



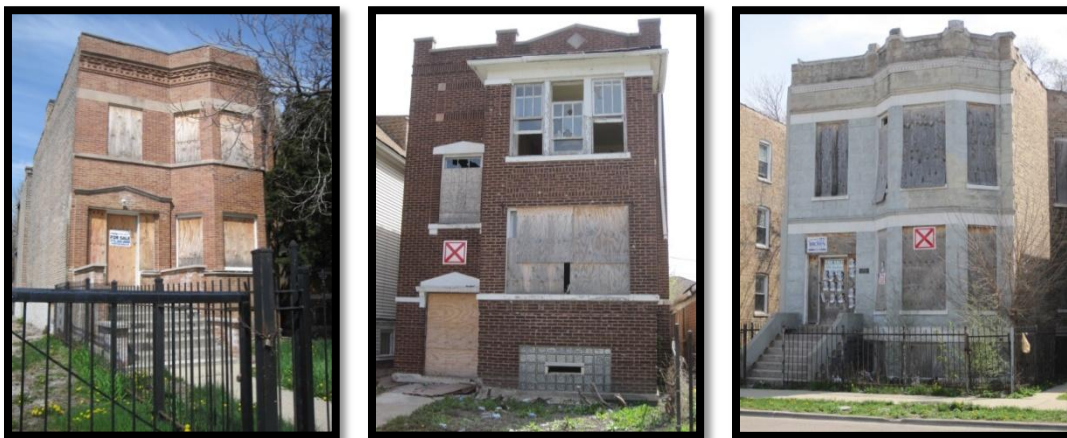
HOUSING INSTABILITY FOR RENTERS CONTINUES

Chicago Responds with Adoption of New Tenant Protections

2012 Annual Foreclosure Report on Chicago Rental Housing



**Lawyers' Committee for
Better Housing**



This report was created by the Lawyers' Committee for Better Housing, June 2013.¹

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Lawyers' Committee for Better Housing (LCBH) is the only non-profit law firm in the Chicago area that focuses solely on low and moderate-income renters in the private housing market. LCBH empowers truly disadvantaged renters, prevents wrongful eviction, and fights sub-standard living conditions so renters have a safe and decent place to live. LCBH provides free, comprehensive legal representation so that renters have a trusted advocate in court. Combined with education, outreach, supportive services and policy initiatives, LCBH programs holistically address both the short-term housing crisis and its underlying causes, so families can move from a path leading to homelessness to one of safe and stable housing.



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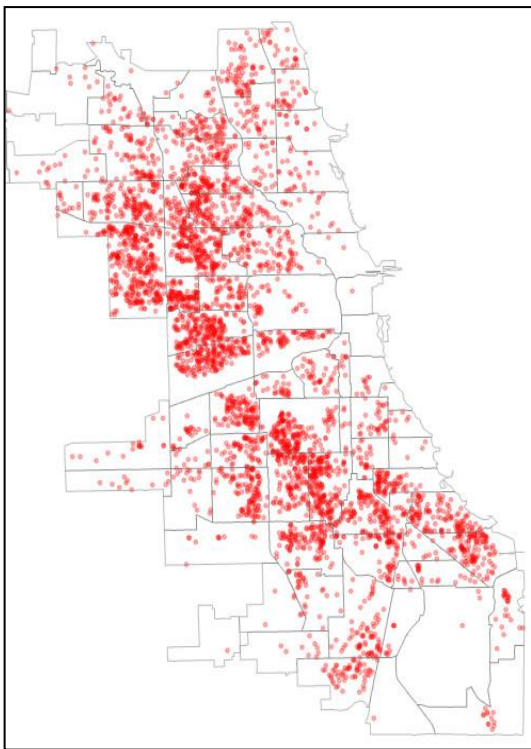
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EXECUTIVE SUMMARY

The Lawyers' Committee for Better Housing (LCBH) has compiled and analyzed foreclosure data on apartment buildings in Chicago since 2009, and with this most recent annual assessment finds that foreclosure will remain a critical factor impacting the lives of renters and driving the rapid loss of affordable rental stock in the City. **In 2012, Chicago experienced the smallest decrease (less than 3%) in apartment building foreclosure filings since LCBH initiated its tracking database.** If data in the coming years emulate that of 2011-2012, with filing rates decreasing slightly or remaining stable, the housing emergency caused by foreclosures in Chicago will likely extend far beyond the 2014 sunset date of the temporary federal law, the Protecting Tenants at Foreclosure Act (PTFA), signed into law by the Obama administration in early 2009.

Recent successful efforts in the Illinois legislature made to incorporate PTFA protections permanently into Illinois law are awaiting the governor's signature. However, even with the federal PTFA protections already in place, renters are still forced to leave their homes due to foreclosure and struggle to secure new housing as a result of the increasingly unaffordable rental market. Consequently, many families are now facing homelessness as a direct result of foreclosure, placing serious burdens on safety net programs.

With critical tenant protections in jeopardy, the City of Chicago took a bold step in adopting innovative renter protections by passing the Keep Chicago Renting Ordinance (Chicago Municipal Ordinance, Chapter 5-14, Protecting Tenants at Foreclosure) on June 5, 2013. These soon to be enacted safeguards should alter the landscape of renter uncertainty and bring about a new era of housing stability for the City. LCBH intends for the 2012 foreclosure report to serve as a point-in-time assessment of the current state of apartment foreclosures in Chicago and the possible implications of the new laws. This report examines LCBH's most recent aggregate data, direct testimonials procured from displaced renters, and recent published research, and makes recommendations for outreach and education regarding the new tenant protections. Key findings are highlighted on the following page.



Left: Map depicting the total number of 2012 foreclosure filings on apartment buildings for the City of Chicago

4,346 BUILDINGS
CONTAINING
11,932 UNITS

2012 KEY FINDINGS

- ❖ **In 2012, the City of Chicago experienced the smallest year-to-year decrease in foreclosure filings on apartment buildings since the beginning of the foreclosure crisis.**
 - There were 4,346 newly-filed foreclosures on Chicago apartment buildings in 2012, impacting 11,932 units.
 - **Over the past four years**, since the onset of the foreclosure crisis, **20,279 apartment buildings** have entered foreclosure in Chicago, containing a total of **61,561 units**.
- ❖ **Big banks are repeat offenders, filing foreclosures on apartment buildings in consistently high numbers each year.** 2,183 (50%) of the 2012 foreclosures were filed by five lenders/servicers: JP Morgan Chase Bank, Bank of America, Wells Fargo Bank, US Bank, and Deutsche Bank. The top five banks in number of filings for the previous year constituted about 45% (2,014 of 4,474) of the total filings for the year.
- ❖ **The vast majority of foreclosure sales result in bank ownership, leaving renters vulnerable to the harmful practices of lenders uninterested in the responsibilities of property management.** Of 1,613 apartment building foreclosures reaching sale this year, 86% (1,391) resulted in bank ownership, compared to 84% in 2011.
- ❖ **Some Community Areas saw increases in foreclosure filings or units impacted by foreclosure from the previous year.** These Community Areas include Austin, Englewood, South Shore, Greater Grand Crossing, North Lawndale, and South Lawndale.
- ❖ **50% of renters surveyed by LCBH paid higher rent after being forced to leave their homes as a result of foreclosure.** For 31% of surveyed renters, that increase was more than \$200 per month.
- ❖ **Children displaced by foreclosure suffer educational consequences.** Of the surveyed families with children, over half were forced to switch schools as a result of their displacement.
- ❖ **Displaced tenants in foreclosure struggle to find new housing.** Of the renters surveyed by LCBH, **50% had to seek some form of temporary housing** before securing new, stable housing.
- ❖ **Foreclosure-related eviction cases account for at least 1 of every 10 eviction filings in Chicago.** In the last 6 months of 2012, there were 1,928 eviction cases filed by banks out of a total 16,878 cases, approximately 11%.
- ❖ **Illinois law allows renters to seal their court record if evicted as a result of foreclosure, but only 46% of bank eviction cases are sealed in Chicago,** with roughly 54% remaining on the public record and leaving tenants vulnerable to problems with credit and inhibiting them from securing rental housing in the future.

INTRODUCTION

In response to the foreclosure crisis arising in 2008, President Obama signed the Protecting Tenants at Foreclosure Act (PTFA) into law on May 20, 2009. Since its enactment, the PTFA has proven to be a critical tool in shielding renters—the often overlooked victims of foreclosure—from unwarranted evictions when banks take title at foreclosure sale. While far from comprehensive and certainly imperfect, the law created baseline lease protections and provided legal leverage for advocates working to protect the tenancy rights of renters post-foreclosure. With the expiration of the PTFA drawing near (it is scheduled to sunset, barring Congressional action, on December 31, 2014), and the foreclosure crisis far from over, it is imperative that tenant advocates across the country reassess the state of the foreclosure crisis and ensure adequate preparation for what could be a considerable shift in legal protections for renters living in foreclosed properties.

Nationally, the implications of the foreclosure crisis are staggering. For example, according to reports by the U.S. Conference of Mayors and the National Low Income Housing Coalition, homelessness increased 16% among families in major cities from 2009-2011,² with renters accounting for an estimated 40% of families facing eviction as a result of foreclosure and the raw number of renters affected by foreclosure tripling within the same time period.³ The high correlation between eviction and foreclosure is due to the fact that most properties auctioned at foreclosure sale will become bank-owned or Real Estate Owned (REO),⁴ and banks have notoriously instituted policies to rapidly evict renters from their homes upon gaining ownership of such properties. Many tenants removed from their homes by banks are not even taken to eviction court, but are instead evicted surreptitiously through constructive, illegal eviction practices.⁵ This precarious situation has evolved even with federal protections in place, as the PTFA lacks effective enforcement mechanisms. The lack of recourse for unscrupulous behavior, coupled with the general lack of information pertaining to the law and its provisions, provides banks and other successors-in-interest with ample opportunity to circumvent required notices and take advantage of renters who are unaware of their rights. Without the PTFA in place, the problems renters face will only be exacerbated.

The City of Chicago in particular has suffered acutely as a result of the economic and housing crises. From 2000 to 2010, with the final two years of the decade overcome by financial recession, the median household income of Chicago's seven county region dropped by 11%, from \$64,270 to \$57,100.⁶ With reduced or stagnant incomes, homeowners struggle to finance mortgage payments, and upon losing their homes to foreclosure, these same individuals enter the already saturated rental housing market. High demand for rental housing has pushed rents far beyond affordable rates, creating a mutually reinforcing cycle of housing shortage: more individuals are entering the market for rental housing at the same time that available and affordable rental housing units are dwindling. In 2009, the Institute for Housing Studies at DePaul University found that there was a shortage of 180,000 affordable rental units in Cook County.⁷

11,932

apartment units went
into **foreclosure** in
Chicago last year.

**That's the
same as...**



every month,



every week,



every day,

OR



every hour.

“Taking into account likely demographic changes, household tenure decisions, regional economic conditions, and new construction, the supply-demand gap is predicted to reach 233,000 by the year 2020.”⁸ As these numbers suggest, the foreclosure crisis is intimately related to the concurrent affordable housing crisis.⁹ The results of LCBH’s tenant follow-up survey further demonstrate that tenants facing unexpected eviction due to foreclosure find the process of securing new housing a formidable task as a result of Chicago’s increasingly tight rental market. The related increase in homelessness places serious burdens on cash-strapped social service providers and leaves a diminishing security net for the increasing number of households that are desperately in need of stability.

The results of the tenant survey analyzed in this report provide a snapshot of the continued human costs of foreclosure and the consequences of allowing the practices of banks and other successors to occur unchecked. If policy advocates do not work to secure additional local protections before the federal protections are removed at the end of 2014, foreclosure filings that persist unabated and under-regulated will inevitably result in a fresh wave of evictions, a further decrease in rental affordability, an increase in housing instability and homelessness, and new levels of community instability and devastation.

In Illinois, a bill that will codify the PTFA protections into state law has passed the state legislature and is now awaiting signature by the governor. Additionally, in an effort to curtail the troubling housing trends in Chicago, the Keep Chicago Renting Coalition was formed, and in partnership with the City, crafted an ordinance designed to create greater accountability for banks in possession of foreclosed properties, prevent the accumulation of vacant properties, and keep renters in their homes. This stabilizing measure, Chicago Municipal Ordinance, Chapter 5-14, *Protecting Tenants At Foreclosure*, is necessary to stem the loss of affordable housing in Chicago. The ordinance is expected to take effect in the fall of 2013 and may serve as a national example of progressive renter protections.

FORECLOSURE DATA TRENDS

In its 2011 Foreclosure Report, LCBH found a gradual decrease in the elevated number of apartment building foreclosure filings from 2009 to 2011—a trajectory beginning with 6,558 filings in 2009 and ending with 4,474 filings in 2011.¹⁰ However, irrespective of the gradual decrease in relative numbers, the absolute number of filings has remained persistently high overall. Chicago data compiled from 2012 are alarmingly similar to those of 2011, showing the continued threat the foreclosure crisis poses for Chicago renters: the number of filings in 2012 reached 4,346, only 128 less filings than in 2011.

Further, this brings the total number of foreclosures from the last four years (2009-2012) to 20,279, with 61,561 units impacted.

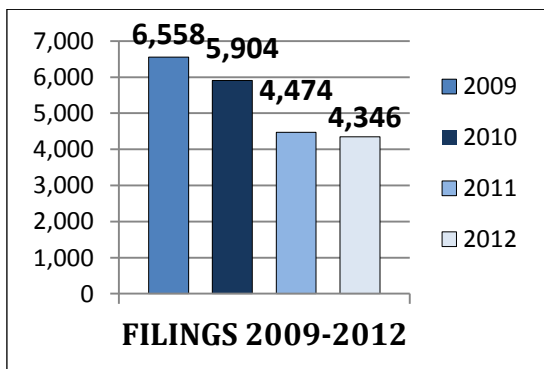


Figure 2

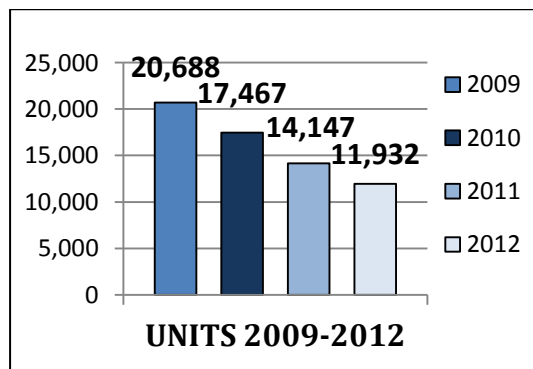


Figure 3

HARDEST HIT COMMUNITIES ARE LOW AND MODERATE INCOME COMMUNITIES OF COLOR

Research conducted by LCBH and others has shown that foreclosure does not only displace individual renters and families living within a foreclosed property—it destabilizes entire communities and does so disproportionately within communities composed primarily of people of color. Communities in Chicago’s South and West sides have been historically plagued by housing deterioration as a result of redlining and the ensuing predatory contract selling¹¹ to African-American families in the early to mid-20th century.¹² This history, in conjunction with present day sub-prime lending, subpar REO marketing and upkeep in neighborhoods of color, and general disinvestment have led to continued segregation and sheer devastation throughout the South and West sides.

Previous LCBH reports have demonstrated how segregation and disinvestment correlate with disproportionately high foreclosure rates; LCBH data show that Austin, Humboldt Park, Belmont Cragin, New City, Logan Square, Englewood, North and South Lawndale, and South Shore—predominately low to middle income communities of color—are routinely among the hardest hit Community Areas by both apartment building filings and number of units impacted. 2012 yielded similar results: figures 4 and 5 below identify the five Community Areas with the highest number of filings and the five Community Areas with the highest number of impacted units for 2012, as compared to the previous year. Additionally, a map of Chicago’s Community Areas is included in the Appendix, page 19.

COMMUNITY AREAS WITH MOST FILINGS

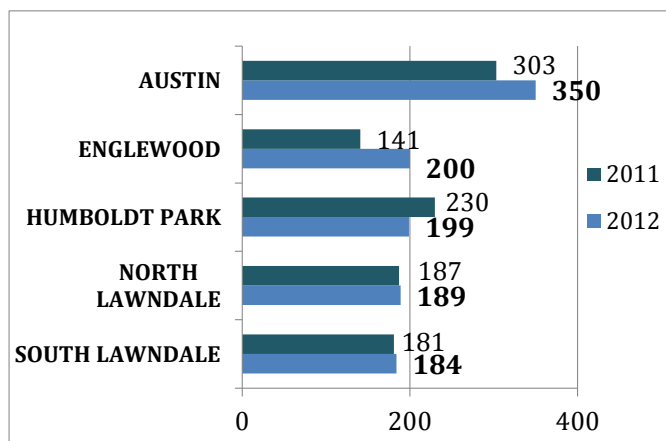


Figure 4

COMMUNITY AREAS WITH MOST IMPACTED UNITS

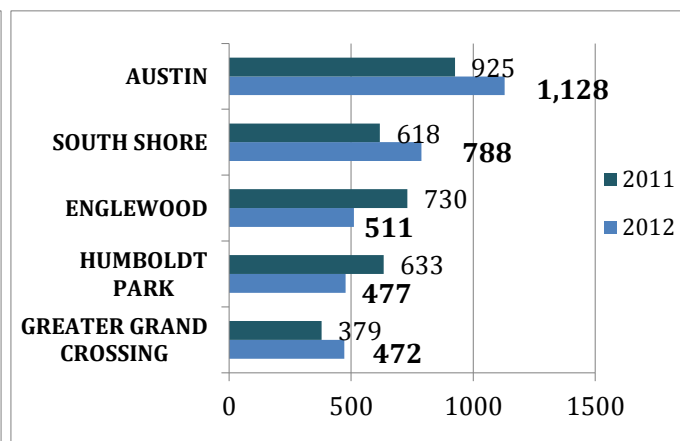


Figure 5

These results, which identify increases in filings and impacted units in some areas, constitute further evidence that the foreclosure crisis is not yet nearing its end in Chicago’s hardest hit communities. Austin, which has been the community with the highest number of filings and impacted units for each of the last two years and highest number of filings for the last four years has undergone a substantial increase in filings and impacted units from 2011 to 2012. Englewood also shows a significant increase in filings. Similarly, South Shore and Greater Grand Crossing both experienced notable increases in the number of impacted units—with enough additional units in Greater Grand Crossing for the Community Area to displace North Lawndale, which was in the top five for units impacted in 2011. In addition to these increases in the hardest hit Community Areas, a total of 24 Community Areas saw increases in impacted units and 27 Community Areas saw increases in filings.

RENTAL HOUSING IMPACT BY COMMUNITY AREA

The chart below identifies the top 15 Community Areas by absolute number of rental units impacted, and the percentage of each Community Area's total rental housing stock that has been affected by foreclosure throughout the past four years. For information on the remaining Community Areas and their rental impact, see Appendix pages 20 and 21, where Community Areas are organized alphabetically.

Area Name	Total Rental Units ¹³	2009 Units Impacted	2010 Units Impacted	2011 Units Impacted	2012 Units Impacted	Total Units Impacted ¹⁴	Percent Impacted
AUSTIN	22155	1289	961	925	1128	4143	18.70%
SOUTH SHORE	20197	1370	745	618	788	3348	16.58%
HUMBOLDT PARK	12677	923	678	633	477	2602	20.53%
ENGLEWOOD	8995	718	558	730	511	2411	26.80%
NORTH LAWDALE	9913	590	610	521	454	2079	20.97%
ROGERS PARK	19248	554	1082	234	156	1997	10.38%
LOGAN SQUARE	20818	572	612	459	374	1921	9.23%
CHATHAM	9859	711	413	468	288	1790	18.16%
BELMONT CRAGIN	11941	656	540	399	285	1788	14.97%
NEW CITY	9482	606	510	416	363	1786	18.84%
WEST TOWN	25667	578	488	441	261	1695	6.60%
GREATER GRAND CROSSING	9763	497	386	379	472	1655	16.95%
SOUTH LAWDALE	13603	440	430	360	382	1537	11.30%
CHICAGO LAWN	9544	483	400	333	327	1471	15.41%
AUBURN GRESHAM	10599	342	358	389	452	1471	13.88%

Community Areas Consistently Ranking in the Top 10 for Most Impacted Rental Units by Year

Austin, South Shore, and Humboldt Park have each remained in the top five most affected Community Areas by number of rental units for each of the last four years, with South Shore the number one most impacted in 2009, and Austin the number one most impacted for 2011 and 2012.

Austin, South Shore, Humboldt Park, Englewood, North Lawndale, and Logan Square have each remained in the top ten most affected Community Areas by number of rental units for each of the last four years.

In addition to those listed above, Chatham, Belmont Cragin, New City, and West Town have each remained in the top ten most affected Community Areas by number of rental units for at least two of the last four years.

SURVEY FINDINGS: LONG TERM IMPACTS OF FORECLOSURE ON HOUSEHOLDS AND COMMUNITIES

Researchers have only begun to examine the impact of foreclosure on the psycho-social health of individuals and households. One such report, issued by the Brookings Institute, finds a link between foreclosure and the deterioration of physical health.¹⁵ Moreover, communities with high rates of foreclosures endure additional complications through tangential problems associated with foreclosures, including elevated crime, housing deterioration, and a deflated tax base.¹⁶ This leaves many communities struggling to provide basic services to the detriment of all residents—even those not facing foreclosure—as “declining property tax revenues for cities has a domino effect, including less revenue for cities to provide social services such as police and fire protection.”¹⁷

Renters are not traditionally seen as facing the same complications, financial or otherwise, as homeowners in foreclosure. LCBH’s work with renters has shown this assumption to be false. In order to document and analyze the struggles faced by renters in foreclosure that the agency witnesses daily, LCBH sought to gather first-hand accounts from prior clients. As other researchers have found, there is a critical lack of information on the impact of foreclosure on individual households. As stated by the Urban Institute: “There is [a] troubling reason...for the dearth of information about impacts on families—namely, that the families affected by foreclosure are extremely difficult to identify and track. At some point between the first notice and soon after the completion of a foreclosure, the family that has been living in the property (renter or owner) typically moves out; there is no easy way to find them again.” For this reason, little evidence exists as to what happens to families post-foreclosure.¹⁸ With this report and tenant survey, LCBH seeks to help fill that gap. Although reaching individuals displaced by foreclosure did prove to be a challenging feat, as contact information was likely to have changed upon relocation (especially for the most vulnerable households), the sample of responses LCBH obtained through this survey project will provide much-needed, first-hand information regarding the experiences of renters in foreclosure.

LCBH drew from its pool of renters assisted by the agency’s foreclosure help line and help desk, reaching and completing surveys with 55 tenants out of 233 contacted. Renters who completed the survey were from various areas throughout the City and their responses offered insight as to the unique and myriad issues faced by tenants in foreclosure. Data results portray a snapshot of tenant experiences and serve to illustrate the frustrating realities for renters displaced by foreclosure. LCBH acknowledges that renters who contact LCBH tend to be low to moderate income; therefore, the subsequent findings may be more indicative of the complications faced by this population subset. For a full explanation of the survey methodology please see Appendix, page 22.

The majority of renters LCBH contacted in the follow-up survey were forced to leave their homes as a direct result of a foreclosure. It is often difficult, without experiencing displacement personally, to imagine the extensive disruptions inherent in relocation, especially if such relocation is prompted by factors outside of one’s control. The reality is, however, that being forced to uproot an entire household has serious ramifications for families and communities, and the foreclosure crisis has only served to fuel the rate of household relocation in the City of Chicago. LCBH’s survey results provide a glimpse of the effects of forced relocation on households. Although many responses did not come as a surprise to the researchers, the overall portrait was rather jarring considering the countless tenants facing the same fate and the impact this will ultimately have on neighborhoods and the City. In the coming pages, this report highlights the three key survey findings and contextualizes them with supplemental research on the topic.

FINDING 1: CHILDREN SUFFER EDUCATIONAL CONSEQUENCES

Of the families with **children** forced out by foreclosure that LCBH surveyed...



Figure 6

Nationally, 8 million children have been affected by the foreclosure crisis. “In other words, more than one in ten American children (11 percent) are affected by the foreclosure crisis, under relatively conservative assumptions, and more than one third of these children live in rental housing.”¹⁹ The bearing this has on the City’s youth cannot be overlooked, as disruptions in household stability have a particularly significant impact on children. This issue becomes most obvious, and also most concerning, in view of the impact that relocation has on scholastic achievement.

More than half of LCBH survey respondents with children (11 of 21) were forced to switch schools when displaced by foreclosure. Research has shown that changing schools is associated with emotional and behavioral problems including illicit drug use, depression, and teen pregnancy.²⁰ Additionally, such disruptions may prevent children from excelling academically and even increase rates of dropout. As Julia Isaacs of the Brookings Institute states: “Children who switch schools have lower levels of math and reading achievement than their more stable peers, even after controlling for poverty and other family characteristics that are associated with both residential mobility and poor academic performance. Each move is associated with a reduction in math and reading scores by about one-tenth of a standard deviation, which is equivalent to about one month of school, according to a synthesis of 16 different studies.”²¹ As learning is rooted in the accumulation of seemingly small day-to-day achievements in which students slowly build upon knowledge gained throughout the year, any gap in attendance can have residual negative consequences. With over 8 million children facing the effects of foreclosure nationally, the negative effects on school achievement may be profound. The National Community Reinvestment Coalition considers this a disconcerting reality, predicting that although “many consequences of the foreclosure crisis are already visible,” the “full impact...on graduation rates will only materialize over the next two decades and beyond.”²²

As Chicago plans to close a historic number of schools this coming academic year,²³ many due to “under enrollment,” the link between education and housing is evident. Although the reasoning behind the closure of schools is debatable,²⁴ it is clear that Chicago’s housing market has been greatly impacted by the housing crisis, driving up vacancy rates and doing so most acutely in some of the hardest hit Community Areas. In fact, 79% of the schools slated for closure lie within areas of elevated vacancy rates.²⁵ Clearly, the future achievements and emotional well-being of individual children and the overall disintegration of Chicago’s public school system are tied to the recent housing crisis.

FINDING TWO: DISPLACED RENTERS STRUGGLE TO FIND NEW PERMANENT HOMES

Of the renters forced out
by foreclosure that LCBH surveyed...

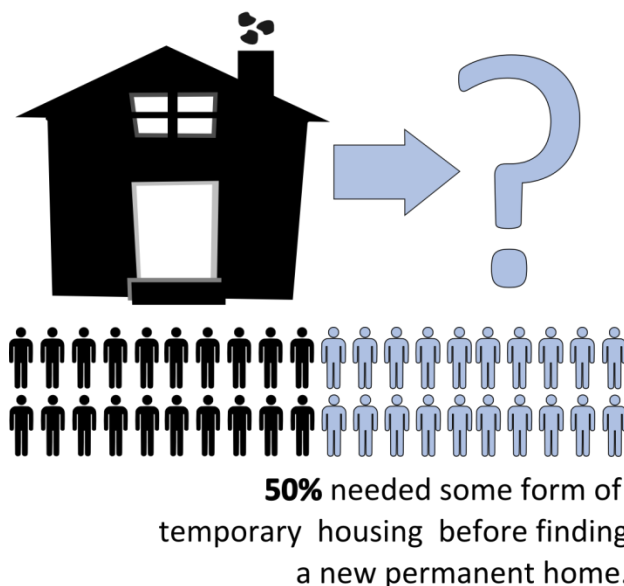


Figure 7

LCBH interviewers learned that 50% of respondents who moved (20 of 40) were forced into temporary, often unstable housing situations as a result of the foreclosure on their homes. While the form of temporary housing varied, many renters were forced to utilize shelters or to double-up with family or friends. Strikingly, the average time that families spent in temporary housing was almost 7 months, with time periods ranging from 3 weeks to just under 2 years. Although the researchers acknowledge that time spent in temporary housing is certainly impacted by factors not assessed in this report, it remains important to highlight that this transitional situation, for some, is not quickly overcome. This type of living arrangement places burdens on the receiving household in doubled-up situations and on municipal services and charity organizations providing shelter to the homeless, at a time when many shelters have cut back services or closed their doors due to fiscal hardship. One LCBH interviewee was forced to seek temporary housing and separate from her children for 8 months as a result of limited housing options.

Studies show that the impact of forced displacement is both lasting and severe. A 2001 study²⁶ showed that such displacement commonly results in homelessness. With the ongoing foreclosure crisis and continued economic instability, homelessness is increasing. What often goes unexamined, however, is the overwhelming disruption and household stress caused by displacement and homelessness. This not only carries costs to individual households but to society in general: “[V]arious costs are imposed on society as a result of forced displacement, including court and marshal/sheriff services, help for the newly homeless (not only shelters and social services, but, increasingly, hospitals), storage of tenants’ property, and, on occasion, emergency foster care.”²⁷ This raises the question—why do so many displaced households find themselves in need of temporary housing? Among the contributing factors is the rapidly shrinking supply of affordable rental housing in the City.

FINDING 3: DISPLACED RENTER HOUSEHOLDS PAY SIGNIFICANTLY HIGHER RENT IN NEW HOMES

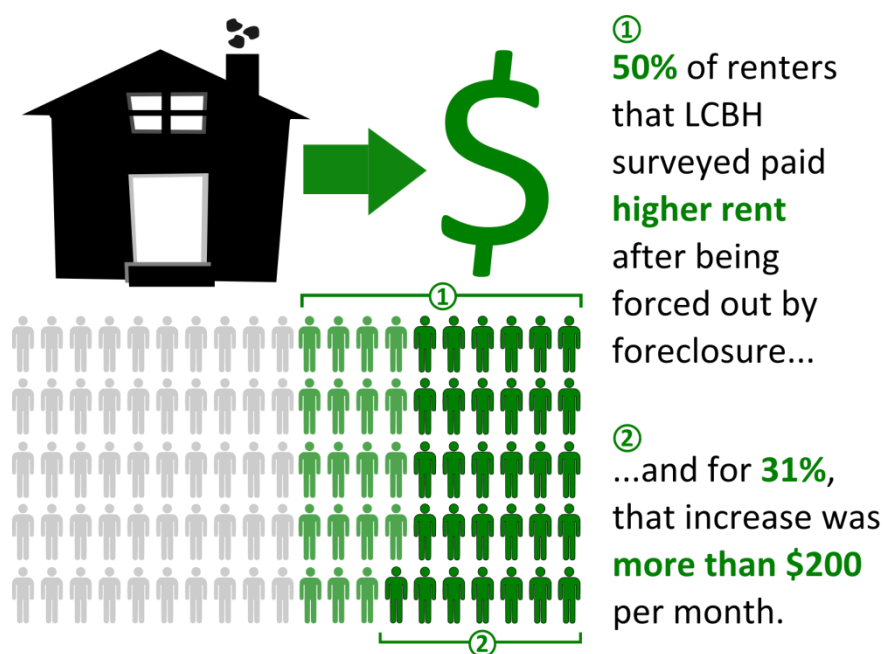


Figure 8

A recent study released by the DePaul University Institute for Housing Studies found that since 2007 the number of rental households in Cook County increased dramatically as a rise in foreclosures and a corresponding decrease in demand for homeownership catalyzed an influx of new renters into the market.²⁸ In communities overwhelmed by foreclosures, this is especially problematic. LCBH found that of the foreclosures reaching sale in 2012, 86% resulted in bank ownership. When a bank takes title of a property, the common pattern of bank conduct is to evict tenants as quickly as (or quicker than) the law allows, leaving buildings vacant for months and even years, vulnerable to vandalism and to the attraction of other crimes.²⁹ As a result, these buildings become virtually unmarketable—spiraling into disrepair, further constricting the affordable housing market and disproportionately affecting low to moderate income communities.

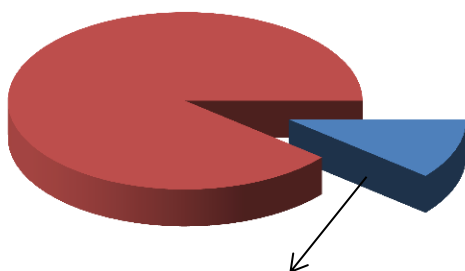
The housing market responds to fluctuations as any other market responds: supply declines, and rents skyrocket to accommodate. From 2000 to 2010, the median gross rent in the City of Chicago increased by 17%, raising the percentage of households allocating more than 30% of their income to rent payments from 11.1 percent to 46.5 percent.³⁰ The results of the LCBH tenant survey reflect this reality, with 50% of respondents who had relocated to a new unit as a result of foreclosure (18 of 36) ending up in more expensive replacement units, and 31% of respondents (11 of 36) facing a rent increase of more than \$200 per month. Survey respondents are now paying substantially more rent for apartments that they perceive as lesser quality, with 47% (17 of 36) stating a preference for their previous home. Studies indicate that by 2020 the Chicago region will have an affordable rental housing shortage of over 200,000 units³¹—that's more than 200,000 households facing housing instability or even homelessness.

BANK TRENDS: FORECLOSURE FILINGS, EVICTION FILINGS AND BANK OWNERSHIP OF FORECLOSED PROPERTIES

Of the 4,346 newly-filed apartment building foreclosures in 2012, **about half (2,183 or 50%) were filed by five lenders/servicers: JP Morgan Chase Bank, Bank of America, Wells Fargo Bank, US Bank, and Deutsche Bank.** These banks have been repeat offenders throughout the last four years.³² In 2012, JP Morgan Chase filed the most foreclosures, with 536 filings impacting 1168 units. Bank of America, Wells Fargo, US Bank, and Deutsche follow, respectively, with 1106, 1087, 901, and 545 impacted units. The same banks ranked in the top five for properties acquired at foreclosure auction, with the exception of Deutsche, which was replaced by CitiBank. Collectively, these banks acquired 614 buildings at foreclosure in 2012, impacting a total of 1,626 units. Figure 9 on the following page provides data by bank, with three percentages for each bank: that of total units in foreclosure, total units acquired at sale, and total eviction filings.

This year, in addition to data on foreclosure filings and sales, LCBH collected bank-specific data relating to evictions in the second half of 2012. Since many foreclosure-related evictions are sealed at case end, LCBH staff began tracking Chicago eviction filings on a daily basis, so as to capture filing information before records are sealed. With this data, LCBH sought to examine bank practices as they relate to renters in foreclosure. Although banks, as landlords, may file evictions against tenants for a variety of reasons, such as non-payment of rent, in LCBH's experiences with renters in foreclosure, banks generally file evictions pursuant to a 90 day notice or lease termination, indicating that evictions filed by banks are most often initiated in an effort to vacate properties and not in response to renters who have refused to pay rent or otherwise neglected their renter responsibilities. Furthermore, the data collected does not take into account evictions that occur outside the court system, with tenants coerced into leaving their homes through misinformation and intimidation, building neglect, utility shut-offs, and illegal lockouts. For these reasons, the number of foreclosure-related evictions discussed here does not capture the full range of renter displacement. The number of foreclosure related evictions depicted below includes only cases where the evicting Plaintiff was clearly a foreclosing bank, trustee, or the Federal National Mortgage Association/Federal Home Loan Mortgage Corporation.

MORE THAN **1/10** EVICTIONS ARE
RELATED TO FORECLOSURE

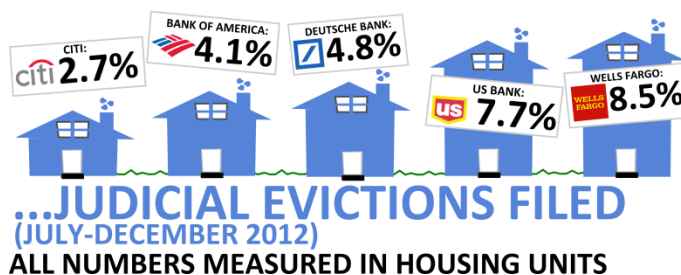
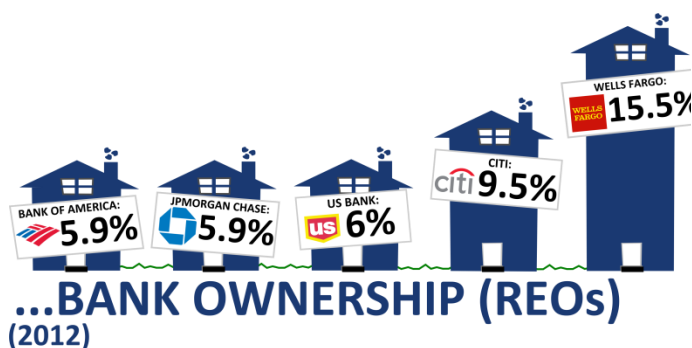
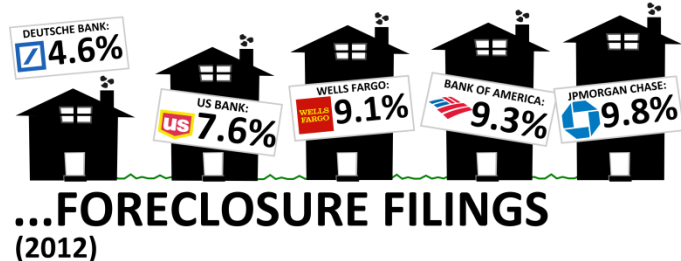


EVICTIONS BY BANKS

KEY FINDING: In the last six months of 2012, there were a total of 16,878 evictions filed in Chicago, with 1,928 evictions naming banks as plaintiffs. This suggests that **foreclosure-related cases account for at least 11.4%** of the total eviction filings.

Of the bank-filed evictions, 123 (6%) list only “Unknown Occupants” as defendants. In these cases, tenants may not understand that an eviction court summons may apply to them, as they have not been individually named—a violation of due process. The eviction case may then go to trial without the tenant(s) present, and they may later find that a default judgment has been entered against them without their knowledge or understanding of the proceeding. Cases with “Unknown Occupants” listed as the sole defendants likely reflect a lack of due diligence to properly notify the renters affected by the foreclosure³³ and often result in eviction orders entered against renters who have not had the opportunity to present defenses in court.

TOP FIVE BANKS BY...



882 (46%) of these bank-filed eviction cases have become sealed records. **The other roughly 54% of these cases remain on the public record, leaving tenants named in the eviction action—who are typically losing their home solely as a result of the foreclosure—vulnerable to negative impact on their credit and to problems securing rental housing in the future.** Pursuant to the Illinois Mortgage Foreclosure Law the sealing of eviction records is a right of all tenants being evicted due to foreclosure.³⁴ Informing tenants of this right is imperative to mitigating the negative impact of eviction filings.

Figure 9, pictured on the left, outlines 2012 apartment building foreclosure data for the top five banks according to foreclosure filings, sales ending in bank ownership, and evictions filed—all in the City of Chicago. Each of the three categories is measured as a percentage of the total number of units; for example, the top graphic depicts each of the *top five banks for foreclosure filings*, and then shows what percentage of total *impacted units* that bank's foreclosure filings comprised. The leader, JP Morgan Chase, had the most foreclosure filings, and the units impacted by those filings made up almost 10% of the total impacted units for 2012, filed by any of the nearly 250 banks/lenders filing foreclosures in Chicago for that year. Similarly, the buildings Wells Fargo acquired at sale this year contained the most impacted units, and those units accounted for 15.5% of the total units entering bank ownership. The remaining graphics can be understood according to this pattern.

FINDING EVICTION ALTERNATIVES: BANK POLICIES MUST CHANGE

Notable from LCBH's findings is the discrepancy between JP Morgan Chase's high number of REOs/bank-owned properties and relatively low number of its evictions—so low that its eviction rates are not depicted in the top 5 by eviction filings in figure 9. For example, Wells Fargo had 163 evictions in 6 months while JP Morgan Chase had a mere 42 eviction filings in the same time period. Although it is difficult to draw any conclusions by comparing these two banks, as title can transfer after the foreclosure sale and before any evictions are filed, this discrepancy raises questions regarding possible policy differences among the various banks and any decisions made regarding the treatment of their respective REO inventories and the renters who live in those buildings.

In the years since the foreclosure crisis began, there have been some alleged attempts by lenders to find alternatives to eviction, although it is certainly debatable whether these internal policies have been consistently followed. In December 2008, for example, government-sponsored enterprise Fannie Mae publicly stated its intent to provide relief to renters in foreclosure by offering tenants new leases at change of ownership.³⁵ This decision was in an attempt to mollify renters and tenant advocates in regard to its pattern of evicting tenants following the foreclosure sale. Housing advocates and others who were hopeful about the potential changes this policy would bring about, however, have been disappointed. Since Fannie Mae proclaimed its intent to keep renters in their homes, there has been little improvement seen in practice.

A 2008 New York Times article covering Fannie Mae's purported change in policy also quoted JP Morgan Chase spokesman Thomas Kelly, who said: "We're not in the business of managing rental properties, and we're not in the business of being a landlord."³⁶ As LCBH data suggests, however, JP Morgan Chase's ideas about property management and treatment of renters may have undergone some transformation in the years following. According to a report released in September 2012 by the

National Low Income Housing Coalition, JPMorgan Chase has now adopted an internal policy, similar to the one Fannie Mae allegedly employs, requiring compliance with all applicable federal and state laws and local ordinances regarding tenants' rights during foreclosure. As part of this policy, the bank created a tenant review committee—intended to ensure that all bona fide leases are honored, and that when there is no bona fide lease, that tenants are offered the option to move to a new month-to-month lease.³⁷ Further, NLIHC found that of the top five lenders in numbers of foreclosure filings listed on the previous page—JP Morgan Chase, Bank of America, Wells Fargo, US Bank and Deutsche—JP Morgan Chase is the only lender that self-reported a policy wherein they extend new leases to tenants in their acquired foreclosed properties.³⁸

*"We're not in the business of
managing rental properties, and
we're not in the business of being
a landlord."*

—JP Morgan Chase representative

LCBH does not currently have data related to JP Morgan Chase's tenant policy in practice, however, the implications are worth exploring. The existence of a tenant lease extension policy, tenant review committee, and the correspondingly low eviction filings by JP Morgan Chase may identify a tendency to keep renters in their homes, but it does not necessarily mean that the bank is fulfilling other requirements as successors-in-interest, such as providing building maintenance and avoiding utility shut-offs or other constructive eviction conditions. Further, without additional disclosures, it is impossible to determine how many units are being vacated extra-judicially through cash for keys offers. For these reasons, it is difficult to determine whether JP Morgan Chase is actually complying with its own alleged tenant protections.

However, JP Morgan Chase's relatively low rate of eviction filings may suggest that the bank is doing more to keep tenants in their homes than its peer lenders. This may indicate that it is possible for banks to find ways to protect tenants living in their foreclosed properties without sacrificing business/profit motives, and that eviction is not a requirement. In order to impress upon banks the consequences of displacement and vacant properties, advocates must be able to offer available alternatives and to generate initiatives intended to keep foreclosed buildings occupied and tenants in their homes. Utilizing examples such as that of JP Morgan Chase's internal tenants' rights policy, while acknowledging areas of weakness or potential improvements, could be effective. Beginning in fall 2013, when the Keep Chicago Renting Ordinance takes effect in Chicago, all banks will have to comply with new protections for renters that incentivize banks to maintain tenancies post-foreclosure.

NEW CHICAGO PROTECTIONS FOR RENTERS IN FORECLOSURE

Chicago Municipal Ordinance, Chapter 5-14, Protecting Tenants at Foreclosure



The Keep Chicago Renting Coalition, comprised of community-based organizations, unions, and policy groups, with a policy committee spearheaded by LCBH, crafted a new ordinance designed to increase local renter protections and to hold successors-in-interest (primarily banks) accountable to tenants in buildings acquired at foreclosure sale. Since early 2012, the group has actively promoted the adoption of this ordinance, the Keep Chicago Renting Ordinance (KCRO) through meetings with aldermen and other city officials, press conferences, policy reports, and other action intended to draw attention to the problems caused by vacant buildings and displaced tenants. Protections introduced by the KCRO include an extension of the 90 day protection under the PTFA—shielding renters from the time of a completed foreclosure

sale until the building is sold to a third-party purchaser. This ordinance mandates that successors-in-interest to foreclosed properties either offer new or extended leases to tenants in foreclosed properties, or, should they choose to vacate properties, provide \$10,600 in relocation assistance per household.³⁹ This allows renters, even those without a written lease, to remain in their home as long as they comply with their rental agreements, incentivizing banks to collect rent, or sell occupied REOs, keeping them in productive use. The ordinance was passed with overwhelming aldermanic support (a 45 to 4 vote) on June 5, 2013, and is anticipated to go into effect in the fall of 2013.

It is expected that the implications of this ordinance will positively change the landscape of tenant protections—no longer will foreclosure alone be an excuse to vacate properties of renters. As one of the key leaders of the Keep Chicago Renting Coalition and a renter who faced displacement after foreclosure herself, Nancy Enopena of the Albany Park Neighborhood Council states, "the Coalition passed an ordinance that will protect thousands of renting families across the City. This ordinance is so important to renters in Chicago because we now have new rights and protections that will keep families in their homes, and prevent future vacant buildings. Without these protections, renters would continue to fall victim to unjust and aggressive bank eviction practices."

NEW ILLINOIS PROTECTIONS FOR RENTERS IN FORECLOSURE

S.B. 1602/S.B.0056, Protecting Tenants Affected By Foreclosure

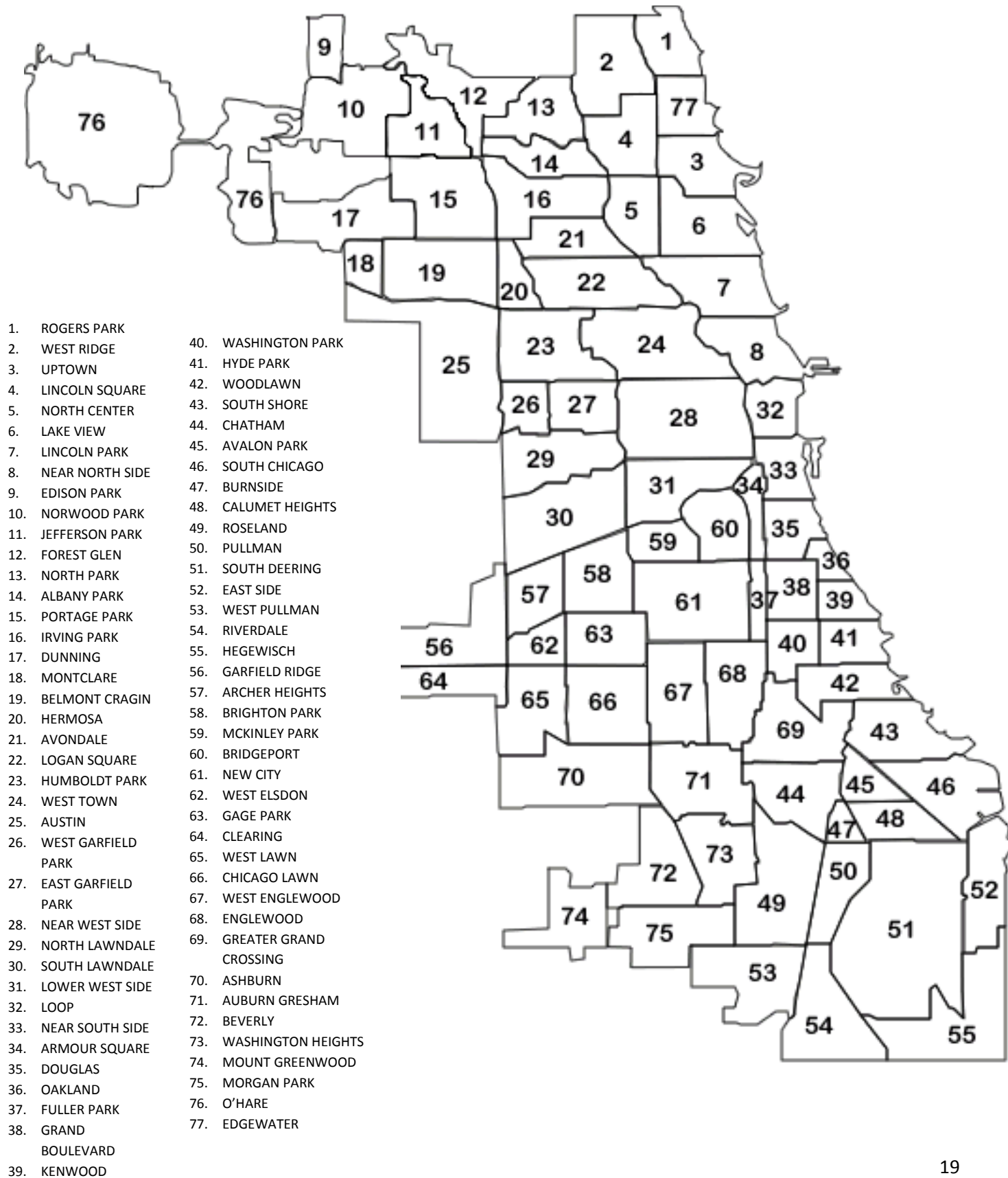
In addition to progress in the City of Chicago, activists have been working for increased renter protections at the state level. LCBH has supported the efforts of housing advocates, particularly the Sargent Shriver National Center on Poverty Law and Heartland Alliance, to introduce an amendment to the Illinois Mortgage Foreclosure Law codifying the federal protections of the PTFA into state law. Although initially including more stringent enforcement mechanisms, after fierce bank opposition at the state level, the bill now essentially has the effect of permanently preserving the current federal protections in Illinois—protections that will prove beneficial upon the PTFA's expiration. However, as noted in this report, banks already aggressively sidestep such protections. Therefore, Illinois renters and renter advocates (especially those not covered by the Chicago Municipal Ordinance, Chapter 5-14, Protecting Tenants At Foreclosure) must be vigilant in countering the strategies that banks currently use to avoid the application of the PTFA.

CONCLUSIONS AND RECOMMENDATIONS FOR ADVOCATES

As this report has demonstrated, the negative impact of foreclosure on renter households resonates community and citywide. Renters, especially low and moderate income renters, are burdened by forced relocation due to foreclosure, producing consequences for communities that face elevated building vacancy rates (and all of the social maladies tied to building vacancy), and consequences for the overall rental market, which is becoming unaffordable for an increasingly large subset of the renter population. Therefore, in order to ensure that the new protections for renters in Chicago are properly implemented, LCBH outlines several action-steps that may be taken by housing advocates.

A rigorous educational campaign centered on the KCRO will be vital to ensure that renters understand their rights and are prepared to recognize when such rights are violated. With any new protection, there will be misconceptions, and advocates must be fully equipped to provide comprehensive information to renters experiencing foreclosure related issues. The following are initial steps that can be taken as the legal landscape for renters is altered:

- Legal aid organizations, such as LCBH, must work to provide legal guidance, trainings, and educational materials to tenant advocates across the City. As a start, LCBH will develop updated materials for publication and utilization by tenant advocates.
- Community-based organizations and other advocates must continue to collaborate to provide direct outreach to renters through community educational workshops and other means, arming underserved renters with basic rights trainings so that they may understand the new protections afforded to them.
- Streamlined referral processes from community groups to legal aid must be put in place so that infractions of the law are promptly and effectively addressed.
- Advocates must monitor patterns and refer repeat violators of the laws protecting tenants to local and state prosecutorial authorities.
- Chicago area advocates should network with housing advocates nationwide to share and replicate legal and policy strategies to protect tenants living in foreclosure.



APPENDIX: Impacted Rental Housing Stock by Community Area

Area Number	Area Name	Total Rental Units ⁴¹	2009 Units Impacted	2010 Units Impacted	2011 Units Impacted	2012 Units Impacted	Total Units Impacted ⁴²	Percent Units Impacted
14	Albany Park	10858	266	295	252	170	939	8.65%
57	Archer Heights	1755	58	64	58	41	213	12.14%
34	Armour Square	3726	10	16	10	27	63	1.69%
70	Ashburn	1782	28	24	10	26	82	4.60%
71	Auburn Gresham	10599	342	358	389	452	1471	13.88%
25	Austin	22155	1289	961	925	1128	4143	18.70%
45	Avalon Park	1333	130	58	19	44	249	18.68%
21	Avondale	9292	466	465	267	253	1411	15.19%
19	Belmont Cragin	11941	656	540	399	285	1788	14.97%
72	Beverly	1514	21	9	13	12	47	3.10%
60	Bridgeport	7875	139	135	97	100	437	5.55%
58	Brighton Park	7429	433	398	278	251	1301	17.51%
47	Burnside	586	19	15	2	9	45	7.68%
48	Calumet Heights	1487	49	27	38	46	152	10.22%
44	Chatham	9859	711	413	468	288	1790	18.16%
66	Chicago Lawn	9544	483	400	333	327	1471	15.41%
64	Clearing	2530	40	21	21	37	119	4.70%
35	Douglas	7770	40	29	34	23	124	1.60%
17	Dunning	3916	74	59	47	32	199	5.08%
27	East Garfield Park	6084	453	364	208	201	1181	19.41%
52	East Side	2448	70	37	40	50	195	7.97%
77	Edgewater	20581	303	411	332	158	1194	5.80%
9	Edison Park	1182	5	1			6	0.51%
68	Englewood	8995	718	558	730	511	2411	26.80%
12	Forest Glen	1000	16	19	7	28	68	6.80%
37	Fuller Park	1019	56	26	37	12	131	12.86%
63	Gage Park	4809	238	221	133	147	709	14.74%
56	Garfield Ridge	2258	36	30	28	32	114	5.05%
38	Grand Boulevard	8267	235	263	149	160	780	9.44%
69	Greater Grand Crossing	9763	497	386	379	472	1655	16.95%
55	Hegewisch	1003	8	8	10	24	50	4.99%
20	Hermosa	4572	253	212	160	124	722	15.79%
23	Humboldt Park	12677	923	678	633	477	2602	20.53%
41	Hyde Park	9286	281	73	50	34	436	4.70%

16	Irving Park	11989	352	372	217	188	1058	8.82%
11	Jefferson Park	3985	90	95	73	60	309	7.75%
39	Kenwood	6942	68	28	3	47	146	2.10%
6	Lake View	37432	199	327	499	82	1067	2.85%
7	Lincoln Park	20943	108	128	84	44	346	1.65%
4	Lincoln Square	12292	178	94	85	74	418	3.40%
22	Logan Square	20818	572	612	459	374	1921	9.23%
32	Loop	11185	98			1	99	0.89%
31	Lower West Side	10015	249	222	255	164	842	8.41%
59	McKinley Park	2621	88	97	58	56	290	11.06%
18	Montclare	1999	33	54	33	30	144	7.20%
75	Morgan Park	2593	112	19	15	29	172	6.63%
74	Mount Greenwood	1134	424	2	5	1	432	38.10%
8	Near North Side	31960	522	321	451	17	1311	4.10%
33	Near South Side	6534	1	1	8		10	0.15%
28	Near West Side	17476	69	116	113	101	372	2.13%
61	New City	9482	606	510	416	363	1786	18.84%
5	North Center	8084	96	108	137	51	371	4.59%
29	North Lawndale	9913	590	610	521	454	2079	20.97%
13	North Park	3379	50	37	55	23	155	4.59%
10	Norwood Park	3492	29	19	25	12	84	2.41%
36	Oakland	2363	23	12	3	2	37	1.57%
76	O'Hare	3623	8	12	7		27	0.75%
15	Portage Park	11042	353	336	258	194	1101	9.97%
50	Pullman	1721	11	29	18	21	66	3.83%
54	Riverdale	2033	7	1	1	1	9	0.44%
1	Rogers Park	19248	554	1082	234	156	1997	10.38%
49	Roseland	7565	290	187	225	205	876	11.58%
46	South Chicago	7904	440	424	250	332	1383	17.50%
51	South Deering	2173	36	18	38	8	87	4.00%
30	South Lawndale	13603	440	430	360	382	1537	11.30%
43	South Shore	20197	1370	745	618	788	3348	16.58%
3	Uptown	21998	496	313	229	37	940	4.27%
73	Washington Heights	3317	101	60	76	99	328	9.89%
40	Washington Park	4249	295	280	198	83	836	19.68%
62	West Elsdon	1385	31	34	31	17	109	7.87%
67	West Englewood	6516	482	307	254	307	1292	19.83%
26	West Garfield Park	5176	362	317	247	287	1140	22.02%
65	West Lawn	2308	66	82	35	33	210	9.10%
53	West Pullman	3948	182	132	70	130	488	12.36%
2	West Ridge	13923	355	384	264	233	1176	8.45%
24	West Town	25667	578	488	441	261	1695	6.60%
42	Woodlawn	9862	328	448	222	204	1169	11.85%

APPENDIX: Methodology

Foreclosure Filing and Sales Data

The LCBH Annual Foreclosure Reports of 2009, 2010, 2011, and now 2012, are created by the organization's Tenants in Foreclosure Intervention Project (TFIP). The weekly reporting data for the project is derived from a third-party data provider, Record Information Services.⁴³ LCBH pulls data coded as "apartment buildings" and "commercial properties" and eliminates those pertaining to owner-occupied single-family homes and condominiums. Once the RIS data is collected, TFIP staff identifies the Property Index Number for each property address through the City News website, Chicago's Community Information Technology and Neighborhood Early Warning System (City News).⁴⁴ Data are cross-referenced with that provided by the Cook County Assessor's website.⁴⁵ Any property listed as containing 0 units is removed and not included in the weekly or annual reports. The same process is used to acquire data for foreclosure sales, although search filters for "Sales" are used as opposed to "Newly Filed Foreclosures."

TFIP's elimination of information related to single-family homes and condominiums does bring limitations to its findings in this report. For instance, it is difficult to determine from the public record the number of apartment buildings that are owner-occupied and conversely, the number of single-family homes and condominiums that are occupied by renters. More importantly, TFIP cannot determine which apartment units are occupied or how many people live in those units that are occupied. For that reason, TFIP does not make claims as to how many individual renters were impacted by foreclosure in 2012, but instead provides information regarding how many *rental units* were impacted.

Bank/Lender Eviction Data

In addition to tracking foreclosure filings, in the last 6 months of 2012—beginning July 1st-December 31st—LCBH began charting eviction filings in the 1st Municipal District of Cook County, which encompasses the entire City of Chicago. Utilizing the USCourts website⁴⁶, a TFIP staff member tracked the progress of eviction filings on a daily basis, checking for new bank filings, orders for possession entered (formal evictions) and cases sealed. Due to the high volume of eviction cases, LCBH monitored only those cases that included bank Plaintiffs. Therefore, the number of foreclosure related cases may actually be much higher than what LCBH data show: foreclosure-related cases can be filed by condominium associations, a receiver who may or may not identify itself as a receiver, the mortgagor, or a successor-in-interest that is not the mortgagee or another bank. More importantly, LCBH data do not take into account those foreclosure-related evictions that occur non-judicially, with tenants coerced into leaving their homes through misinformation and intimidation, building neglect, utility shut-offs, and illegal lockouts. In spite of these limitations, and the very conservative estimate that the data provide, the numbers are significant.

Survey of Tenants in Foreclosure/Former LCBH Clients

Between January and March of 2013, LCBH contacted former clients who had been served by TFIP. LCBH volunteers, staff, and attorneys had previously provided each of the tenants contacted with comprehensive foreclosure counseling either through LCBH's foreclosure hotline or Tenants in Foreclosure Help Desk located on the 1st Municipal Court House eviction floor. LCBH contacted tenants who had sought services from the agency's hotline in 2011 or help desk in 2012; this gap in timing was necessary in order to ensure that foreclosures had sufficient time to resolve or conclude. The survey was administered over the phone by LCBH staff and interns. Responses separated tenants into two broad categories: those who stayed in their foreclosed unit and those who moved, either against their will or by their own volition. The questions concerned the following issues:

- For those who had **moved** to a new unit following foreclosure, LCBH asked questions concerning their need for temporary housing and comparisons between their old and new permanent units.

- For those who had **stayed** in their units following foreclosure, LCBH asked questions concerning their experience with the bank and/or REO agents responsible for the foreclosure.
- For **both** pools of respondents, LCBH asked questions about their experience with and treatment by actors (landlords, banks' attorneys and agents, the Sheriff's Department, judges, etc.) involved in the foreclosure and, when applicable, eviction. (A complete list of survey questions and answers is included on the following page).

In addition to the two main categories, LCBH spoke with four respondents who had moved from their unit after foreclosure, but were still in temporary housing at the time of their interview. Their responses are not included in data accrued from the pool of questions asked only of those who moved, but are included in data calculated from the questions asked of all respondents. The survey involved a total of 55 completed surveys, 50 of which were included in the actual data analysis. Due to the high rate of phone shut-off or service turn-over, the rate of responses, while small, is not insignificant.

Although survey prompts touched on a wide array of issues, only a subset of the data gathered was included in this report. After administering the survey and speaking with tenants, it became clear that many of the prompts, including those regarding treatment by various parties, were widely subjective and difficult to quantify. Furthermore, many tenants did not understand the notices they received and were therefore unable to provide accurate accounts of foreclosure notifications. Therefore, the researchers made the decision to report on the outcomes that were the most objective and quantifiable.

APPENDIX: LCBH SURVEY FULL QUESTIONS AND RESPONSES

We'd first like to know if you wanted to stay in your unit when it was being foreclosed and whether or not you were able to. Did you:

Response	Count	% of All (50)
Wanted to stay and did	7	14%
Did not want to stay but did	3	6%
Wanted to stay and did not	32	64%
Did not want to stay and did not	8	16%

The following questions were only asked of those 40 respondents who were not able to stay in their unit post foreclosure

After you realized you would have to leave the foreclosed unit, how many weeks did it take you to move into a new unit?

[Answers were recorded in number of weeks and ranged from 3 to 52]

Did you need to stay in temporary housing, such as with family/friends or in a shelter, once you left your former apartment?

Response	Count	% of Not Stay (40)
YES	20	50%
NO	17	43%
(blank)	3	8%

NOTE: Four (4) of the respondents were still in temporary housing at the time of the survey.

If Yes, how long were you living in temporary housing?

[Answers were recorded in number of weeks and ranged from 3 to 100]

The following questions were only asked of those 36 respondents who were able to find and move into new permanent housing and not the four (4) respondents still living in temporary housing.

What is the address of the unit you moved to?

[Addresses recorded]

Are you still living there now?

Response	Count	% of Moved (36)
YES	30	83%
NO	5	14%
(blank)	1	3%

Please compare the general quality of the unit itself in terms of size, comforts, cleanliness, etc.

Compare Unit	Count	% of Moved (36)
PREFER NEW	13	36%
SAME	4	11%
PREFER OLD	17	47%
(blank)	2	6%

How does the public transportation in your new area compare to your old area? Is it more or less accessible and useful to you?

Response	Count	% of Moved (36)
PREFER NEW	8	22%
SAME	15	42%
PREFER OLD	10	28%
(blank)	3	8%

Compare the quality of your new neighborhood with your old neighborhood. Is it more or less safe, convenient, comfortable for you?

Response	Count	% of Moved (36)
PREFER NEW	12	33%
SAME	10	28%
PREFER OLD	12	33%
(blank)	2	6%

How does your new rent compare to your old rent?

Response	Count	% of Moved (36)
(blank)	2	6%
>\$200 LESS THAN OLD	2	6%
\$101-200 LESS THAN OLD	4	11%
\$1-\$100 LESS THAN OLD	3	8%
SAME	7	19%
\$1-\$100 MORE THAN OLD	4	11%
\$101-\$200 MORE THAN OLD	3	8%
>\$200 MORE THAN OLD	11	31%

You included, how many adults (other family members, etc.) were required to move from the old unit when it was foreclosed on?

[Number of adults recorded]

How many children (under the age of 18) were required to move?

[Number of children recorded]

Based on results from the two (2) preceding questions

	Count	% of Moved (36)
Family with Children	21	58%
No Children	15	42%

If applicable, did your children need to change schools when you moved?

Response	Count	% of Families w/ Children that moved (21)
YES	11	52%
NO	10	48%

Did you have any other difficulties in moving that you had not foreseen?

[Answer recorded]

How did you first discover the building was in foreclosure?

[Answer recorded]

Did your landlord tell you that the building was in foreclosure before s/he lost the property?

Response	Count	% of Moved (36)
YES	10	28%
NO	21	58%
UNSURE	2	6%

(blank)	3	8%
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Were you provided with a written notice when ownership changed, including contact information for the person responsible for managing the property?

Response	Count	% of Moved (36)
YES	8	22%
NO	19	53%
UNSURE	2	6%
(blank)	7	19%

Were you given a 90 day notice – that is, a notice stating that the new owner would file an eviction against you after 90 days?

Response	Count	% of Moved (36)
YES	5	14%
NO	25	69%
UNSURE	1	3%
(blank)	5	14%

Did the new owner or a representative try to negotiate a cash for keys deal—money to leave the apartment?

Response	Count	% of Moved (36)
YES	8	22%
NO	18	50%
(blank)	10	28%

If yes, How much money did you receive?

[Answers in dollars ranging from \$250 to \$5,000]

How long were you given to move?

[Answer in days ranging from 4 days to 30 days]

Did conditions in the apartment became unlivable or did you experience a utility shutoff, or lockout?

Response	Count	% of Moved (36)
Utilities Shut Off		
YES	11	31%
NO	18	50%
(blank)	7	19%
Lock Out		
YES	1	3%
NO	24	67%
(blank)	11	31%

Was an eviction filed against you by the new owner - did you get a summons to eviction court?

Response	Count	% of Moved (36)
YES	9	25%
NO	22	61%
UNSURE	1	3%
(blank)	4	11%

Did you go to court and have an order entered against you?

Response	Count	% of Moved (36)
YES	14	39%
NO	14	39%
(blank)	8	22%

Did the sheriff come out to evict you?

Response	Count	% of Moved (36)
YES	3	8%
NO	21	58%
(blank)	12	33%

The following questions were only asked of those 10 respondents who were able to stay in their unit post foreclosure.

Did you experience any kind of resistance from the bank when you made an effort to stay in your unit?

Response	Count	% of Stayed (10)
YES	4	40%
NO	4	40%
N/A or No Response	2	20%

Did you live out the full term of your lease?

Response	Count	% of Stayed (10)
YES	3	30%
NO	2	20%
(blank)	5	50%

Did you live out the 90-day notice?

Response	Count	% of Stayed (10)
YES	1	10%
NO	6	60%
(blank)	3	30%

Did you receive an eviction notice?

Response	Count	% of Stayed (10)
YES	1	10%
NO	7	70%
(blank)	2	20%

Did you pay rent to your new landlord (the bank or third party)?

Response	Count	% of Stayed (10)
YES	5	50%

NO	4	40%
(blank)	1	10%

Did you sign a new lease on the unit?

Response	Count	% of Stayed (10)
NOT INTERESTED	1	10%
WANTED TO; DID	5	50%
WANTED TO; DID NOT	3	30%
(blank)	1	10%

All 50 respondents were asked this final set of questions.

Rank how you felt you were treated by various parties involved in the foreclosure and eviction process.

How do you feel you were treated by:

	Excellent	Well	Average	Poor	Very Poor	(blank)
your landlord?	0 (0%)	3 (6%)	8 (16%)	9 (18%)	26 (52%)	4 (8%)
the foreclosing bank?	0 (0%)	1 (2%)	11 (22%)	7 (14%)	11 (22%)	20 (40%)
real estate agents?	0 (0%)	1 (2%)	11 (22%)	7 (14%)	11 (22%)	20 (40%)
the Sheriff's Department?	2 (4%)	3 (6%)	6 (12%)	2 (4%)	2 (4%)	35 (70%)
the court (clerk and judge)?	3 (6%)	4 (8%)	6 (12%)	3 (6%)	5 (10%)	29 (58%)
anyone who provided you with temporary housing (if applicable)?	8 (16%)	0 (0%)	6 (12%)	2 (4%)	1 (2%)	33 (66%)
any landlords you met while seeking new housing?	10 (20%)	9 (18%)	9 (18%)	5 (10%)	6 (12%)	11 (22%)

NOTES

¹ All photographs included in this report depict Chicago buildings and were taken by LCBH staff.

² The U.S. Conference of Mayors, *Hunger and Homelessness Survey: A Status Report on Hunger and Homelessness in America's Cities, A 29-City Survey*, December 2011. Available at: <http://usmayors.org/pressreleases/uploads/2011-hhreport.pdf>

³ *Renters in Foreclosure: A Fresh Look at an Ongoing Problem*, National Low Income Housing Coalition, September 2012. Available at: http://nlihc.org/sites/default/files/Renters_in_Foreclosure_2012.pdf

⁴ As LCBH has found in previous reports, about 86% of Chicago apartment buildings that go to auction will become bank-owned.

⁵ *Banks Avoid Foreclosure Laws, Uproot Renters: A Call for Enforcement of Tenant Protections*, Lawyers' Committee for Better Housing, June 2011. Available at: <http://lcbh.org/programs/tenants-in-foreclosure-intervention-project/>

⁶ Rolf, Pendall, *Housing Markets in Six Metropolitan Areas and their Main Central Cities*, The Urban Institute. Available at: http://www.instituteccd.org/uploads/iccd/documents/pendall_housing_markets_paper.pdf

⁷ *The State of Rental Housing in Cook County*, DePaul University Institute for Housing Studies, December 2011. Available at: <http://www.housingstudies.org/research-publications/state-of-housing/state-rental-housing-cook-county/>

⁸ *Id* at 7.

⁹ An "affordable" rental unit is one in which a household does not need to dedicate more than 30% of its income to tender rent payments alone.

¹⁰ *Id* at 5.

¹¹ The term "Redlining" is used to define the practice of refusing to do business with high-risk customers or in high-risk areas. Discrimination based on class or race. (See: http://www.adversity.net/Terms_Definitions/TERMS/Redlining.html.) The following is an excerpt from a NYTimes article reviewing "Family Properties: Race, Real Estate, and the Exploitation of Black Urban America," regarding redlining and contract selling in Chicago. (The article is available at: <http://www.nytimes.com/2009/03/22/books/review/Arsenault-t.html>):

"In cities like Chicago, redlining forced a vast majority of black homeowners and tenants into the vulnerable world of 'contract selling,' in which unscrupulous speculators dictated onerous terms that often led to default and social pathology, simultaneously reinforcing black stereotypes and white racism. The 'lack of equal access to credit,' the author explains, had profound ramifications: 'fabulous enrichment for speculative contract sellers and their investors, debt peonage or impoverishment for many black contract buyers and an almost guaranteed decay of the communities in which such sales were concentrated.' Once we recognize the full impact of contract selling, she insists, it becomes clear that 'the reason for the decline of so many black urban neighborhoods into slums was not the absence of resources but rather the *riches* that could be drawn from the seemingly poor vein of aged and decrepit housing and hard-pressed but hard-working and ambitious African-Americans.'"

¹² Satter, Beryl, *Family Properties: Race, Real Estate, and the Exploitation of Black Urban America*, 2009. Print.

¹³ U.S. Census Bureau; 2010 Census Summary File 1; Table DP-1; generated by Randall Leurquin; using American FactFinder; <http://factfinder2.census.gov>; (May 2012).

¹⁴ Total does not include duplicated buildings over the four year span.

¹⁵ Isaacs, Julia B, *The Ongoing Impact of Foreclosures on Children*, The Brookings Institute, April 2012. Available at: http://www.brookings.edu/~media/research/files/papers/2012/4/18%20foreclosures%20children%20isaacs/0418_foreclosures_children_isaacs.pdf

¹⁶ *Id*.

¹⁷ Mallach, Alan, *Abandoned Property: Effective Strategies to Reclaim Community Assets*, FANNIE MAE FOUNDATION, 2004. Available at http://www.fanniemae.foundation.org/programs/hff/pdf/HFF_v6i2/pdf

¹⁸ *The Impact of Foreclosures on Families and Communities*, The Urban Institute, May 2009. Available at: http://www.urban.org/UploadedPDF/411909_impact_of_foreclosures.pdf

¹⁹ *Id* at 15.

²⁰ Carr, James H., Anacker, Katrin B., Mulcahy, Michelle L., *The Foreclosure Crisis and Its Impact on Communities of Color: Research and Solutions*, National Community Reinvestment Coalition, September 2011. Available at: http://www.ncrc.org/images/stories/pdf/research/ncrc_foreclosurewhitepaper_2011.pdf

²¹ *Id* at 15.

²² *Id* at 17.

²³ New York Times, May 22, 2013: "Officials here in the third-largest district in the country voted Wednesday, after an emotional meeting, to close 49 public schools that they said were not being fully used." http://www.nytimes.com/2013/05/23/education/despite-protests-chicago-closing-schools.html?_r=0

²⁴ CReATE: Chicago Land Researchers and Advocates for Transformative Education. Research Brief on School Closures, Research Brief #5. March 2013.

²⁵ Research on school closures and vacancy by Chris Poulos, Masters of Urban Planning and Policy program, University of Illinois at Chicago, 412 S. Peoria, Chicago, IL, 60607. Email: cpoulo2@uic.edu

²⁶ Burt, Martha R., *Homeless Families, Singles, and Others: Findings from the 1996 National Survey of Homeless Assistance Providers and Clients*, *Housing Policy Debate* 12(4):737-80, 2001.

²⁷ Hartman, Chester, Robinson David, *Evictions: The Hidden Housing Problem*, *Housing Policy Debate*, 2003.

²⁸ *The State of Rental Housing in Cook County*, DePaul University Institute for Housing Studies, April 2013. Available at: <http://www.housingstudies.org/research-publications/state-of-housing/state-rental-housing-cook-county-2013/>

²⁹ Fron, Patricia, *Vacant Properties: Havens for Crime in a City Plagued by Violence*, Lawyers' Committee for Better Housing, April 2013. Available at: <http://lcbh.org/vacant-properties/>

³⁰ *Id* at 6.

³¹ *Id* at 7.

³² CitiBank has also consistently filed high numbers of foreclosures; CitiBank was in the top five banks for number of apartment building foreclosures filed for two of the last four years, with Wells Fargo displaced by CitiBank in 2009 and Deutsche displaced by CitiBank in 2011.

³³ The Illinois Mortgage Foreclosure Law requires that successor owners make a good faith effort to identify tenants, and that tenants receive notice that control of the property has changed and disclosure of contact information for repair requests. (735 ILCS 5/15-1508.5(a)).

³⁴ The Illinois Mortgage Foreclosure Law provides that court records relating to a supplemental petition for possession filed under this subsection (h)...or relating to a forcible entry and detainer action brought against a tenant ... shall be ordered sealed and shall not be disclosed to any person. (735 ILCS 5/15-1701(h)(5)).

³⁵ Duhigg, Charles, *Fannie Mae Lets Renters Stay Despite Foreclosures*, New York Times, December 2008. Available at: http://www.nytimes.com/2008/12/15/business/15evict.html?_r=0

³⁶ *Id*.

³⁷ This information was acquired through direct communication with Chase bank personnel by M. Rigdon of the NLIHC.

³⁸ *Id at 3.*

³⁹ Chicago Municipal Ordinance, Chapter 5-14, Protecting Tenants At Foreclosure5-14-050

⁴⁰ Official Chicago Community Areas Map delineated by 1930 Census. This particular map provided by Chicago Home Estates, available at: http://www.chicagohomeestates.com/info/Chicago_Community_Areas

⁴¹ *Id at 13.*

⁴² *Id at 14.*

⁴³ RIS's website is available at www.public-record.com

⁴⁴ CityNews, available at www.newschicago.org, is an internet clearing house of building information for properties in the City of Chicago.

⁴⁵ The Cook County Assessor's Office website is available at www.cookcountyassessor.com.

⁴⁶ The USCourts website is available at www.uscourts.com.