

# Gentrification in Chicago: Heir to Urban Renewal

by John Betancur

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## Overview

The City of Chicago used urban renewal to produce a protective ring of institutions (IIT, UIC) and middle class developments (Gold Coast/Lincoln Park, Prairie Shores/Lake Meadows) around the central business district. Built at the expense of viable communities and competitive manufacturing, this ring moved the development frontier, while increasing the desirability and value of adjacent areas and properties. It, in fact, set the stage for redevelopment of the city outward from the downtown area. While downtown development secured for the city a national and international position in the emerging "service economy," redevelopment of the surrounding areas offered the increasingly professional labor force housing, entertainment, cultural, educational, and other support services.

Urban renewal also promoted new redevelopment schemes and created a new demand for old properties in areas near downtown, Lake Michigan, and other strategic locations in the city. While condemning, clearing, and turning over to private developers large tracts of land for new construction, urban renewal also acquired deteriorated buildings and turned them over to individuals for rehabilitation and residence. While bigger developers reaped the benefits of improved land at nominal costs, individuals were able to obtain properties almost for free, which they then turned into luxury housing for themselves.

In this process individuals and

gentrification in Chicago has been heir to urban renewal. In fact, not only did urban renewal initiate the process of replacement of low-income communities and dilapidated areas near downtown, but it trained the developers and developed the schemes that would be at the heart of gentrification. Furthermore, gentrification and urban renewal occurred at the expense of minorities who had to bear most of the costs, while receiving none of the benefits.

developers learned from urban renewal that the rehabilitation and recycling of old properties in the city for higher income groups could produce at least as high a return as traditional projects of new construction. Up and coming individual professionals bidding for the structures appropriated by urban renewal learned that they could turn old housing into their own residences at a lower cost than other housing alternatives. This process in fact allowed them to develop their residences as they wanted and at the pace that their income permitted.

With urban renewal gone, some developers tested the concept in old, cheap manufacturing and warehousing space, vacant land and cheap, sound properties adjacent to the new frontier. They successfully converted large manufacturing buildings into galleries, office space, residential lofts, and upscale retail (RiverNorth, Clybourn, WestGate).

Meanwhile, many would be buyers of Lincoln Park, the Gold Coast, or other deteriorated housing put on the block by urban renewal, looked beyond these areas for sound, architecturally valuable structures that they could rehab and turn into their own houses. Realtors jumped at the opportunity and started speculating with the acquisition and sale of properties in low income areas in Lakeview, West Town, Logan Square, Uptown, Pilsen, and other convenient locations. They offered prices that their traditional owners could not reject while selling to higher income individuals for whom the inflated prices were still comparatively low.

In turn, these individuals slowly turned the structures into their residences. Others saw the opportunity for easy, fast profits and started

rehabbing and turning properties around. With the increase of professional jobs in the downtown area, the demand for this type of housing also increased.

Through this process, gentrification started penetrating low-income minority communities. Having the adequate disposable income, young professionals, couples without children, and other non-traditional household and family cells more interested in urban than in suburban life were attracted to the scheme. They would buy rooming houses, or multi-unit buildings, and would turn them into large, single unit households or other living forms for higher income groups. Not only would they avail themselves of well located, large and architecturally valuable housing, but they would be living close to their place of work, and to the services and entertainment that best fit their lifestyles.

Plagued by a decreasing tax base, the City of Chicago saw gentrification as a blessing, indeed, a mechanism to attract middle and upper class individuals back to the city. Thus, the city started supporting it through infrastructure and other improvements in gentrifying communities. At the same time, the city engaged in efforts of new construction of middle and upper class housing in the city (infill housing, projects in the South Loop).

## Community Disruption

Precious manufacturing space was lost and communities were badly disrupted by gentrification as residents were displaced farther and farther away from the downtown area, and as many of the manufacturing jobs closed or left for other locations. Even though manufac-

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turing loss cannot be attributed to real estate redevelopment for "higher uses," studies have argued that many viable manufacturing operations were displaced from the central locations that they needed, forcing many to close, others to leave the city, some to incur large losses, and still a few to downsize.

Meanwhile, residents of gentrifying communities were affected in other ways. Rents increased with the area's desirability and development. Unable to afford their communities, many had to move next door, and again, and again, as gentrification advanced. Kids had to change schools many times. Survival networks and extended families were broken. Residents left behind their community organizations, parishes, institutions, and other supports. Transportation in some of the new locations was more inconvenient. Ethnic, thrift, and other low-income retail serving these groups often folded along with other self-employment ventures. Affordable housing diminished. Decades of work in the development of a social infrastructure and an institutional fabric of organizations and individuals as a basis for ethnic solidarity were wasted as residents dispersed.

Gentrification has been particularly disruptive for minorities. It contributed to the displacement of many of the manufacturing jobs from which they could derive a decent standard of living. It affected almost exclusively minority neighborhoods and clusters. While some black areas immediately south and west of the Loop or around Hyde Park have received some gentrification pressure, gentrification has particularly targeted areas in the North side and Latino communities.

The characteristics of these areas and racism have a lot to do with this. Not only were the areas conveniently located and served by public transportation, but their housing was architecturally valuable, sound, and cheap. Once turned black, neighborhoods in the south and west sides of Chicago were devastated by disinvestment. Disinvestment in Latino areas was not as dramatic or was somewhat cornered by tenant up-

keep. At the same time, individual and other white developers feared the potentially massive reaction of the black community to their speculative activities in black areas.

This was certainly not the case in Latino neighborhoods. Their extremely high mobility, the vulnerability resulting from their immigrant status, their youth, their short political experience, their tradition of self-help and low expectations of resistance, and other similar factors explain it.

Besides, many of the Latino communities undergoing gentrification had become Latino only recently, had

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extremely high levels of two and three story structures, were almost totally owned by non-Latinos, or had been suffering from continuous turnover. Finally, historical factors, including the timing of Latino and black penetration of different areas of the city, also have to do with which areas were occupied by whom, and how desirable these areas were for gentrification.

### **Questionable Benefits**

There is no proof that gentrification is attracting the middle class back to the city, not, certainly, in any sizable proportion. Our research, in fact, suggests that it may be only retaining those that were already in the city and lived in other locations, or is providing housing for the educated sons and daughters of city dwellers. If this is the case, gentrification is largely a zero sum game, as people simply empty one location or form of housing for another. It is true that gentrifiers consume more housing than the low-income dwellers they displace. However, this occurs at the expense of affordable housing units that are not being replaced elsewhere. The gentrifiers

also know the system and manage to make it work for themselves with the subsequent increase in demand for public services, police protection, and infrastructure improvements.

As noted, gentrification also has a strong race and class gender dimension. It usually involves the displacement of minorities and lower income residents by the majority and higher class groups. While these groups are retaking the best located and most valuable areas in the city, minorities and low-income groups are being pushed into the worst locations and accommodations.

Finally, gentrification is a highly speculative process: property values are artificially inflated far beyond the growth in employment and production activities generated by the system. As such, it is not creating wealth, so much as it is redistributing income at the expense of minorities and the poor.

### **Can we or should we fight gentrification?**

So far, no community in Chicago has been successful in stopping gentrification. Some actions have made a difference, however. Communities have successfully fought projects with a dramatic gentrifying potential such as the Chicago 21 Plan for the Central Communities and the 1992 World's Fair. Organizations in neighborhoods undergoing gentrification have been able to produce affordable housing, thus keeping low-income persons there. The scale of these efforts, however, has been very limited, and the long term affordability of these properties is not guaranteed. Community efforts have kept gentrifying developers at bay. Such developers, however, have not disappeared from the scene.

While urban renewal was a public program that taxpayers were finally able to stop, gentrification is a private market initiative with too many players and fronts, a very subtle process indeed with a high level of public support and individual gains.

Efforts to fight gentrification in Chicago have been largely limited to those mentioned above. They have also included door-to-door organizing to con-

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vince owners not to sell their properties, picketing and pressure on realtors and other promoters of gentrification, efforts to extend resident ownership of local properties, legislative efforts around for-sale signs, and landbanking. Again, these efforts rely on influencing individuals, institutions or the government to act against gentrifying initiatives by expanding local control through ownership, or by producing mixed neighborhoods. Organizing efforts aimed at government initiatives have been highly successful, while picketing, ownership, landbanking, and development of affordable housing have had largely marginal results.

If gentrification is to be stopped,

communities need to develop stronger initiatives or to increase very substantially the scale of those such as landbanking and affordable housing. Other potential strategies include measures to prevent reductions in the number of units, rent control, new zoning requirements — e.g. requiring approval by neighbors of gentrifying rehab, or the zoning of areas as low-income.

For any of this, however, communities need the strong support of City Hall. It is, thus, crucial for communities in Chicago to organize a strong front around gentrification, to agree on an overall strategy, and to lobby the government in that direction.

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One lesson from this long struggle is of particular urgency to all who work for better housing. Because discrimination and segregation are deeply ingrained in housing markets, any housing effort that does not deliberately seek to change patterns of segregation will end up reinforcing those patterns.