

Holding the Line: Inside Chicago's Trailblazing Housing Cooperatives

Across Chicago's rapidly gentrifying neighborhoods, a new wave of housing cooperatives has emerged to confront displacement pressures. The three co-ops featured here represent this movement, staking their claim in the places residents call home.



While many earlier cooperatives were born out of federal programs (e.g., HUD Section 213), today's new-generation co-ops work the market, nonprofit assistance, and local government instead. They also differ by pursuing explicitly political goals — permanence, long-term affordability, and local control in an increasingly hostile housing market.

Why Chicago?

Over the past three decades, Chicago's housing market has become a tool for wealth extraction: 30% of renters are cost-burdened, the city lost ~14,400 small multifamily buildings between 2012 and 2019, and investor-driven price spikes have displaced long-standing Black and Latinx communities.¹



What we did

The Community Ownership Learning & Action Lab conducted a multi-method case study (2024-25) of three “new-generation” housing co-ops in Chicago:

- Logan Square Cooperative (LSC) – an 8-unit, resident-owned micro-co-op founded in 2001 (before the neighborhood's gentrification surge).
- Pilsen Housing Cooperative (PIHCO) – a scattered-site model launched in 2017 that now owns three buildings and generates \$30-\$35K in annual reserves.
- La Villita Housing Coop (LV) – a service-oriented co-op created in 2023; it relies on blended financing and a non-resident board.

Research methods included 29 semi-structured interviews, site visits, document analysis, and a social network analysis that mapped relationships among co-ops, lenders, nonprofits, and public agencies.



Takeaway

These three cooperatives prove that community-owned real estate can be affordable, democratic, and resilient – provided the ecosystem receives the right mix of standardized tools, funded leadership capacity, and responsive public support.

The recommendations below can turn the current array of projects and processes into a durable, scalable field capable of confronting displacement across cities.

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¹ Joint Center for Housing Studies (2024); City of Chicago, Housing Stock Loss Report (2023); UIC Great Cities Institute (2023); CMAP Housing Market Trends (2025); U.S. Census Bureau, ACS 2022.

A People-Led Response to a Systemic Problem

For the co-ops, community ownership is a way to intervene before, during, and after investor-driven development transforms the neighborhood.



Three Stops on the Path to Gentrification

Across the three neighborhoods, gentrification is at different stages, yet all three now face rising housing costs, unrestricted investor activity, and tenant insecurity that outpace residents' economic capacity.



THE COOPERATIVES



"Instead of these LLCs buying up our neighborhood, we need to buy up our neighborhood if we want to stay here."

Source: PiHCO

Pilsen Housing Cooperative (PiHCO)

Scattered-site model: Buys several small multi-family properties to lock in lasting affordability

Relational strategy: First seller-financed purchase came from neighborhood landlord who became member and board president

Hybrid governance: Resident-nonresident mix keeps mission fidelity, operational stability

"Generator" buildings: More recent assets in co-op's portfolio generate \$30-35 K/yr in reserves, facilitating share loans for new members

Growth phase: Closing on 3 new sites; co-designing pilot project with the city and a developer

La Villita Housing Coop (LV)

Deep affordability: \$5,000 share price with 3% annual compounding, limiting long-term resident equity in favor of greater affordability and inclusion

Personal risk: One founder provided a personal bridge loan while the co-op worked to meet a lender's governance requirements

Connections to peers: Two founders drew from experience living in The Hub co-op; leaned on PiHCO's scattered-site playbook and on nonprofit TA

"Stewardship" mindset: Non-resident founders remain on board through a 2nd acquisition and mentor new co-ops

Logan Square Cooperative (LSC)

Single-site but tough to finance: 8-unit building owned and governed by residents; required "begging" local lender for financing to close the gap at the 11th hour

Mutualist utilities: Shared internet, washer/dryer, gas/energy deepened social ties within umbrella of formal governance

Peer mentorship: Training site for newer cooperatives across the city; one member became co-op consultant under a city CWB program

Debating scale: Now weighing CLT conversion vs. expanding

"We shouldn't need these superstars to make a co-op work. How do we create systems so that co-ops can flourish without overly relying on really great individuals?"

"I got tired of just trying to deal with each individual who was getting evicted. We wanted to see if there was some kind of model that looked at root change."

"There's nothing to prevent future owners – after we die and pass away – from selling the building. That's why we want to entertain the concept of going into a land trust."

What They Share

Anti-displacement driven: Formed in response to present or imminent displacement pressures.

Improvised, non-standard financing: Used seller financing from sympathetic owners, personal bridge loans, and conditional grants to close deals.

"Superstar" stewards: Heavy reliance on over-extended leaders who broker across nonprofits, finance, and government to make deals possible and keep co-ops operational.

Network glue: Act as the connective tissue linking funders, lenders, city agencies, and nonprofit partners. A social network analysis shows that removing the co-ops breaks up the field into fragmented siloes.

CWB impact: Chicago's \$15 million Community Wealth Building program provided a lender and TA network, loan guarantees, and an iterative "pause-learn-adjust" approach to working with grassroots groups — legitimizing cooperative development to capital actors, nonprofits, and other co-ops.

Unlocking Potential: Tactical Pathways for Field Expansion

In Chicago, housing co-ops create their own pathways – every acquisition and set of partners is custom-made. The goal of these recommendations is to transition housing cooperative work – and community ownership (CO) more broadly – into visible, fundable, and durable infrastructure.



Source: PIHCO

Treat co-ops as organizations, not one-off projects

Co-ops already function as builders of community wealth that can multiply affordable housing, strengthen local control, and earn legitimacy.

- A centralized back-office or TA platform could take on the invisible, behind-the-scenes individual labor and keep co-ops sustainable.
- Multi-year operating grants from philanthropy, tied to governance health and community outcomes, decreases focus on one-off projects/acquisitions.

Resource overburdened stewards

The people who make the work visible – and thus investable – need to be supported. Embedding paid, structured capacity is essential for sustaining and scaling CO.

- Philanthropic stipends/fellowships and paid positions can fund the local leaders who build bridges and make deals possible.
- Lenders adopting community-credit underwriting tiers reward strong governance.

Redistribute the "weight" of the field

Chicago's new-generation housing co-ops are the primary connectors between residents, lenders, TA providers, and city agencies. But informal ties and processes leave the ecosystem fragile.

- A dedicated coordinating hub (or staff) and a field-wide stewardship scorecard would help consolidate the field.
- These metrics can be embedded in lender/funder applications as an advocacy strategy.

Standardize financing and acquisition pathways

Co-ops stitch together seller financing, conditional grants with strict requirements, and even personal loans to close deals. This is duplicative and creates high barriers to entry.

- A fast-acting bridge loan program — backed by city money that protects against early losses and by mission-driven investors — could let pre-qualified co-ops quickly close on 3-to-20-unit buildings and then refinance later.
- A "silver-six-flat" strategy could work with senior landlords of 3-to-6-unit buildings, using community groups and tax preparers to help them offer the properties to co-ops via seller financing.

Elevate public pilot programs to field-building blocks

Chicago's Community Wealth Building initiative shows how iterative, city-tested experiments can lift community-owned real estate from a niche pilot to a scalable field.

The city gave co-ops the legitimacy and capital they need to grow and offered a clear template for state policies that would make CO a mainstream, finance-eligible development model.

- Institutionalize the "pause-learn-adjust" cycle of the CWB program, where staff iterates on program design while following the lead of ground-level practitioners, by establishing a standing Community Ownership Steering Committee composed of practitioners, public actors, and other CO intermediaries.
- Pursue a state-level charter program that unlocks loan guarantees and pooled insurance for co-ops.

Lessons from Chicago's New-Generation Housing Co-ops: The Path Forward

The three housing cooperatives in this case study demonstrate that community-owned real estate can stay affordable, democratic, and resilient – even in a market that is designed to commodify land. Their stories reveal a set of repeatable practices that make cooperative development possible today and scalable tomorrow.

Call to Action

Funders, lenders, and municipal partners have a tangible opportunity to turn Chicago's experimental co ops into a replicable model far and wide. By investing in the infrastructure that underlies community ownership projects, we can multiply the impact of every dollar, lock in affordability for thousands of families, and shift the housing system from speculation to shared stewardship. Moving from isolated pilots to a robust, field-wide ecosystem will deliver lasting, people-led housing for all.



About the Lab

The Community Ownership Learning & Action Lab (COLA Lab) is a national research and field-building initiative working to strengthen shared ownership of real estate. Drawing on original research and community-rooted insights, the COLA Lab develops practical resources to support practitioners and inform the lenders, policymakers, and other institutions that can help sustain and scale their work. Housed within the University of Miami's School of Education and Human Development, the Lab examines how community ownership can anchor local stability, expand shared opportunity, and strengthen collective power. Learn more at colalab.org

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Ahmed Mori (author); Carolina Fernandez; De'Sean Weber

Acknowledgements:

Gretchen Beesing; Scot Evans; The COLA Lab's Community Advisory Board

With Special Thanks To:

The members of Logan Square Cooperative, Pilsen Housing Cooperative, and La Villita Housing Cooperative, as well as the lenders, funders, intermediaries, and TA providers who generously shared their time, expertise, and lived experience for this piece.

Support for the Community Ownership Learning & Action Lab was provided by the Robert Wood Johnson Foundation. The views expressed here do not necessarily reflect the views of the Foundation.

Published April 2026

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