



RELOCATION ASSISTANCE - FRAMING GUIDE

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PROPOSAL SUMMARY

The Chicago Housing Justice Coalition 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 Coalition's proposal is based on a review of relocation assistance programs around the country and relevant moving costs in Chicago, compiled by the Law Center 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) 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 \$6 million devoted specifically to this new small landlord assistance fund.

- Example: In the above example of a small landlord in regard to the two-adult family, the small landlord could provide the tenant with \$3,000 in rent abatement and \$855 as a check for whatever reasons best suit the landlord and tenant. The small landlord would then submit proof of the abatement and payment of the check to the Department of Housing who would then reimburse the small landlord for the \$1,927.50, half of the total relocation assistance 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. Note that CMRB has changed in subsequent years:

- 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 relocation assistance provided in different jurisdictions in the U.S. as of September 2020.

- 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 - \$7,900-19,700
- 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

Concerns have been raised about the impact of paying relocation assistance on small landlords. Below are 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 is currently earmarked for \$6 million per year, a figure allocated in the first-year budget from the program that could be adjusted in later years. 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 Coalition 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. For example, we have made adjustments to the legislation in conversation with the Chicago Rehab Network, an umbrella organization that represents nonprofit landlords, to allow such owners to follow their own existing relocation assistance standards, only falling back to the Just Cause ordinance standards if other models do not apply. Streamlining this requirement should make adherence to the law a lesser burden to all.

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) will have a reduced base relocation assistance of 3x CMRB. Non-profit landlords will follow their own guiding principles for relocation assistance payments as a general principle.
- 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 \$6 million devoted specifically to this new small landlord assistance fund.
- Small landlords are given discretion to determine rent abatement with tenants, minimizing administrative burden and ensuring greatest flexibility for both tenants and landlords
- In all payments of relocation assistance made by senior landlords, 100 percent reimbursement will be made available to the landlord. This will also be the case in any situation in which a landlord is moving in a qualified family member.

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.

The flexible approach to rent abatement minimizes impacts on small landlords. 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 \$6 million initial budget creates equity for all parties at a relatively small cost in terms of the overall city budget. It especially protects our small landlords that we know are our best source of community-based affordable housing, a priority for all parties.

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