaurant and Lounge, 2008). While Blu 47 presents black food and music, its \$16–\$25 entrees cater to an exclusively middle-class crowd. Also on 47th Street, the Little Black Pearl is a nonprofit art studio and café focused on neighborhood improvement by providing a safe environment for local youth. Established in the mid-1990s, the Little Black Pearl offers classes, tutoring, space for community meetings, and coffee for less than \$2. Like Blu 47, Little Black Pearl is also focused on celebrating black culture, but does so in a way that is accessible to residents of all income levels. Businesses on the mid-South Side may be less alienating to long-time residents than businesses in Harlem and Clinton Hill because they are often black-owned and focused on serving a black clientele. However, businesses to varying degrees can also be prohibitively expensive for the low-income and working-class residents in these neighborhoods.

Overall, the influence of incoming middle-class residents on Bronzeville has both benefits and drawbacks for low-income and work-



Figure 3. Statue outside of Little Black Pearl, 2006.

Photo by author.

ing-class residents. Pattillo argues, “the increased municipal revenue that comes with the influx of middle-class residents could in theory equalize the structural landscape by funding things like high-quality public preschools, wage increases for civil service workers, or investments in public transportation. But in practice such a redistribution of resources often takes a backseat to feeding the demands of the new gentry for more public art, smoother streets, and support for more high-end housing, recreational, and commercial activity” (2007, p. 107). The middle-class residents moving into the mid-South Side do encourage business investment that all residents can benefit from, but it appears that further investments, especially for education, are needed in this area.

Concerns About Displacement

Of course, poorer residents cannot enjoy new neighborhood amenities if they are displaced from their neighborhood. Levy has documented the justified concerns about displacement that many mid-South Side residents have (2006, p. 14). In the area containing Jazz on the Boulevard, Oakwood Shores, and Lake Park Crescent, the median property-transfer amount rose from approximately \$150,000 in 2000 to approximately \$250,000 in 2007. Lower-income and lower-middle-class people may be displaced by the gentrification occurring on the mid-South Side if they no longer can afford the rents or property taxes.

By design, mixed-income housing developments will contain fewer low-income units than the public-housing developments they replaced. Most CHA residents who do not return to mixed-income housing developments will presumably not return to the mid-South Side due to rising rents and will instead use their Section 8 Housing Choice Vouchers to move into other low-income urban and suburban neighborhoods. Some residents that do remain on the mid-South Side have moved into the Ickes and Dearborn homes, two mid-rise public housing complexes that have not yet been affected by the Plan for Transformation. Current and possible future methods for preventing massive displacement of low-income residents will be discussed in the Policy Recommendations section of this paper.

Policy Recommendations

The Plan for Transformation has not only reduced the number of affordable CHA units, but also has raised market-rate property values in the areas where mixed-income housing is built. Steps must be taken to ensure that mid-South Side revitalization and rising property values do

not induce massive displacement of low-income people. In this section, possible policies to keep housing on the mid-South Side affordable to low-income and working-class families will be explored. I will then explore an alternative method of rehabilitating CHA properties that was implemented in Chicago's Washington Park neighborhood and avoided large-scale gentrification.

Possible Affordable Housing Policies

Low-income housing tax credits (LIHTC) have proven to be a successful method for creating affordable rental housing for low-income people. "The basic premise of the LIHTC is that investors buy tax credits from developers, who then use this capital to develop affordable rental property" (Bennett, Smith & Wright, 2006, p. 31). A proportion of units within the development are set aside for low- and moderate-income families. However, many units made affordable through LIHTC will be expiring by 2011. Steps should be taken to ensure that affordable properties financed by LIHTC remain affordable. Nonprofit and government staff should also be available to assist private developers with navigating the complicated LIHTC application process.

Toni Preckwinkle, a powerful alderman who serves much of the mid-South Side, has been a strong advocate of affordable housing set-asides. Preckwinkle's 2002 bill "would require developers to set aside apartments for low- and middle-income residents. It would cover all new and rehabbed buildings—including condo conversions—with ten or more units, and 25 percent of those units would have to be affordable" (Joravsky, 2004). Affordable housing set-asides would allow affordable units to be scattered throughout Chicago, not concentrated in poor neighborhoods on Chicago's South and West sides. While this bill has been opposed on the grounds that it would drive housing developers from Chicago, the

new development saturating the mid-South Side indicates that developers would not shy away from this area if they were required to include more affordable housing. In fact, as the current foreclosure crisis causes developers to freeze their construction midway through projects, keeping some units affordable would be a way to rent units that would otherwise remain empty until the housing market stabilizes (Brown, 2008).

One affordable housing policy option that Chicago has not embraced is rent control. Rent-controlled apartments are kept at artificially low rents. Unlike other affordable housing programs where the landlord or developer is subsidized, rent-controlled apartments are kept low by reducing landlord profits. Lance Freeman argues that rent control was an effective means of reducing displacement in gentrifying Harlem (2006, p.76). However, a rent-control policy's effectiveness as an affordable housing tool has been questioned and it has never been embraced in Chicago (Tucker, 1997). While rent control is an option to curb gentrification, it is not an option that I recommend.

An Alternative Model for Creating Mixed-Income Housing

In areas that are not yet experiencing reinvestment, local governments should tread carefully to avoid the rapid gentrification seen on the near-South Side and mid-South Side, while still encouraging development within the community. St. Edmund's Redevelopment Corporation in Washington Park appears to be creating healthy mixed-income communities without causing displacement. St. Edmund's is a nonprofit organization affiliated with a local church that has built or rehabilitated 564 units of affordable and market-rate housing in Washington Park, a neighborhood slightly south and west of the mid-South Side. Program Director Tasha Baker believes that the key to building successful mixed-

income developments is to develop relationships with tenants in order to address the individual problems that occur when CHA residents and market-rate tenants live side by side. She argues that due to the number of vacant lots in Washington Park, housing can be built without displacement (Baker, 2008). While a similar argument has been made about Bronzeville, which also contained a large number of vacant lots (Nyden, et al., 2006), the development occurring in Washington Park has a different flavor.

St. Edmund's Redevelopment Corporation appears to have a different market-rate tenant in mind for their developments. Of their eight separate developments, the most expensive unit is a four-bedroom apartment priced at \$1,214, which is affordable to a family making \$48,560.⁷ In contrast, Oakwood Shores is selling four-bedroom detached single-family homes starting at \$699,900, affordable to a family making \$127,167.⁸ Clearly, these mixed-income developments are intended for families with very different income levels.

The physical appearance of St. Edmund's homes and homes on the mid-South Side are also quite different. St. Edmund's Meadows town houses contain few amenities. The kitchens are long narrow hallways without dishwashers or much counter space; the bedrooms are small; the entire home contains brownish-gray wall-to-wall carpeting; the ceilings are low and give the apartments a closed-in feel. Jazz on the Boulevard town houses feature many high-end amenities. The spacious kitchens contain dishwashers, islands with breakfast bars, and granite countertops; master bedrooms have space for king-size beds and also

7. Based on a family spending 30% of their pre-tax income on rent.

8. St. Edmund's Redevelopment Corporation chooses to rent their market rate units, while Oakwood Shores chooses to sell them.

include reading nooks; first floors feature hardwood floors throughout, as well as nine-foot ceilings.⁹ The physical differences between these town houses indicate that they are intended for very different families. Jazz on the Boulevard may attract families looking to buy a new home with high-end amenities, but who cannot afford many North Side neighborhoods. St. Edmund's Meadows may attract families looking for safe, affordable, and functional housing.

The example of St. Edmund's Redevelopment Corporation in Washington Park indicates that mixed-income housing does not necessarily lead to gentrification. St. Edmund's has created functional housing designed for lower-middle-class market-rate tenants and CHA residents. As a nonprofit developer and community-based organization, St. Edmund's is focused on revitalizing Washington Park for the residents who already live there. While the development model occurring on the mid-South Side is already underway, St. Edmund's Redevelopment Corporation should serve as a mixed-income housing model for other cities and other Chicago neighborhoods seeking to create mixed-income housing without causing gentrification.

Conclusion

This paper has established that the Chicago Housing Authority's Plan for Transformation has influenced property values on the mid-South Side, which may encourage gentrification. The CHA has decided to abandon public-housing high rises that isolated the very poor. It has torn down visible and stigmatized public-housing developments and

9. City of Chicago's *Cavalcade of Homes*, 2006; description based on author's visits to a unit in St. Edmund's Meadows and a unit in Jazz on the Boulevard.

replaced them with attractive mixed-income housing designed to attract middle-class market-rate tenants.

While the reasons behind the gentrification of the mid-South Side are complex, I have established that CHA policy has played a role in rising property values. Investment in the long-neglected Bronzeville community does have positive results for long-term residents. However, there are concerns about the displacement of low-income and working-class residents due to gentrification. Housing authorities should not abandon mixed-income housing as an alternative to isolated housing projects. However, when implementing a mixed-income housing strategy, housing authorities should be cognizant of the impact mixed-income housing will have on the surrounding property values. Steps can then be taken to assist lower-income people to remain in their neighborhoods through a variety of affordable housing policies.

Appendix:

Discussion of the Property-Transfer Data Set

I have assumed that a positive, strong correlation between the amount of a property transfer and the date it was transferred indicates that property values were rising in these tracts from 2000 to 2007. A statistical analysis of other Chicago neighborhoods confirms my assumption that this correlation can tell us whether an area's property values are relatively stable or are rapidly changing. As a point of comparison for the correlations that follow, from 2000 to 2007 Chicago as a whole has a statistically significant correlation of .022 between amount of property transferred and the date it was transferred.

Lincoln Park was one of the first areas of Chicago to undergo gentrification. Urban renewal projects during the 1950s transformed Old

Town, an area within Lincoln Park (Bennett, 2005). Since the 1970s, the area has remained “one of the highest-status neighborhoods in the city” (Knox, 2005). The stability of Lincoln Park’s housing market is reflected in the Property-Transfer Data Set. Lincoln Park has a statistically significant correlation of .030 between amount of a property transfer and date it was recorded for the years 2000 to 2007. This is a relatively small correlation, reflecting that housing prices are gradually rising, but that the market is stable.

While Lincoln Park is a predominantly white, upper-middle-class neighborhood, the Property-Transfer Data Set shows similar trends for stable neighborhoods that are predominantly black and lower-middle class. Auburn Gresham is a black neighborhood that has been described as having “a stable housing market” by the Greater Auburn Gresham Development Corporation (2005). In Auburn Gresham, the statistically significant correlation between amount of a property and the date it was sold is .038, similar to Lincoln Park, despite a wide difference in the mean value of property transferred.

In addition to middle-class neighborhoods, poor black areas such as Englewood show similar trends. While plans to develop Englewood are in place, property values have stagnated due to the lack of quality schools, shopping choices, and fear of violent crime (Olivo, 2004, p. 1). This is reflected in the Property-Transfer Data Set. In Englewood, the statistically significant correlation between amount of a property and the date it was transferred is .032. This indicates that areas considered stagnating, with high levels of poverty and crime, and areas considered stable, with high levels of home ownership and middle-class residents, will appear similar when looking at the amount properties in the area have risen. It is when these neighborhoods are compared to areas that are considered gentrifying that differences occur.

In the multicultural neighborhood of Uptown on Chicago's North Side, gentrification is occurring slowly. The area is attractive for its proximity to trendy neighborhoods such as Lincoln Park and Lakeview, but a perception of Uptown as poor and dangerous has slowed gentrification (Hegner, 2000). As a result, property transfers have risen, but not nearly as rapidly as some areas of the mid-South Side studied in this paper. Uptown has a statistically significant correlation of .072 between property transfer value and the date it was transferred. This indicates that property values rose between 2000 and 2007 at a more rapid rate in Uptown, as compared to Lincoln Park, Auburn Gresham, and Englewood.

Pilsen, a predominantly Latino neighborhood in the Lower West Side of Chicago, is also experiencing gentrification. The expansion of the University of Illinois at Chicago coupled with a vibrant art scene has caused Pilsen's property values to rise rapidly (Masterson, 2006, p. 9). The correlation between property value and date for the Lower West Side is a statistically significant .120. This indicates that not only can the Property-Transfer Data Set show whether or not an area is gentrifying, but that it can also show the degree to which said area is undergoing gentrification. Pilsen, which appears to be gentrifying at a more rapid rate than Uptown, has a higher correlation between property value and date the property was sold when compared to Uptown.

This brief application of the Property-Transfer Data Set to other Chicago neighborhoods in different stages of development indicates that this data set can be used to understand how an area's property values are changing. ■

Descriptive Statistics: Property Transfers in Lincoln Park

	Mean	Std. Deviation	N
Amount	571547.80	2703712.483	16639
Date Recorded	02/19/2004	776 18:21:53.189	16639

Correlations: Property Transfers for Lincoln Park

Amount	Amount	Date Recorded
Pearson Correlation	1	.030**
Sig. (2-tailed)		.000
N	16639	16639

Descriptive Statistics: Property Transfers in Auburn Gresham

	Mean	Std. Deviation	N
Amount	183506.52	1682689.024	4841
Date Recorded	06/26/2004	740 18:27:15.154	4841

Correlations: Property Transfers in Auburn Gresham

Amount	Amount	Date Recorded
Pearson Correlation	1	.038**
Sig. (2-tailed)		.008
N	4841	4841

** Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics: Property Transfers in Englewood

	Mean	Std. Deviation	N
Amount	152979.96	1721866.363	5560
Date Recorded	09/26/2004	694 07:44:10.344	5560

Correlations: Property Transfers in Englewood

Amount	Amount	Date Recorded
Pearson Correlation	1	.032*
Sig. (2-tailed)		.019
N	5560	5560

* Correlation is significant at the 0.05 level (2-tailed).

Descriptive Statistics: Property Transfers in Uptown

	Mean	Std. Deviation	N
Amount	317775.19	596159.830	9191
Date Recorded	01/24/2004	736 13:17:56.782	9191

Correlations: Property Transfers in Uptown

Amount	Amount	Date Recorded
Pearson Correlation	1	.072**
Sig. (2-tailed)		.000
N	9191	9191

** Correlation is significant at the 0.01 level (2-tailed).

Descriptive Statistics: Property Transfers in Lower West Side (Pilsen)

	Mean	Std. Deviation	N
Amount	318048.54	518466.150	2009
Date Recorded	02/10/2004	783 11:47:29.145	2009

Correlations: Property Transfers in Lower West Side (Pilsen)

Amount	Amount	Date Recorded
Pearson Correlation	1	.120**
Sig. (2-tailed)		.000
N	2009	2009

** Correlation is significant at the 0.01 level (2-tailed).

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