

The dual housing market turns virtuous right here

Even though it's only late winter in a year that has seen the ground continually covered in snow, very soon our neighbors will start putting homes up for sale. Home buying season is upon us.

Since 2017, the Homewood-Flossmoor housing market has been regularly featured in regional news media

VIEWPOINT



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as the hottest in Greater Chicago. From 2018 to 2021, home prices rose 25% — a healthy year-over-year return.

Last summer at one point there were only two single-family homes on the market and not already under contract in Flossmoor, and rarely in the year was more than 1% of the residential market available without being contingent for a sale.

When asked about the reasons this market is so hot, real estate agents and political leaders give a variety of reasons that are very true, very important and very bland — at risk of missing the real point. The streets are tree-lined. The towns are walkable and transit-oriented, with downtown Chicago less than 40 minutes away by comfortable commuter rail. There is public art, and great parks, a variety of home styles, and a small-town feel. The schools are fabulous. All true, and all great. Yes, yes, yes, and yes.

And yes, there is some structural stuff happening that has pointed people to the suburbs, and home purchases generally.

For starters, after the housing crash of 2008 and Great Recession, home prices fell further in Homewood and Flossmoor, like they did in the rest of the South Suburbs, so the relative recovery makes the markets hotter when they do recover. More in a moment on why the South Suburbs were hit so hard a decade ago.

But recently, COVID has convinced people that if they're going to work, learn and exercise at home, why not have some space and a yard? Interest rates have been historically low, making purchases more accessible. But as hard as it can be to believe, both of these latter factors will come to an end sometime.

The real reason Homewood and Flossmoor are rising and will contin-



ue to rise is harder to talk about, so people avoid doing so directly. The points above about the character of the houses and streets, the quality of the parks and schools, the commuter rail and small-town feel are also true in Downers Grove, Hinsdale, Berwyn, Skokie, and many other places. But those places are not on a four-year run that is hot, hot, hot relative to the baseline.

The true community character of Homewood and Flossmoor in a changing nation is the real point. And while COVID will recede and interest rates will rise, this point is evergreen: property values in Homewood and Flossmoor will continue rising because America is discovering something new about itself.

Occasionally someone will slip in a reference to the diversity of the communities, often paired with the diversity of the housing stock — but the real point goes so much deeper.

Homewood and Flossmoor are hot because they are places where racial integration — and equal opportunity for all that goes with that — are working, at times tentatively and at times emphatically, but consistently in ways that point forward.

Moving from segregated centuries to an integrated century, communi-

ties like ours are going to increase in value consistently because of a host of factors. And when predominantly Black neighborhoods achieve price appreciation that is their historical due, it begets further investment and yet more appreciation.

Riding a market from inefficient and inequitable to efficient and appreciating means that Homewood and Flossmoor will be some of the best places to park assets in the coming decades.

Let's go back to that baseline, a dozen years ago, when the housing market had hit its nadir after the crash. As an outgrowth of the heavily African-American south side of Chicago, the South Suburbs fell faster and settled lower in value than the rest of the region.

That is a result of 100 years in which segregated housing has been a dominant metropolitan driver of housing values — a dual market that cheated African-Americans and unfairly depressed their home values, while artificially privileging other areas that maintained their whiteness.

Leading into the housing crash, the dual market was exacerbated by predatory lending practices and precarious loans that set more people in south suburban communities up for a fall when the house of cards came down.

Chicagoan Saul Alinsky, the godfather of community organizing, described the dual market with a cynicism that turned into a punch line, saying that “a racially integrated community is a chronological term timed from the entrance of the first black family to the exit of the last white family.”

But times are changing: some of what we see today is a turn toward social justice, diversity and inclusion; people are making real changes in their lives to address historical wrongs in the aftermath of George Floyd's murder and a whole range of public events that starkly illustrate historical inequities in America. The way we treat each other and live together is a necessary precondition for change.

But sheer market forces will matter so much more. Prime home-buying families, with breadwinners between 25 and 45 years of age, are more likely to be brown-skinned in the coming decades than ever before in America.

As a result of immigration, intermarriage, and differential birth rates, this phenomenon will only continue to grow. If houses are more affordable here, with the quality of community life described in everyone's first take, why would diverse home seekers opt for places that might be less hospitable and more expensive? Even with the relatively higher taxes that result from a smaller commercial and industrial base, the low baseline cost of housing means that the same home is much more affordable here when you compare mortgages plus insurance plus taxes. Purchasers then drive further appreciation.

The bottom line is that Homewood and Flossmoor make up a market that is special in all of America — a racially diverse, high-achieving place where it is extremely unlikely that the last family of any racial group will ever leave.

Saul Alinsky lived too long ago to ask the follow up question: What if neighbors of different stripes decide to stay and invest in place — what kind of community life and market upside will that attract?

In future columns I will explore the possibilities in education, community life, outdoor pursuits, business, travel and the arts. But it is certain now that what we have going here is going to attract others.

Watch the fate of houses in the spring and summer selling season. The market trends all point in one direction: that this is a community leading the way to the future of America. Tell your friends.