

Affordable Housing Options in Historic Districts

A Case Study in Pilsen, Chicago

A MUPP Masters Project by Samantha Kearney, Spring 2014

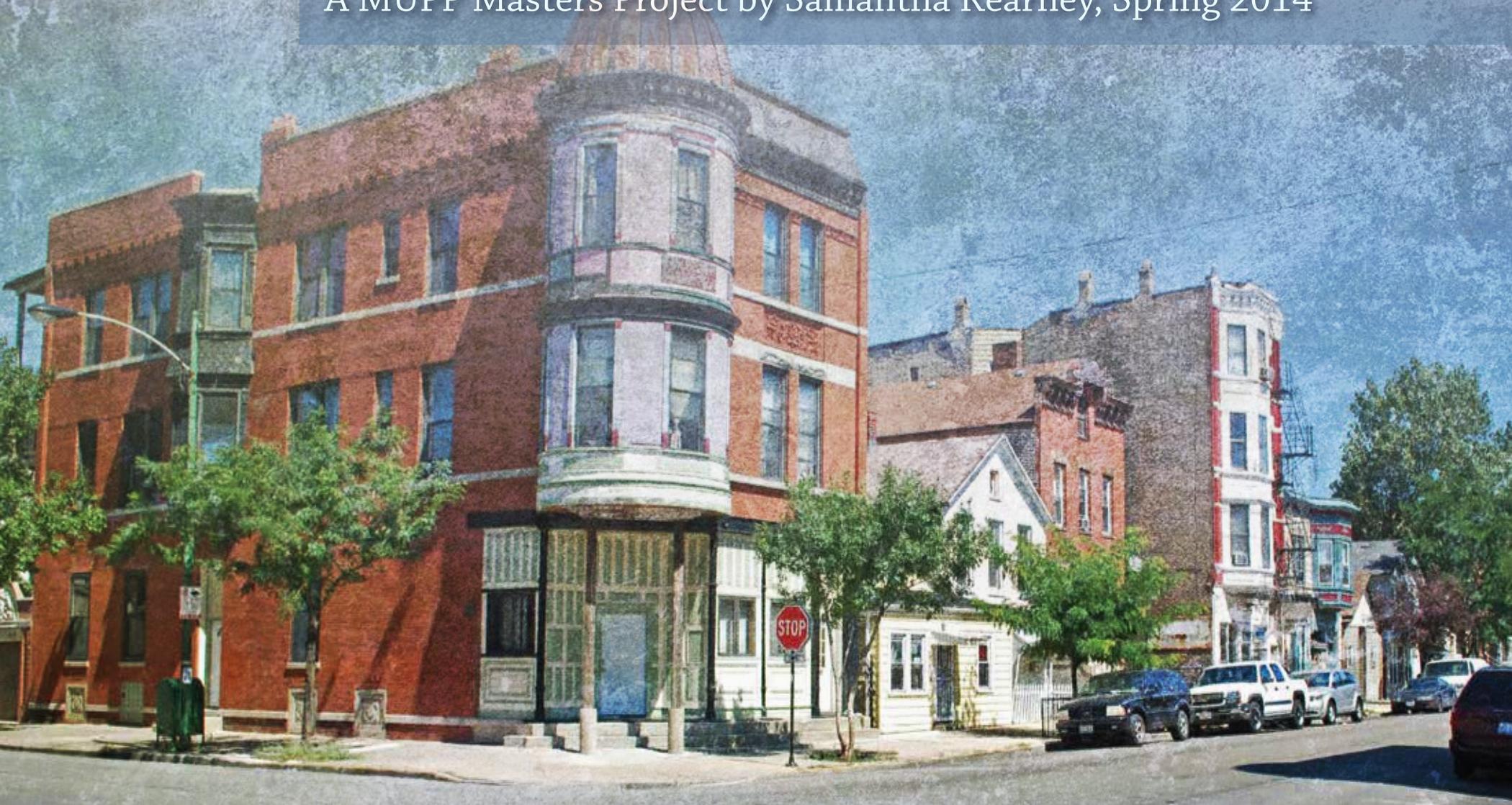
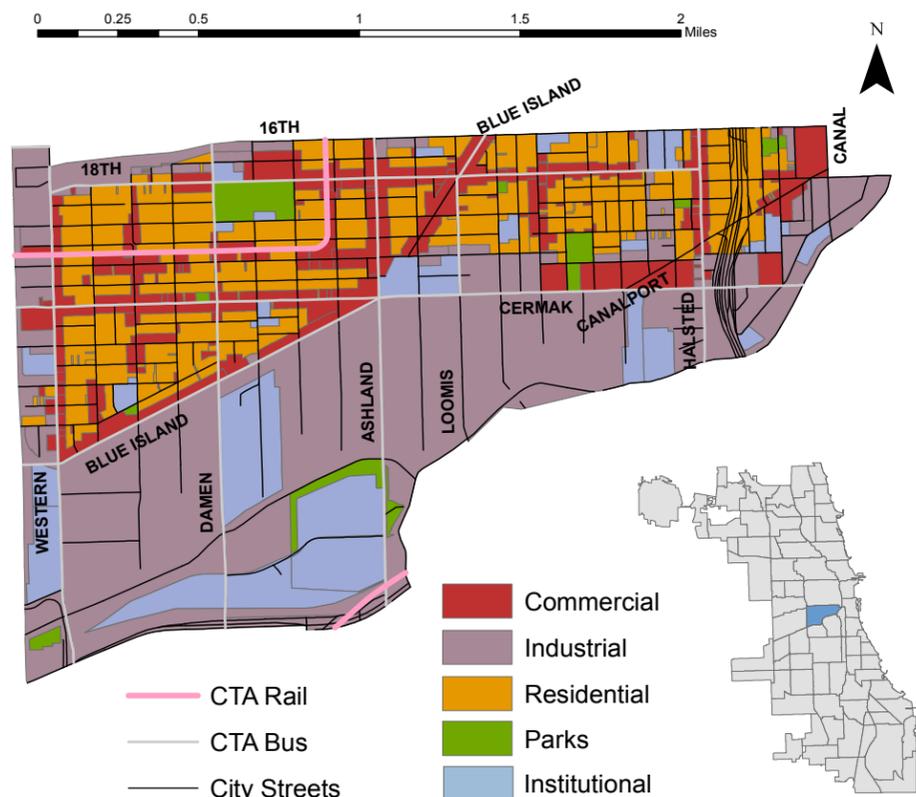


Figure 1: Pilsen's Context: Zoning & Transportation
Source: Chicago Data Portal



Acknowledgments

The concept of combining the realms of historic preservation and affordable housing was introduced to me by Jim Peters, a masterful preservation advocate and networker. Many thanks are due to Janet Smith, who has been a terrific resource for information about affordable and low income housing. Charlie Hoch, my project advisor, was instrumental in refining this study topic. Finally, I thank Brad White, of the Alphawood Foundation, for urging me to consider ways to preserve Pilsen's modest single family homes.

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Purpose

There is not enough affordable housing to meet demand in Chicago. This report demonstrates how historic preservation can be harnessed to create a more equitable Chicago by addressing these housing concerns, especially in gentrifying areas with plenty of historic resources, using Pilsen as a case study. Methods include 1.) identifying buildings that are candidates for historic preservation tax incentives as well as Low Income Housing Tax Credits (LIHTC), and 2.) explaining how Historic Preservation Tax Credits (HPTC) save owner occupiers a bundle on property and income taxes while also promoting building maintenance.

Affordable housing can be created by preserving the existing building stock in blighted communities, making much needed development for these markets financially sound. Using historic preservation, gentrifying neighborhoods can improve to serve current residents while still attracting people with higher incomes. This method limits the negative effects of gentrification (displacement of current residents and dilution of the existing culture) and of traditional public housing (concentration of poverty and alienation of residents) while enhancing the quality of the built and social environment. By preserving the existing housing stock, units that would otherwise be demolished would remain in the market. These preserved units would have modest rents in modest buildings integrated throughout Chicago's neighborhoods. These units may be in mixed use buildings, apartment buildings, or even single family homes. Larger vacant properties, like schools or industrial buildings, may also be adaptively reused as affordable housing.

The principles of this project include:

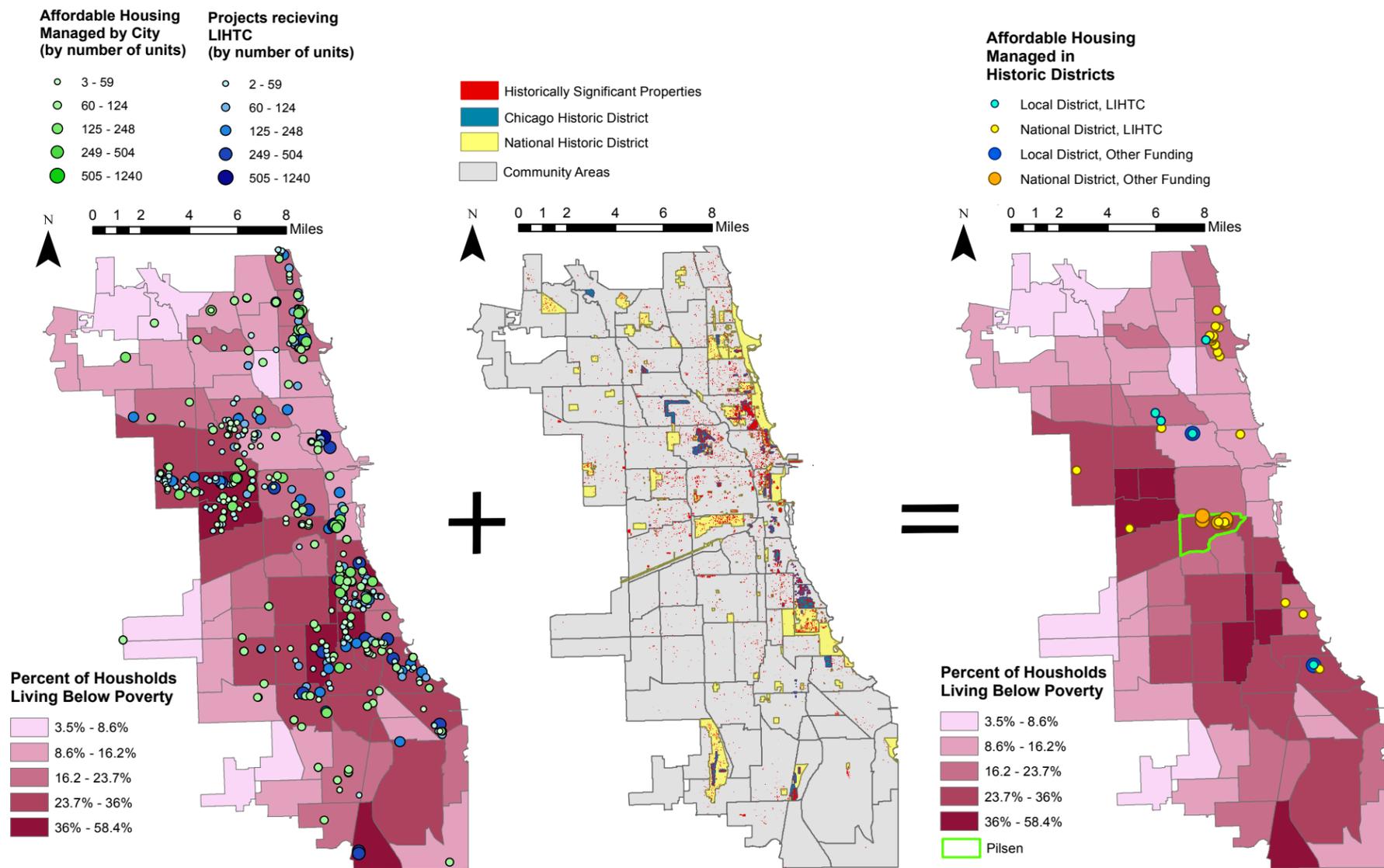
- Reusing structures is more cost effective (and sustainable) than demolition and new construction for individual owners and small development firms.
- Providing affordable housing will never be as lucrative as condos or high rent properties, but the lower construction costs of adaptive reuse reduces the need for a higher return on investment in rehabilitated buildings when compared to new construction.
- Providing affordable housing by preserving modest houses and adaptively reusing other structures makes mixed income communities possible in blighted, gentrifying, and affluent neighborhoods.
- Harnessing HPTC along with LIHTC boosts the financial feasibility of affordable rental projects, while homeowners can use HPTC to rehab their homes and freeze their property taxes.
- Government programs, non-profit organizations, and developers already support these projects.

For whom is this study relevant?

- Non-profit housing organizations
- Developers
- Municipal planners
- Historic preservation advocates
- Community residents

Affordable Housing Options in Historic Districts

Figure 2: Chicago's Affordable Housing, Historic Districts and Properties, and Affordable Housing located in Historic Districts
 Source: Chicago Data Portal, HUD



Introduction

Public & Affordable Housing

Public housing in Chicago has a troubled history. Large-scale public housing structures known as “The Projects” were total failures because they concentrated poverty. Their barren, poorly maintained buildings & landscapes segregated residents physically and emotionally from the rest of the city, causing blight, crime, and segregation. The link between those negative conditions and failed public housing projects influences the way public housing (and affordable housing) is perceived today. The focus of this project is to explain an alternative to conventional policies which has social, cultural, and financial benefits.

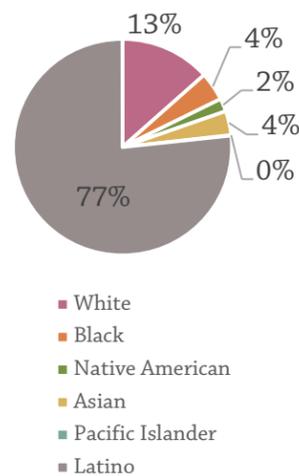
Currently, the favored way to provide public and affordable housing is to construct mid-sized (and sometimes mixed-income) apartment buildings anew. This approach reduces the concentration and segregation of poverty, but more can be done to integrate affordable housing into healthy neighborhoods, and to improve the conditions of poorer and gentrifying neighborhoods without displacing current residents. Public housing projects in Chicago are typically located in community areas with higher percentages of households living below poverty (Figure 2). These units are unevenly distributed throughout the city. Pilsen has 26.6% of households living below poverty and only a handful of small public and low income housing units, indicating a need for more affordable housing, an issue becoming more critical as the area may gentrify and property values rise, displacing low income residents.

Historic Preservation

Chicago completed its decade long survey of historically significant properties (Figure 2) in 1995, and many are local or national landmarks or contributing properties in historic districts. While historic preservation is perceived by many as just a tourism issue or for wealthy property owners, in truth this subject has many purposes. Most of Pilsen is in a national historic district, and this is an opportunity planners, developers, community organizations, and homeowners are beginning to use to their advantage.

Adaptively reusing structures that are landmarks or contributing properties in an historic district allows developers to qualify for Historic Preservation Tax Credits (HPTC) in addition to the Low Income Housing Tax Credits (LIHTC). Having additional methods to write off costs can make construction financially feasible for developers and homeowners. Furthermore, unlike LIHTC, HPTC are not competitive, making them a reliable financing tool that can be combined with LIHTC when appropriate (and possible).

Figure 3:
Pilsen's Demographic
Makeup by Race,
2010 Census



About Pilsen

This study matches Pilsen's boundaries to those of Chicago's Community Area 31, also known as the Lower West Side. As seen in Figure 1, this area is primarily residential, but also has robust industrial and commercial corridors. The area is transit rich. It has many bus routes (including the Ashland bus, which is being considered for a Bus Rapid Transit line) and rail lines (including the El and the Metra). Pilsen is also very close to downtown Chicago. All these factors make Pilsen a convenient place to live: it has many residential options, is walkable, and has short commute times.

Pilsen is widely known as a vibrant Latino neighborhood, and its cultural establishments not only serve residents well but are also destinations for all Chicagoans. Its high percentage of Latino residents (Figure 3), manage and support Latino grocery stores, restaurants, bakeries, bookstores, other retail stores, and churches. The area's institutions also reflect this culture. The National Museum of Mexican-American Fine Art, which shows both traditional and contemporary art, is located here. Pilsen's library is named for Rudy Lozano, a Mexican-American union organizer and Chicago politician who lived in the area. While much of the neighborhood is strongly Latino, this was not always the case. It was originally settled by Czechs and other Europeans in the late 1800s; Pilsen's name comes from a city of the same name in the Czech Republic. Much of the original bohemian architecture still exists and can be appreciated in its original context or as a canvass for contemporary murals and as a stage for other scenes of urban life.

Figure 4:
Pilsen's Household Types,
2010 Census

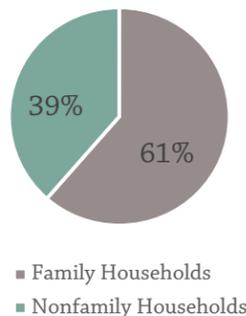
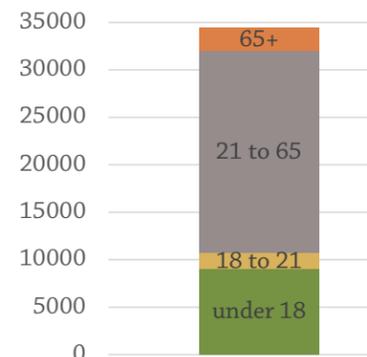


Figure 5: Pilsen's
Age and Population,
2010 Census



On warm days sidestreets host toddlers on tricycles, children playing games, and groups of teenagers. Families make up nearly 2/3rds of Pilsen's households (Figure 4). Pilsen is also a popular location for young adults, who frequent the aforementioned establishments as well as bars and galleries, and take advantage of the area's bike friendliness and low rents. There are also a fair number of seniors in the area, who make up a slightly greater portion of Pilsen's total population of 34457 than 18-21 year olds (Figure 5).

The per capita income of Pilsen's residents is \$16,303, significantly less than Chicago's per capita income of \$27,940 (2007-2011 ACS via Chicago Data Portal). This project's objective is to preserve space in Pilsen for these less wealthy residents, and to improve the community.

Existing Housing Options

As can be seen in Figure 6, household incomes in Pilsen are almost evenly distributed between all income brackets, and those in the lower income brackets are exceedingly likely to pay more than 30% or more of their income for housing. Since housing is considered to be affordable when it costs less than 30% of one's income, it is clear that more affordable housing options (not just rental units managed by the city or NPOs either, but privately owned buildings) in Pilsen are needed for those of lower incomes.

All of the officially affordable housing units in Pilsen is managed by the Resurrection Project, which has adopted several affordable housing strategies, the first of which has been to rehab existing smaller apartment buildings scattered around the area, and the second has been to create large affordable housing buildings from scratch. There is room (and need) for both techniques in the area.

While new construction does happen in Pilsen, it is common for existing structures to be rehabilitated and then resold, partially because smaller developers and most property owners do not have the means to acquire many adjacent parcels of land to build anew. The housing market in Pilsen has a balance of old and new, rental and owned properties. Figure 7 shows that the majority of housing units in Pilsen are rented (63%), with fewer owner-occupied units (24%) and still fewer vacant units (13%).

Figure 7:
Unit Tenure,
2010 Census

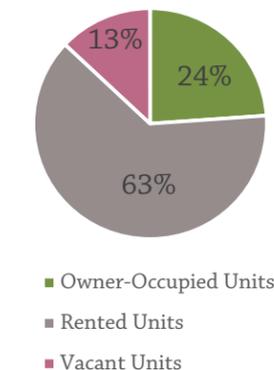
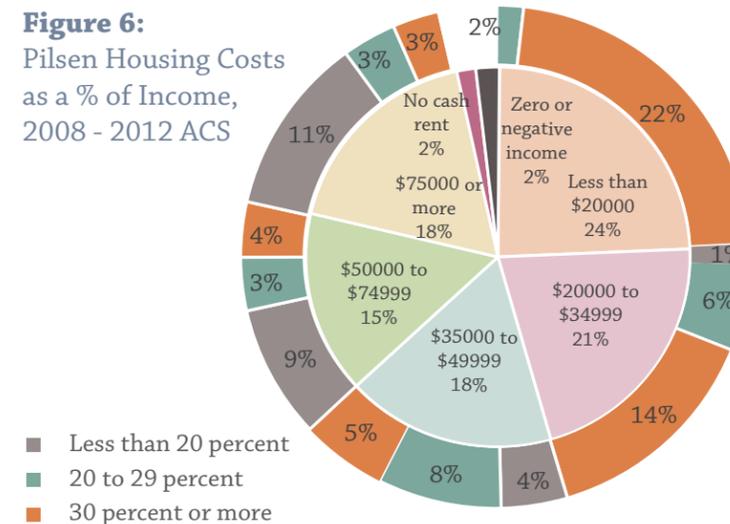


Figure 6:
Pilsen Housing Costs
as a % of Income,
2008 - 2012 ACS



Those are vacant units that are still in the real estate market, there are still more units, 44% of all vacant units (Figure 8) in the shadow market, where they are not being sold or even remodeled. These units are sometimes demolished, sometimes rescued by developers for a new life as condos, stores, residences, offices, and other purposes. These vacant properties can be opportunities for positive change, if identified in a timely way. If not, they continue to deteriorate, contributing to blight but not contributing property taxes.

Figure 8:
Vacant Units,
2010 Census

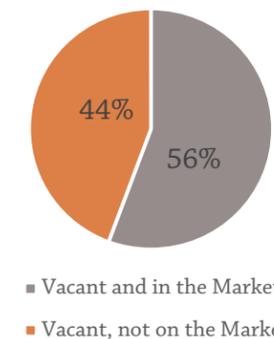
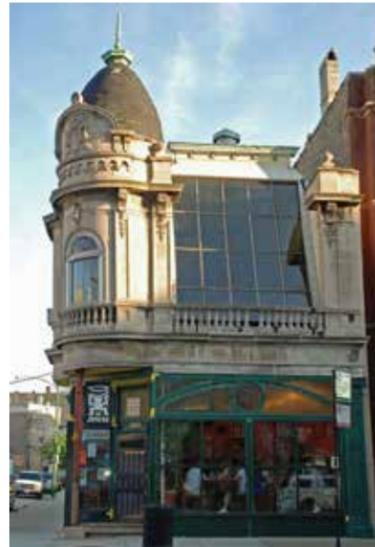


Figure 9: Altered historic building



Gentrification

Pilsen has prided itself on being a “port of entry” for immigrants, first for Czech and German settlers and later for Latinos. There is growing concern that Pilsen will gentrify, displacing current residents by causing an increase in property values and therefore rises in rent and property taxes. The reality is that gentrification is not presently a significant force, as the price per square foot of houses has fallen from a peak of \$427 in 2006 to \$150, which is about what it was in 2000, but this price has fluctuated and at times even been double the City’s average price per square foot (Figure 10).

Even though house values are stable for now (and below the citywide average), local concerns about gentrification are not unfounded. Patterns of gentrification do exist nearby and even in Pilsen. The median household income of the areas surrounding Pilsen have increased (particularly to the north), sometimes dramatically, while the household income of areas in Pilsen has increased slightly (Figure 11). The areas within Pilsen that have seen the greatest household income increases are east of the highway, nearest to the South Loop and the lakefront. It is reasonable to assume that their proximity to redeveloping areas and the change in household income is not a coincidence, and that this pattern could spread westward across Pilsen.

The presence of university students and artists, as well as many trendy bars and galleries in the northeastern portion of Pilsen lead many to believe that gentrification is sure to follow, especially if the housing market returns to pre-crash levels.

Figure 11: Percent Change in Median Household Income, 2000 - 2011, Map by City-Data.com

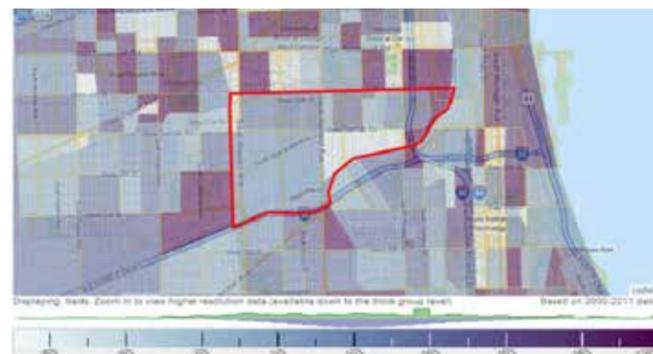
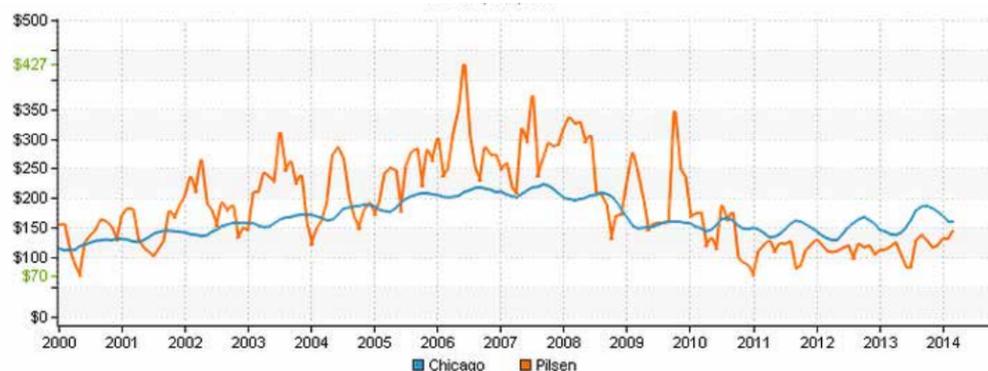


Figure 10: Average Price per Square Foot for Houses in Pilsen and Chicago, 2000 - 2014, Graph by Trulia



Pilsen’s Historic District

In 2006, the same year that the price per square foot of property in Pilsen peaked (Figure 10), most of Pilsen was established as a national historic district. The district covers most of Pilsen’s residential and commercial areas (Figure 14), and is one of Chicago’s largest historic districts. There are 4405 contributing buildings and 838 noncontributing buildings in the district, and prior to the district’s establishment only one building had been landmarked (Pilsen Historic District Forms, 2).

The building styles and uses vary within the historic district. Many modestly sized houses are “Worker Cottages” made with wood balloon frames (a method perfected by early Chicago to quickly and cheaply erect buildings) or brick (if built after the zoning laws prompted by the Great Chicago Fire of 1871), or multifamily homes with a first floor commercial space, so they were originally mixed use. Other mixed use and institutional buildings are made of rusticated stone and may be Richardsonian Romanesque or are classically inspired. Front yards are small, even rare.

Another curious feature of this district is that some buildings have entrances that relate to street level in an unusual way. Instead of excavating all of its streets to install a sewer system and water pipes, Chicago layed those pipes over what was street level and simply buried them, raising street level in some areas. This can be seen in many sidestreets of Pilsen (Figure 12).

These properties tend to be rather narrow and long, many brick and stone buildings have party walls, and many parcels have secondary buildings in backyards facing alleys to maximize the number of residents one lot may host. Additionally, these buildings, even ones that appear to be single family homes, can have multiple units. Over time, many of these buildings have had additional floors added to enlarge their buildings. Though these buildings are smaller than most apartment buildings in Chicago, Pilsen still sustains a strong population density due to its building density (Figure 13).

What does this historic district mean for Pilsen’s future? Other historic districts in Chicago have not stopped gentrification and redevelopments, but districts slow demolitions and guide construction projects on contributing buildings to honor the historic character. Though these guidelines may result in more costly (and higher quality) renovations, there are tax breaks for those who comply with them. These incentives can cause redevelopment under circumstances that would otherwise be unprofitable for developers, and make maintenance cost effective instead of cost prohibitive for homeowners.

Figure 12: Worker’s Cottage and Raised Street



Figure 13: Pilsen



Existing Conditions

Map of Pilsen's Historic District Boundaries & Landmarks

Chicago has many historic districts (both local and national) and landmarks. Most of Pilsen is within one of the city's larger historic districts (it is a national historic district, which has different protections and incentives than a local historic district would). The historically significant properties shown below are not all individually landmarked, though the ones that aren't could probably be designated as such if additional historic funding sources were desired for a project. Contributing properties are not shown, but make up the vast majority of the district's building stock. Pilsen has many historic renovation options.

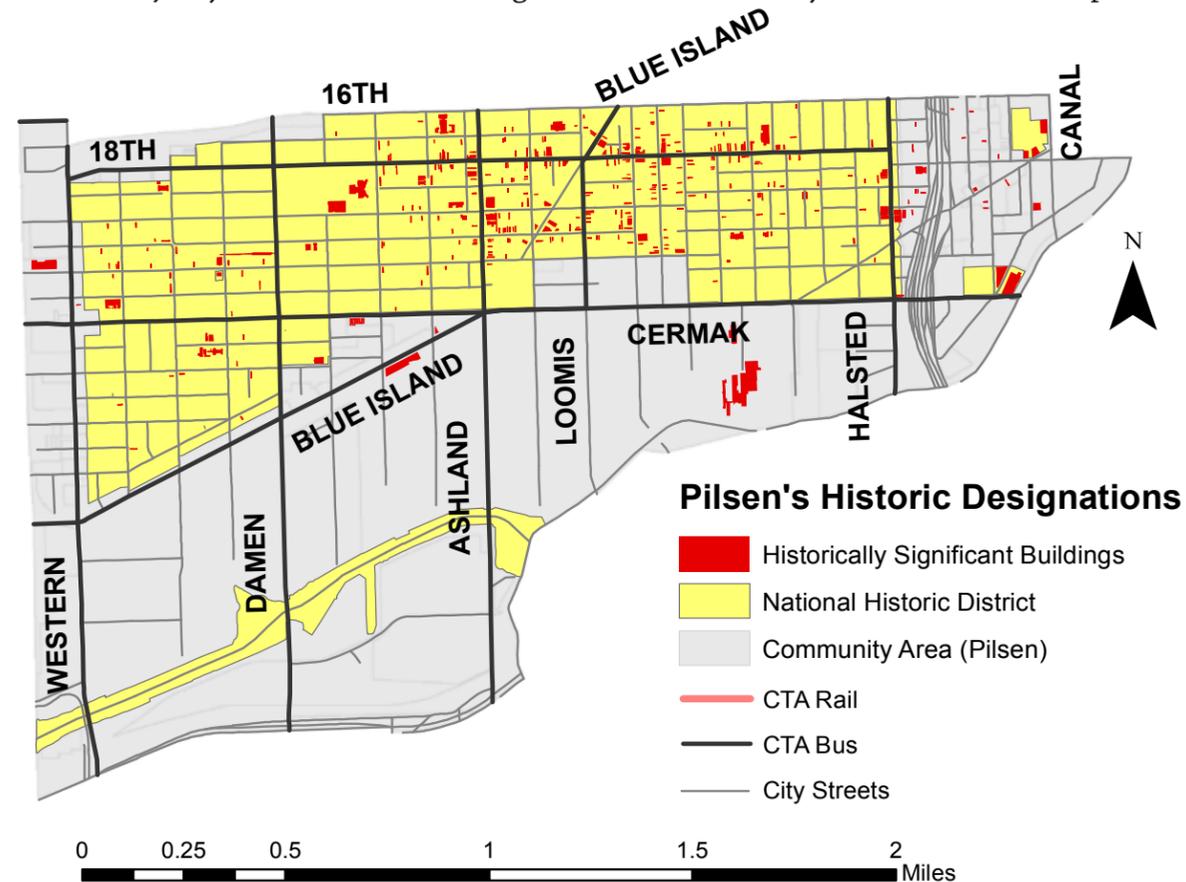


Figure 14: Pilsen's Historic Designations, Source: Chicago Data Portal

Map of Official Affordable Housing Units in Pilsen

As seen in Figure 2, though Pilsen has fewer affordable units than many community areas, it is the only place in the city with affordable housing in a national historic district with affordable buildings that have not used LIHTC. While privately owned and operated units may not be explicitly affordable, Pilsen's 218 affordable housing units are managed by the Resurrection Project, with some city support (Figure 15). The largest of these buildings is for seniors with 72 units, and the smallest are three multifamily buildings with four units each (Affordable Rental Housing Developments). The Resurrection Project will open an affordable housing building for students soon, construction on the new contemporary building finished recently (Figure 16). Their larger buildings are new construction, while the smaller buildings are rehabilitation projects. These conditions are matched with solutions to create more affordable housing in the following chapter.

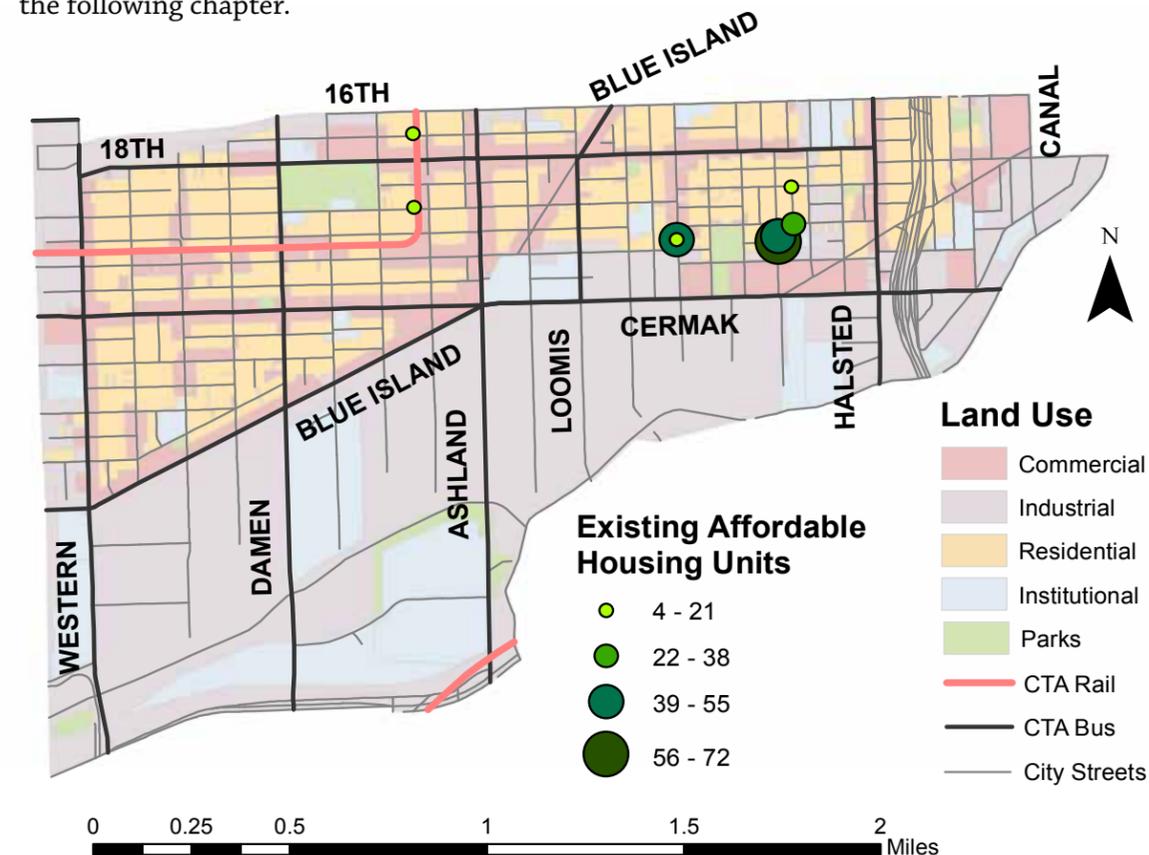


Figure 15: Pilsen's Land Use and Affordable Housing, Source: Chicago Data Portal (below left)

Figure 16: Resurrection Project's Student Housing



Suggested Solutions

The Value of Reusing Older Buildings

To improve the quality of life of residents, reduce blight, and deter gentrification, underutilized historic buildings should be improved (Figure 17). In addition to improving conditions for residents and neighbors, preserving these buildings benefits the local economy in several ways. First, these older buildings tend to be small business incubators; as noted by Jane Jacobs (Jacobs, 188), older buildings are affordable for new entrepreneurs. New construction is more expensive, and therefore has higher rents. Having more commercial space (Pilsen's commercial corridors tend to have mixed-use buildings where the first floor is commercial and the upper floors are residential) in old buildings means small businesses - some locally owned - may thrive. Pilsen's residents can not only have their own versions of the American Dream by owning or having their own residential spaces but they can also witness the upward mobility of their small businesses, contributing to a rich sense of community. Studies also show (Rypkema, Preservation Green Lab) that local economies benefit more from historic preservation projects than they do from new construction. This is partially due to the greater need for skilled labor (a local resource) to dutifully restore older buildings in historic preservation projects, whereas in new construction a majority of the costs are in materials, not labor, and materials tend to be purchased from outside of the community. Because older building materials (sometimes referred to as embodied energy) are conserved, restoration is almost always more sustainable than new, even in HVAC dependant Chicago (Preservation Green Lab, 76).

Individual Building Projects

Remodeling individual buildings can be undertaken using preservation incentives mixed with other funding sources, which vary based on the intended use of the building. A large building that will be devoted to public housing will be financed very differently from a mixed use and/or income building containing affordable units. Renovations for single family homes will require different funding. In all cases, money saved in utilities for having more energy efficient buildings will benefit everyone over time.

Worker's Cottage Initiative

A systematic approach to preserving Pilsen's historic resources is important. By identifying an important affordable housing form, the Worker's Cottage, a predecessor of Chicago's Bungalows, the successful programs that already exist to preserve Chicago's Bungalows (and another program about Greystones) can be a source of inspiration to simultaneously reinvest in Pilsen while also deterring gentrifiers.

Figure 17: Mural on a Worker's Cottage in Pilsen



Evaluation Criteria

The purpose of historic preservation is not to preserve everything but to preserve a good representation of older sites and structures. What does this entail? Careful consideration of what is worth saving and what is possible to save; unfortunately these two are not always the same. The evaluation process can seem cumbersome, arbitrary, and involve many stakeholders, and it is easy to be discouraged by it, yet there is method to the madness... the trick is to understand it and get it to work in one's favor. Things that must be considered include the condition of the building and the political and economic context of the building.

Building Condition

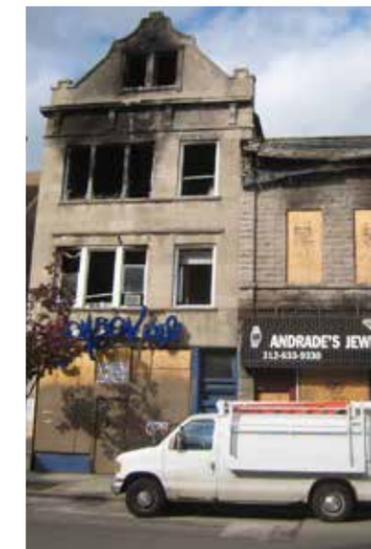
The structural integrity of the building is critical in determining if and how the building will be restored. Some buildings are in such poor structural condition that they can be described as having undergone "demolition by neglect." Some have exteriors in good condition, others are in poor condition for other reasons (Figure 18). Buildings may need to be gutted or thoroughly reconfigured to be up to code like having insulation (and the removal of asbestos), HVAC, electricity, plumbing, appropriate forms of egress, and accessibility. Buildings in good structural condition may also be poorly suited for the desired new use, or even poorly located or zoned even if they are otherwise usable. All of these variables must be considered before a building can be seriously considered for rehabilitation.

Political and Economic Context

Demolition by neglect sometimes happens deliberately, an owner of a building may decide that a new structure is desirable, and will circumvent the demolition protections granted to some landmark buildings by maintaining it poorly or not at all, until the structure is such a hazard that the city has no choice but to grant the owner a demolition permit. Demolition or demolition by neglect may happen if the building is vacant too long. Many vacant buildings are just in the process of being sold, but many others are in the shadow market, where they are not on the market (for sale), and these are usually in the worst condition, and are also the least likely to have someone with enough money step in to restore them.

A few buildings face political pressure to be demolished, or even sometimes restored, against all other odds. They may already have landmark status (or be worthy of landmarking), or be part of a broader plan that requires preservation, demolition, and in rare cases relocation.

Figure 18: Damaged Property in Pilsen



Adapting an Individual Building

Building renovations and conversions can be costly and time consuming, but they are generally less expensive and more sustainable than demolition and new construction. Not all building renovations are required to be done to the Secretary of the Interior’s Standards of Rehabilitation, but landmarked buildings and contributing buildings in historic districts must have their plans reviewed by Chicago’s Landmarks Commission to ensure compliance with the standards before a building permit may be issued. These enhanced regulations can sometimes increase project costs, but they also come with tax credit incentives (explained in the table on the following page), which outweigh the increased expenses. These historic preservation tax credits are widely used, including by wealthier owners and developers who promote gentrification. However, these incentives may be paired with Low Income Housing Tax Credits and Class 9 (both explained in the table) to boost the viability of restoration projects related to affordable housing, but in some cases the affordable housing requirements are too difficult to qualify for while the historic preservation incentives can accomplish nearly as much just on their own.

Consider 1514 W. 18th Place, consisting of three 3-bedroom units, listed as vacant and 19% deteriorated on 4/1/2013 (City of Chicago Vacant Buildings). A month later, on 5/14/2013 the owner submitted a building permit (costing \$1,225) to redevelop the property for \$50,000 (Licensed Chicago Contractors). The following list shows what incentives the owner is and is not eligible for.

- To begin with, 1514 W. 18th Place is listed as a contributing property in Pilsen’s Historic District (Pilsen Historic District Forms, 76) which is a National Historic District, but it is not in a Chicago Landmark District so it is ineligible for the Chicago Building Permit Fee Waiver and Class L.
- Class L is also unhelpful in this case because even though the \$50,000 project cost exceeds half of the building’s assessed value of \$25,294 (Cook County Property Tax Portal), the assessment of 10% for 10 years (the same benefit as Class 9, which this project is ineligible for because it has too few units), the building’s tax rate is already below 10% (Cook County Property Tax Portal).
- If the owner will not live in the building, the project is eligible for Federal Rehabilitation Tax Credits, meaning savings of \$10,000 on the owner’s income taxes. If the owner does not need that many credits, the bank that issued the loan may use them. This is a good method to leverage funding.
- If the owner is eligible for LIHTC, they may rent one of the three 3BR units at most at \$1,037.50/mo or two units each for \$1,245/mo (HUD Limits) to get a 10 year savings of \$14,850 or \$29,700.
- It is possible to be registered locally and nationally, so a push for designating this area a local historic district could bring additional funds.

Figure 19: 1514 W. 18th Pl.



1514 W. 18th Pl. Project Summary

- Project Cost: \$50,000
- FRTC: \$10,000
- LIHTC: \$14,850 or \$29,700

Total Savings: \$24,850 or \$39,700

Incentive	Benefit	Eligibility	Project Requirements
Chicago Building Permit Fee Waiver	Free building permits.	Everyone. Building (including new construction) must be a local landmark or within a local district.	Note distinction: only Chicago designated landmarks and districts are eligible, not National Register ones.
Cook County Class 9	Property tax of the building will be assessed at 10% for 10 years, sometimes can be extended for 20 years.	Owners of apartment buildings with 7+ units.	At least 35% of units must comply with rent caps established in Class 9 rules to ensure affordability. The income of Class 9 unit residents cannot exceed 80% of Chicago’s median income.
Cook County Class L	Property tax of the building will be assessed at 10% for 10 years, 15% the 11th year, and 20% the 12th year.	Owners of income-producing property (apartments, for example). Building must be a local landmark or contribute to a local historic district.	The project must have Landmark Commission approval. Project costs must equal or exceed half of the building’s assessed value.
Federal Low Income Housing Tax Credits (LIHTC)	10 year tax credits are calculated by multiplying the project’s eligible basis (project costs minus cost of land) by either 9% (or 4% if using other federal funding) and by the percentage of affordable units.	Developers of new multi-family rental buildings or those who have owned buildings for 10+ years or who have acquired long vacant buildings. Also, this is a competitive program; there is a limited amount of tax credits HUD may give each state.	Comply with HUD’s rent and income rules for 30 or more years, and at least X% of the units must be rent restricted and occupied by households with incomes at or below Y% of the HUD-determined area median household income, where X-Y is either 20-50 or 40-60.
Federal Rehabilitation Tax Credits (FRTC)	Income tax credit equalling 20% of all project costs for owner or tax credit investor (like a partnering bank)	Owners of income-producing property (apartments, for example). Owner-occupiers are ineligible. Building must be a local or national landmark or contribute to a local or national historic district.	The project must have the State Historic Preservation Office approval. Project costs must equal or exceed the property’s “adjusted basis” which is the assessed value of the building minus the cost of the land and including depreciation.
Illinois Property Tax Assessment Freeze	8 year tax freeze at assessed value, then a 4 year gradual tax increase to meet the new assessed value.	Homeowners, including those who rent out portions of their property to other residents. Building must be a landmark or contribute to an historic district (local and national qualify).	The project must have State Historic Preservation Office approval. Construction costs must be at least 25% of the property’s assessed value.

Worker's Cottage Initiative

The Worker's Cottage is a distinct style that was popular among Chicago's middle and lower classes between the mid 1800s and early 1900s. This style's characteristics included a facade that was a plane going from the elevated basement to the gabled second (and sometimes third) floor, widths that took up nearly or all of narrow city lots, first floor plans that were two rooms wide, detailed cornices, and decorated (sometimes arched) window lintels. Early versions were constructed of wood with balloon frames, and later versions were of brick or sometimes stone.

It was the forerunner of the Bungalow, another widely popular single family housing form that modified many of the Worker's Cottage characteristics. A ring of Worker's Cottages can be found around Chicago's downtown and before the Bungalow Belt, in neighborhoods including Pilsen, Bridgeport, Back of the Yards, Bucktown, and Old Town (Field Guide to Chicago Area Buildings). Worker's Cottages were built to be affordable, and many of them still provide affordable housing (many have multiple apartment units, creating enough density to be affordably viable) over 100 years after they were first built.

The history and purpose of Worker's Cottages is noble, and an initiative should promote them. Similar initiatives already exist for other prominent architectural styles in Chicago. The Historic Bungalow Association and the Greystone Initiative were both started to help homeowners of these building types maintain, preserve, and even upgrade their property. These two organizations (the Greystone Initiative is part of Neighborhood Housing Services) provide information to homeowners about the history of their building types and resources about how to design & finance construction projects, how to maintain their buildings, and how to be more energy efficient to save money on utilities - enhancing affordability.

By adopting similar strategies, a Worker's Cottage Initiative will assist homeowners in Pilsen and beyond in preserving their affordable housing. The housing stock will be preserved in two senses, first through advocacy, the affordable housing will not be demolished or substantially redeveloped to appeal to those who can pay significantly more in rent ensuring that affordable neighborhoods of Worker's Cottages remain for workers, and second through promoting the preservation of these deteriorating 100-ish year old buildings. The first half of this goal is largely done through community outreach and advocacy, so that the stigma associated with these smaller buildings is replaced with an understanding that Worker's Cottages represent one facet of the American Dream. The second goal is done through working with homeowners to help supply them with as many resources as possible when remodeling their homes.

Figure 20: Ad for Worker's Cottages, Original Source: Chicago Historical Society ICHI-06577, Found In: PioneerAmerica.org



Advocacy

A public outreach and education marketing campaign should be undertaken to promote the Worker's Cottage, so that homeowners, neighbors, developers, architects, and politicians can be proud of what these buildings are and what they stand for: affordable housing and the legacy of workers in the City of Big Shoulders since before the Chicago Fire. A style guide can be published online on the Worker's Cottage Initiative website and in print in the form of brochures. These brochures could even be used to promote tourism and local pride. Additional outreach measures may include creating a museum exhibit about Worker's Cottages (perhaps working with the Chicago Cultural Center, Chicago History Museum, Pilsen's public library, or one of Pilsen's many art galleries), holding workshops about how to restore these buildings, and sponsoring a tour of a Worker's Cottage or of a neighborhood (perhaps by working with the Chicago Architecture Foundation).

Funding Sources

Another brochure and set of web pages on the website will list all potential funding sources for those looking to remodel or perform maintenance on their building. These sources include:

- Illinois Property Tax Assessment Freeze: This tax credit system (see table on page 15 for details) is particularly valuable in gentrifying areas, where the rising property values can displace residents who cannot pay the rising property taxes. The Worker's Cottage Initiative will not only inform owners that this is an option, but also check landmark status and guide the applicant through the procedures necessary to make these tax credits happen.
- Funding for projects might be acquired from Chicago (perhaps using TIF funds) and the Illinois Housing Development Authority as was done when the Greystone Initiative was established (Thigpen, 35), but private sources may also be considered, including grants from the Alphawood Foundation, Richard H. Driehaus Foundation, Chicago Community Trust, Polk Bros. Foundation, and Local Initiatives Support Corporation (LISC). The Initiative would reallocate this money to homeowners to help fund renovations, as well as for other organizational costs.

Worker's Cottage Initiative Organization Structure

The Worker's Cottage Initiative will be a 501c3 nonprofit organization, or it could be part of Neighborhood Housing Services, as the Greystone Initiative is. It will work with Chicago's Department of Planning & Development, aldermen, the State Historic Preservation Office, and the Pilsen Planning Committee as well as homeowners, landlords, and the community as a whole.

Worker's Cottages: The American Dream

- Homeownership is a mainstay of American culture, economics, and politics.
- Like Bungalows, they are single family homes that working class people can afford.
- Densely built in what are often walkable neighborhoods with public transit, they are a good alternative to suburban sprawl.

Conclusion

By capitalizing on Pilsen's current assets, in this case the historic district's modest dwellings, the existing community can be enriched. This can be accomplished not just by educating people about the area's past, but also by using the district's historic preservation incentives to renovate vacant and aging structures to bring new life and new opportunities to an area that has always been home to workers (and many of them immigrants): people of modest incomes who deserve stable lives.

It is true that the incentives that accompany national and local landmarks and districts can also be used by projects that contribute to gentrification, but part of Pilsen's historic character has been as a home to working class immigrants and the buildingstock is still suitable for this purpose. By diligently educating and encouraging those who also value the preservation of Pilsen's housing for this demographic about how they can leverage funding from banks and save money on taxes a significant quantity of affordable units can be assured a place in this district, either officially as managed by a non-profit like the Resurrection Project, or simply owned and operated affordably by landlords and homeowners.

There are many contributing properties in this district (and Worker's Cottages scattered around Chicago) and an initiative to reserve and conserve these buildings for the same economic demographic that they were built for could make a difference, even if some sections do gentrify. This is a step towards greater equality and also an acknowledgment that Chicago's history belongs to everyone, not just the wealthy. There is room for all given the vacancy rate, and historic preservation incentives alleviate the pressure of higher taxes, so even if affordable housing funds aren't attained, owners have greater control over costs.

These developments would also address the housing market's unheeded need for affordable homes. Just as importantly, these historic preservation projects require more labor costs and material costs, meaning that more of the money spent on these projects would go into the paychecks of the local working class. These projects will provide security for the working class both by ensuring that there will be space for them in neighborhoods which have been theirs historically and by providing more jobs... jobs that will be sustainable since so many of these aging buildings can benefit from renovations and even simple maintenance. These buildings are also sustainable in an environmental sense due to their embodied energy. That these buildings, many of which are over 100 years old, are still standing... still functional... and still a home to Chicago's working class is significant. These qualities can and must be protected and enhanced to make the City of Big Shoulders a place worthy of its history and architecture, not a place that is completely transformed by gentrification and wealth disparity.

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CTA Bus Routes
CTA "L" Rail Lines
Boundaries: Community Areas
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National Register of Historic Places
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