

Nearly half of Chicago residents can't afford where they live, study says

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Almost half of adults living in Chicago are spending more than they can afford on their homes or apartments, and they have dealt with the burden by taking on second jobs, moving to less safe areas, or cutting back on food or the quality of their children's education, a John D. and Catherine T. MacArthur Foundation study released Thursday shows.

People "are having to make enormous sacrifices" to handle housing costs, said Julia Stasch, president of the MacArthur Foundation.

To identify "distressed homeowners and renters," researchers used a housing rule of thumb that requires affordable housing to cost no more than 30 percent of a household's gross income. In Chicago, 48 percent of people said they were devoting more than 30 percent of their income to rent or a mortgage. In the suburbs, 40 percent were stretching beyond the manageable 30 percent limit.

According to the research, 11 percent of households in Chicago had cut back on healthy food, and 12 percent had made cuts in health care to afford housing. Another 11 percent moved to less safe areas.

While the problem of finding affordable housing is most acute among people ages 18 to 34, African-Americans and households with incomes under \$40,000, 49 percent of those in households with incomes over \$75,000 said "it's challenging to find affordable housing in my area." Sixty-six percent of people with incomes under \$40,000 noted the challenge.

Renters are feeling the pressure much more than homeowners. About 73 percent of renters said they have had to make trade-offs in order to pay for their housing. That compares to 47 percent of homeowners who report trade-offs including building up credit card debt, moving to less safe areas, eliminating their savings for retirement or cutting back on health care.

Almost eight years after the nation's housing crisis erupted in the Great Recession, about three-quarters of people in the Chicago area are skeptical that the housing crisis is over, according to the survey done by Hart Research for MacArthur. Although concerns linger nationally, Chicago-area residents are more pessimistic. Only 18 percent of people living in Chicago and 28 percent of people in the Chicago suburbs think the area has emerged from the housing crisis. Nationally, 29 percent think the nation's housing crisis has passed.

"The anxiety and concerns are a result of increasing housing costs and stagnating income," Stasch said. In a sign of that anxiety, 72 percent of people in Chicago and 70 percent in the suburbs said it is harder now to achieve a middle-class lifestyle than it was for previous generations. Nationally, 76 percent of people noted more difficulty holding onto a middle-class lifestyle.

Although economic data show conditions improving in the U.S. economy, people do not feel the improvement, said Hart Research Senior Vice President Rebecca Naser. Recently, research has shown a dip in optimism and increased concerns about housing affordability. Naser said the mood reflects the fact that while people weathered the Great Recession, "they continue to make sacrifices and are not getting relief. It's become the new normal."

Affordable housing is crucial for the community, said Stasch, because research shows a connection between having stable housing and educational attainment among students. Further, "if you want a vibrant economy, you need discretionary income to fuel" the purchases beyond

rent and mortgage payments. "The city cannot be a terrific place for families unless it works for everybody."

MacArthur has been pushing for government policies that would increase affordable housing in Chicago, but for the past four years merely studied national housing attitudes, Stasch said. The latest study is the first to sample Chicago households.

Stasch said progress has been made through policies such as providing vouchers to make homes more affordable and requirements that housing developers incorporate affordable units into new buildings or provide money for affordable housing elsewhere.

"They are good steps," she said, but added that more is needed. And the housing policies "don't directly address stagnant incomes. At the end of the day, anxiety will only be relieved through economic development, better education and housing."

In the Chicago area, 87 percent of adults said having stable housing that is affordable is a very important part of having a secure middle-class lifestyle, while 67 percent said it's harder to afford stable housing than for previous generations.

About 40 percent of adults in Chicago described their housing situation as very stable and secure, while 52 percent of Chicago suburbanites used that description.

Yet Stasch said she was encouraged because the majority of people in Chicago and in the nation believe that "a great deal or fair amount can be done" to solve the housing affordability problem.

Hart Research interviewed 1,200 adults with landlines and cellphones between April 28 and May 10 in the national study and an additional 603 in the Chicago area.

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