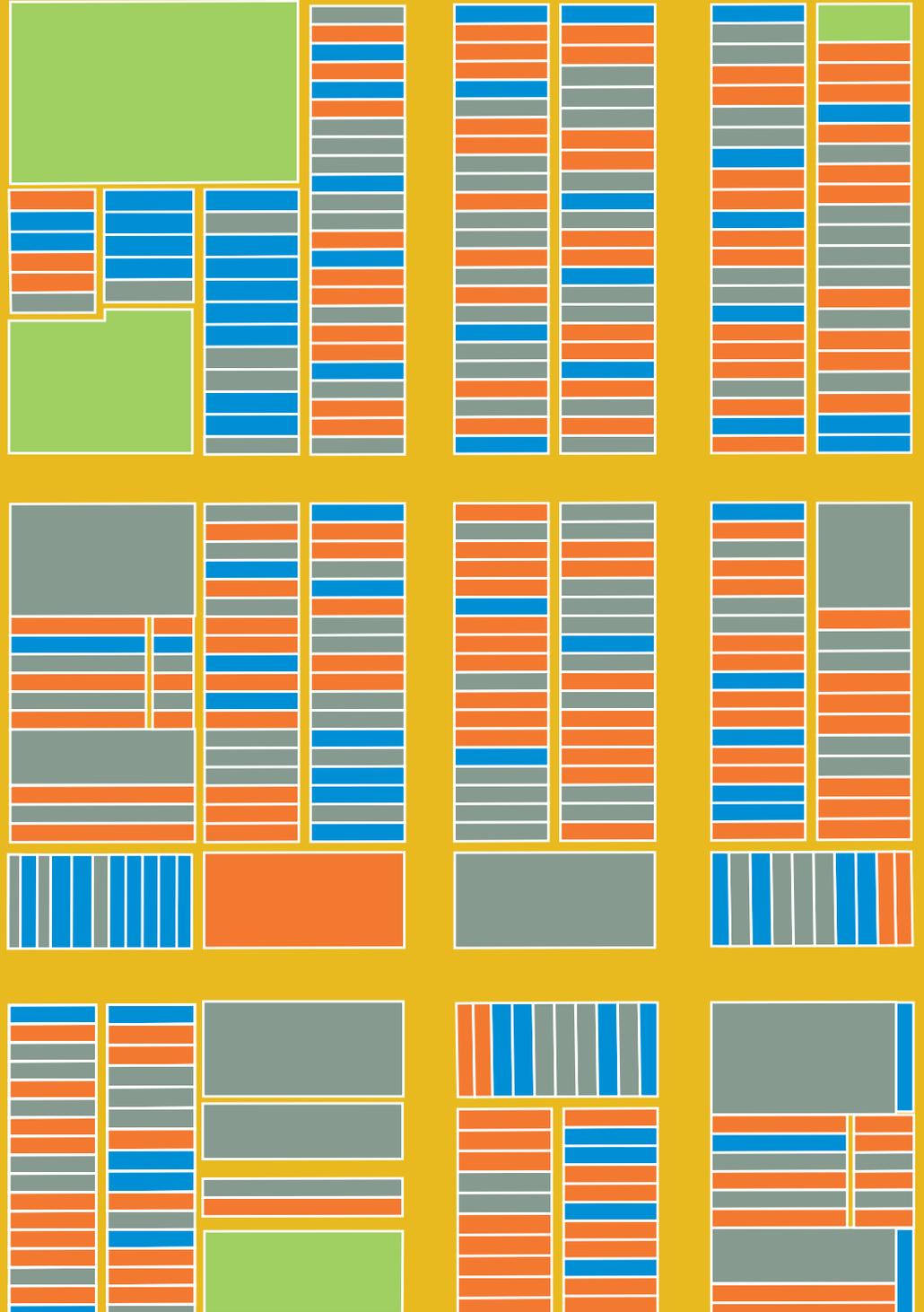


Reinvestment and Infill



Reinvestment and Infill Strategy Paper

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Introduction

As part of the development of ON TO 2050, the region's new comprehensive plan, CMAP staff is developing a series of [strategy papers](#) to review current policies, explore emerging issues, and determine potential future agency directions on various issues. The Reinvestment and Infill strategy paper proposes refinements to CMAP's existing recommendations for reinvestment.

GO TO 2040 broadly recommends that communities direct reinvestment and growth to existing communities and, specifically, transit station areas. GO TO 2040 also generally encourages mixed-use, compact development. These recommendations have many benefits, as encouraging development within existing communities can leverage the benefits of already-built infrastructure, reduce the consumption of agricultural and natural lands, and help to revitalize disinvested areas. Investment near existing transit or in walkable communities can also provide an alternative to automobile travel, which in turn helps to reduce congestion and household transportation costs.

The Reinvestment and Infill strategy paper explores barriers to and strategies for promoting non-residential development in infill areas, and proposes regional and local strategies to support reinvestment. The region's developed areas are not monolithic; however, close evaluation of the many unique situations in the region are beyond the scope of this document. Instead, this document emphasizes three broad new policies for ON TO 2050 as well as local plans, with potential for each of these policies to be incorporated into individual municipal planning processes. This paper explicitly (1) emphasizes support for incorporating market-feasibility into planning and implementation processes to ensure that local plans are strongly grounded in current market realities, (2) proposes the identification of reinvestment area types to align resources and encourage a targeted approach to directing regional resources, and (3) identifies disinvested areas as requiring special attention and resources to address obstacles.

Critical land use and development decisions are undertaken by municipalities and supported by many public, non-profit, and private stakeholders; therefore, this strategy paper includes recommendations for both regional and local scales. In addition, many suggestions or needs will be appropriate for near-term CMAP Local Technical Assistance (LTA) or policy work outside of the next plan process; this paper also provides direction for ongoing CMAP programs.



Research process

CMAP staff identified these key themes and strategies through a review of the literature and peer organizations, experience gained in CMAP's LTA Program, interviews with experts and stakeholders from within and outside the region, CMAP committee feedback, and guidance from a resource group. This resource group, co-chaired by Urban Land Institute (ULI), was comprised of 16 stakeholders representing expertise in real estate development, economic development, planning, land use, and transportation. This group met six times from fall 2015 to fall 2016 to help CMAP staff identify barriers to and strategies for reinvestment. Additional information on resource group members and meeting topics is in Appendices 1 and 2.

Complementary strategy papers for ON TO 2050 plan development address related aspects of reinvesting in existing communities: The Housing Supply and Affordability strategy paper focuses on residential development, examining barriers to and strategies for expanding housing choice for all residents. The Inclusive Growth strategy paper explores policies that can advance an economically inclusive region, addressing inequitable access to key resources and offering strategies to promote resident and community capacity. The Tax Policy and Land Use Trends strategy paper explores the impacts of the tax structure on local land use mix. The Municipal Capacity strategy paper assesses strategies for strengthening capacity of communities. The Lands in Transition strategy paper examines methods to develop land strategically while conserving critical agricultural and natural assets. Additionally, the Reinvestment and Infill strategy paper is supported by the Infill and Transit-Oriented Development Snapshot¹, which offers data-driven summaries of regional trends in infill development and transit oriented development.

The importance of infill development

GO TO 2040 supports reinvestment because of its many fiscal, economic, transportation, and quality of life benefits. Infill can be broadly defined as rehabilitation of existing structures or new development on vacant or underutilized land in built-up areas with existing infrastructure, often within or adjacent to existing municipal boundaries.

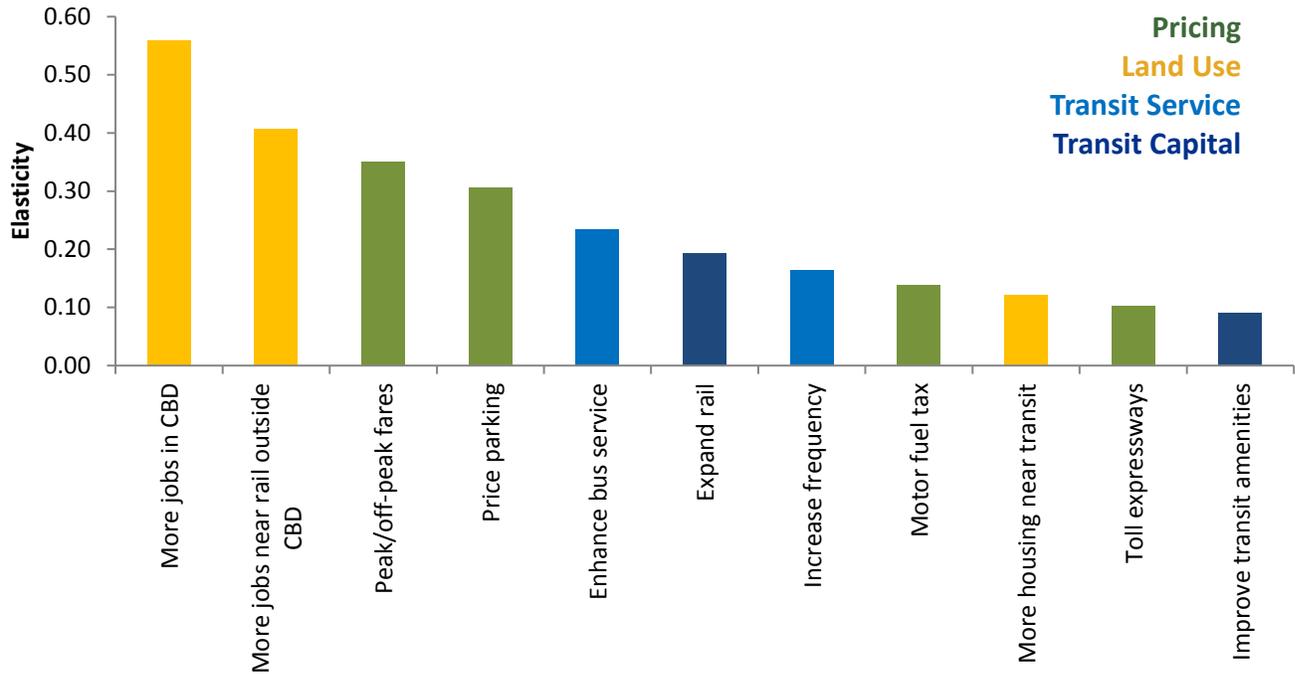
The GO TO 2040 plan particularly notes the potential for reinvestment in transit station areas to increase public transit usage and diversify transportation mode share to improve regional mobility. Recent CMAP analysis found that land use policies can strongly encourage increases in transit mode share, with impacts that exceed most transit service or capital investments. Land use policies that increase employment and residential density within downtown Chicago, as well as within a quarter-mile of suburban rail transit stations, can greatly help increase regional transit ridership across all modes. As such, transit-oriented development, including in areas

¹ Chicago Metropolitan Agency for Planning, Infill and TOD Snapshot. See <http://www.cmap.illinois.gov/onto2050/snapshot-reports/infill-tod>.



with high-quality bus service, can help support transit systems and address other CMAP goals. Currently, much of the region, in particular along transit nodes, has the capacity for higher levels of residential and employment density.

Figure 1. Strategies to increase mode share

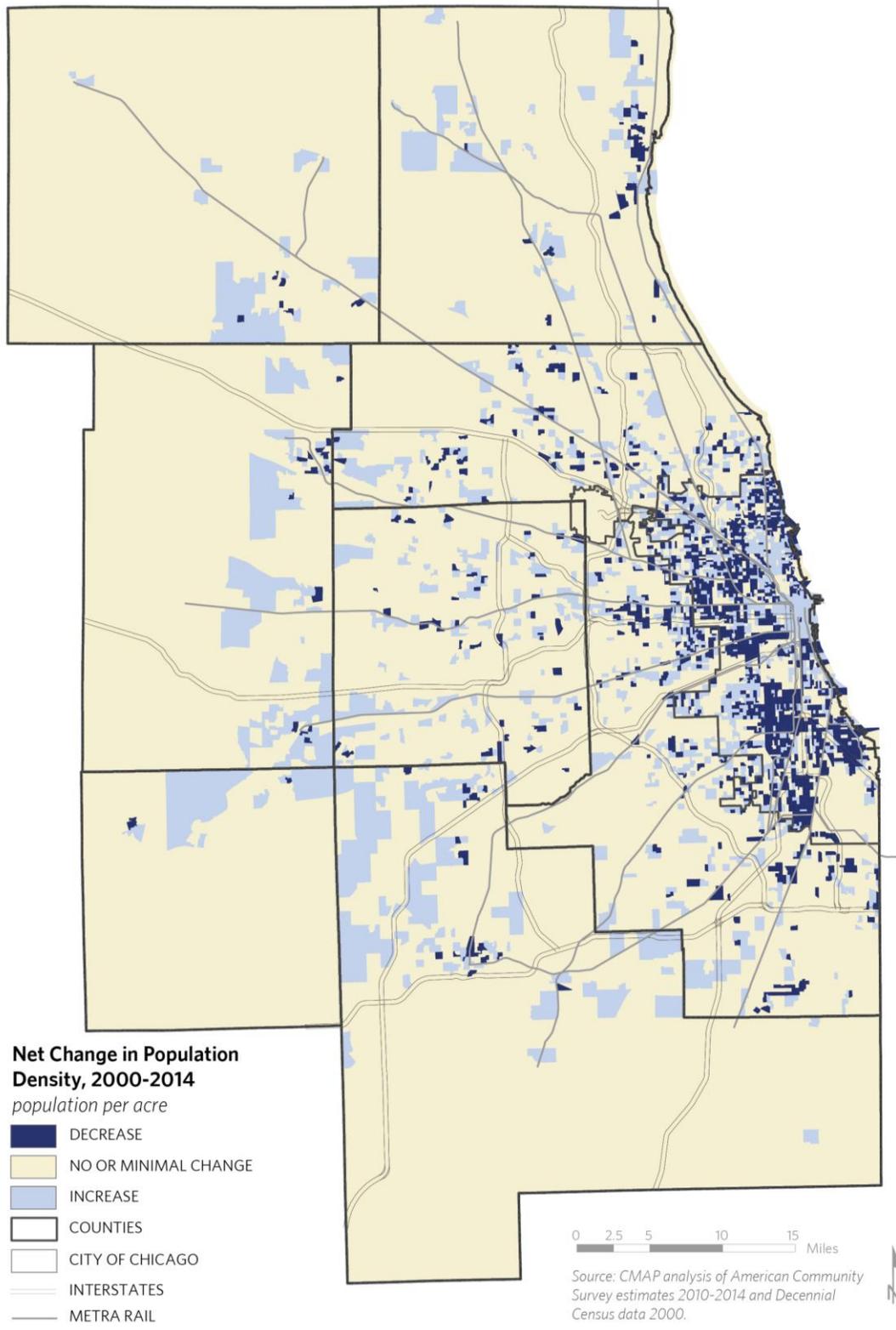


Source: Chicago Metropolitan Agency for Planning, "Transit Ridership Growth Study," November 2016.

Through the Infill and Transit-Oriented Development snapshot report, CMAP has analyzed development and growth trends in the region and around transit-served areas, specifically. According to U. S. Census data, between 2000 and 2010-14, the areas at the edge of the region experienced higher net increase in population density (see Figure 2 below). While the downtown Chicago area also saw growth, many other built-out parts of the region experienced minimal change or loss, likely due to their already-developed nature and market conditions.



Figure 2. Net change in population density (population per acre), 2000 and 2010-14



The increase in density in the outer counties may be explained by several factors: undeveloped areas have more land available for growth and development than areas that are already built out.² Furthermore, areas further from the urban core may be more affordable than areas in or closer to the urban core. Or, less developed areas may have more sites suited to the current standards of some industries. Moreover, reinvesting in infill areas can be challenging due to regulatory, market, and physical reasons. The next section provides a brief summary of the challenges to developing in existing, built-out communities.

Barriers to reinvestment in infill areas

Real estate development projects, whether commercial, office, industrial, or residential, are primarily undertaken by private for-profit and nonprofit developers. When deciding whether to pursue a development project, developers consider the following factors: municipal regulations and policy, land, capital, and market feasibility.³ Community and political conditions may also influence a developer's choice to pursue development in a specific municipality or neighborhood.

Federal, state, and local regulations on zoning, land use, buildings, environment, taxes, and other issues are necessary to safeguard the health and security of residents, high quality of life, community goals, and the environment. These regulations affect the characteristics of projects, including the type, size, and activities of the development. Moreover, these policies can negatively affect the costs, timeline, and riskiness of reinvestment projects. Regardless of the original intent, public policies can impede and discourage reinvestment if they introduce too much cost, time, or risk to the development process.

Land condition and availability are also important. Suitable land for development must be within the desired market area and available at costs that are financially feasible for a developer. Suitable land includes a parcel or building that is zoned accordingly and also has — or soon will have — required infrastructure. The location and characteristics of sites can increase the cost of development. For example, costs can increase if a site requires environmental clean-up or needs infrastructure improvements to make it suitable for the desired land use.

Developers often acquire financing from multiple sources. Federal, state, and local public resources are available through grants, loans, and incentives. Private lenders play the largest role, and community development financial institutions (CDFIs) and philanthropies can provide grants, donations, and loans. Difficult to develop sites are often costlier and require a

² U.S. Environmental Protection Agency, Office of Sustainable Communities, "Smart Growth and Economic Success: Investing in Infill Development," June 2014. See <https://www.epa.gov/sites/production/files/2014-06/documents/developer-infill-paper-508b.pdf>.

³ Urban Land Institute, The Economics of Inclusionary Development, "Section I: Understanding the Economics of Development", 2016. See <http://uli.org/wp-content/uploads/ULI-Documents/Economics-of-Inclusionary-Zoning.pdf>.



more complex financial model using public, private, and/or philanthropic funding streams. This component of development is largely addressed by CMAP's partners, who may provide land, grants, low-interest loans, or services to reduce the cost of a development.

Market feasibility is the ability of the development project to bear the associated costs of investment because of sufficient demand; these costs are associated with the aforementioned regulatory, physical, and financial factors. Community opposition to development that increases density, changes land use, or exacerbates traffic or parking issues can also be a barrier to redevelopment. Community and political support for projects may also be difficult to obtain if previously completed projects have failed to meet community expectations or goals.

The following section briefly summarizes current strategies for infill development that have been supported by CMAP and its partners since GO TO 2040 was adopted.

Strategies for reinvestment and infill in GO TO 2040 and subsequent work

GO TO 2040 seeks to achieve higher quality of life for the region's residents by recommending elevated standards of livability, particularly through compact, walkable, and mixed-use reinvestment and growth in existing communities. This plan offers many strategies for municipalities, counties, transportation agencies, and others to implement this broad recommendation. GO TO 2040 also supports and encourages improved intergovernmental collaboration and efficient governance.

Many existing CMAP activities address elements necessary for promoting reinvestment. Research and implementation activities related to municipal policies such as land use, zoning, regulations, and tax policy help to create an environment that is more amenable to reinvestment. Coordinating resources and aligning goals creates opportunities to maximize scarce resources. Researching specific area types such as transit station areas and freight and manufacturing clusters further helps to prioritize resources and identify development opportunities. Addressing high and moderate need communities in coordinated planning efforts helps to close a gap in capacity in communities. CMAP and the resource group identified these existing strategies as still relevant, and they will continue to be important throughout this paper and the development of ON TO 2050. These activities, discussed in further detail below, should continue to promote reinvestment and infill development throughout the region.



Policy development and reinvestment

As part of its policy work, CMAP staff produces reports that help refine agency understanding and topics related to GO TO 2040's recommendations on reinvestment, tax policy, and a balanced housing supply. For example, the *Fiscal and Economic Impact Analysis of Local Development Decisions*⁴ report examines the impacts of different development types, finding that redevelopment in areas with existing infrastructure had more potential for positive fiscal benefits for municipalities. CMAP also tracks development trends through policy updates exploring housing, retail, and industrial/flex development and vacancy rates. CMAP has also analyzed the link between retail vacancy and sales tax revenue, including a spatial representation of areas of the region above regional median retail vacancy.⁵

In Illinois, state sales tax is disbursed to municipalities and counties based on where sales are generated. This structure provides revenues to areas with strong retail activity and helps to fund municipal services associated with those activities. However, communities that lack a strong retail base or have significant retail vacancy must rely more heavily on property tax revenues. This situation creates a problematic cycle in that high property tax rates may discourage businesses — which could generate more municipal sales taxes revenues — from locating or expanding in the community. In turn, low rates of business attraction can lead to a tax base that grows more slowly than the cost of public services, which can precipitate even higher tax rates for businesses and residents alike.

CMAP has also produced several pieces that assess our region's freight and manufacturing clusters. That work has identified areas of concentrated freight and manufacturing land use⁶ and employment, and potential reinvestment strategies to support them. The O'Hare Subregional Freight-Manufacturing Drill-Down report⁷ indicated the need to plan for preservation and conversion of this vital industrial area.

⁴ Chicago Metropolitan Agency for Planning, "Fiscal and Economic Impact Analysis of Local Development Decisions Report," January 2014. See <http://www.cmap.illinois.gov/economy/tax-policy/impacts-of-local-development-decisions>.

⁵ Chicago Metropolitan Agency for Planning, "Retail vacancy and sales tax revenue in the CMAP region," October 16, 2015. See http://www.cmap.illinois.gov/about/updates/-/asset_publisher/UIMfSLnFfMB6/content/retail-vacancy-and-sales-tax-revenue-in-the-cmap-region

⁶ Chicago Metropolitan Agency for Planning, "Freight land use clusters in northeastern Illinois," August 2016. See http://www.cmap.illinois.gov/about/updates/policy/-/asset_publisher/U9jFxa68cnNA/content/freight-land-use-clusters-in-northeastern-illinois

⁷ Chicago Metropolitan Agency for Planning, "The O'Hare Subregional Freight- Manufacturing Drill-Down Report," May 2014. See <http://www.cmap.illinois.gov/documents/10180/27283/2014-5-12-O-Hare-Subregional-Freight-Manufacturin+Drill-Down-report.pdf/231356b3-2edc-40ac-b1bb-7ee9cab04c0d>.



Local Technical Assistance (LTA) Program and Reinvestment

The LTA program was created to support local governments and other organizations in creating and implementing plans that advance the goals of GO TO 2040, including directing investment to existing communities. Ongoing LTA activities help encourage reinvestment and infill in a number of ways, including by updating local plans and development regulations; coordinating planning efforts among regional stakeholders; and providing implementation assistance.

To update guidance that shapes the local development context, LTA staff and consultants have led a variety of plans (e.g., comprehensive, capital improvement, corridor, stormwater management, bicycle and pedestrian, parking); updated zoning ordinances; trained decision-makers — particularly plan commissioners and local elected officials; and implemented plans. These projects typically encourage communities to undertake development that makes efficient use of existing resources — including land and infrastructure — to leverage the potential for increased density and strike a balance between growth and resource conservation. LTA-funded plans focus on existing assets, subareas, and infill parcels to address community needs and provide long-term guidance for communities attempting to attract development.

The LTA program also aligns resources and enhances partnerships with the region's transit, transportation, planning, and housing advocacy agencies by encouraging and fostering collaboration and support for local planning efforts. For example, CMAP teams with BRick Partners, the Metropolitan Planning Council (MPC), Illinois Housing Development Authority (IHDA), and ten public housing authorities to form the Regional Housing Initiative (RHI) to create regional affordable housing options, particularly in transit areas. The LTA program also addresses additional regional needs in support of GO TO 2040's recommendations on reinvestment and a balanced housing supply, including the regional Fair Housing and Equity Assessment: Metropolitan Chicago report.

Additionally, CMAP is increasing efforts to provide plan implementation assistance for LTA plans. Currently, LTA project managers follow up with project sponsors on a quarterly, then yearly basis to track progress. CMAP will elevate implementation efforts to provide short-term, small-scale assistance on a project-by-project basis to help align resources, coordinate with regional partners, pursue grant funding and provide development advice in coordination with the ULI. Depending on the success of this initiative, CMAP should continue to provide implementation technical assistance focused on capital funding for improvements recommended in LTA plans, research and best practices, and other implementation activities.



GO TO 2040 and previous CMAP work broadly address barriers to reinvestment and infill development, specifically those related to municipal regulations and policies. These various elements of GO TO 2040 and subsequent work have set the stage for examination of more targeted policies promoting reinvestment and infill.

Strategic framework for reinvestment and infill in ON TO 2050

Reinvestment, including redevelopment and new or improved infrastructure investments, should support regional goals for improved livability and economic growth. This paper highlights many strategies that are already supported in GO TO 2040 and will continue in ON TO 2050. New strategies for encouraging reinvestment fall under one or more of the following themes: prioritizing planning and other activities for the most critical reinvestment areas, incorporating market feasibility into planning and development, and paying specific attention to disinvested areas and the challenges they face.

Each section below discusses specific strategies that CMAP and partners should consider to promote reinvestment in the Chicago region. Except where noted, these strategies are for CMAP and partners to undertake after ON TO 2050 has been adopted. Note that many of the strategies listed are also related to ON TO 2050 plan development efforts, such as the development of layers.

Incorporate market feasibility into planning and implementation processes

Market considerations (both immediate and long term) such as demographics, infrastructure access, development costs, and similar factors drive private sector development and, therefore, implementation of local and regional plans. Market feasible plans align analyses of market demand across community boundaries with a community's goals to understand whether those goals are achievable based on existing households, traffic, and other drivers of demand. Market feasible projects require that demand for the land use, product, or services can meet the expenses related to constructing or rehabilitating, operating, and maintaining the project. In some cases, community goals for a particular land use mix or vision for redevelopment may not align with market potential, thus creating obstacles to purely private sector development. Communities can pursue many strategies to address this gap, but all efforts depend upon a strong market analysis foundation. As the economy strengthens, it will be important for municipalities to understand development trends and current market conditions to properly develop plans and/or evaluate development proposals.



This strategy paper proposes that a market feasibility framework be incorporated into ON TO 2050 as well as subsequent planning and implementation processes.

Implementing market feasibility

Markets are shaped by the complex interaction of many different factors that rarely align with political boundaries. These include real estate market trends such as construction, vacancy, absorption rates, leasing activity, and selling and leasing price rates, physical needs of industries, among other statistics. Identifying market geographies for each development type requires examination of competition, travel times, customer behavior, economic trends, and demographic profiles. Since many characteristics traverse municipal boundaries, market-oriented planning requires a subregional market perspective.

Local leaders can take a number of steps to better include market feasibility in planning. First, local partners can strongly tie plans to market feasibility analyses that look beyond municipal boundaries to develop a more complete picture of potential for desired land uses.

Municipalities may also need to promote one type of land use to develop another. For example, new housing units and new residents might be necessary to attract retail development.

Communities can also bring local developers into the planning process to gain expert feedback on development goals. In addition, zoning, permitting, and inspection processes ensure community quality of life, health, and safety, but should be streamlined where possible to decrease development timelines and increase certainty for developers. These initiatives can be identified as near-term plan goals.

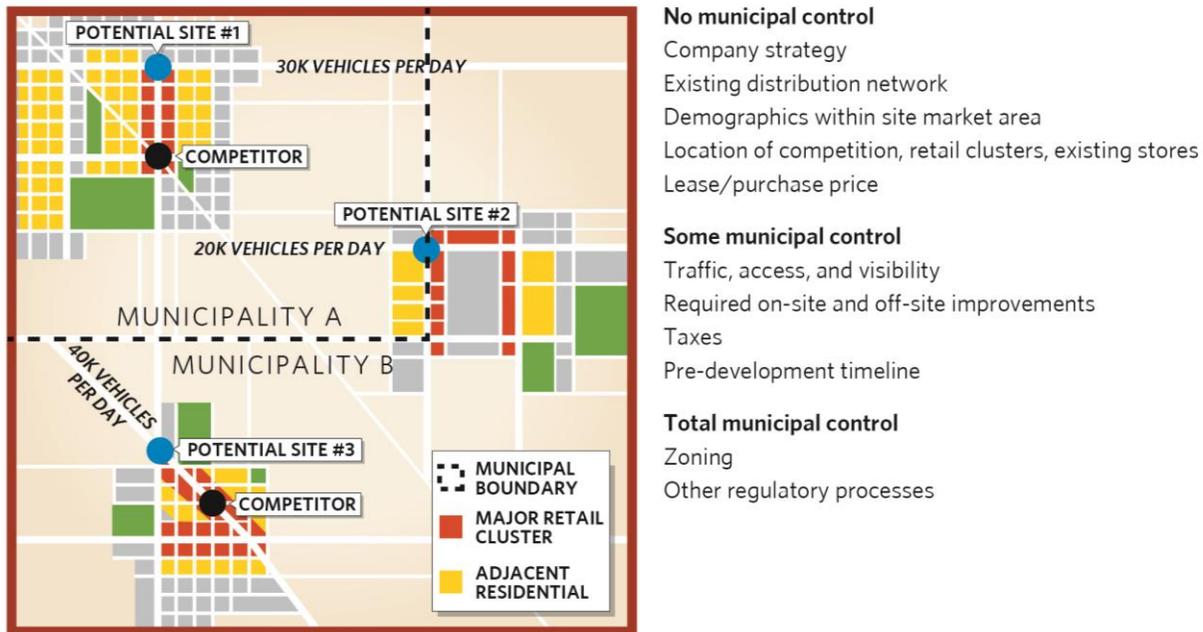
Finding suitable land can be particularly challenging, especially in infill areas that are already built out. Local leaders can influence the costs associated with development through public policies and land control, and publicly held property/land can be rented long-term or sold at discounted rates to help facilitate development. Other physical challenges such as parcel characteristics, access to transportation and other infrastructure, and brownfield remediation can be addressed by private developers or municipalities. See Figure 3 below for an example of site selection considerations by retail firms and the connections to factors under municipal control.



Figure 3. Municipal Control over Development Costs

Businesses and developers must balance numerous factors when making location decisions. Municipalities have control over many of these factors. The example below lists some considerations of retailers when making selecting sites. The preferred location may ultimately cross municipal boundaries.

Retailer site selection considerations within a market area



Source: Chicago Metropolitan Agency for Planning analysis

Strategies for market feasible planning and development

The following strategies outline options that CMAP and partners can undertake to broadly implement immediate and long-term market feasibility into planning and implementation processes, and address market barriers to redevelopment and infill.

Provide more education about market-feasible planning and development

CMAP and partners such as ULI should develop products to illuminate the meaning and impacts of immediate and long-term market feasibility and related concepts in reinvestment efforts. For example, market support for many development types such as commercial, office, and residential, as well as transit systems, is closely aligned with population and employment densities. CMAP and partners should develop and disseminate information on market needs for various development types, such as industrial. Guidance should focus on two areas. First, short-term market feasibility will help identify development opportunities that meet immediate market needs. Second, the type of places that residents and businesses want changes over time, such as the current growing preference for walkable places or the decline in large-format retail due to changing consumer patterns.



Plans should identify opportunities to meet both shorter term needs as well as longer term shifts and goals. The Route 59 Metra Station in Naperville offers one example of this, where parking lots were designed to facilitate phased-in, denser development over the long term.

Panels, workshops, or other activities to educate stakeholders about market feasibility could also be incorporated into new and existing programs, including CMAP's workshops for planning commissions about planning concepts. In addition, the resource group indicated bringing together developers and community stakeholders to discuss particular plans or projects can provide beneficial educational opportunities. CMAP is currently partnering with ULI to convene panels of development experts to help communities identify key opportunity subareas, corridors, or redevelopment parcel(s) where development potential exists. Several LTA projects will also be the focus of intense technical assistance panels with multiple development experts, including architects, engineers, and planners, to assess the existing conditions of the study area, devise a problem statement and focus on key solutions, recommendations, and implementation strategies.

CMAP and partners should also analyze the multijurisdictional nature of market areas. With funding from Chicago Community Trust, CMAP, MPC, and MMC worked with the DePaul University's Institute for Housing Studies to develop a market segmentation model that identifies the geography and characteristics of eight subregional housing markets across the 7-county region. CMAP and partners should use the housing submarkets findings as an educational tool about the multijurisdictional nature of the housing market, as well as guidance for agency and interagency activities.

Analyze the transportation impacts of clusters of different land uses

Many agglomerations (similar uses locating near each other in clusters), such as large retail and industrial agglomerations, often exist in multiple communities so that the transportation costs of development may spill over to neighboring communities. The road network, which is maintained by a combination of municipalities, townships, counties, the state, and the Illinois Tollway, experiences utilization, maintenance, and operational impacts in both the short- and the long-term as a result of new development. CMAP and SB Friedman are currently assessing the multijurisdictional transportation impacts of retail agglomerations. CMAP should also analyze the multijurisdictional impact of industrial and office development.

Strengthen market-feasibility practices in local planning efforts

Many communities in the region lack sufficient technical and staff capacity to develop strong market analyses for their planning and implementation efforts. LTA should continue to incorporate market feasibility into its plans and help municipalities prioritize long-range planning efforts that incorporate market feasibility and development trends. This will help ensure that the community goals embodied in comprehensive and strategic plans are implementable.



Enhance multijurisdictional cooperation

Marketsheds, which are determined by factors such as competition, demographics, and traffic patterns, often cross municipal boundaries; as such, the impacts of development can often be felt by multiple jurisdictions. For example, CMAP research has found that the transportation impacts (traffic, congestion, need for infrastructure expansions) of retail agglomerations are often borne by all the municipalities in a larger market shed, beyond where the physical stores are located. With this in mind, municipalities should improve multijurisdictional planning and economic development efforts, including infrastructure investments and business attraction and retention initiatives. This approach can reduce costs, increase capacity, and better reflect local markets.

As part of the Municipal Capacity strategy paper and other ON TO 2050 development efforts, CMAP should identify key strategies to encourage communities, units of government, and the private and nonprofit sectors to work together to increase the ability of communities to provide services and infrastructure that attract reinvestment. CMAP should also identify case studies of cooperative efforts, such as the South Suburban Mayors and Managers Association's (SSMMA) Select Chicago Southland program that works to attract retail development across ten communities in the south suburbs.⁸ CMAP can also conduct research into best practices for subregional coordination for commercial, office, and industrial development, including non-compete agreements and subregional collaboration on economic development. Additionally, CMAP should provide subject-matter expertise and support through the LTA program to communities and groups of communities that are striving to achieve regional economic development goals.

Align local economic development planning with regional goals

Financial and regulatory incentives can reduce the cost of development and help to improve the financial feasibility of projects. Local economic development incentives, however, should also take into consideration overall community gains and regional goals when assessing the appropriateness of incentives. Building on prior incentives analysis by CMAP and research by various partners, CMAP and partners such as ULI should work together to provide guidelines to help municipalities effectively implement economic development incentives based on community goals.

Resource group members have also suggested that incentives are often coupled with higher costs in other forms, thus counteracting or minimizing potential cost-savings. As CMAP continues to evaluate the effectiveness of incentives, it should also research the private sector's perspective on the utility and effectiveness of various incentives.

Support communities undergoing displacement due to upshifts in market

Communities grow and change over time, with both positive and negative effects. In particular, renewed interest in more urban living has led to rapid shifts on some communities.

⁸ Select Chicagoland. See <http://ssmma.org/select-chicago-southland/>.



These shifts bring benefits in terms of increased investment and access to amenities and/or services. Property values may increase rapidly due to changes in community demographics or major catalytic investments, potentially leading to displacement of existing residents, businesses, and community networks. CMAP's LTA program should continue to help communities plan for short- and long-term strategies to identify or affirm community goals and assist existing and new residents in their neighborhood through projects such as Homes for a Changing Region. Organizations such as the Institute for Housing Studies can help to identify areas of rapid upshifts. CMAP should also evaluate its existing strategies and best practices to provide clearer direction to assist stakeholders planning for displacement and rapid community change.

Encourage investment in critical reinvestment areas

The already-developed area of the region is extensive, with varied development and community types that support the region's economic success and quality of life. Many parts of the region offer opportunities for reinvestment; CMAP analysis of local plans indicates substantive planning for mixed-use centers, transit-oriented development, or revitalization of commercial and business areas. Many of these plans require significant public investment in infrastructure, catalytic redevelopment, affordable housing, parks and recreation facilities, and other amenities.

The resource group discussed many potential needs for infill development, from increasing density near transportation infrastructure, to supporting economic centers and subcenters, to encouraging continued vitality in the region's traditional main streets. The region's existing centers remain vital to our overall quality of life and economic success, and offer an opportunity to leverage existing assets to promote new private investment. However, a finite amount of capital, land, and other resources require CMAP and its stakeholders to prioritize where to invest.

Strategies to support reinvestment planning and implementation

Local communities remain the primary implementers of land use change in the CMAP region. Successful redevelopment can only be accomplished when communities have the resources they need and coordinated and comprehensive planning efforts are implemented. The following section outlines strategies to assist municipalities in implementing reinvestment goals, develop resources for communities and partners, and allocate limited resources.



Focus reinvestment and infrastructure investment activities

Based on feedback from the resource group, this strategy paper proposes that CMAP and partner organizations focus resources to encourage catalytic investment and leverage existing assets within critical reinvestment areas. This strategy paper identifies potential types of areas that are important to furthering CMAP's goals for a thriving regional economy, enviable quality of life, and robust transportation system. Additional research, analysis of existing municipal plans and goals, and discussions with partners is required to refine critical reinvestment areas. This analysis should build on stakeholder discussion and a ground-up understanding of local plans and priorities.

Resource group discussions indicated that the region has many potential areas for reinvestment but limited resources to invest in infrastructure, private development, affordable housing, and other investments that can improve quality of life. The four reinvestment area types described below represent an initial and broad scoping effort. These areas encompass many parts of the region. Further discussion, refinement, and comparison to local plans will help to focus limited resources, assist implementers in planning for complex and critical areas, and further ON TO 2050 priorities.

Mixed-use and transit-served areas. The region's hamlets, main streets, downtowns, commercial corridors, and other mixed-use activity centers that are served by transit, including rail and high frequency bus service, are key to a successful economy and enviable quality of life. Some existing downtowns and dense mixed-use or commercial corridors have untapped potential because they are not currently served by transit – or high quality transit, or because underutilized/obsolete land uses such as overbuilt parking lots and vacant land hinder reinvestment. Investments and strategies that increase connectivity, paired with land use planning and policies, such as updated zoning and development regulations, pedestrian improvements, and infrastructure upgrades, would improve economic vitality of these areas and increase quality of life goals. Planned improvements and implementation are already underway in some parts of the region, including Pace's Bus/Arterial Rapid Transit (BRT/ART) and the modernization of transit corridors.

Economic activity areas. Economic activity areas are central to our region's success and have been analyzed through a broad set of prior CMAP and partner work. Employment centers and their land use, transportation, and workforce needs are not monolithic. Downtown Chicago, suburban office clusters, concentrated manufacturing areas, and freight-intensive areas, such as intermodal facilities, may be area types on which to focus reinvestment efforts. Each of these types of economic activity areas face unique but related reinvestment barriers: Industrial areas may face pressure to convert to other uses, potentially requiring brownfield remediation or infrastructure upgrades if market demands change. Suburban office corridors may face issues of obsolescence and



changing tenant needs with regard to space configuration, proximity to mixed uses, and transportation access.

Transitioning existing neighborhoods. Some existing communities in the region have undergone transition and change, such as demographic shifts. Changes in the economic, land use, and demographic composition of existing neighborhoods necessitate short and long term strategies so that existing, new, and potential residents have sufficient economic opportunity, transportation and housing options, and high quality of life. Existing CMAP resources, such as the Aging in Place White Paper and the Immigration Integration Toolkit, provides land use and planning guidance to municipalities experiencing specific demographic changes.

Disinvested areas. Disinvested areas of the region face particular challenges. These areas may be defined as parts of the region that have experienced long-term flight of businesses and/or residents. The disinvested areas section of this strategy paper discusses several aspects of this area type, including defining characteristics, barriers, and strategies for reinvestment in these areas.

CMAP should continue its ongoing work to identify reinvestment areas that support implementation of local plans as well as GO TO 2040 and ON TO 2050 goals. Part of this work is taking place as part of the place-based layers project, which will use mapping of key topic areas, along with relevant recommendations, to aid local implementation of ON TO 2050. Layers recommendations will help to inform local planning efforts and assist sub-regional entities in identifying plan topics and recommendations relevant to their geographies. One such layer, Locally Identified Mixed-use Areas (LIMAs), will depict subareas that have been identified in local plans to illustrate municipal priorities for developing mixed-use, transit-supportive centers. CMAP should build on the layers analyses, identify critical reinvestment area types, and develop a policy in conjunction with local stakeholders to focus assistance in investment in these areas.

In addition to providing locally specific recommendations, the reinvestment area types could also be used to help prioritize CMAP's technical assistance or direct resources from funding programs, such as the Congestion Mitigation and Air Quality Improvement (CMAQ) Program and Transportation Alternatives Program (TAP). Any funding prioritization method should be built from local reinvestment priorities in partnership with municipalities and other relevant stakeholders, and would likely assign additional points to reinvestment areas in the relevant funding program's evaluation criteria. In addition, CMAP should work with partners to align their criteria to direct funding for affordable housing, economic development, and other efforts toward similar reinvestment areas.



Additionally, CMAP and partners should help communities identify opportunities to align planning and investments — including housing, private capital, and infrastructure — to comprehensively support reinvestment in critical areas. This can be done in various ways, including pursuing grant funding in a subregional context, working in collaboration to attract economic development, and aligning flooding and stormwater management efforts with broader economic development, transportation, and livability goals.

Provide resources to educate residents and stakeholders about the benefits of infill

Density increases, mixed-use development, multi-family housing, and affordable housing are often contentious issues that attract NIMBYism. Local governments and advocates alike can benefit from case studies and data that help to overcome local resistance based on miseducation or bias. Resource group members also stressed the significance of helping communities plan for potential impacts of development, such as the need for transportation investments or congestion planning.

CMAP and partners, including those such as the Center for Neighborhood Technology (CNT), MPC, and BRicK Partners, should also develop educational materials, toolkits, and advocacy action plans for the region to support these strategies, including building on existing efforts completed at the city of Chicago level.

Support reinvestment through transportation investment

A well-functioning transportation system with reliable infrastructure helps make the movement of goods, inventory, and residents more efficient, predictable, and affordable. As such, investments in transportation infrastructure, including bike and pedestrian trails, sidewalk conditions, and the maintenance and construction of roads, bridges, and transit, can encourage existing residents and businesses to stay, and new households and companies to relocate to already-developed areas. CMAP administers CMAQ and TAP, which utilize rating systems that reward projects located in mixed-use zoning districts that have transit supportive densities.

CMAP should explore ways that transportation investment criteria for CMAP agency and transportation provider programs can better support CMAP's reinvestment goals. For example, projects serving jurisdictions that have adopted planning policies (e.g., comprehensive housing plan, economic development plan) that advance implement goals like reinvestment and transit-supportive densities could be rewarded with bonus points in the CMAQ and TAP programs.

Align goals across sectors to address stormwater issues

Many critical reinvestment areas are covered by impervious surfaces, such as roads, parking lots, and rooftops, which cannot absorb rainfall. If these locations lack sufficient stormwater infrastructure, they may be susceptible to chronic flooding, a costly physical challenge for attracting and retaining businesses and residents. Aligning goals and improving coordination across land use, environment, and transportation sectors would help to attract and retain



businesses and residents by mitigating costly flooding damages while promoting other livability and community goals. As an example, CMAP and partners can help communities experiencing chronic flooding identify opportunities to align stormwater management goals with reinvestment priorities. Partners, with support from LTA, should develop guidebooks on the appropriateness and process of implementing market-based environmental policy instruments to incent developer and consumer decisions, such as development incentives (e.g., expedited permitting, zoning upgrades) for reducing runoff into a stormwater system, or density bonuses for implementing green infrastructure (e.g., green roof) onsite.⁹ Partners such as CNT and the Metropolitan Water Reclamation District (MWRD) have taken leadership in exploring practices that help communities address urban flooding without discouraging development.¹⁰ For example, MWRD, the Village of Robbins, and other partners are transforming numerous vacant lots within the community into wetlands to resolve flooding issues that discouraged redevelopment.

Encourage shared parking within and across rail station areas

Metra stations are often located at the heart of our region's downtowns. These station areas must meet many needs, including accommodating parking for both commuters and downtown visitors. Metra should continue to endeavor to strike a balance between meeting the needs of all access modes (walking, biking, other transit, drop-off, carpooling, and park and ride) while supporting appropriate transit-oriented development. To best meet these goals, Metra could identify additional opportunities to share parking with compatible uses.

Additionally, Metra should consider requests from multiple municipalities in a subarea to collectively address parking and access needs at a group of rail stations to allocate parking needs between park and ride and transit oriented development type station areas. Chicago and the CTA may also consider this approach for adjacent stations in some parts of the CTA rail network. By sharing parking and aligning parking needs in transit-oriented development areas, municipalities can make available additional parcels of land for redevelopment. Through the LTA program, CMAP and Metra can collaborate on a pilot project to develop a model for this type of study.

⁹ Water Environment Research Foundation, "Using incentive programs to promote stormwater BMPs," 2009, See <https://www.werf.org/liveablecommunities/toolbox/incentives.htm>.

¹⁰ Nisenson, Lisa and Danielle Gallet, "Shared Stormwater Systems as Economic Incentives," American Planning Association 2014 National Meeting, April 29, 2014. See https://issuu.com/nisenson/docs/book_sw_ed



Direct investment to disinvested areas

In contrast to the strong potential of other parts of the region, disinvested areas exhibit a persistent, prolonged lack of investment as a defining characteristic. While market for retail, industrial, and other development types exists in disinvested areas, that market may not be strong enough to support much growth. Solutions for disinvested areas will differ substantially from typical, market-based planning and investment practices.

Long-term disinvestment often cannot be explained by a single factor, but is instead the product of a complex mix of economic, environmental, and sociopolitical issues that both precipitate decline and constrain reinvestment. Most disinvested areas were once economically viable and still have assets to build upon, but their particular combination of impediments has persisted over time and requires sustained intervention to address. With the assistance of research, as well as the Reinvestment and Infill resource group and other experts, this section proposes a policy definition of disinvested areas and outlines strategies to overcome the identified barriers.¹¹

Given the focus of the strategy paper on promoting non-residential development, the recommendations in this section pertain specifically to the built environment, real estate markets, and regulatory and tax structures. Other, parallel CMAP work for ON TO 2050 will explore additional dimensions of the challenge of disinvestment. The Inclusive Growth strategy paper focuses on policies to advance and economically integrate the region via strategies, such as workforce development, job creation, and improved access to key resources such as employment, transportation, and housing. The Housing Supply and Affordability strategy paper focuses on strategies for providing a continuum of quality housing options in all communities. The Municipal Capacity strategy paper will explore community capacity constraints, including in disinvested areas. The layers project will spatially analyze the components of disinvestment. However, many factors — like school quality and neighborhood safety that research shows do affect disinvested areas — are not explored here or in the upcoming memo because they are beyond the purview of CMAP.

Proposed Definition:

“Disinvested areas” of the region experience a persistent lack of private and civic investment after the long-term flight of businesses and/or residents. These areas may have fewer businesses, high vacancies, and low tax bases with high tax rates, and their residents may experience higher rates of poverty and unemployment. Disinvested areas may also be characterized by aging, constrained, and poorly maintained physical infrastructure as well as insufficient community resources and amenities. These compounded physical, market, and community challenges create significant barriers to attracting and retaining investors and residents.

¹¹ See Appendix 1 for preliminary maps and other materials generated to facilitate discussion of disinvested areas with the resource group.



Characteristics of disinvested areas

Communities where the population has declined significantly from peak levels typically have larger scale housing, infrastructure, and service areas than they have residents to use or pay for them. This mismatch combined with a number of other interrelated factors, including building condition, infrastructure condition, market weakness, and community capacity, can create significant barriers to redevelopment in disinvested areas. Appendix 1 contains spatial analysis of some of these components of disinvestment.

Building condition

Disinvested areas often have entrenched challenges with poor or declining physical condition of a large share of buildings across use types. Issues with poor building condition make the community less attractive for private investment by reducing the value of properties still in good condition, decreasing overall attractiveness, increasing crime and sanitation nuisances, stretching municipal resources, and saturating the market with an over-supply of deteriorated properties available for purchase.¹²

Physical condition challenges are frequently related to factors such as age, long-term deferred maintenance, vacancy, and abandonment. Age can impact the marketability of structures if the design prevents or constrains reuse, especially in the case of industrial users¹³ where functional obsolescence may make reuse very difficult or infeasible.¹⁴ Similarly, advanced age combined with long-term deferred maintenance can generate renovation costs that exceed the market value of a renovated property.

The age and condition of a community's building stock, especially combined with other weak market factors like long-term decline in population, can precipitate high rates of vacancy. Vacancies can occur due to foreclosure, murky ownership arising out of the probate process, or supply-demand mismatch. Long-term vacancy accelerates physical deterioration as property security and maintenance decline. Blighted vacant properties also threaten community safety and quality of life by triggering declines in nearby property values and increased incidences of arson, vandalism, and other crimes.¹⁵

¹² U.S. Department of Housing and Urban Development Office of Policy Development and Research, "Vacant and Abandoned Properties: Turning Liabilities into Assets," *Evidence Matters*, Winter 2014. See <https://www.huduser.gov/portal/periodicals/em/winter14/highlight1.html>.

¹³ Milgrim, Kate Spencer, "Manufacturing Prosperity: Evaluating the Rehabilitation of Industrial Complexes," *Masters Thesis, University of Pennsylvania* (2010): 10-14. See http://repository.upenn.edu/cgi/viewcontent.cgi?article=1149&context=hp_theses.

¹⁴ Benjamin, John D., Emily N. Zietz, and G. Stacy Sirmans, "The Environment and Performance of Industrial Real Estate," *Journal of Real Estate Literature*, Volume 11, No. 3 (2003). See https://www.researchgate.net/profile/G_Sirmans/publication/228905692_The_Environment_and_Performance_of_Industrial_Real_Estate/links/0fcfd508ff02547930000000.pdf.

¹⁵ Han, Hye-Sung, "A longitudinal analysis of the linear and nonlinear impact of housing abandonment on neighborhood property values," *Dissertation, UNC Chapel Hill* (2013): 1-11. See <https://cdr.lib.unc.edu/indexablecontent/uuid:3296ba2a-147f-4d73-abda-ab65c1044986>.



In addition to negative impacts on property value and neighborhood quality of life, blighted buildings can be costly for municipalities.¹⁶ Municipalities bear the cost for security and maintenance of abandoned buildings when owners cannot be found or compelled to keep the property in a safe and sanitary condition. In weak markets where enforcement mechanisms are not effective in compelling owners to bring properties into compliance, problem properties can accumulate enough code violations that they are transferred by the local housing court to a third party receiver for abatement or forfeited to the municipality directly.¹⁷ As a final recourse, demolition of blighted vacant properties is a common strategy. By removing the physical structures, demolition minimizes the risk of blighted lots attracting crime, becoming fire hazards, or collecting trash; demolition also reduces the amount of public services required to monitor and/or maintain vacant buildings.¹⁸ To facilitate the removal of blighted properties, the Illinois Municipal Code permits fast track demolition (65 ILCS 5/11-31-1(e)). A number of federal, state, and regional programs also provide regulatory and financial assistance to local governments. For instance, with support from the U.S. Treasury Department Hardest Hit Fund, the Illinois Housing Development Authority's (IHDA's) Blight Reduction Program provided \$4.3 million in grants in 2016 to help Chicago area municipalities such as Aurora, Chicago Heights, Joliet, Park Forest, and Round Lake Beach demolish blighted properties.

Local and National Demolition Strategies

As a local example, Park Forest has used federal, state, and local funds to demolish nearly fifty residential properties in distressed neighborhoods over the course of six or seven years, decreasing blighted properties in the community and reducing police calls for service, freeing up municipal revenue for other efforts. Rather than providing the properties to regional land banking agencies, the municipality is land banking the properties itself to fulfill community goals. The municipality has conducted mini re-envisioning sessions to discuss interim uses, such as police substations and green spaces, and is reaching out to developers to attract investment. One national example is the Demolition Lien Program in Durham, North Carolina. This program encourages construction of new, affordable housing on formerly deteriorated properties in exchange for forgiveness of repair/demolition liens.

¹⁶ U.S. Department of Housing and Urban Development Office of Policy Development and Research, "Vacant and Abandoned Properties: Turning Liabilities into Assets," *Evidence Matters*, Winter 2014. See <https://www.huduser.gov/portal/periodicals/em/winter14/highlight1.html>.

¹⁷ Northwest Suburban Housing Collaborative, "Turning around troubled properties: Receivership strategy," Regional Housing Partnership, 2014. See <http://regionalthousingpartnership.org/content/turning-around-troubled-properties-receivership-strategy>.

¹⁸ Mallach, Alan, "Laying the groundwork for change: Demolition, urban strategy, and policy reform." Brookings Metropolitan Policy Program, September 2012. See <https://www.brookings.edu/wp-content/uploads/2016/06/24-land-use-demolition-mallach.pdf>.



Infrastructure condition

In addition to aging building stock, disinvested areas may also lack adequate or well-maintained infrastructure, including transit, stormwater, sewer, sidewalk, road, utility, and telecommunication systems. Many disinvested areas continue to carry the infrastructure built out to serve the more robust market conditions of the past. This can result in underutilized infrastructure that may be in poor repair.

Industrial and commercial developers in particular may be dissuaded from locating in disinvested areas if existing infrastructure does not meet minimum requirements for contemporary businesses. For instance, poor infrastructure serving an otherwise viable site would likely cause the site to be passed over for one with adequate infrastructure. Examples of inadequate or absent infrastructure could include insufficient truck routes, poor access or visibility, poor roadway and sidewalk conditions, or inadequate utilities. A recent ULI survey supports this conclusion, noting that 88 percent of developers stated that the presence of quality infrastructure was “a top consideration” in their investment-location decisions.¹⁹

Market weakness

Disinvested areas generally struggle to meet the core requirements of market feasibility, with exceptionally weak demand, a lack of anchors or agglomeration potential, negative reputation, and/or a lack of developer confidence in public sector capacity or market feasibility. These combine with poor infrastructure and building stock condition to contribute to a lack of private investment over time.

For example, in the context of retail development, disinvested areas may not have enough residents or resident income to meet developer expectations for consumer spending. Further, deteriorated neighborhood commercial districts or corridors likely lack anchor tenants like grocery stores to incent complementary co-location of other vendors or services like hardware stores or dry cleaners.²⁰ Lack of agglomeration potential²¹, that is, the clustering of similar or related firms, also impacts business location and retention decisions if firms anticipate difficulty with accessing key suppliers or business services. For this reason, consumer choice is often severely limited within disinvested areas, with a significant share of local spending taking place outside of the community.

¹⁹ Urban Land Institute and EY, *Infrastructure 2014: Shaping the Competitive City*, 2014. See <http://uli.org/wp-content/uploads/ULI-Documents/Infrastructure-2014.pdf>.

²⁰ Kapple, K and Jacobus, R in Pindus, Wial, and Wolman (ed.s) “Retail Trade as a Route to Neighborhood Revitalization” *Urban and Regional Policy and Its Effects, Volume 2* (2009): 19-69. See <http://www.rjacobus.com/resources/archives/Retail%20Trade%20Proof.pdf>.

²¹ Artz, Georgeanne M., Younjun Kim, and Peter Orazem. “Does agglomeration matter everywhere? New firm location decisions in rural and urban markets.” *Journal of Regional Science*, Volume 56, Number 1 (2016): 72-95. See <https://cba.unl.edu/outreach/bureau-of-business-research/academic-research/documents/kim/agglomeration.pdf>.



Disinvested areas also struggle with negative reputations that can exacerbate market weakness. A poor reputation may be based on issues with crime, the deteriorated appearance of structures and infrastructure, biased perceptions of residents, government efficiency and reputation, or other issues of local political and social history. Whether accurate or not, these perceptions can limit the desirability of disinvested areas for private investment.

**Potential Implementation Partnership:
Local Land Banks**

Land banks such as the Cook County Land Bank Authority (CCLBA) and South Suburban Land Bank and Development Authority (SSLBDA) represent strong potential partners for disinvested areas struggling with an overabundance of troubled properties. Since these entities have tax authority, they are able to clear debt and provide clean title to help return bank-owned or abandoned properties to the tax rolls. In some cases, they may also demolish properties as well as renovate some properties to sell to suitable buyers. Both CCLBA and SSLBDA were formed in the early 2010s to help combat high rates of foreclosure facing Cook County in the wake of the financial crisis. There may be potential as these authorities continue to evolve to create action plans intentionally making use of the land banks' statutory authority to facilitate redevelopment and reuse in targeted disinvested areas.

Finally, limited public sector capacity in disinvested areas may also be a disincentive for private actors who lack confidence in the management of the community. In the short-term, developers may be wary of slow or unpredictable land use decisions or regulatory inefficiencies. Over the long-term, limited municipal capacity can also raise questions about future tax rates or utility services and fees, which affect developers' bottom line.

Municipal and tax capacity

The process of disinvestment creates municipal revenue constraints as fewer and fewer residents and businesses are available to pay taxes.²² At the same time, residents who are unable or unwilling to move—like many senior and low-income households—make up a larger share of the community. High rates of vacancy, abandonment, and blight also increase program costs for police, fire, and code enforcement while discouraging residential and business location. Generally speaking, decline in disinvested areas simultaneously increases need and limits

public sector resources available to respond. Increased fiscal strain in these areas may lead to deferred maintenance, create difficulties providing essential services, and limit the provision of public amenities. CMAP's tax policy work has outlined ways in which these tax base constraints often lead to high property tax rates in communities most struggling with the need for economic development.

²² Maciag, Mike. "Demographics can spell trouble for a city's finances." *Governing*. September 15, 2016. See <http://www.governing.com/topics/finance/gov-census-demographics-cities-fiscal.html>.



Limited resources not only create tax or amenity disincentives for new development, they also limit the size and overall capacity of local government. Constrained governments may have little staff time to pursue economic development opportunities or plan comprehensively. These constraints are especially acute in communities facing complex, large-scale challenges like large amounts of distressed properties, or environmental issues like brownfields, poor air quality, or repeated flooding. In these scenarios, local government leadership with assistance from partners like CMAP may be needed to identify and build consensus around land use and infrastructure plans that advance realistic short- and long-term goals. The ON TO 2050 Municipal Capacity strategy paper will address some of these issues.

Strategies to address major barriers to redevelopment in disinvested areas

Many ongoing efforts to implement GO TO 2040 provide assistance to disinvested areas; these activities should continue. Currently, for instance, LTA helps communities create comprehensive plans, capital improvement plans to prioritize infrastructure development, housing plans through the *Homes for a Changing Region* program, and corridor and other site-specific plans. Assistance is prioritized to higher need communities. CMAP tax policy research has also generated insight into the impact of tax policies on land use and economic development and confirmed that tax policies can create challenges for communities trying to attract new businesses or pay for services. Similarly, CMAP has also conducted research on workforce trends, with a focus on the region's freight and manufacturing clusters. Many disinvested areas were former locations of industrial firms. As the success and health of these industries are dependent on the availability of a skilled workforce and appropriate infrastructure, CMAP should continue to track trends related to the regional economy and research the needs of critical industry clusters.

In addition to positive efforts already underway, ON TO 2050 should encourage all the region's communities to explore new or expanded approaches to direct investment to disinvested areas. Note that many of the strategies listed in the market feasibility and critical infill area type sections can also be applied to disinvested areas. The following strategies for CMAP and partners are tailored or most applicable to meet the complex array of challenges in disinvested areas.

Advance spatial understanding of the nature of investment and disinvestment

The layers approach now underway as part of ON TO 2050's development will further explore quantitative definitions of several critical infill focus areas, including disinvested areas. This analysis will be conducted along spatial dimensions and will consider multiple indicators to capture the factors that coalesce to weaken markets. The results of this analysis will allow comparison of indicators of disinvestment with other spatial data under development through other strategy papers to help align forthcoming recommendations for ON TO 2050.



Identify best practices and innovative solutions to problems with vacancy and abandonment

A variety of regulatory programs, incentive programs, and/or targeted community development activities can assist in addressing concentrations of vacancy and abandonment. This work should also include guidance on successful implementation of fast-track demolition programs, weighing the short-term benefits of blight removal against longer-term challenges to the disruption of residential fabric and density. Potential areas of research include the following:

Identify opportunities to align land bank activities with critical projects. Land banks play a critical role in reinvestment in the region's excluded areas. They must also pursue many market-supportable developments to continue to operate independently. CMAP should engage with municipalities, development groups, CCLBA, and SSLBDA to identify ways to align planning goals with land bank activities to invest in properties that have transformational potential in disinvested areas. Land banks have strong potential to coordinate with programs like the City of Chicago's Micro Market Recovery Program, which targets incentives to a few blocks at a time to reinvigorate the private market in challenged residential areas.²³

Utilize regulatory strategies as blight-reduction tools. Partners should continue activities around policy solutions for reducing vacancy. For example, the Metropolitan Mayors Caucus (MMC) and Business and Professional People for the Public Interest (BPI) have provided information and resources for communities tackling pervasive vacancy, including technical assistance workshops; a toolkit outlining effective strategies to reduce the negative impacts of vacancy; and a report on vacant building ordinances, a zoning tool used by more than 100 municipalities in Illinois.²⁴

Adaptive reuse regulations may have particular potential in disinvested areas. Adaptive reuse is the process of repurposing an obsolete or unused site for a use other than its original intended purpose. Research indicates that disinvested areas have higher rates of vacancy than neighboring communities and may need special efforts to reactivate obsolete, underused buildings, including buildings with historic value. Adaptive reuse may include commercial or office conversion to residential, or more novel reuses, such as the Stony Island Arts Bank in Chicago. Partners such as ULI and the National Trust for Historic Preservation have recommended that the Chicago Zoning Ordinance include adaptive reuse policies that streamline the process of reuse.²⁵

²³ City of Chicago Department of Planning and Development, "Micro Market Recovery Program," 2016. See https://www.cityofchicago.org/city/en/depts/dcd/supp_info/micro_market_recoveryprogram.html.

²⁴ Metropolitan Mayors Caucus. 2016. "Vacant Property Issues." See <http://mayorscaucus.org/initiatives/housing-and-community-development/vacant-property-issues/>.

²⁵ Urban Land Institute and National Trust for Historic Preservation. 2016. Building on Chicago's Strengths: The Partnership for Building Reuse. See <http://chicago.uli.org/uli-in-the-community/partnership-building-reuse/>.



CMAP should support the work of partners by helping municipalities in the region incorporate such policies through the work of the LTA program.

Inventory and assess available federal, state, or county incentives, which can support development in weak markets by lowering or deferring the cost of development. For example, the 1031 exchange, or the tax-deferred exchange, can be used by investors who sell property and reinvest the proceeds in a replacement property, to defer taxes on the original sale.²⁶ CMAP should research how existing and potential new tools can be used to spur more investment in disinvested areas.

Align infrastructure investment to address the unique needs of disinvested areas

Given the heightened resource constraints facing disinvested communities, coordinating activities and aligning goals would optimize the use of scarce resources. Leveraging ongoing analytical work identifying areas of chronic nuisance flooding, CMAP should place special emphasis on water systems, sewers, and urban flooding in disinvested areas, identifying and exploring the relationship between urban flooding and disinvestment. One example could be to align strategies for treating vacant land with regional stormwater priorities.

Explore strategies for planning in communities facing major land use change and/or long-term reductions in density or occupancy

In disinvested communities, protracted residential depopulation may warrant interim or long-term changes in land use, such as conversion of former commercial sites to residential, allowance for interim uses, or changing large tracts of land to parks or urban agriculture. Communities must identify effective strategies to recalibrate land use, infrastructure, and services to support a reduced population, taking into account reasonable forecasts of future population change. CMAP should initiate an effort to develop more robust and innovative thinking about planning for communities facing significant long-term residential depopulation to ensure a high quality of life for remaining residents, prioritize necessary infrastructure improvements, and support transitions to other land uses.

Industrial Growth Zones Program

The City of Chicago and Cook County created the Industrial Growth Zones program to support existing industrial businesses and spur new industrial investment in the region. The program targets two main hurdles to reinvestment: environmental challenges on vacant or unused land, and overly complex government regulations. The three-year pilot program provides landowners within program areas with financial assistance for environmental site assessments and remediation, as well as free marketing. Interested business and developers have a single point of contact (an “industrial concierge”) to help weave through the local and state government process and receive regulatory incentives such as expedited permitting, licensing, and inspections. Participating programs are required to work with local workforce agency to increase local workforce hiring.

²⁶ Jemmett, Phil. 2013. “Pros and Cons of a 1031 Tax-Deferred Exchange of Commercial Property.” Huffington Post. See http://www.huffingtonpost.com/phil-jemmett/pros-and-cons-of-a-1031-t_b_4415703.html.



CMAP should also identify best practices and model strategies for local plans addressing these issues. Work should also emphasize engagement strategies to meaningfully incorporate the potential for recommendations of major land use change into the planning process in disinvested areas.

Build stakeholder and private sector capacity

The myriad of challenges in disinvested communities require concentrated, comprehensive resources, including sufficient municipal capacity as well as a pool of skilled and willing developers.

Strengthen municipal capacity in weak markets. Many disinvested communities lack critical resources, including staff, expertise, and financing to tackle analysis, programming, and implementation. Disinvested communities also experience difficulty getting much-needed grants due to concerns of insufficient staff capacity to manage grant programs. Lower capacity communities also lack experience and relationships to understand and implement complex strategies and policies. CMAP is currently partnering with MPC to identify approaches to increasing capacity within or providing different resources to communities.

Strengthen small-scale developer capacity. The pool of developers who have the interest and the high level of skills needed to pursue projects in weakened markets is small. The myriad of incentives that are necessary to create market feasible projects in disinvested areas require knowledgeable development staff. However, larger national developers are more often risk averse than local developers, and local developers who are more likely to pursue infill development projects, even in weakened markets, often have less experience and capacity than larger firms.²⁷ Newer or smaller developers may also have greater difficulty obtaining financing necessary due to their short work records as well as the intrinsic challenges of distressed markets.

The Chicago Urban League’s Chicago Contractor Development Program (CCD) is another model of how organizations can help with professional development among minority business enterprises.²⁸ Many mission-driven affordable housing developers—like Preservation for Affordable Housing (POAH) or Hispanic Housing Development Corporation—also provide capacity-building opportunities for smaller firms by intentionally including emerging firms and subcontractors in their projects. Additional support for this practice could be generated by awarding some advantage in competitive

²⁷ U.S. Environmental Protection Agency, “Attracting infill development in distressed communities: 30 strategies,” May 2015. See https://www.epa.gov/sites/production/files/2015-05/documents/fresno_final_report_042215_508_final.pdf.

²⁸ Chicago Urban League, “Chicago Contractor Development Program,” 2016. See <http://www.thechicagourbanleague.org/page/463>.



applications for tax credits and other sources of project equity to developers that use local subcontractors. In addition, foundations and advocacy groups should continue to explore grants and other funding opportunities to help small-scale developers bridge funding gaps.

NYCEDC and emerging developers

The NYC Economic Development Corporation and Basis Management Group has created the “Emerging Developer Loan Fund” to meet the financing gap for emerging developers working on projects below \$30 million. Small-scale developers, many of whom are female and/or minorities, are more likely to lack financing for predevelopment and acquisition. This fund will provide low-interest loans for housing, mixed-use, industrial, and commercial projects.

Enhance partnerships with lending institutions and nonprofits

The Inclusive Growth strategy paper will address how social service agencies, community development corporations, and other neighborhood nonprofits help lending institutions connect with local communities that need financial services. Nonprofits can help provide loan guidance, mortgage assistance and other financial advisory services to populations that do not qualify for traditional financial services. Municipal support, including financial and political stability, is necessary for this to be successful. While traditional supports, such as grants, are helpful, they are not the only way municipalities can help build a healthy nonprofit sector. CMAP and partners like the Federal Reserve Bank of Chicago should work to bring together financial partners and nonprofits to ensure that weak market communities

have access to financial services that support economic development.

Next Steps

The strategic framework presented in this document sets the direction for reinvestment and infill in ON TO 2050. While these strategies relate to many aspects of planning, from land use to economic development to environmental planning, CMAP expects to closely align work associated with this strategy paper with other relevant plan development tasks to create a cohesive approach to these issues in ON TO 2050. CMAP expects these recommendations to inform future strategy papers, snapshots, technical assistance projects, policy updates, research products, and data sharing. The recommendations of ON TO 2050 are expected to synthesize these reinvestment and infill strategies into a comprehensive vision for the region.

CMAP cannot achieve reinvestment and infill goals alone. Regional partners are critical to encouraging and attracting infill development throughout the region and this includes recommendations aimed at partners in local and state governments, non-profits, philanthropy, and the private sector. Further discussions on the most effective way to continue regional collaboration will be essential as the agency continues to develop ON TO 2050.



Appendix 1: Resource Group Members

Economic Development

Hildy Kingma – Director of Economic Development and Planning, Village of Park Forest

Kyle Smith – Executive Director, Andersonville Chamber of Commerce (previous role)

James Wilson – Assistant Deputy Bureau Chief, Cook County Dept. of Economic Development

Scott Viger – Director of Community Development, Village of Bensenville

Swasti Shah – Director of Community Engagement, Urban Land Institute Chicago

Private Developers:

Kevin D. Matzke – Managing Principal, Clarius Partners

Larry Pusateri – Vice President, Lightengale Group

Ben Ranney – Principal, Terra Firma

Reinvestment and Underinvested Areas

Jake Ament – Program Officer, Local Initiatives Support Coalition (LISC)

Yonah Freemark – Manager, Metropolitan Planning Council (previous role)

Jacky Grimshaw – Vice President of Policy, Center for Neighborhood Technology

Alan Quick – Dir. of Strategic Planning and Research, Illinois Housing Development Authority

Rob Rose – Executive Director, Cook County Land Bank

Rich Wallach – Senior Director of Community Development, IFF

Transportation

David Kralik – Department Head, Long Range Planning, Metra

Heather Tabbert – Manager, Local Planning and Programs, Regional Transportation Authority



Appendix 2: Meeting Topics

Meeting 1: Thursday, October 22, 2015

Mission, goals, and GO TO 2040 context

Meeting 2: Thursday, November 19, 2015

Critical strategies to promote infill development

Meeting 3: Thursday, December 17, 2015

Transit station Areas, traditional downtowns and main streets

Meeting 4: Thursday, January 28, 2016

City vs. suburban industrial areas

Meeting 5: Wednesday, March 30, 2016

Incentives

Meeting 6: Wednesday, May 18, 2016

Disinvested areas

Meeting 7: Tuesday, November 1, 2016

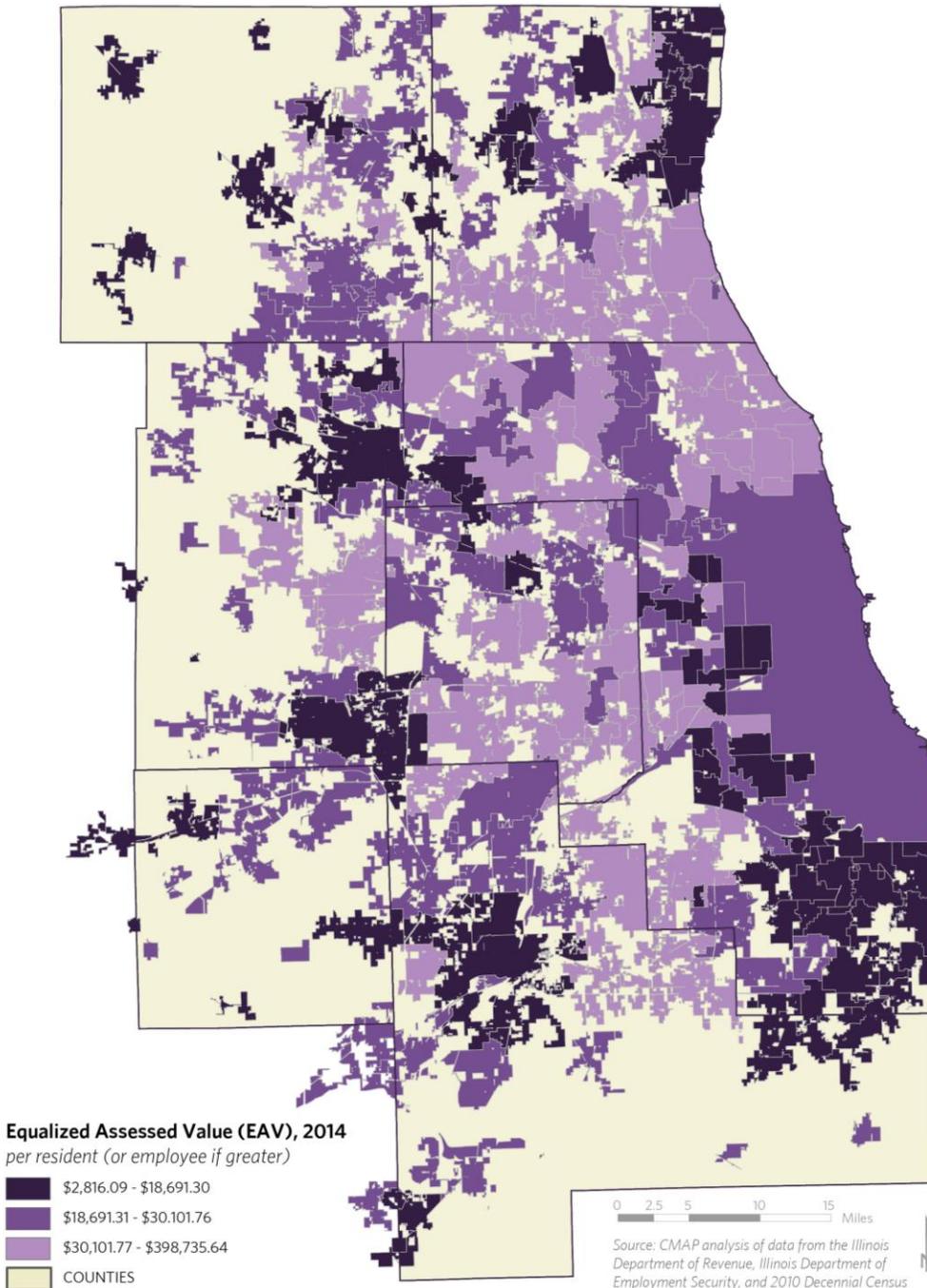
Review and discuss draft strategy paper



Appendix 3: Disinvestment Characteristics

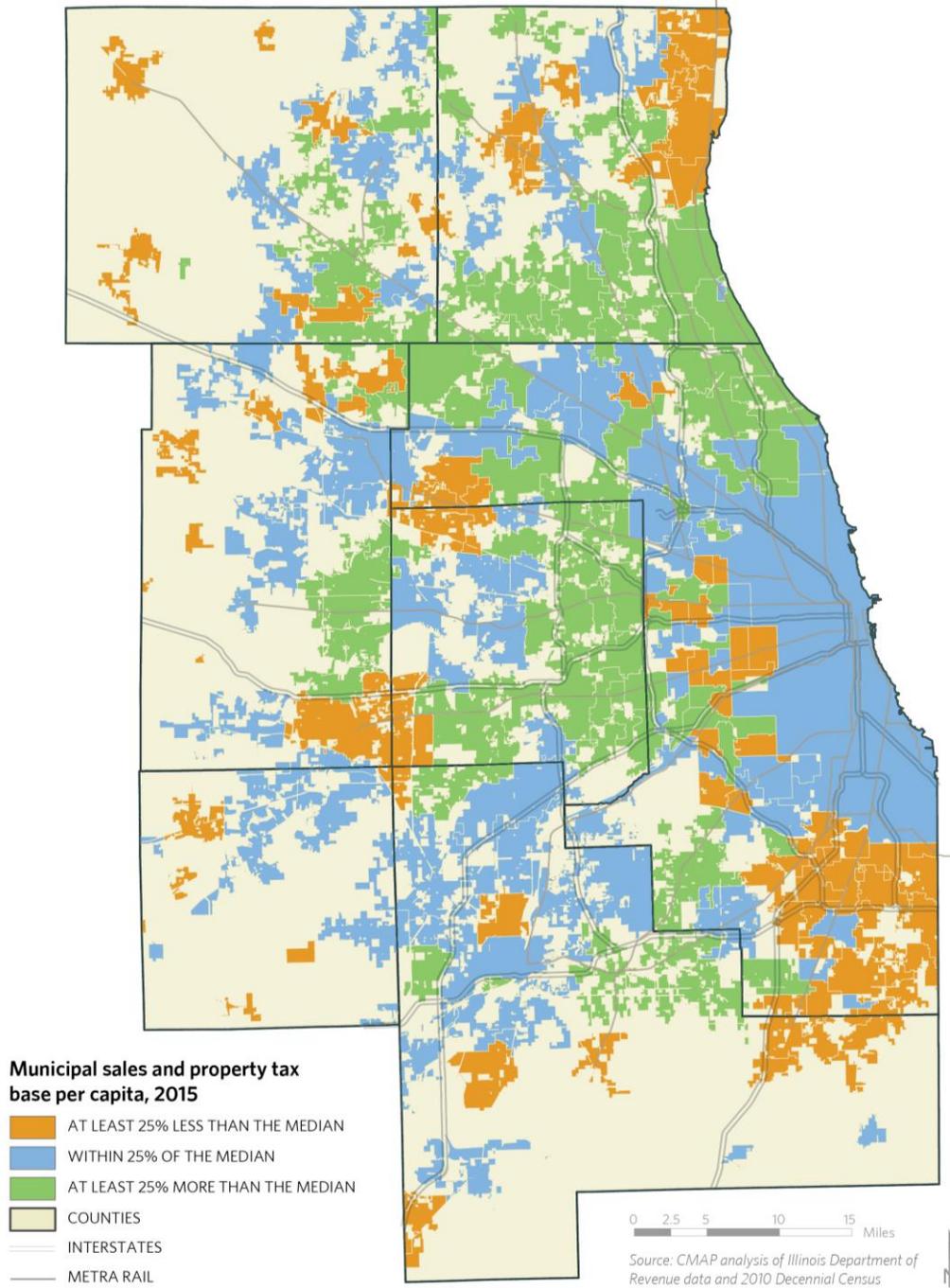
Equalized Assessed Value

Using data from the Illinois Department of Revenue, CMAP examined the equalized assessed value per capita for municipalities. The following map highlight municipalities that had the lowest total EAV per capita in 2014.



Tax Capacity

CMAP analyzed data from the Illinois Department of Revenue to determine how municipalities' tax base compare to regional median. Areas with low tax bases often have high property tax rates, which can discourage economic growth and make it difficult for local governments to provide essential services.



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The Chicago Metropolitan Agency for Planning (CMAP) is our region's comprehensive planning organization. The agency and its partners are developing ON TO 2050, a new comprehensive regional plan to help the seven counties and 284 communities of northeastern Illinois implement strategies that address transportation, housing, economic development, open space, the environment, and other quality-of-life issues. See www.cmap.illinois.gov for more information.

ON TO 2050 strategy papers will explore potential new topics or refinements to existing GO TO 2040 recommendations. These documents and data-driven snapshot reports will define further research needs as the plan is being developed prior to adoption in October 2018.

