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Teardowns and reinvestment in the inner-ring suburbs of Chicago

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Teardowns and reinvestment in the inner-ring suburbs of Chicago

Suzanne Lanyi Charles

Abstract

Teardowns – the redevelopment process in which an older single-family house is demolished and replaced with a larger single-family house – are a conspicuous form of residential real estate development with the potential to transform the physical, economic, and social character of American suburbs. Teardowns are a widespread and highly visible form of residential real estate development in suburban neighborhoods, but they are not ubiquitous. This chapter examines where and why teardown redevelopment occurs using data on teardown redevelopment in the 128 inner-ring suburbs of Chicago, located in Cook County, Illinois, between 2000 and 2014. The chapter begins with an overview of the nature and magnitude of teardowns across inner-ring suburban Chicago, Illinois, followed by an exploration of the variety of inner-ring suburbs in which redevelopment takes place. Then, the chapter reveals the property and neighborhood characteristics associated with teardown redevelopment, examines the spatial clustering of teardowns, and describes how the physical form of teardowns varies across different types of suburban neighborhoods. The chapter concludes with a discussion of the potential for suburban gentrification brought on by teardown redevelopment.

Introduction

Teardowns – the incremental redevelopment of single-family housing in postwar suburban neighborhoods – are a conspicuous form of residential real estate development, with the potential to transform the physical, economic, and social character of American suburbs. Although infill development is a common occurrence in urban areas, it has only recently begun to occur in postwar suburban neighborhoods. Unlike previous waves of suburban housing construction, suburban infill redevelopment takes place incrementally on individual single-family lots, upon which houses were originally built during the post-World War II period. Many of these same postwar suburbs are now undergoing a second housing construction boom. As the original residents of postwar suburbs age, their suburban single-family homes, the ownership of which was once seen as the epitome of the American Dream, are being demolished, and new, larger homes are being built in their place.
In the teardown redevelopment process an older single-family house is demolished and replaced with a larger single-family house (Charles, 2013; Charles, 2014; Pinnegar et al., 2010; Wiesel et al., 2013; Randolph and Freestone, 2012). Figure 3.1 presents an example of this type of redevelopment. Teardowns may be undertaken by property owners who demolish and rebuild a home for their own use, as exemplified in the “knock-down-rebuild” (KDR) process in Sydney, Australia (Pinnegar et al., 2010). Alternatively, a developer may purchase a house with the intent to demolish and rebuild it and then sell it either speculatively or for a previously identified client. Teardowns are widespread in many metropolitan regions and have garnered substantial media attention (Nagourney, 2015; Gopal and Perlberg, 2015; Van Voorhis, 2012). Although media accounts and reports by groups such as the National Trust for Historic Preservation focus on the demolition of historically significant houses in affluent areas (Fine and Lindberg, 2002; Podmolik, 2008; Hirshey, 2008; Spula, 2015), this chapter demonstrates that teardowns take varied forms and occur in a geographically and socio-economically diverse range of suburban neighborhoods. It is important to examine the spatial pattern of teardown redevelopment, as the newly built houses are significantly larger than their predecessors, sell for significantly higher prices, and attract higher-income households, contributing to physical, economic, and social change in suburban neighborhoods.

Figure 3.1  A redeveloped single-family house adjacent to an original house in suburban Chicago, Illinois

Source: Photograph by Katherine Lanyi
This chapter examines suburban teardown redevelopment, beginning with an overview of the nature and magnitude of teardowns across inner-ring suburban Chicago, Illinois, followed by an exploration of the variety of inner-ring suburbs in which redevelopment takes place. Then, the chapter reveals the property and neighborhood characteristics associated with teardown redevelopment, examines the spatial clustering of teardowns, and describes how the physical form of teardowns varies across different types of suburban neighborhoods. The chapter concludes with a discussion of the potential for suburban gentrification brought on by teardown redevelopment.

Background

The development of land outside central cities began well before the twentieth century; however, it accelerated significantly after World War II (Warner, 1978; Jackson, 1985; Hayden, 2003; Teaford, 2008; Fishman, 1987; Gleeson, 2006). In the United States, federal policies such as the construction of interstate highways, loan programs for returning veterans, and the redlining of urban neighborhoods based on race, as well as new construction technologies and a period of postwar prosperity, led to an unprecedented period of housing construction (Jackson, 1985). In the first 20 years following the end of World War II, over 26 million single-family homes were constructed (Nicolaides and Wiese, 2006). In many places, this postwar suburban housing is now becoming functionally obsolete. As Pinnegar et al. (2010) observe, the expendability of the existing houses, which are reaching the end of their expected lives, results in their redevelopment.

The mechanics of the teardown redevelopment process in suburban neighborhoods are straightforward. Initially, the land was divided into parcels and developed to its most profitable use as single-family housing. The original houses reflected the household preferences of the target homebuyer market at the time. Over time, as the original house ages and depreciates and household preferences change, it may no longer represent the most profitable, “highest-and-best” use for that particular piece of land. The disparity between the economic return of a property’s original development and that of its most profitable potential use is the basis of the “rent gap” (Smith, 1979). Smith (1979) contends that when the rent gap grows large enough for a developer to purchase the property, pay to redevelop it, bear carrying costs, and then sell it for a profit, redevelopment of the land will occur. The demolition of the original house and the rebuilding of a larger house that is more in keeping with the popular tastes of a new group of homebuyers may return the land to its most profitable use once again.

Often controversial, teardowns have positive and negative implications for municipalities (Langdon, 1991). Teardowns replace older housing with homes that are more in keeping with current household preferences in house size, features, and styles; they also attract new higher-income households, raise property values, and create additional municipal revenue through increased property tax assessments—all desirable outcomes for suburban municipalities. However, existing residents may complain that teardowns create inconveniences during construction, result in a loss of neighborhood character, and do not aesthetically fit within the existing neighborhood. From a regional perspective, teardowns may reduce the regional stock of smaller, affordable (or mid-priced) housing and result in shifts in the social and economic composition of neighborhoods.

Suburban teardowns are frequently reported as occurring in historically wealthy neighborhoods with older pre-war housing (Fine and Lindberg, 2002). Teardowns are indeed prevalent in neighborhoods with high property values (Pinnegar et al., 2010; Charles, 2014), and it is in these affluent places where teardowns are most likely to attract public attention.
However, as this chapter demonstrates, teardowns also occur in more modest postwar suburban neighborhoods. Although the mechanics of the process are somewhat universal, the resultant forms are quite varied in these very different types of suburban neighborhoods. While teardowns in many older affluent neighborhoods are heavily controlled by local zoning codes, which attempt to regulate the resultant physical form to ensure that it is in keeping with the overall neighborhood, teardowns in many other neighborhoods stand in stark contrast to the existing physical context. Figure 3.1 provides an example of a teardown in a moderate-income suburb in which a new, 3,300-square-foot house replaced a modest, 864-square-foot postwar house. Since a new and significantly larger house commands a higher sales price than the original house, the residents of the redeveloped house are likely to be wealthier than their predecessors.

Teardowns in the inner-ring suburbs of Chicago

This study examines teardown redevelopment in the 128 inner-ring suburbs of Chicago, located in Cook County, Illinois, the county that immediately surrounds and includes the city of Chicago. Between 2000 and 2014, 6,983 parcels – slightly more than 1.25 percent of the single-family detached housing stock – were redeveloped. Figure 3.2 presents a graph of the number of teardowns per year during this period. During the first two years of the decade, fewer than 400 properties per year were redeveloped. The relative magnitude of teardowns roughly parallels home prices, increasing steadily during the first half of the decade and reaching its highest point in 2005 (Standard & Poors, 2015). At the peak, over 1,200 properties were redeveloped annually. The numbers then declined rapidly; in 2010 only 116 teardowns took place. Teardowns began to make a modest resurgence in some areas in 2013, albeit to an

![Figure 3.2 Graph of redeveloped single-family residential parcels, 2000–2014](Source: Author)
annual total that is less than 20 percent of the high reached in 2005 and by 2016 not yet returned to pre-housing crisis levels.

Teardowns are not confined to the most affluent suburbs. The municipalities with the 20 highest rates of teardown redevelopment are socio-economically diverse. Table 3.1 presents the municipalities with the 20 highest rates of redevelopment. Within the 20 municipalities, the median house value falls within a wide range from US$137,600 to US$976,400, according to the 2000 US Census. Similarly, the median household income ranges from US$43,288 to over US$200,000, the highest census category. While four of the suburbs with the highest rates of teardown redevelopment had median household incomes in excess of US$100,000, five had household incomes less than US$50,000. Moreover, differences in the overall median property values do not have a large effect on the likelihood of a house’s redevelopment (Charles, 2013).

The diversity in the median household income in neighborhoods with high rates of teardown redevelopment is reflected in the diversity of residents’ occupations. In some suburbs, a large majority of residents are employed in white-collar occupations; in others, over half of the residents are employed in blue-collar occupations. Thus, teardown redevelopment is not restricted only to affluent neighborhoods comprised of white-collar professionals. It occurs with similar frequency in neighborhoods populated by residents working in service, construction, production, and transportation occupations.

Race and ethnicity have a significant effect on the likelihood of teardown activity in a neighborhood; houses located in neighborhoods with greater proportions of black and Hispanic residents are less likely to be redeveloped (Charles, 2013). Not surprisingly, the suburbs with the 20 highest rates of redevelopment were predominantly white, with all of them having 74 to 98 percent white residents. However, several municipalities are somewhat ethnically diverse. Of the suburbs with the 20 highest rates of teardowns, three have Hispanic populations of over 6 percent (with one having a Hispanic population of over 27 percent), and two have Asian populations of over 20 percent. Thus, although redevelopment is more likely to occur in neighborhoods with high populations of white residents, instances of teardown redevelopment do occur in more ethnically diverse neighborhoods.

Several physical characteristics of a house are significantly associated with an increased likelihood that it will be demolished and replaced. Smaller houses with lower floor-area-ratios (FARs) that are closer to commuter rail stations and highway access points, and houses with values lower than those of their neighbors are more likely to become teardowns (Charles, 2013). Characteristics such as masonry construction and finished basements – attributes that make a house more desirable as a residence or more difficult to demolish – are significantly less likely to lead to a house being redeveloped (Charles, 2013). Thus, older, smaller, relatively lower valued and well-located houses are more likely to be demolished and rebuilt.

Prewar housing is not significantly more likely to be demolished than postwar housing (Charles, 2013). In fact, postwar housing – built between 1945 and 1970 – experienced much of the redevelopment that took place between 2000 and 2014. One postwar suburb, in which the median year the housing was built is 1967 was the location of 649 teardowns, which represents the redevelopment of over 6 percent of the municipal housing stock. Teardowns occur at high rates in prewar suburbs; however, older suburbs with vintage architecture do not predominate as the locations of teardown redevelopment.

While the discussion above demonstrates that teardown redevelopment occurs in relatively diverse types of places, neighborhoods with high rates of teardowns are similar in that they are located in very highly regarded school districts (Charles, 2013). The quality of the public school district within which a property is located is a significant determinant of teardown activity;
Table 3.1 Cook County suburbs with the highest rates of teardown redevelopment, 2000–2014

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1 Winnetka</td>
<td>430</td>
<td>3,709</td>
<td>11.6%</td>
<td>before 1940</td>
<td>$167,458</td>
<td>$736,800</td>
<td>96.3%</td>
<td>6.7%</td>
</tr>
<tr>
<td>2 Western Springs</td>
<td>399</td>
<td>4,180</td>
<td>9.5%</td>
<td>1954</td>
<td>$98,876</td>
<td>$322,000</td>
<td>98.3%</td>
<td>10.0%</td>
</tr>
<tr>
<td>3 Glenview</td>
<td>649</td>
<td>10,626</td>
<td>6.1%</td>
<td>1967</td>
<td>$80,730</td>
<td>$302,200</td>
<td>85.6%</td>
<td>18.2%</td>
</tr>
<tr>
<td>4 Wilmette</td>
<td>489</td>
<td>8,017</td>
<td>6.1%</td>
<td>1952</td>
<td>$106,773</td>
<td>$424,800</td>
<td>89.7%</td>
<td>8.4%</td>
</tr>
<tr>
<td>5 Glencoe</td>
<td>154</td>
<td>2,831</td>
<td>5.4%</td>
<td>1951</td>
<td>$164,432</td>
<td>$642,400</td>
<td>95.1%</td>
<td>7.9%</td>
</tr>
<tr>
<td>6 Kenilworth</td>
<td>42</td>
<td>779</td>
<td>5.4%</td>
<td>before 1940</td>
<td>$200,001</td>
<td>$976,400</td>
<td>97.3%</td>
<td>5.5%</td>
</tr>
<tr>
<td>7 La Grange</td>
<td>216</td>
<td>4,078</td>
<td>5.3%</td>
<td>1950</td>
<td>$80,342</td>
<td>$255,500</td>
<td>91.0%</td>
<td>16.3%</td>
</tr>
<tr>
<td>8 Northfield</td>
<td>80</td>
<td>1,603</td>
<td>5.0%</td>
<td>1959</td>
<td>$91,313</td>
<td>$380,200</td>
<td>92.5%</td>
<td>17.0%</td>
</tr>
<tr>
<td>9 Countryside</td>
<td>61</td>
<td>1,250</td>
<td>4.9%</td>
<td>1971</td>
<td>$45,469</td>
<td>$172,200</td>
<td>92.3%</td>
<td>34.5%</td>
</tr>
<tr>
<td>10 Harwood Heights</td>
<td>87</td>
<td>1,804</td>
<td>4.8%</td>
<td>1963</td>
<td>$43,288</td>
<td>$189,800</td>
<td>92.1%</td>
<td>41.5%</td>
</tr>
<tr>
<td>11 Northbrook</td>
<td>451</td>
<td>9,578</td>
<td>4.7%</td>
<td>1969</td>
<td>$95,665</td>
<td>$353,100</td>
<td>89.2%</td>
<td>10.6%</td>
</tr>
<tr>
<td>12 Norridge</td>
<td>197</td>
<td>4,381</td>
<td>4.5%</td>
<td>1959</td>
<td>$47,787</td>
<td>$198,000</td>
<td>94.8%</td>
<td>42.1%</td>
</tr>
<tr>
<td>13 Lincolnwood</td>
<td>158</td>
<td>3,517</td>
<td>4.5%</td>
<td>1957</td>
<td>$71,234</td>
<td>$288,200</td>
<td>74.5%</td>
<td>18.5%</td>
</tr>
<tr>
<td>14 Park Ridge</td>
<td>434</td>
<td>11,077</td>
<td>3.9%</td>
<td>1956</td>
<td>$73,154</td>
<td>$286,000</td>
<td>95.4%</td>
<td>20.2%</td>
</tr>
<tr>
<td>15 Palos Park</td>
<td>48</td>
<td>1,385</td>
<td>3.5%</td>
<td>1968</td>
<td>$78,450</td>
<td>$274,100</td>
<td>97.2%</td>
<td>22.4%</td>
</tr>
<tr>
<td>16 Morton Grove</td>
<td>222</td>
<td>6,962</td>
<td>3.2%</td>
<td>1958</td>
<td>$63,511</td>
<td>$208,200</td>
<td>74.0%</td>
<td>25.9%</td>
</tr>
<tr>
<td>17 Niles</td>
<td>203</td>
<td>6,567</td>
<td>3.1%</td>
<td>1963</td>
<td>$48,627</td>
<td>$198,000</td>
<td>83.2%</td>
<td>36.4%</td>
</tr>
<tr>
<td>18 Burbank</td>
<td>213</td>
<td>7,669</td>
<td>2.8%</td>
<td>1962</td>
<td>$49,388</td>
<td>$137,600</td>
<td>90.7%</td>
<td>52.7%</td>
</tr>
<tr>
<td>19 Prospect Heights</td>
<td>62</td>
<td>2502</td>
<td>2.5%</td>
<td>1973</td>
<td>$55,641</td>
<td>$196,800</td>
<td>77.4%</td>
<td>40.1%</td>
</tr>
<tr>
<td>20 Indian Head Park</td>
<td>11</td>
<td>499</td>
<td>2.2%</td>
<td>1978</td>
<td>$63,250</td>
<td>$188,500</td>
<td>95.9%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>
houses located in an elementary school district with standardized test scores above 90 out of 100 (87th percentile) are 2.5 times more likely to be redeveloped than those that are located in lesser-quality districts (Charles, 2013). Thus, school quality is an important determinant of whether teardown redevelopment occurs, suggesting that the market for redeveloped suburban houses may include households with school-age children.

### The spatio-temporal pattern of teardown redevelopment

Although teardowns occur in a wide variety of suburbs in terms of their socio-economic characteristics, the spatial distribution of teardowns in suburban Cook County is highly uneven. The percentage of single-family detached houses redeveloped per census place is highly uneven. The percentage of single-family detached houses redeveloped per census place is presented in Figure 3.3. Twenty suburbs – 16 percent of suburban municipalities – account for over 75 percent of all teardown activity. Teardowns are having a substantial effect on the built environment in some places. In one municipality, over 11 percent of the single-family housing stock was redeveloped. Ten suburbs experienced the demolition and rebuilding of over 5 percent of the total single-family detached housing stock. The mapped data at the census place (municipal) level indicate that redevelopment is primarily confined to suburbs located north, north-west, and south-west of the city of Chicago. Variation within municipalities begins to emerge when teardown activity is mapped at a finer-grain spatial resolution. Figure 3.4 presents the percentage of single-family residential parcels redeveloped per census block group. The percentage of redeveloped parcels ranges from zero to over 21 percent, suggesting that in smaller neighborhoods within municipalities, teardowns are more concentrated and consequently have a greater impact on the physical form of the built environment.

Teardowns appear to act like a contagion; in neighborhoods where one teardown occurs, others are likely to follow (McMillen, 2009). To test whether teardowns are spatially clustered within the inner-ring suburbs of Chicago, there was a calculation of global and local measures of spatial autocorrelation, the Moran’s I and local indicator of spatial association (LISA) statistic, respectively. The Moran’s I statistic measures whether teardowns are generally located in close proximity to each other (Anselin, 1988; Getis, 2010). The LISA statistic provides a measure of a geographic area’s tendency to have a rate of teardown redevelopment that is correlated with that of nearby areas (Anselin, 1995). LISA statistics are used to identify the spatial location of statistically significant spatial clusters of teardown activity. Using the rates of teardown activity per census block group, I first computed the global Moran’s I statistic to test for global spatial autocorrelation; then I created LISA significance maps of cumulative redevelopment for each year during the study period to examine changes in the locations of statistically significant clusters of teardown activity. The LISA maps were overlaid upon maps illustrating socio-economic variables obtained from the 2000 US Census. Figure 3.5 presents a map of the statistically significant spatial clusters of teardowns from 2000 to 2014.

Findings reveal that teardown activity is significantly spatially clustered. Spatial clusters of teardowns encompass relatively diverse neighborhoods in terms of house prices, household incomes, resident occupations, and school district quality. Although the spatial clusters expanded over the course of the decade, the overall clustering of redevelopment increased each year – the Moran’s I statistic increased from 2000 to 2014 and was statistically significant at the 1 percent level each year. Thus, as redevelopment became more geographically diverse, it was also becoming more clustered. As many more teardowns started to occur, they began to appear in neighborhoods in which they had not previously been seen. However, teardowns are not ubiquitous in the inner-ring suburbs of Chicago. In neighborhoods where teardowns occurred, they occurred with great frequency.
Over the course of the decade, clusters of teardowns generally first appeared in places with the highest incomes and house values. With one exception, these places all have high median household incomes and are located in highly ranked school districts. The exception to this pattern is the redevelopment cluster in two blue-collar, middle-income suburbs, which was statistically significant from the beginning of the decade. Clusters began in very or moderately...
affluent neighborhoods and in highly ranked school districts. Teardown activity then progressively extended into adjacent, less affluent neighborhoods. Teardowns began to appear in neighborhoods with median household incomes similar to the average for the whole of
suburban Cook County, albeit within highly ranked school districts. Teardown activity retracted during the housing crisis and then restarted toward the end of the study period in the places with the highest incomes and home values.
Differing physical manifestations of teardowns

Teardowns have had a large physical effect – in terms of the increase in house size – on the built environment. The floor area of the average demolished house is 1,500 ft², while the average size of the new house is greater than 3,700 ft². However, the physical change due to teardowns varies across inner-ring suburbs. In some areas the new house stands out among a neighborhood of smaller houses. In others the redeveloped house is more similar in size and bulk to its neighbors. Figure 3.6 presents the average ratio of the new to the original house floor area per census tract, separated into percentiles. Parcels with the lowest ratios (the 20th percentile ranges from a ratio of 1.1 to 2.1) are primarily located in older prewar neighborhoods where municipal officials are explicitly concerned with conserving their older housing stock and maintaining the character of residential streets. In some of these cases, large and expensive housing is being demolished and replaced with larger and more expensive housing. The relatively small ratio of new to original house floor area is due in part to the relatively large size of the houses that were demolished, but the floor area, volume, and lot placement of the new houses are also constrained by local zoning regulations and original parcel configurations. And even when a house is replaced with one twice its floor area, local regulations may limit the difference in appearance as viewed from the street.

Areas with high ratios of post- to pre-redevelopment house floor area occur throughout the remaining part of the county. However, clusters of areas with ratios in the 80th percentile – areas where the redeveloped house is over 3.4 times larger than the original house – are located in many places with moderate property values and household incomes. This indicates that redevelopment has a larger and more conspicuous physical impact in these middle-income neighborhoods. For example, in neighborhoods with ratios of the new house to the old house above the 80th percentile, the average demolished house floor area is approximately 1,030 ft². In these areas houses have been replaced by houses with an average floor area of approximately 3,700 ft². The bulk and size of the new houses stand in stark contrast to those of neighboring properties. In these neighborhoods, relatively small and moderately priced housing is being permanently removed from the housing stock and replaced with housing that is significantly larger and more expensive. And high rates of redevelopment of this magnitude may be reflected in a substantial shift in the overall physical, social, and economic character of neighborhoods.

Teardown redevelopment and gentrification

Gentrification is usually considered an urban phenomenon. Consequently, gentrification research has focused on the particular motivations for redevelopment in urban neighborhoods (Lees et al., 2008; Helms, 2003; Rosenthal and Helsley, 1994). Factors such as the proximity of cultural institutions and entertainment, racially and ethnically diverse neighborhoods, historic architecture, and the dynamism of city living are cited as explanations for urban residential redevelopment (Bridge, 2001; Hamnett, 1991; Ley, 1996). In contrast, many of the suburban neighborhoods where clusters of teardown redevelopment occur do not offer quaint streetscapes of distinctive architecture, nor are they particularly racially and ethnically diverse; however, suburban teardowns do offer new, larger housing in neighborhoods with convenient access to public transportation and highways and high-quality public schools. Urban redevelopment and gentrification are often attributed to the preferences of childless couples and empty nesters (Kern, 1984; Schill and Nathan, 1983), but suburban teardown redevelopment responds to a very different set of household preferences, including those of larger households with school-age children.
Given the findings of the inner-ring suburban Chicago case study, it is important to consider the possibility that teardown redevelopment may result in suburban gentrification. Lees et al. (2008) argue that any definition of gentrification must include: (1) the reinvestment of capital,
(2) landscape change, (3) social upgrading by high-income groups, and (4) the displacement of low-income groups. Suburban teardowns clearly meet the first two criteria: they involve capital reinvestment and the commensurate physical change in the landscape of inner-ring suburbs. They may also fulfill the third criterion: when properties are redeveloped, the sale price is typically at least three times that of the original property (Fine and Lindberg, 2002). Thus, teardowns result in social upgrading by replacing lower-income households with those that can afford the higher price of the new house. Finally, teardowns may meet the fourth criterion. While they may not cause the eviction or direct displacement of existing residents, teardowns may result in market-driven, exclusionary displacement, when redevelopment prevents households with incomes similar to that of the residents of the original house from buying or renting the new house (Marcuse, 1985).

Residents of teardown redevelopments must earn significantly higher incomes than those of the original residents to afford to live there, which may result in substantial changes in the social and economic composition of the neighborhood. However, teardowns may also respond to existing residents who wish to upgrade in place – households that acquire the wealth or the access to financing that allows them to rebuild a larger house in their current neighborhood (Pinnegar et al., 2010). Thus, the process of teardown redevelopment presents the possibility of substantial neighborhood change in terms of the social and economic character of neighborhoods in addition to the obvious physical changes that occur. The association between suburban teardown redevelopment and suburban gentrification is an important topic warranting further study.

Conclusion

Teardowns are numerous in the inner-ring suburbs of Chicago, incrementally altering the physical, economic, and social character of suburban neighborhoods; however, teardown redevelopment is not ubiquitous. While teardowns are highly spatially clustered north, northwest, and west of the city of Chicago, the geographic boundaries of teardown clusters include within them a diverse collection of municipalities. Teardowns occur with great frequency in the wealthiest suburbs, but they occur at equally high rates in municipalities with more modest household incomes and house values. And teardowns are not strictly relegated to neighborhoods predominantly made up of white-collar professionals; teardowns occur in neighborhoods with high rates of residents employed in blue-collar jobs as well as in white-collar jobs. The racial and ethnic composition of neighborhoods in which teardowns occur is less diverse, but there are examples of ethnically diverse suburbs having equally high rates of teardown redevelopment activity. Moreover, the study finds that teardowns occur in both prewar and postwar suburban neighborhoods. Teardown redevelopment is not confined to a single type of suburban municipality.

While the types of suburban neighborhoods in which teardowns occur are diverse, some underlying patterns to the teardown redevelopment process emerge. Several characteristics of the property and the neighborhood are significantly associated with redevelopment. Properties with smaller houses, lower floor-area to lot-size ratios, and lower ratios of their value to that of the neighborhood’s average home value are more likely to be redeveloped. Moreover, properties located near commuter rail stations and highway access points are also more likely to be redeveloped. The median property value of a neighborhood does not have a large effect on whether a property is developed. However, neighborhoods with high proportions of black and Hispanic residents were significantly less likely to be redeveloped. Most significantly, properties in the highest-quality school districts are more likely to be redeveloped.
An examination of the spatio-temporal pattern of teardown clusters reveals that in general, clusters first appeared in places with the highest incomes and house values and the most highly ranked school districts. As house prices rose rapidly during the first six years of the decade, teardowns expanded into neighborhoods that had not previously seen redevelopment. Teardowns began to spread from wealthy neighborhoods into adjacent, less affluent neighborhoods. As the housing boom cooled, teardowns retracted from these middle-income neighborhoods. And as the housing market began to recover, so too did teardown activity. It started again in the most affluent inner-ring suburban neighborhoods.

Teardown redevelopment is a straightforward process, but its physical impacts vary across the inner-ring suburban landscape. Teardowns with the lowest ratio of the new house floor area to that of the original house are located primarily in very affluent suburbs. Teardowns with the highest ratios – those that result in the greatest physical change to the properties – occur in many places with modest property values and household incomes. In middle-income neighborhoods the substantial physical change in the housing stock may be accompanied by commensurate economic and social changes in the neighborhoods. These changes may be a harbinger of a new phenomenon – suburban gentrification. As moderately priced housing in well-located, desirable inner-ring suburban neighborhoods is demolished and replaced with significantly more expensive housing, the neighborhoods may no longer be affordable to the middle-income households that once lived there. Understanding the teardown redevelopment process is important in that teardowns have the potential to transform household location patterns and the spatial structure of American suburbs.

Acknowledgments

This chapter draws from Charles (2013; 2014) but uses a significantly updated and expanded version of the dataset used in the two papers.

References


