

Chicago Housing Justice League



Relocation Assistance - Framing Guide

Proposal Summary

The Chicago Housing Justice League offers the following program to help create a better system to ensure that tenants displaced through no fault of their own are given the restorative tools to reestablish their lives in a new home. The League's proposal is based on a review of relocation assistance programs around the country and relevant moving cost in Chicago, compiled by the Lawyers' Committee for Better Housing.

- 5x Chicago Median Rent by Bedroom (CMRB) as the base relocation assistance under this program.
 - Example: A family of two adults and no children in a 2-bedroom apartment of a 100-unit building is served a notice to evict for the purpose of a substantial rehabilitation of the building. The CMRB for a 2-bedroom unit is currently \$1285/month. The landlord of the tenant would need to provide \$6425 (5 x \$1285) in Relocation Assistance to the tenant.
- Small landlords (6 units or fewer, owner-occupied, single building owned) and non-profit affordable housing developers will have a reduced base relocation assistance of 3x CMRB.
 - Example: A family of two adults and no children in a 2-bedroom apartment of a 2-flat building is served a notice to evict for the purpose of the landlord moving in a qualified relative. The CMRB for a 2-bedroom unit is currently \$1285/month. The landlord of the tenant would need to provide \$3855 (3 x \$1285) in Relocation Assistance to the tenant, half reimbursed by the City (see below).
- All landlords will be obligated to provide single-instance additional \$2500 assistance if there is anyone present who is elderly, a minor child, and/or a person with disabilities to account for the additional help, materials, and labor required for these specific groups of people.
 - Example: A family of two adults, one of who is deaf, and one child in a 2-bedroom apartment of a 100-unit building is served a notice to evict for the purpose of the landlord demolishing the building. The CMRB for a 2-bedroom unit is currently \$1295/month. There is one adult with a disability and one minor child. There is a single-instance of additional assistance due of \$2500. The landlord of the tenant would need to provide \$8925 ([5 x \$1285] + \$2500) in Relocation Assistance to the tenant.
- Small landlords will be eligible for reimbursement upon proof of payment to the tenant of half of total relocation assistance. The Department of Housing would administer this program with a new budget allocation of \$2.4 million devoted specifically to this new small landlord assistance fund.
 - Example: In the above example of a small landlord, the two-adult family would receive \$3855 in Relocation Assistance. The small landlord would provide proof of payment to the Department of Housing, and the small landlord would receive \$1,927.50 from the Department of Housing as a reimbursement.

- Additionally, the other half of total relocation assistance paid by small landlords will be in the form of rent abatement, thereby limiting the cash outlay for the small landlord. This half can be paid to the tenant in cash instead at the discretion of the landlord.
- Example: In the above example of a small landlord in regards to the two-adult family, the small landlord could provide the tenant with \$1,927.50 in rent abatement and \$1,927.50 as a check. The small landlord would then submit proof of payment of the check to the Department of Housing who would then reimburse the small landlord for the \$1,927.50 check, thereby making the sum total cash outlay for the small landlord zero dollars.

Introduction

Eviction is a well-documented form of extreme disruption, so much so that it has been equated with structural violence. Minimizing the tangible costs on renters facing no-cause evictions is critical to stabilizing households and entire neighborhoods. The city as a whole will also benefit by stemming the outflow of Chicagoans from the city and thus strengthening our tax base and helping retain our greatest resource: our people.

Relocation assistance is also directly related to protecting public health and reducing health inequities, priorities laid out in Healthy Chicago 2025, published by the Chicago Department of Public Health. The plan notes, “**Housing stability, affordability, quality and safety all affect health.**” Research shows that evictions can lead to people ending up paying more for lower quality housing. Relocation assistance will not only help more people afford to stay in Chicago, it will help them to be able to find and afford to move to a home that is healthy, accessible, and safe, which promotes public health and health equity, both high priorities for our city.

Below is some relevant data on moving costs, provided for context of what costs someone faces when they are forced to move through no fault of their own. These are costs that most people cannot afford, especially on only two to three months’ notice that they are being forced to move, given the continued dearth of savings that we have seen in recent years, especially among low-income populations that are already rent-burdened and struggling to make ends meet.

Relevant Data on Moving Costs and Rents

From Apartment List, Chicago Median Rent by Bedroom (hereby abbreviated as CMRB) was the following as of the end of December 2019:

- Studio - \$942
- 1 Bedroom - \$1093
- 2 Bedroom - \$1285
- 3 Bedroom - \$1644
- 4 Bedroom - \$1956

Moving expenses will always include:

- First Month's Rent - 1x CMRB
- Security Deposit or Move-In Fee - up to 1x CMRB
- Moving Supplies - \$125-250 depending on apartment size
- Movers - \$240-675 for 0-1BR; \$710-1400 for 2-3BR; \$1100-4800 for 4+BR within the city according to moving industry estimates
- Work Days Lost to Moving and Managing Family Disruption - Minimum 1-5 days at \$120 per day at minimum wage, \$321 per day at 100% Chicago AMI for a family of 3
- Utility Fees (cable, internet, and possible fees or deposits for water, gas, electric) - \$145-395, depending on security deposit requirements

TOTAL minimum costs due to forced displacement:

- **\$2514-4809 for 0BR;**
- **\$2816-5111 for 1BR;**
- **\$3670-6220 for 2BR;**
- **\$4388-6938 for 3BR;**
- **\$5402-10,962 for 4BR.**

As a factor of CMRB, the minimum costs due to forced displacement are:

- 2.7-5.1 x CMRB for 0BR;
- 2.6-4.7 x CMRB for 1BR;
- 2.9-4.8 x CMRB for 2BR;
- 2.7-4.2 x CMRB for 3BR;
- 2.8-5.6 x CMRB for 4BR.

Moving expenses might also include:

- Last Month's Rent - 1x CMRB
- New Furniture and Furnishings, as needed, including replacement of things broken in the move and furnishings that fit the new apartment - Nearly ubiquitous but too variable to easily quantify.
- Storage for One Year - \$1465 on average for 1-2 BR, \$1725 on average for 3-4 BR
- Accessibility Accommodations (if elderly and/or disabled) - \$2000-20,000 per unit, depending on accommodations needed. Currently, about 19% of renters have one or more disability yet less than 1% of Chicago apartments are both affordable and accessible according to Access Living, necessitating specific accommodations to modify the vast majority of apartments just to make them livable.
- Childcare - \$30-58 per day, or \$900-1740 per month

Relocation assistance in cities across the country:

Below is a list of current relocation assistance provided in different jurisdictions in the U.S.

- Federal - \$700-1900 based on bedrooms, plus direct moving costs and services

- Chicago - \$1500-10,600 based on circumstances, plus limited moving costs and services (see: KCRO, SRO, and Condo Conversion laws)
- Los Angeles - \$7900-19,700
- Minneapolis - 3x actual monthly rent
- Oakland - \$6500-9875 based on bedrooms, plus \$2500 for low-income, minor children, elderly, and people with disabilities
- Portland - \$2900-4500 based on bedrooms
- Seattle - \$2,000-3000, city pays half
- San Francisco - \$4500 per tenant, capped at \$13,500 per unit, plus \$3000 if elderly, disabled, or a minor child
- Washington, DC - \$300 per room, plus \$150 per pantry, kitchen, and storage

Policy Options

The possible policy options based on what currently exists or other proposed options include:

- Flat Amount (includes current Chicago law in KCRO, SRO, and Condo Conversion)
- A multiplier of actual rent
- A multiplier of CMRB
- Per Room
- Per Bedroom
- Per Tenant

Additional assistance can be added based on:

- Income and/or means-testing
- Age
- Disability
- Minor children

While one of the benefits of the Just Cause for Eviction ordinance as it was introduced is that there is no cost to the city to implement it, considerable concerns have been raised for small landlords' ability to pay relocation assistance costs which merits discussion of an assistance program by the city to help such small landlords. Below are three considerations that are responsive to these concerns:

- There is at least one instance of a city assistance program (Seattle) paying Relocation Assistance, up to one-half of the landlord's obligation. This program helps landlords, but is based on the income of the tenant, not on the status of the landlord, large or small. While not an ideal model, it is noteworthy for considering assistance programs.
- Seattle's program paid out just under \$310,000 per year, pre-COVID, to low-income households. Seattle has approximately one-fourth of the renters that Chicago has. A similar program for all income levels for Chicago would need approximately \$6 million per year.

- However, if this were limited to only small landlords, multifamily buildings with 6 or fewer units are an estimated 40% of the housing stock in Chicago and the percentage of these buildings that are also owner-occupied is even less. As such, this can be safely adjusted down to a budget figure of closer to \$2.4 million. Overall, this would be a great boon to tenants and small landlords who need such support, and at a very small cost to the city.

Proposed Solution

It is clear from the above information that costs vary widely based largely on the size of the apartments involved. Therefore, the Chicago Housing Justice League has endorsed the idea proposed by the Department of Housing that relocation assistance should be based in some part at least on the CMRB.

We are also very sensitive to the fact that laws should be easy to follow and adhere to by all parties and easily understood. We would clarify that any landlord needs to pay only one source of relocation assistance, whichever amount is greatest, in order to fulfill the requirements of all instances of relocation assistance (for example, where a non-profit developer is obliged to pay relocation assistance under the federal Uniform Relocation Act). Streamlining this requirement should make adherence to the law a lesser burden to all.

We wish to also acknowledge that, for relocation assistance purposes, our initial Just Cause proposal defines “small landlord” to building with only 4 units or fewer, owner-occupied, single building owned. While this would put us in line with other municipalities across the country, it would make Chicago law more confusing. Therefore, we would expand this to match the unit number for small landlords in the RLTO which has been unchanged since 1986: 6 units or fewer, owner-occupied. We strongly recommend that, in the future, the RLTO definition be reexamined and brought into line with national standards.

Given these parameters, we suggest a revised relocation assistance amount for relocation assistance under Just Cause to be set to:

- 5x CMRB as the base relocation assistance under this program.
- Small landlords (6 units or fewer, owner-occupied, single building owned) and non-profit affordable housing developers will have a reduced base relocation assistance of 3x CMRB.
- All landlords will be obligated to provide single-instance additional \$2500 assistance if there is anyone present who is elderly, a minor child, and/or a person with disabilities to account for the additional help, materials, and labor required for these specific groups of people.
- Small landlords will be eligible for reimbursement upon proof of payment to the tenant of half of total relocation assistance. The Department of Housing would administer this program with a new budget allocation of \$2.4 million devoted specifically to this new small landlord assistance fund.
- Additionally, the other half of total relocation assistance paid by small landlords will be in the form of rent abatement, thereby limiting the cash outlay for the small landlord even further. This half can be paid to the tenant in cash instead at the discretion of the landlord with a written agreement between the landlord and the tenant.

The research done on costs for a forced displacement as listed above showed that minimum costs run consistently between approximately 3 to 5 times the Chicago Median Rent by Bedroom (CMRB). The most

significant additional costs are those borne by the elderly, disabled, and parents of minor children. The additional assistance for accessibility modifications runs toward the low end of what Access Living estimates for such costs, but it keeps it in line with similar assistance in other cities.

As a result of this new proposal, small landlords would have a much smaller potential cash outlay to their tenants for forcing them to move, but in the end, they would be reimbursed by the city for the required cash. Meanwhile, the tenants, in all cases, would have a much better chance of successfully restarting their lives—in a new apartment within Chicago—and to do so less encumbered by unexpected and undesired costs, imposed on them by the landlord through no fault of the tenant.

While this does impose an annual cost in the City's budget, a projected \$2.4 million budget creates equity for all parties at a relatively small cost in terms of the overall city budget (less than 0.2% of the current police budget, for instance). It especially protects our small landlords that we know are our best source of natural affordable housing, a priority for all parties.

We ask for your support for this proposal. Thank you.