

Braking the *Market*

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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

Housing and Neighborhoods as Markets

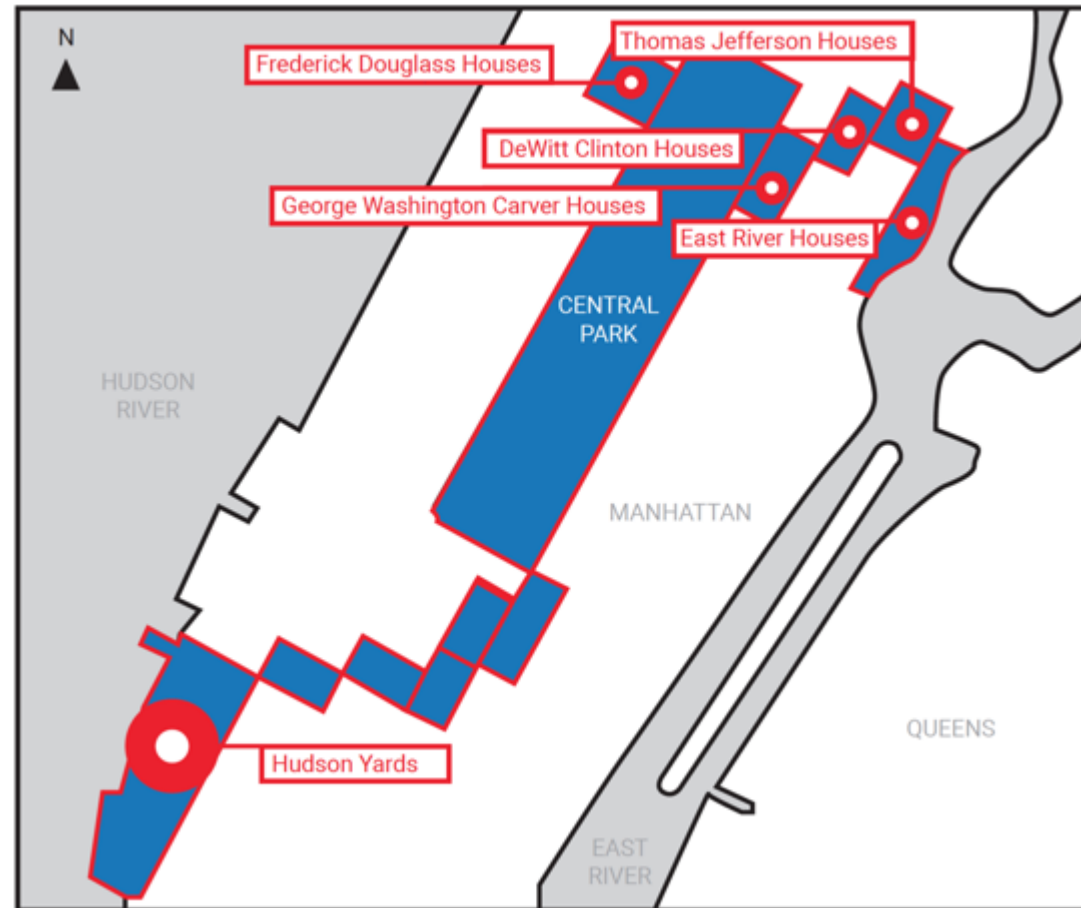
The screenshot shows the U.S. Department of the Treasury website. At the top is the Treasury Department logo and the text "U.S. DEPARTMENT OF THE TREASURY". Below this is a navigation bar with links for "ABOUT TREASURY", "SECRETARY MNUCHIN", "POLICY ISSUES", "DATA", "SERVICES", and "NEWS" (which is highlighted in yellow). A breadcrumb trail below the navigation bar reads "HOME > NEWS > PRESS RELEASES".

The main content area is divided into two columns. The left column is titled "NEWS" and contains a list of links: "Press Releases" (highlighted with a blue bar), "Statements & Remarks", "Readouts", "Testimonies", "Featured Stories", and "Press Contacts".

The right column is titled "PRESS RELEASES" and features a large headline: "\$3.5 Billion in New Markets Tax Credits Awarded to Spur Economic Growth Nationwide". Below the headline is a decorative horizontal line. Underneath the line are social media sharing icons for Twitter, Facebook, and a plus sign for more options, followed by a small grey box containing the number "44". At the bottom of the right column, the date "February 13, 2018" is displayed.

Housing and Neighborhoods as Markets

CITYLAB



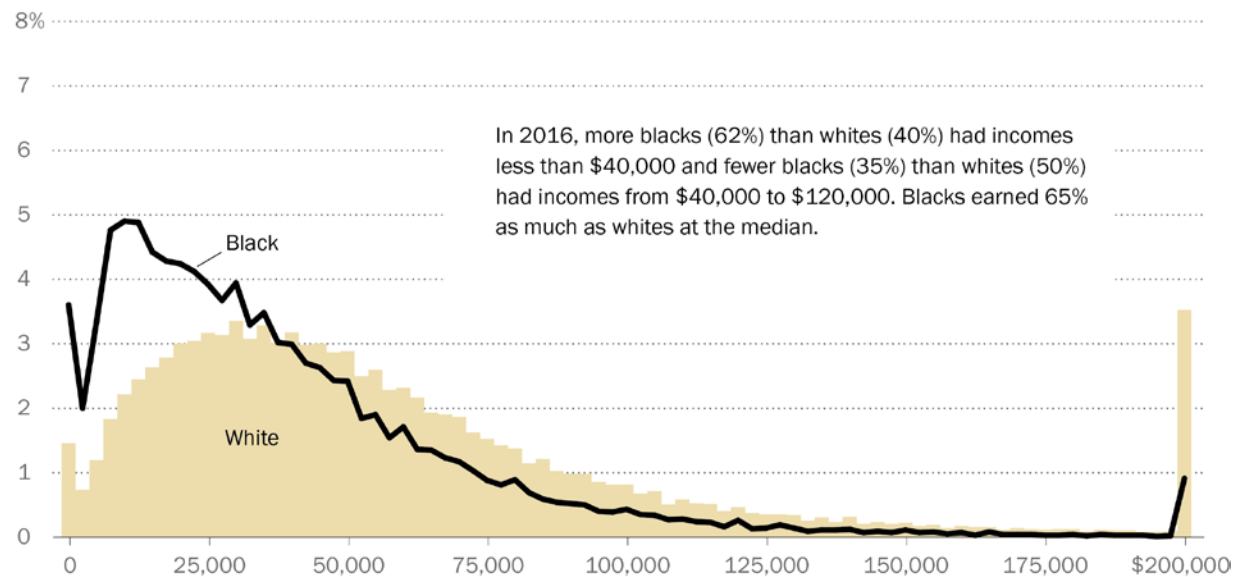
The Hidden Horror of Hudson Yards Is How It Was Financed

Kriston Capps
Apr 12, 2019

<https://www.citylab.com/equity/2019/04/hudson-yards-financing-eb5-investor-visa-program-immigration/586897/>

The Middle Classes and Markets

Shares of whites and blacks with a given level of income, 2016

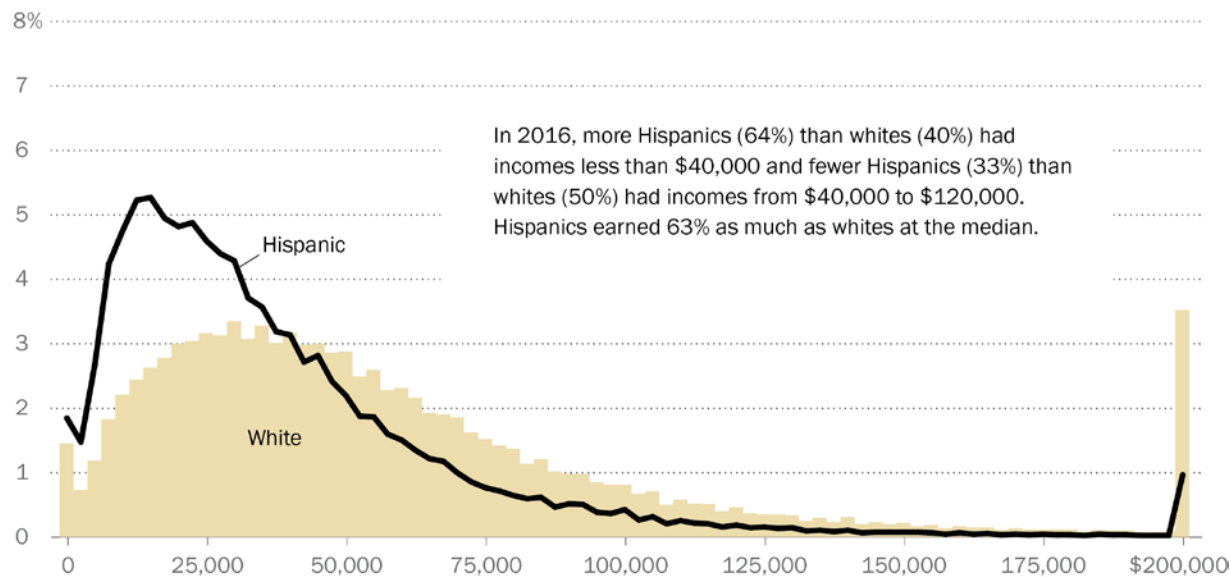


Note: Whites and blacks include only single-race non-Hispanics. Income is adjusted for household size and expressed in 2016 dollars. See Methodology for details.

Source: Pew Research Center analysis of 2016 American Community Survey (IPUMS).
 "Income Inequality in the U.S. Is Rising Most Rapidly Among Asians"

PEW RESEARCH CENTER

Shares of whites and Hispanics with a given level of income, 2016



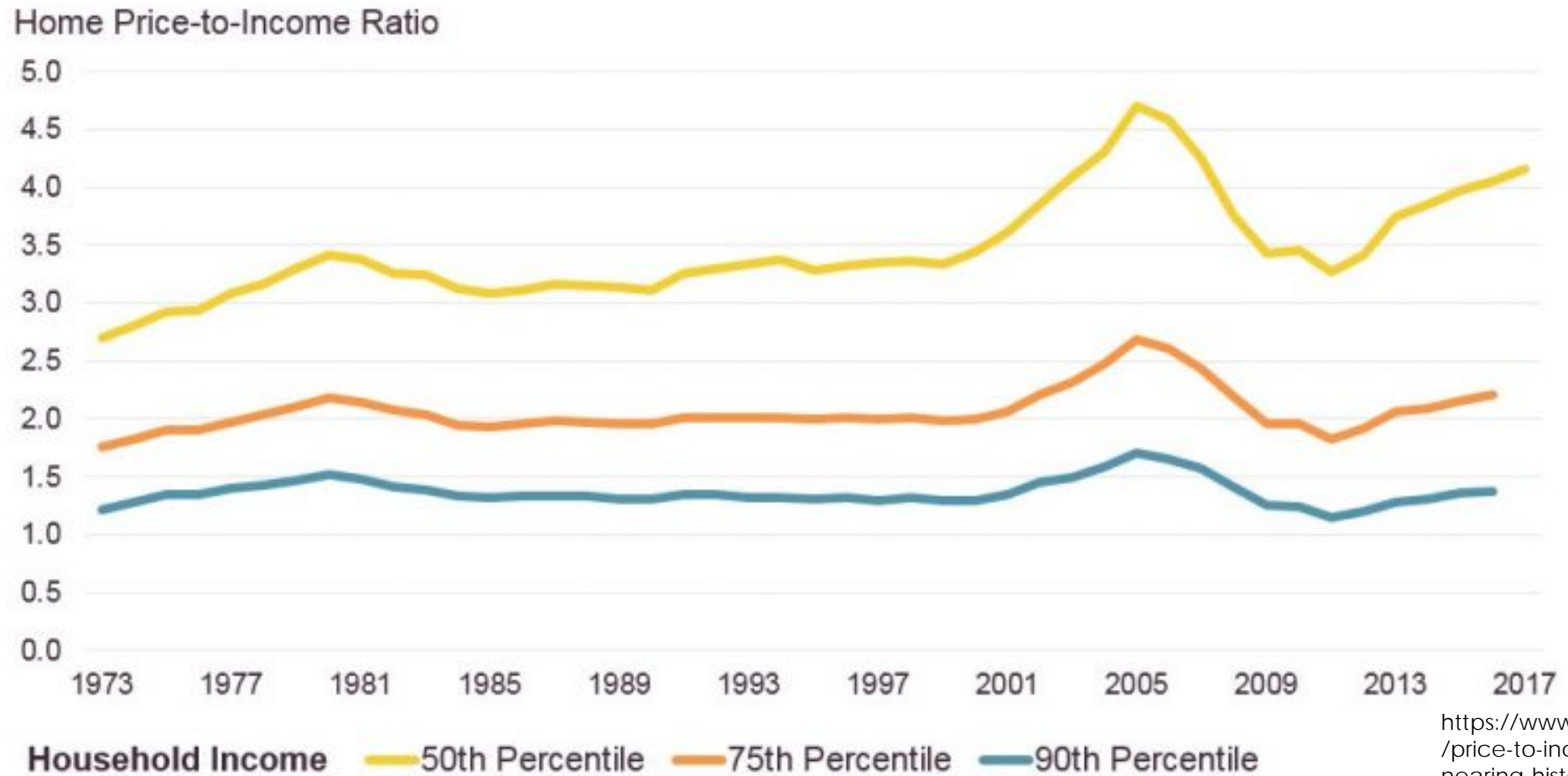
Note: Whites include only single-race non-Hispanics. Hispanics are of any race. Income is adjusted for household size and expressed in 2016 dollars. See Methodology for details.

Source: Pew Research Center analysis of 2016 American Community Survey (IPUMS).
 "Income Inequality in the U.S. Is Rising Most Rapidly Among Asians"

PEW RESEARCH CENTER

<https://www.pewsocialtrends.org/2018/07/12/incomes-of-whites-blacks-hispanics-and-asians-in-the-u-s-1970-and-2016/>

The Middle Classes and Markets

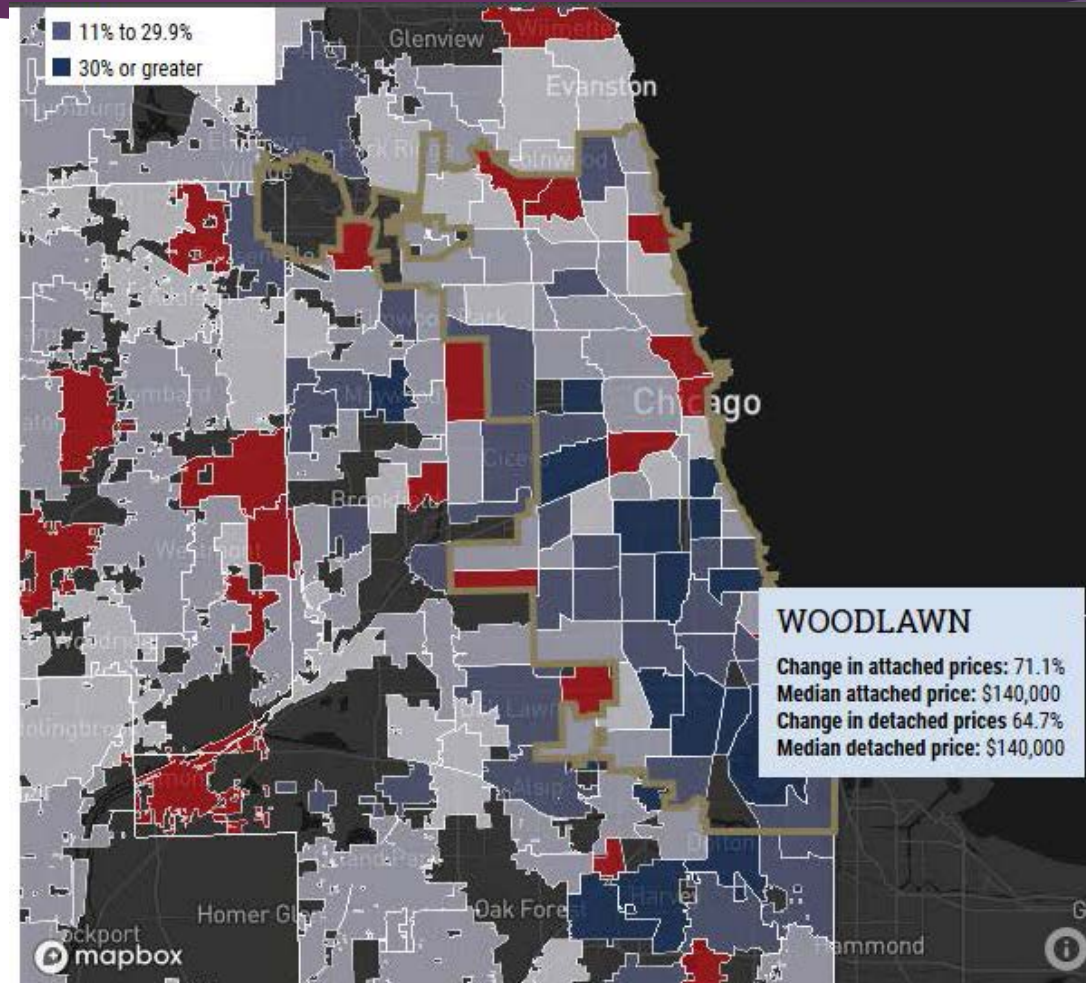


Markets and Neighborhood Change

- ▶ “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



<http://www.chicagobusiness.com/real-estate/20180124/CRED0701/180129960/see-chicago-area-home-value-changes-for-2017>

Markets and Neighborhood Change

- ▶ "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%

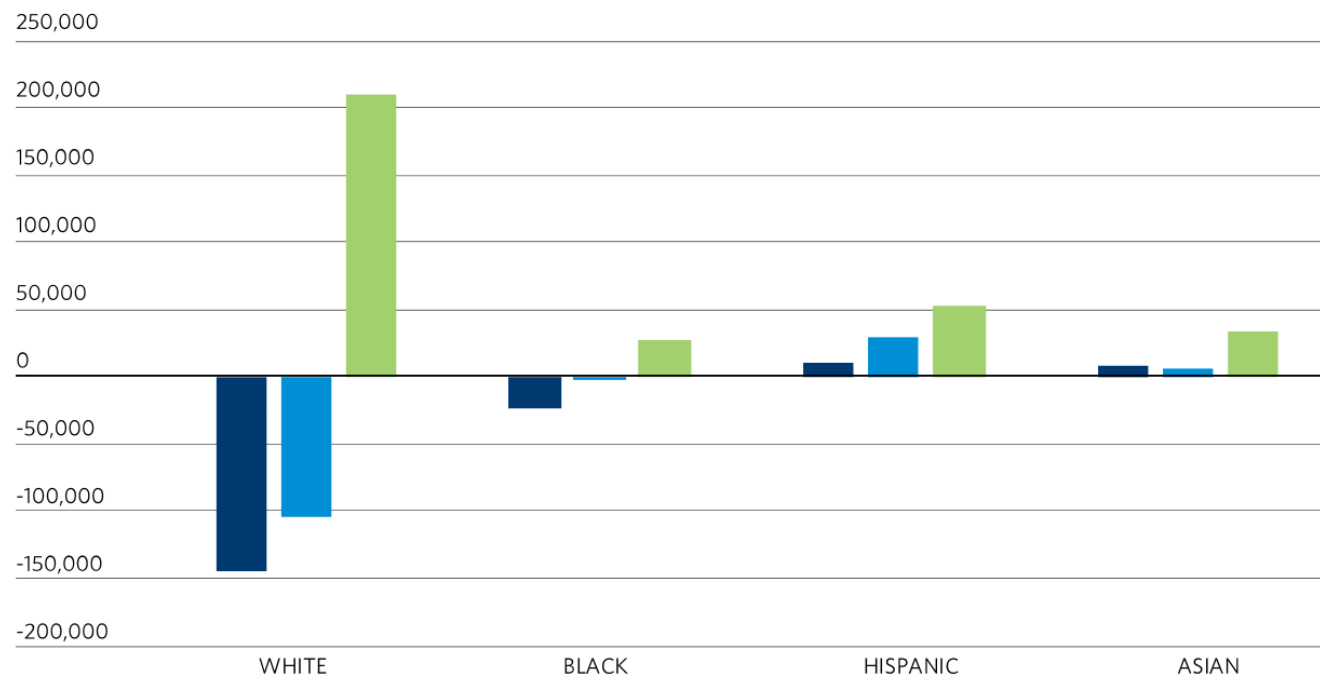
Who can't compete (Chicago region)

Change in households in the Chicago region by income and race and ethnicity, 2005-15

Note: Not adjusted to inflation.

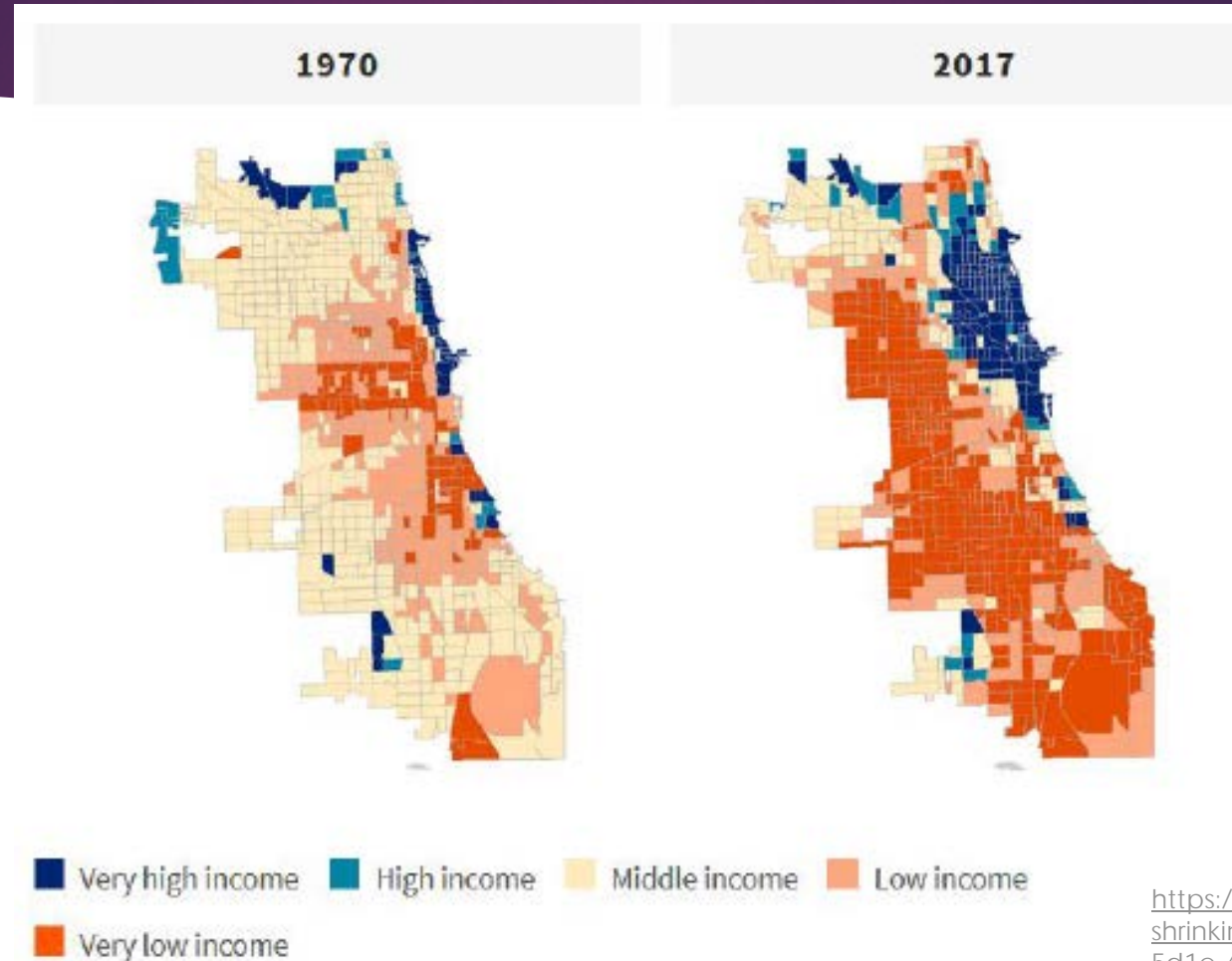
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, 1-year estimates, 2005 and 2015.

- <\$50K
- \$50K to \$99,999
- \$100K +



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.

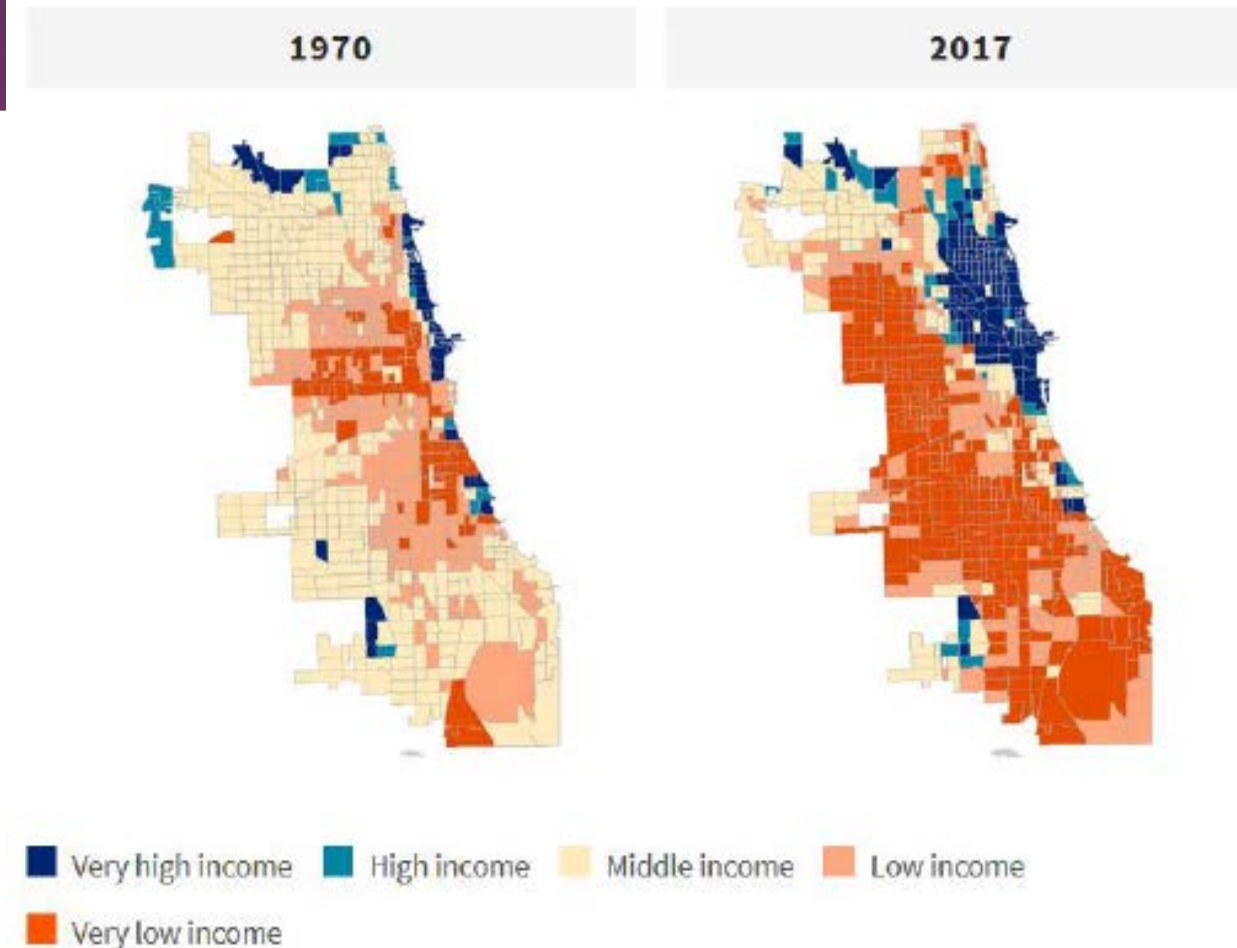
<https://www.wbez.org/shows/wbez-news/the-middle-class-is-shrinking-everywhere-in-chicago-its-almost-gone/e63cb407-5d1e-41b1-9124-a717d4fb1b0b>

<https://voorheescenter.wordpress.com/2018/06/06/who-cant-live-in-chicago-part-i/>

Braking the Market for the Middle Classes

GROVELAND	1990	2000	2017
Population	11,711	11,147	10,034
Med. Household Income (2017 \$)	\$66,344	\$65,492	\$41,272
Poverty rate	13.5%	8.4%	19.2%
Homeownership	75.3%	74%	66%

Source: <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.