

ROGERS PARK BUILDER

Immigration, Refugee Resettlement and Rogers Park – Part Three

WINTER 2018

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Two Centuries of Immigration to Chicago – Past, Present and Future

I. Introduction: Chicago – City of Immigrants

Chicago has always been a city of immigrants. And few places in the metro area have played a more important role in the lives of immigrants and refugees than Rogers Park. But, in recent years, and notably since the onset of the Great Recession, Chicago's status as a Gateway City and primary destination for immigrants and refugees has slipped. This is largely due to the region's lackluster economic recovery.



But it is also due to changing American attitudes about immigration and increasing hostility to new arrivals. For the past several decades, Latin America and especially Mexico have been the most important sources of immigration to Chicago. As the United States government has clamped down on our southern border and ramped up efforts to deport undocumented immigrants, Chicago has seen a decline in immigration to the region.

Perhaps this would matter less if Chicago were attracting, or at least retaining, native-born Americans. In fact, Chicago is losing native-born Americans at an accelerating rate. The in-migration of foreign-born people used to provide a larger offset to these losses. But now, we are losing more native-born Americans at the same time that fewer foreign-born people are coming to take their place. If this continues over the medium to long-term, the impact on our economy will be deeply felt, and not in a good way.

The situation in Rogers Park is more complex, and predicting the future is harder. But one thing is certain. Rogers Park has large and diverse immigrant and refugee populations. If immigration and refugee resettlement continue to decline in the Chicago area, the impact on Rogers Park will be profound and the character of the neighborhood will change in fundamental ways.

II. History of Immigration in Chicago

To fully appreciate the impact immigrants have made in Chicago, you really have to go all the way back to the city's founding. During the one-hundred or so years between the city's founding in 1833 and the Market Crash of 1929, a swampy marsh at the edge of Lake Michigan in the middle of a vast and mostly open continent was transformed into one of the world's great

(Continued on next four pages)

Tax Cuts and Jobs Act – Impact on Property Owners

by Tom Lisy, RPBG Director

Lisy Rentals

The recently passed Tax Cut and Jobs Act, signed into law on December 22, 2017, contains changes of major importance to all members of the Rogers Park Builders Group. The impact of these changes will vary greatly among members of our group, based on the organizational structure of their business, amount of property owned, number of employees (if any) and total taxable income of the individual business owner. Although it will take some time before tax professionals are able to assess the total impact of the new law on their clients, we can provide this brief synopsis of the major details that will affect us all:



Tax Reduction

Businesses that are organized as corporations will see a dramatic reduction in their tax rate from 35% to 21%. Business that are organized in a way that treats their taxable income as personal income (pass-through) will probably see a reduction in their tax rate resulting from the consolidation of tax brackets (see more below).

State & Local Taxes (SALT) / Mortgage Interest

Personal deductions for these items are now limited to \$10,000 (\$5,000 for a married taxpayer filing jointly). This includes taxes paid on real estate, personal property and either income or sales taxes.

Capital Gains

The top capital gains bracket remains at 23.8% (20% plus 3.8% net investment income tax).

Itemized Deductions

The overall limit on personal itemized deductions is repealed. (This item in the new tax law will sunset in 2025.)

Pass-Through Income Deduction

Businesses that are organized as sole proprietorships, "S" Corporations, partnerships and LLCs whose profits are treated as personal income for tax purposes are eligible for a maximum deduction of 20% of taxable income. This deduction is applicable up to an income threshold of \$157,500 for single filers and twice that for joint filers. The formula for this deduction is as follows:

Deduct 25% of wages paid to employees plus 2.5% of the purchase price (unadjusted basis) of tangible depreciable property ("qualified property").

According to Robb Mandelbaum of Forbes magazine, "qualified property is anything the business has bought and is still using. The law allows owners to factor that piece of property, whether it's an office building or a desk in that office building, into the deduction for as long as it can be depreciated, but for at least 10 years." It may be important to note that vacant land is not considered qualified property.

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Photo courtesy of RefugeeOne

cities with a population of more than three million people. How did this happen, and where did all these people come from?

Let's be blunt. Chicago did not become the great city it is today because of the region's natural beauty, excellent weather or abundance of natural resources. Chicago exists because of the central role it played in the transformation of the national economy from a frontier backwater into the world's most powerful nation.

In his excellent book, *Nature's Metropolis*, William Cronon lays out the convergence of industries that so thoroughly transformed this tiny sliver of the Illinois prairie into the metropolis we know today. Chicago's emergence as railroad Mecca of the United States is well known. But many other industries all propelled Chicago into the mercantile powerhouse that it became.

This economic explosion that marked Chicago's first century of existence could never have happened without an equally rapid increase in the labor force. Given the still relatively small population of the United States in the mid-19th Century, much of this labor had to come from abroad. Cronon says that, in 1850, 12.5% of the population of Illinois was foreign-born; in Cook County, the foreign-born population was 50% of which the large majority lived in Chicago proper.

These new restrictions on immigration are expected to hit Chicago especially hard. In fact, this is already happening

Indeed, throughout the early 20th Century, the percentage of foreign-born to native-born Chicagoans remained high. A recent study by Rob Paral of the Chicago Council on Global Affairs, entitled "Looking Back to Look Forward," finds that in 1920, foreign-born residents made up more than a third of the population of Chicago.

But something happened during the early years of the 20th Century – something that will sound very familiar to modern ears. The native-born population of the country began to turn against immigrants, particularly those from areas deemed less "desirable." In early 20th Century America, that animus was aimed largely at southern and eastern Europeans and particularly at Italians and Jews. This change in

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attitude translated to a series of new laws that had the cumulative effect of greatly reducing the number of immigrants the country would admit. This legislation culminated in the Immigration Act of 1924 (a/k/a the Johnson-Reed Act) which effectively barred immigration from Eastern and Southern Europe.

After 1924, there was an immediate and dramatic reduction in the number of immigrants to the United States. The onset of the Great Depression further suppressed immigration as the country suffered through the worst depression in our history.

In Chicago, the percentage of foreign-born residents declined each decade from 1920 to 1970 – 25% in 1930; 20% in 1940; 15% in 1950; 12% in 1960; and 11% in 1970. While the city's overall population continued to grow through 1950, it has declined almost continuously ever since. An important factor in this decline was the reduction in immigration brought on by laws enacted decades earlier.

Eventually, the anti-immigrant sentiments of the 1910s and 1920s subsided. In 1965, the Immigration and Nationality Act reversed many of the earlier restrictions and opened up a new era of immi-

gration to the United States. Unlike earlier waves of immigrants who mostly came from Europe, immigration after 1965 was truly a global movement. Large numbers of people began moving to the United States from Latin America, Asia and Africa. Immigration from Europe continued, but made up a smaller percentage of the total.

With this reversal of policy, Chicago began to see its foreign-born population rebound. According to the Paral report, just under 200,000 people immigrated to Chicago between the 1970 and 2015. During this same period of time, just under 850,000 native-born people left Chicago for other places.

But, once again, the national mood is changing. Immigration has re-emerged as a political issue and is part of the reason why Donald Trump was elected president. The growing national backlash against immigrants has led to new and proposed policy changes that will both restrict legal immigration and increase deportations of undocumented immigrants currently living here.

These new restrictions on immigration are expected to hit Chicago especially hard. In fact, this is already happening. A Brookings report by William H. Frey, entitled "U.S. Immigration Levels Continue to Fuel Most Community Demographic Gains," finds that the Chicago region has significantly lost ground as a gateway city for new immigrants.



Photo courtesy of RefugeeOne



Photo courtesy of RefugeeOne

... the Chicago region has significantly lost ground as a gateway city for new immigrants

According to the Brookings study, Chicago ranked fourth among large U.S. metropolitan areas as a destination for immigrants in the 1990s and 2000s, trailing only New York, Los Angeles and Miami. Since 2010, the Chicago region has become much less attractive to international migrants. Between 2010 and 2016, Chicago saw a net gain of 148,505 international migrants, still behind NY, LA and Miami, but now also behind Houston, Washington DC, Boston and San Francisco. Over this same period, Chicago saw a net loss of 409,167 native-born residents.

These statistics go a long way to explaining why both Chicago and Cook County have started losing population in recent years. If immigration is further restricted, as seems likely under the current administration, continued economic and demographic stagnation could be the future for both the city and the region.

III. Focus on Rogers Park

Just as Chicago is one of the nation's most important gateway cities, so Rogers Park is one of Chicago's most important gateway neighborhoods. All Chicago neighborhoods have welcomed new immigrants at different points in their history. But, in recent decades, Rogers Park and other far North Side communities have become the destinations of choice for a diverse group of new arrivals from around the world.

Rogers Park stands out for the sheer diversity and breadth of the immigrant groups who have settled here. Immigrants to Rogers Park come literally from across the globe

Rogers Park (and to a lesser extent Edgewater and Uptown) is unique among Chicago neighborhoods with large foreign-born populations. Other neighborhoods have attracted specific immigrant groups – think Mexicans to Little Village or Poles to the Northwest Side. But Rogers Park stands out for the sheer diversity and breadth of the immigrant groups who have settled here. Immigrants to Rogers Park come literally from across the globe. Rogers Park is also the primary destination within the city of Chicago for refugees who are almost always fleeing

Chicago and the region simply have not recovered from the Great Recession of 2008-2009 as well as the country overall, or other large, US metro areas

famine, oppression or war and sometimes all three.

A prime example of the impact that immigrants and refugees have had on the Rogers Park community can be found in its public schools. Sullivan High School is the stand-out example. The Rogers Park Builders Group knows Sullivan High School well and has worked closely with Principal Chad Adams on a variety of projects to strengthen the school and help its students.

Chicago Magazine recently ran a long article on Sullivan High School, entitled “Welcome to Refugee High” (June 6, 2017). The article highlights the incredible diversity of the Sullivan student-body – a virtual United Nations of cultures and languages – all under one roof.

The statistics for Sullivan are eye-popping, but also revealing about the demographics of the larger neighborhood. Forty-five percent of Sullivan students are foreign-born from 38 countries speaking 35 languages. At the time the article was written, 89 refugee students were enrolled at Sullivan out of a total school population of 641. These 89 enrollees represented an almost three-fold increase over refugee enrollment through the same period the year before. Forty percent of Sullivan students are enrolled in ESL (English as a second language) classes. After English and Spanish, the third most widely spoken language at Sullivan is Swahili.

For the current fiscal year (through Sept. 30, 2018), there are likely to be just 15,000 refugees admitted to the United States. This is 14% of the 2016 total

New refugee and immigrant students show up at the school almost every week. Sullivan by a wide measure takes in more refugee students than any other high school in the city of Chicago.

The school has a long history of taking in immigrants. When it opened in 1923, classrooms were filled with Irish and German students who had recently arrived with their families in Rogers Park. But, by the time Principal Chad Adams arrived in 2013, the school was in steep decline with a falling enrollment and a Level 3 rating, the lowest in the CPA system.



Photo courtesy of RefugeeOne



Photo courtesy of RefugeeOne

Since 2013, the school has experienced tremendous improvements by almost every measure. This improvement is partly due to the school's success in attracting and integrating a diverse group of immigrant and refugee students into its student body. Enrollment has gone up and the school is now rated a 2-plus. Principal Adams believes a Level 1 rating is within reach.

Earlier in 2017, Sullivan was selected by CPS to be Chicago's first "newcomer center." This designation is a recognition of how central the school has become to the immigrant and refugee population of Chicago. It could also bring in additional federal funding, perhaps in the range of \$300,000, to assist refugee students in the many challenges they face as they integrate into American society. Learning English is just one of the many challenges these students face as they learn to adapt to their new city. Ultimately, Sullivan is tasked with no less a responsibility than teaching these students how to be American and how to succeed in American society.

IV. Current Trends

The contrast between Chicago's history as an immigrant city and the reality on the ground today is stark. Chicago is losing out to other American cities as a port of entry. These declines are occurring as increasing numbers of native-born people are leaving Chicago for other states. This combination of demographic trends helps explain why both the city and the region have experienced net population losses for the past three years. While these population losses are small in absolute numbers or as a percentage of the total, it is also true that Chicago is the only one of the ten largest metro areas in the country to be losing population. Clearly, something has gone wrong in Chicago that has not in other places, or at least not to the same extent.

There are two primary reasons why Chicago is seeing less immigration in recent years. The first and most important is the economy. Chicago and the region simply have not recovered from the Great Recession of 2008-2009 as well as the country overall, or other large, US metro areas. The Chicago region has recovered at about half the rate of the country overall, and has the lowest rate of job growth of the top-ten metro areas.

But Chicago's lackluster economy is not the only reason why we are under-performing. Changing social attitudes and government policies toward immigration also explain why Chicago has declined as a gateway city. This shift in attitudes by native-born Americans toward immigrants has been occurring for several decades. Hostility toward immigrants increased during the Great Recession when many people lost their jobs and immigrants made a convenient scapegoat for their frustrations. But

even as immigration has slowed since the end of the recession, resentment of immigrants has only seemed to grow. The culmination of this change in sentiment was the election of Donald Trump as President; Trump took an overtly anti-immigrant stance in his campaign and has continued his efforts to reduce immigration and refugee resettlement to the United States since becoming President.

Anti-immigrant sentiment in the US has been especially directed towards Latin Americans. The past three administrations – under Bush, Obama and Trump – all made increased border security a priority. As a result of these measures, and the severe economic downturn a decade ago, immigration from Latin America has fallen precipitously. Immigration from Mexico is currently essentially zero with as many Mexicans returning to Mexico as coming to the United States. Yet the animus toward Mexico and Latin America more generally continues.

Chicago had been a particularly popular destination for Mexican and other Latin American immigrants, both documented and undocumented. As immigration from these areas has fallen, Chicago has seen a steeper drop in immigration than coastal cities that saw more immigration from other parts of the globe.

While immigration has become more difficult over several recent administrations in Washington, both Democratic and Republican, the current administration has been especially unfriendly toward immigrants and refugees. In the fiscal year ending September 30, 2016, the Obama administration capped refugee resettlement in the United States at 110,000, and admitted 109,000 refugees to the United States. This cap was even higher under Republican President Ronald Reagan when it stood at 140,000. Upon taking office, President Trump announced his

intention to reduce the cap to 55,000, and later 45,000 refugees, less than half the total under Obama. Through September 30, 2017, the actual number of refugees resettled in this country was just under 54,000, many of whom came in before Trump took office. For the current fiscal year (through Sept. 30, 2018), there are

likely to be just 15,000 refugees admitted to the United States. This is 14% of the 2016 total.

While refugee resettlement has plummeted, the plight of refugees across the world has only grown. According to RefugeeOne, there were 22.5 million refugees worldwide in 2016, of which 1.2 million need "urgent" resettlement. The 15,000 refugees who are anticipated to be resettled in fiscal year 2018 represent a tiny fraction of this population. Worse, 30,000 refugees who have already been approved for resettlement in the United States will be left in legal limbo.

Local refugee resettlement agencies have also suffered under the new directives coming from Washington. RefugeeOne, Chicago's largest resettlement agency, has traditionally resettled 400 to 450 people annually, but hit an all-time high of 844 refugees in 2016. In 2018, they had planned to resettle 450 refugees, but now fear that this number could be much lower.

Not only has the US government dramatically slowed the intake of refugees, they have systematically begun to dismantle the infrastructure in place to process and resettle these new arrivals. The State Department is "encouraging" the consolidation of resettlement agencies and has stated that any resettlement agency that does not process at least 100 refugees in a single year will no longer be able to qualify as an approved resettlement agency. This is exactly what is now happening to HIAS, another Chicago-area social services agency that offered refugee resettlement services. With the decision of the State Department to withdraw its support from

HIAS, the organization announced that they would have no choice but to discontinue their refugee resettlement services in Chicago.

These policy changes will have a direct impact on Rogers Park. If they continue, we can anticipate many fewer immigrants and refugees coming to the neighborhood. Undocumented immigrants currently living in Rogers Park, and across the country for that matter, live in increasing fear of deportation. As a result, they are avoiding contact with law enforcement officials and are increasingly living in the shadows of society. *The Economist* maga-

... our status as the nation's third-largest city and economy is at stake and our reputation as a preferred destination for immigrant communities is increasingly in doubt

zine ("Rhetoric and Reality" December 16, 2017) reports that deportations have actually decreased under the Trump administration; however, this is largely due to the near closing of the southern border. Meanwhile, deportation of undocumented immigrants living inside the United States has increased 25% over the previous administration. This deportation activity is no longer targeted to those who have committed serious crimes. Under the Trump administration, anyone who is unable to prove legal status – regardless of past criminal history, length of residence in the country, or family connections – may be targeted for deportation. This is a radical shift in priorities from past administrations, and not just Democratic ones.

The climate of fear these policy changes have created impact not just the undocumented, but all immigrants who suddenly feel unwelcome in the country where they have chosen to build their lives. The consequences of these changes could ripple through the community and the country for years to come.

V. What the Future Holds

Both Chicago and Rogers Park are at a crossroads. For the city and the region, our status as the nation's third-largest city and economy is at stake and

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reputation as a preferred destination for immigrant communities is increasingly in doubt.

For Rogers Park, the neighborhood's unmatched diversity and traditional role as a gateway to the region could both soon be history. The neighborhood has already come under pressure as gentrification pushes north along the Red Line. A decline in immigration, and a collapse in refugee resettlement, could accelerate this process and fundamentally alter the composition of the neighborhood. A more homogenous, and less interesting, Rogers Park could be the result.

None of these things are inevitable. Chicago remains a large, vibrant



Devon Street, Chicago

city with a highly diversified economy and much to offer the millions of people who call it home, or come to visit. The Trump administration may or may not be successful in permanently changing immigration and refugee resettlement policy. Change could come as early as the 2018 mid-term elections.

But one fact remains. Chicago needs immigrants more than most cities just to eke out some modest population growth and economic expansion. Any continuation in the current trend toward less immigration and fewer refugees will have a disproportionate impact on Chicago and the Midwest, both of which struggle to fully recover from the last recession.

Property owners in Rogers Park and elsewhere in the Chicago region

Chicago needs immigrants more than most cities just to eke out some modest population growth and economic expansion

should recognize the importance of new arrivals to their community and to their city. Demand for housing comes from many sources, but the foreign-born have been an important source of demand for apartments in Chicago, and especially in Rogers Park. As property owners, our livelihoods will be impacted by changes in immigration policy. The fact that this is a pocketbook issue is just one of the reasons (perhaps not the most important) why we should all be concerned about the growing climate of intolerance toward immigrants.

This has been the last of a three-part series on Immigration, Refugee Resettlement and Rogers Park.

– by Steve Cain



Ups and Downs



by Steve Cain • Winter 2017-18

One government shutdown behind us and another one looming on the horizon. Such is the state of affairs in Washington, D.C. where “take no prisoners” is the new normal, and where disarray within and between the two major parties reigns supreme. The government shutdowns – past and possibly future – are about a lot of things, but one thing above all else – something that has been a major topic of discussion in the Newsletter over the past year – Immigration.

Donald Trump differentiated himself from his Republican challengers early on with his stance on immigration. He was, and is, hostile to both the concept of immigration and to immigrants more generally. This hostility is especially pronounced toward people from countries he deems less desirable, such as those from Latin America, the Caribbean and Africa. This hostility has been made clear in many ways, but most dramatically when he announced that he would end the Obama-era protections under the DACA program.

DACA (Deferred Action for Childhood Arrivals) was established under President Obama to extend temporary protection to the children of undocumented immigrants who were brought to this country by their parents and who essentially grew up as Americans, lacking only the documentation to make it official. About 800,000 of these children and young adults took advantage of DACA protection, although there may be as many again who did not. DACA recipients – also known as Dreamers – have limited, if any, memory of their countries of origin. Most are productive members of American society, doing all the things young Americans do, including going to school, establishing careers, getting married and having families. The large majority of Americans (around 70%, according to a recent CBS News poll) are in favor of legalizing Dreamers and allowing them full citizenship rights. Even a majority of Republicans favor permanent legal status for the Dreamers.

But nothing is ever simple in Washington. President Trump’s decision on September 5, 2017 to end legal protections for Dreamers under the DACA program was the first domino to topple in our most recent Washington drama. Trump’s stated reason for ending DACA was that the Obama administration had overstepped its authority in creating these protections in the first place. But underlying this argument was the sense that Trump, some of his senior advisors, and certainly his most hard-core supporters, wanted Dreamers out of this country altogether, along with their undocumented parents and many other categories of immigrants, both documented and otherwise.

The repeal of the DACA protections poured fuel on the decades-long dispute between Republicans and Democrats over immigration reform. Suddenly, there was a very real deadline for resolution to these tensions. Without Congressional action, Dreamers will lose their DACA protection in March 2018. Without it, they are subject to deportation just like any other immigrant living in this country without proper documentation.

I have strongly argued in this, and recent, Newsletters that immigration is critical to the future of Chicago and the Midwest. Chicago’s economy has been unusually dependent on immigrants going all the way back to the city’s founding (see related article in this issue of the Newsletter). As Chicago and the Midwest lose native-born Americans to other regions of the country, we rely more and more on foreign-born immigrants to replace these losses. If Washington’s hardening opposition to immigration translates to new, more restrictive immigration laws, this can be expected to have an especially harmful impact on our local economy.

The future of the Dreamers and the polemic over immigration, more than any other issue, is what currently divides the two sides. As I write this column, Congress is poised to collide again over this issue as the most recent Continuing Resolution expires on Feb. 8. Democrats are split between the hard-core DACA defenders and moderates, particularly those from districts in which Trump won in 2016, who fear that they will be blamed for yet another government shutdown. Republicans are equally split between moderates who want to protect Dreamers and give them some permanent legal status as residents (if not necessarily as citizens), and extremists who want to see all undocumented immigrants deported and future legal immigration significantly reduced.

The effort to find an immigration solution that all sides can abide has been elusive, and is getting more so. Where this ends is far from clear. I fear the worst. The only thing that seems clear to me right now is that the gulf between Red and Blue America just keeps getting wider.

Steve Cain is Secretary of RPBG. He writes articles and compiles content for our quarterly newsletter. The opinions expressed in this column are his own and do not necessarily reflect the views of RPBG and its Members.



As I See It
“Mr. Postman,
Wait and See”
as to RLTO Reform

Mike Glasser
RPBG President

It has been 12 years since I last assumed the mantle of President of the Rogers Park Builders Group, so it’s been a long time since I last wrote a President’s column for The Builder. With so many issues involving Chicago, Rogers Park, and general landlord topics from which to choose, one could understandably wonder what topic I would cover in this – my first post in my second stint as RPBG President.

After much thought, my choice of topics is – drum roll, please...

At \$0.49 cents to send a letter first class, the cost of postage is too darn high!

Before you shake your head and move on to the next article, let me explain why, with many deserving topics, I selected this as the subject of my first column.

As many of you know, the Chicago Residential Landlord Tenant Ordinance (RLTO), enacted in 1986, requires landlords to pay interest on tenant security deposits. This interest must be paid at specific rates – tied to certain indexes.

The City Comptroller calculates the change of interest rate that landlords must pay on security deposits. For 2017, we must pay .01% (that is, one percent of one percent). Upon lease renewal, we must send our tenants who have posted security deposits interest at this published rate.

So, for a tenant with a deposit of, say, \$1,200, the annual check amount is \$0.12 (yup, that’s twelve cents!).

In order to comply with statutory Chicago obligations, the cost of postage for mailing the security deposit interest exceeds the actual interest amount more than fourfold!

Who do we blame for this?

That’s right! It’s the darn Postmaster’s fault!

The problem for landlords are the draconian penalties imposed on landlords who fail to strictly comply with the ordinance. This is why nearly all Chicago landlords no longer accept security deposits from tenants.

For any number of minor violations, lawyers representing tenants can file suit, collect double the amount of the security deposit and attorneys’ fees. In some instances where class-action status can be obtained, the legal bills can be substantial. These judgments often result from inadvertent and otherwise harmless landlord oversights.

It is a tough fight because language in the RLTO precludes a judge from using his or her discretion when awarding damages.

No matter how minor the landlord oversight, if a judge finds that a landlord erred in even the most minor of ways, the ordinance states that judges “shall” rule in the tenant’s favor. The judge has no choice but to assess double damages, lawyer fees, etc., even for minor violations where tenants suffer no genuine harm.

Often, all a tenant’s lawyer needs to do is inform an unsuspecting landlord of the technical violation, demand that the landlord release the tenant from his or her lease and pay his pre-calculated legal fees. Failure to comply can result in protracted and costly legal battles with uncertain results.

...President’s Message continued on back page 6.



Verella's Round-Up:

More Roommates, More Problems?

Verella Osborne, President
Legal Document Management, Inc.

As living expenses have increased, shared living arrangements have grown rapidly and are now at record levels, according to The Rental Housing Journal. More adult occupants per unit inherently cause more problems for property owners. Here are some of the primary issues that can impact landlords when renting to roommates.

- More usage and increased cost of landlord-provided utilities, especially water
- More “wear and tear” on the premises, laundry equipment, appliances, etc., resulting in increased maintenance and repairs
- More potential for excessive noise emanating from the unit
- More visitor traffic, causing complaints from other tenants

- More complicated bookkeeping if each tenant pays separately
- More roommate conflict which may or may not involve the landlord, e.g., when a landlord charges a late fee because one tenant did not pay his rent portion timely
- More “broken” lease agreements, with one tenant vacating prior to lease termination and the remaining occupants unable to pay the full rent

A landlord may offset some of these inherent problems by charging more rent based on the number of occupants – as long as you do not discriminate against any of the protected categories, or “type” of occupants stipulated under fair housing laws. Additional language may also be added to the lease regarding method of rent payment, i.e., not allowing partial payments to be paid by separate tenants.

What if the vacating tenant claims he paid 50% or 100% of the security deposit and demands that it be refunded within 30 days of his move-out? A Multiple Lessee Security Deposit Addendum may be added to a lease in which each tenant stipulates their percentage ownership of the deposit and refund. This should also include a statement that the deposit shall not be refunded or allocated until possession of the premises is returned to the landlord by all tenants, and that no tenant shall be refunded his portion of the deposit unless all tenants vacate at lease termination or the deposit is made whole by the remaining tenants.

Hopefully, these tips will allow this type of rental situation to be more profitable and easier to manage.

Gun Violence Drops in Rogers Park

Despite some very high profile gun violence in the neighborhood during 2017 – most notably the tragic murder last October of Cynthia Trevillion, a beloved teacher

at the Chicago Waldorf School who was gunned down in a random gang shootout on North Glenwood Avenue – homicides in Rogers Park declined from 2016 to 2017. Ms. Trevillion was

one of four people killed by gunfire in Rogers Park last year, down from six gun deaths in both 2015 and 2016. Overall, the neighborhood experienced 18 shootings in 2017.

AROUND ROGERS PARK

Rogers Park Business Alliance Releases Clark Street Plan

The Rogers Park Business Alliance has long recognized the importance of the Clark Street corridor to the Rogers Park community. In recent years, the organization has sought ways to strengthen the vitality of the corridor, maximize its appeal to Rogers Park residents, and maintain a healthy balance of retail, commercial and residential uses along its length.

The organization took an important step forward with the release on December 12, 2017 of the Vision Clark Street – Corridor Master Plan. According to the press release announcing the plan, RPBA worked closely with stakeholders from the Clark Street corridor, neighborhood residents, the Alderman’s office and the project consultants – The Lakota Group – to create a plan that lays out a Master Plan for the future of the corridor and a framework to insure that this vision becomes reality. The four key plan recommendations are:

- Creation of a brand guide for the corridor
- Modernization of the Lunt/Ravenswood “gateway” intersection
- Traffic safety improvements at the Clark/Arthur Bus Terminal
- Targeted development at “Opportunity Sites” in conformance with overall vision plan objectives

The full report can be found at <https://rpba.org/wp-content/uploads/2017/12/CorridorPlan-VisionClark-Final.pdf>.



Concord on Sheridan Under Construction

It's official. Construction on the new Concord at Sheridan mixed-use apartment and retail property began in early December. If all goes according to plan, the apartment building will begin to rise in February and the property will open in the fall of 2018. This is the largest, new construction building to be built in the Rogers Park community since before the onset of the recession of 2008-2009.

When completed, Concord on Sheridan will have 111 apartments of which 60% will be affordable and reserved for CHA tenants, and the remaining 40% will be market rate. The ground floor will contain retail space, including a 23,000 square foot flexible format Target store and 7,000 square feet for other retail tenants. The property will have 125 parking spaces and a community room for the adjacent Carolyn Hedger senior building.

The Concord on Sheridan property is another step forward in the dramatic transformation of the Sheridan corridor between Devon and Pratt from just another sleepy commercial strip into the primary retail



and entertainment corridor for the Rogers Park community. This transformation has been led by Loyola University which has built several new properties along this stretch of Sheridan Road over the last 20 years, either under its own auspices or in partnership with other entities. The Concord on Sheridan is the first new building along this corridor to be developed without the direct participation of Loyola and appears to indicate a growing interest in the area by other real estate developers.

After Delays, Tawani Apartment Building to Begin Construction



The ground-breaking ceremony was held this past March. But spring turned into summer, fall and winter, and the 1323 W. Morse Avenue site remained strangely quiet and empty. But now it looks like the proposed development is finally ready to go. The Chicago City Council recently gave its approval, and a \$30 million construction permit was issued in early December.

Upon completion, the building will contain 45 one and two-bedroom apartments on the top five floors and 73 parking spaces on floors one through three. Twenty-three of these parking spaces will be designated for "public use." Additional parking may be opened to the public if

the reserved spaces exceed demand from building residents. Amenities will include a roof deck, bicycle parking and an exercise room.

Units will range in size from 620 square feet to 1,100 square feet with monthly rents between \$1,100 and \$2,000. The development will be 100% market-rate. Despite its location near the Morse Avenue Red Line CTA station, the building will not take advantage of Transit Oriented Development (TOD) zoning bonuses, and will not contain any ground-floor retail. The decision to allow construction with no retail was controversial, but was a condition set forth by Tawani which felt the Morse Avenue location was not strong enough to support a retail component.



R PBG DIRECTOR PROFILE

Mina Cardenas has been involved with Rogers Park Builders Group for the past two years and has served as a Director during this time. Mina credits the organization for helping her strengthen existing relationships and building new ones. Mina has worked for Wintrust Bank for the past

nine years and is currently Branch Manager at the Rogers Park branch on Western Avenue. In her position at Wintrust, Mina is constantly looking for new opportunities to create and expand relationships in the Rogers Park community. Like many of us, Mina enjoys socializing and working with the community of property owners and real estate professionals that RPBG brings together, and has benefitted professionally from her association with the organization.

If there is one word to describe Mina, it is proactive. She describes herself as “heavily proactive” in the business community and constantly working to expand her network of business and professional relationships. Mina feels a great sense of gratitude toward RPBG which she describes as very welcoming. Mina’s secret to success is focusing on the many relationships that her affiliation with RPBG offers. Mina’s networking skills have proven invaluable and have helped her make the most of her involvement with the group.

Mina could not resist the opportunity to give a special shout-out to Mike Glasser. She credits Mike for his leadership and for exemplifying the values of the organization. Mike is a mentor to Mina, as he is to many of us. Mina admires Mike’s dedication to the organization and the ethos that the group promotes.

In addition to the business networking opportunities, Mina has been inspired by the spirit of giving that the RPBG organization has taken to heart in recent years. While RPBG has always given back to the community, this level of commitment

has taken a quantum leap over the past several years. Perhaps the best example of this commitment is our involvement with Sullivan High School and the considerable financial support we have directed to the school. Beyond our commitment to Sullivan High School, Mina is impressed by the high level of innovation our organization has shown in its support for the many cultural, arts and educational institutions that make Rogers Park such a unique community. Mina believes that this level of involvement has given RPBG a deeper purpose and has contributed to the viability and forward-looking energy that runs through the community.

Mina’s primary objective is to build on the many business-to-business opportunities that RPBG affords her in her quest to strengthen the Rogers Park community, both economically and socially. Specifically, Mina always strives to better accommodate her customers with their banking needs and to help them achieve excellent results, not just in their businesses but in their daily lives. Mina takes great pleasure in helping her customers improve their personal skill-sets and reach their professional goals.

Outside of her duties at Wintrust Bank, Mina is also active with A Just Harvest, Rogers Park Business Alliance and Centro Romero, all local non-profit organizations. Mina also enjoys spending time with her 23-year-old son and other family members and always makes time for the most important people in her life. Mina believes it is important to maintain a healthy balance between her demanding work responsibilities and her personal life. Mina believes that this balance benefits all of her relationships, whether personal or professional.

In the end, Mina believes that it really is all about relationships. This is the reason why Mina is so dedicated to RPBG. The organization’s commitment to its members, its community and its high standards mirrors her own. Mina believes that there is much more the organization can and will achieve. All the pieces are there. We just need to continue to build on them. Mina concludes with this thought:

“I’m very proud to be in the RPBG family, and I definitely look forward to further my involvement by any means possible. I’m always open to inspire and deploy all my talents to making the Rogers Park environment a better place [in which] to live and do impactful business.”

CHICAGO NEWS UPDATE

Chicago Gets Smaller ... but Smarter Too

By now, most of you have probably heard the unsettling news that Chicago, the region, and the state of Illinois are losing population. For the state, these losses have been continuous since 2014. For the metro area, there have been net losses in both 2015 and 2016. And for the city, the population dropped from 2015 to 2016.

These losses have been relatively small in percentage terms. Still, a loss is a loss. Even worse, metro Chicago is the only one of the top ten US metro areas where the population is declining. Clearly, something is happening here that is not happening anywhere else, at least among the largest US metro areas.

But there is a little good news to go along with the bad, at least inside city limits. While Chicago is getting smaller, it also appears to be getting both wealthier and smarter... or at least better educated. According to an article in *Crain’s Chicago Business* (“Chicago is Now the Best-Educated Big City,” by Greg Hinz, Oct. 9, 2017), Chicago has the highest educational attainment of the five largest US cities, beating out New York, Los Angeles, Philadelphia and Houston. Fully 38.5% of all adult Chicagoans (aged 25 or older) now have a college degree or



better, compared to 37% in New York. Not bad for a city once known as the buckle on the industrial belt stretching across the Midwest.

<http://www.chicagobusiness.com/article/20171004/BLOGS02/171009951/chicago-is-now-the-nations-best-educated-big-city>

Look carefully at the numbers and you will see that the flow outward from the region is mostly occurring in the most impoverished areas of the city and

suburbs. The downtown area, other close-in neighborhoods, and much of the North and Northwest Sides are growing, or at least (mostly) holding their own. And the people who are moving downtown and near downtown tend to be the young professionals who are attracted to the strong job market that the Central Area has become, and who bring the skills and the resumes needed to get the often very high-paying jobs that downtown Chicago offers.

This news is a silver lining – not a silver bullet. We cannot be proud of the fact that so many less fortunate Chicagoans are giving up the struggle against crime and blight in their communities and are leaving the city for greener pastures elsewhere. The fact remains – if we are not able to solve this problem, the exodus will only continue, further weakening large areas of the city, ruining lives and bringing more unwanted national attention to our ills.

Despite these problems, we should take some comfort knowing that Chicago still has many strengths upon which to build. The answer to how we can extend downtown and North Side prosperity across the entire city is still unclear – even to those who have tried hardest to find a solution. But it’s also comforting to know that smart and talented people continue to be drawn to our city. 9.



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OUR MISSION

The Rogers Park Builders Group's mission is to encourage and support responsible residential and commercial property investment, development, and ownership in the Rogers Park community. Looking far beyond bricks and mortar, the RPBG initiates and supports collaboration on city and community actions to create a destination community.

If you would like to receive membership information, please visit our website at www.rpbg.org, or contact Shari Haefner at (312) 671-3600

Tax Cuts and Jobs Act ...continued from page 1

In addition, the pass-through income deduction is not available to "specified service trades or businesses." These are defined in the new law as investment services, as well as those "in the fields of health, law, consulting, athletics, financial services, or any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees or owners." Only time will tell how this clause is ultimately interpreted.

Businesses with multiple owners will split the pass-through income deduction, based upon their accountant's determination of ownership percentages. However, individuals with taxable income below \$157,500 and joint filers below \$315,000 (anyone in the new 24% bracket or lower) are exempt from both the limitation based on wages or capital and the restrictions on professional services. The limitations phase in over the next \$50,000 of taxable income (for example, no deduction after single filer income of \$207,500).

Conclusion: Generally, the real estate professionals who fare the best from the new tax law will be those who have large amounts of property and a significant number of employees. Since many of our members do not fit this description, the greatest benefit of this new law to most RPBG members will be the reduction in individual tax brackets. Also, if there is a surge in the overall economy brought about by the law, it should "lift all boats." Potential renters may feel they have a little more money in their pocket, thus supporting current or higher rental costs.

Other details of the new law, such as accelerated depreciation, sunset dates of various provisions and changes to the Alternative Minimum Tax (which are too complicated to discuss in this short article) may also affect some members. As always, consult your tax professional for specific interpretation of how the details of the Tax Cut and Jobs Act affect you and your business.

President's Message ...continued from page 3

Clearly, tenant lawyers are motivated to use this ordinance on higher end apartments. Double damages on a \$2,500 security deposit generate higher returns than on smaller security deposit for lower income residents (arguably, those whom the RLTO was designed to assist).

Higher income tenants thus have a strong weapon at their disposal – most often used to break their leases at will – as the tenant lawyers are skilled at finding even the most technical of landlord oversights.

Isn't this yesterday's news? As I said, most experienced Chicago landlords no longer accept security deposits. But this still leaves at risk many smaller, "ma and pa" landlords who are unaware of the draconian nature of this ordinance, and who are greatly impacted by such suits.

But even sophisticated landlords should not be complacent – landlords who do not accept security deposits must still comply with technical posting requirements involving security interest. The consequences for not doing so can be severe.

That's right. Even tenants who do not pay a security deposit can bring legal actions against landlords who fail to post the schedule listing the amount of interest that would be owed if they did have a security deposit.

Huh?

This is no small matter – in the past few years, local landlords who don't accept security deposits have had class action lawsuits filed against them, ultimately incurring legal fees and damages for tens of thousands of dollars ... and all for what?

This begs the question: What harm is caused to a tenant who has no security deposit and who is therefore not entitled to interest on his (non-existent) security deposit if that tenant does not receive a schedule of applicable interest rates on that (non-existent) security deposit from his landlord? The obvious answer is – NO ONE!

Many Chicagoans rely on the landlord community – especially those of us who own buildings in neighborhoods – to provide a bulk of the city's housing. Most landlords have no qualms operating with fair and unbiased rules. Let's focus on what is fair, as everyone (except some unscrupulous tenant lawyers) benefit by thoughtfully written and implemented laws.

What would constitute such relief?

Judges ought to have the discretion to decide what relief, if any, to impose on a landlord who fails to strictly conform to the RLTO. Instead of mandating that a judge "shall" impose certain capricious penalties on landlords (breaking leases, double damages, cover plaintiff's legal fees), give the judge the ability to do what he or she is supposed to do. Give judges the discretion to make their decisions on a case by case basis, based on the merits of each case. Rather than mandating what a judge "shall" do, the RLTO should allow the judge discretion in deciding what he or she "may" do.

Or, perhaps the City Council ought to consider my own common sense proposal:

Landlords should only be required to pay interest on security deposits if the amount of the interest payment is equal to or greater than the cost of postage for sending the check!