Reclaiming Abandoned Properties in Chicagoland

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Abstract
In the aftermath of the foreclosure crisis, neighborhoods in Cook County (Chicago plus many of its inner-ring suburbs) have been struggling with the destabilizing effects of abandoned properties. The Cook County Land Bank Authority (CCLBA) is a new government organization tasked with putting these properties back to use. Previous experience suggests that, in order to have a significant impact, the CCLBA ought to focus its limited resources on the subset of neighborhoods with the right combination of need and development potential. The DSSG fellows partnered with the CCLBA to build a prototype web application that will help pinpoint these areas. This app will be incorporated into the County’s GIS framework and used by the agency’s staff, allowing them to establish a systematic acquisition process and to evaluate their impact on communities.

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The Problem
Even before the economic crisis, many communities in Cook County suffered from high rates of vacancy due to long-term economic distress. The foreclosure crisis spread this problem to otherwise healthy areas. Often this was a direct result of the torturous foreclosure process in Illinois, which can take upwards of 18 months to complete. A homeowner issued a notice of foreclosure in, for example, Chicago’s working class Gage Park neighborhood might leave their home once it became clear that they could not catch up on their mortgage payments; but the lender would not take possession of the property until the process was completed, leaving the home unattended and susceptible to theft and damage. In the worst case scenario, the lender might walk away entirely, leaving the title in the hands of a family that was unaware of the proceedings and had long since moved on. Many of these abandoned homes have become magnets for crime and decay, decreasing the quality of life and the property values of nearby residents, and potentially setting up a situation that could snowball into an even larger problem.

Stable neighborhoods threatened by the foreclosure crisis require a different set of treatments from those stuck in decades-long cycles of poverty. In an area like Gage Park, the market could conceivably be turned around by a body which could take possession of distressed properties, clear title and any outstanding debts, and identify an appropriate course of action. For example, an unsafe or structurally unsound home could be demolished and conveyed to a neighbor as a side yard, or an intact home could be rehabbed and rented or sold. The CCLBA has the power to intervene in exactly these ways; their challenge is to act in areas where these treatments stand a chance of success. The decision of when and how the CCLBA will act will be made by the agency’s Board of Directors in consultation with the communities involved; the DSSG fellows’ role was to make sure that the Board has access to the information it needs to make and justify its decisions.

The Project
The DSSG fellows accomplished this task by assembling data about communities and properties, using these data to model aspects of the real estate market, and building a prototype web application to communicate their results. Sources of data included the Census, Cook County, the City of Chicago, HUD, HMDA, the EPA, and DePaul University’s Institute for Housing Studies. These data were used to estimate vacancy, economic vitality, access to jobs, and other indicators. The web application developed by the fellows allows CCLBA staff to compare neighborhoods along each of these dimensions, to view maps of properties in the foreclosure process, and to look up basic characteristics of each parcel in the county.

The fellows also used the data to model aspects of the real estate market. For example, they found that foreclosures and low-value transactions were spatio-temporally correlated on a time scale of 90 days and a spatial scale of a block, indicating that a “snowball effect” may indeed be taking place. They also found that the price impact of a foreclosed property on its neighbors was more negative than that of a typical demolition within the city of Chicago, indicating that demolition may in some cases be an appropriate mitigation strategy for long-term vacancy. Finally, the fellows were also able to help build relationships between the CCLBA and the various county agencies involved in real estate transactions and taxation. The result is a new agency that can begin its work in a data-driven way.

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