ON TO 2050: Initial Recommendations of the Land Use Chapter

CMAP staff is distributing this working draft of the ON TO 2050 land use recommendations to related CMAP committees, partners, and interested stakeholders for initial review. Please note this is a preliminary draft that will undergo some refinement of text and graphics (and closer proofreading) before being released for public comment in the full draft plan on June 15th.

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Note: ON TO 2050 will be conveyed primarily on the web. The structure assumes that readers will not approach the document linearly. The plan will be organized around five topical areas, each containing a set of recommendations that may repeat across chapters, as will some strategies within those recommendations.

Introduction

ON TO 2050 seeks to make the region and its communities stronger and more vibrant by targeting resources, improving planning, encouraging collaboration on fiscal and economic issues, preserving high quality open space, and promoting housing choice.

[graphic: map of infill supportive areas, conservation areas, development since 2000, and select transportation network elements]

ON TO 2050 continues our region's emphasis on reinvesting in communities and infrastructure, while also offering new guidance to enhance quality of life. Local initiatives collectively shape our progress toward regional goals. Some communities have a wealth of expertise and resources for these initiatives, while others struggle to raise revenues for basic services. ON TO 2050 envisions a comprehensive set of actions by municipalities, CMAP, counties, Councils of Governments, the State of Illinois, transportation providers, the federal government, and civic organizations to support local decision making and continue to foster high-quality places through 2050.

Addressing the complex and costly problems of reinvestment will require targeted, coordinated action by sometimes disconnected transportation, funding, development, housing, and economic development programs. Many communities make expansion a high priority, but such growth can be implemented in ways that preserve natural assets and reduce long term costs. Continued land preservation conserves our natural assets today and for future generations. Implementing new development in ways that reduces long term infrastructure needs will limit long-term costs and promote resilience.

Creating and sustaining vibrant communities can help the region compete and thrive, offering residents and business many choices for where to live and work. Increasingly here and nationwide, people want diverse, walkable, and accessible communities with urban amenities. Meeting this demand will also support transit and ease commutes. The region also cannot succeed without concerted investment in communities that have been left behind to rebuild jobs, amenities, and resources.

This chapter outlines recommendations to promote:

1. **Prioritized investment** in and careful expansion of our built environment.
2. **Inclusive growth** by building places, local revenues, and technical expertise.
3. **Resilience** by preserving high quality places and leveraging data and expertise to plan for market realities, infrastructure needs, and fiscal stability.

Directed investments to encourage sustainable development patterns

From 2000-15, the region expanded its developed footprint by nearly 12 percent, an area equal in size to the City of Chicago. Over the same time period, employment remained flat, population increased by 4.6 percent, and many opportunities for infill development remained untapped. The region, its local governments, and civic community can face the growing challenge of limited fiscal resources by directing assistance to promote regional and local goals.[1] Reinvesting in areas with existing services and infrastructure has broad regional benefits. Local governments and transportation providers incur fewer infrastructure and service costs. Businesses often have access to a larger pool of potential customers and workers. Residents can reach a broader set of options for work, recreation, and services via transit, car, or bike. Focused reinvestment efforts can also help communities overcome the often costly problems of reinvestment, supporting their central importance in guiding local development.

At the same time, the region will continue to expand. While development on agricultural, natural, and other open lands at the region's perimeter can help achieve community goals, it may also result in decreased market viability for agricultural uses, consumption and degradation of natural assets, and increased costs of building and maintaining new infrastructure and services. Expanding with an intent to preserve our most valuable natural and agricultural resources and contain public costs can promote local and regional resilience.

The following recommendations help implement this goal.

Focus resources in Targeted Reinvestment Areas

The region has been falling behind in encouraging new investment in already-developed areas, particularly areas with access to transit and other resources. Focusing resources in areas that are a local priority can make the best use of constrained funding. Reinvestment -- whether via private development, public infrastructure, or other means -- is most effective when it is consistent with regional goals as well as local plans and regulations, coordinated with other funding sources, and linked with supportive public programs. By strategically targeting investments toward community main streets and regional economic centers where infrastructure already exists, we can maximize the impact both of those new expenditures and of the earlier ones when such areas were originally developed.

Communities that have a clear, realistic vision for future investment are ideally situated to maximize the potential impact of limited funds. In particular, municipalities should have an officially adopted plan that reflects market conditions, development regulations that align with

[1] Chicago Metropolitan Agency for Planning, "Infill and TOD: Exploring regional development", 2017. http://www.cmap.illinois.gov/documents/10180/0/Infill+and+TOD+Snapshot+Report.pdf/4273b7d1-0a16-4c2f-a93e-dce1c2a472fd

the recommendations of that plan, and a capital improvement program of needed infrastructure investments to accomplish this vision.

While aligning plans and regulations is important, it does not always attract reinvestment by itself, especially to infill sites. Infill sites, even vacant ones, can pose problems for developers. The complex early stages of project development can deter investors: Assembling multiple small parcels with fragmented ownership, developing land under multiple regulatory jurisdictions, and remediating environmental contamination are all costly and complicated barriers. Along with the need to coordinate with neighbors who will be affected by the redevelopment, these challenges can make it difficult for communities to attract private investment.

But when multiple agencies coordinate diverse technical knowledge and funding sources, reinvestment can become more feasible. For example, affordable housing funds for rehabilitating multifamily housing can defray redevelopment costs and have an even greater positive impact if leveraged with improvements of nearby transit service and pedestrian facilities. Such coordinated investment can provide good housing options for lower-income residents while boosting transit ridership, meeting the goals of each funding agency. Similarly, making multi-agency investments related to industrial development -- such as reconstruction of an intermodal truck corridor while targeting nearby brownfields for environmental remediation and addressing localized flooding problems through construction of green infrastructure -- would be more likely to spur successful industrial or logistics development than would any of these investments in isolation.

A broad, sustained approach to increase reinvestment must also reflect the Chicago region's strong tradition of local land use control and multitude of public, nonprofit, and private interests. In concert with partners, CMAP should create a Targeted Reinvestment Area (TRA) process to designate locations for infill, infrastructure, affordable housing, and other types of assistance and funding. As part of the agency's familiar planning and infrastructure funding processes, its aim should not be to replace effective systems, but rather to adapt them to maximize investment impacts. This program would also have to complement broader initiatives such as asset management, which can also enhance decision making.

[graphic: slider illustrations of prototypical potential TRA types]

The following outlines strategies and associated actions to implement this recommendation.

Develop a program to identify Targeted Reinvestment Areas and focus agency and partner resources in those areas

Designating TRAs would provide specific direction to CMAP and its partners on where to target investments. Preliminary steps in establishing a TRA program include building consensus among partners on the types of areas that investment should be targeted to and defining exactly where these areas are. The ON TO 2050 planning process has identified three types of areas that municipalities, civic organizations, transportation providers, and other stakeholders consider most important for reinvestment: economic centers; mixed-use downtowns, main streets, and transit station areas; and disinvested areas. Further definition of the scope and criteria for each of these types is necessary to begin establishing a program to direct resources toward those locations. Experience with similar programs in other regions has shown that the most effective approach is locally driven, as local governments and community groups submit target areas for designation provided that they meet certain parameters.

CMAP should play a leadership and convener role in establishing a TRA program but cannot fully implement such a program on its own. There are many public agencies, nonprofit groups, and private entities that contribute to investment decisions in the Chicago region. Coordinating investment implies a multitude of agencies and investors working together to support beneficial development that is consistent with local plans. This is not a novel concept in the Chicago region; most, if not all, significant redevelopment and construction projects already include multiple layers of funding and financing. But by communicating proactively and setting priorities jointly, these agencies can make the best use of our limited investment dollars.

Finally, although TRAs offer an opportunity to focus numerous resources in a small area and drive change, the program would not exclude implementation of other substantive needs outlined in ON TO 2050. Investment and assistance should still occur throughout the region in ways that support the priorities of the plan. For example, planning for the Critical Growth Areas described in the Environment chapter can help communities improve development patterns and infrastructure investment. Similarly, collaboration across communities on issues like economic development or truck routing may incorporate TRAs and many other areas.

> *CMAP* should work with partners, including Illinois Housing and Development Authority (IHDA), Illinois Department of Transportation (IDOT), county governments, financial institutions, community development financial institutions (CDFIs), regional land banks, stormwater management agencies, and philanthropic, nonprofit, and civic organizations, to specify criteria for designating mixed-use centers (including transit station areas), disinvested areas, and employment and industrial centers as TRAs.
>
> *CMAP and partners* should adapt and integrate existing policies and programs within their respective organizations to direct technical assistance and funding toward areas designated as TRAs.
>
> After the program is established, *local governments* should identify and propose to CMAP any areas within their boundaries that might fit TRA criteria.
>
> *CMAP* should review proposals for TRAs and confirm those that align with the program. Infrastructure investment through Congestion Mitigation and Air Quality

(CMAQ) program, the Transportation Alternatives Program (TAP), and the Surface Transportation Program (STP) and technical assistance through Local Technical Assistance (LTA) should then be directed toward designated TRAs.

Direct technical assistance to communities in transition

Even among areas not designated as TRAs, many will need additional planning or assistance to address near term challenges or catalytic events. Areas with sudden, rapid growth or where a major anchor has departed -- termed here "communities in transition" -- need to balance complex challenges and opportunities. Some areas within these communities may be primed for reinvestment, while other areas may contain sensitive environmental features or other community assets (like affordable housing or cultural resources) that are important to preserve.

> *CMAP* should target technical assistance resources to communities in transition through LTA and similar programs.
>
> *CMAP and partners* should research best practices and target technical assistance to areas experiencing rapid new development to preserve affordability, quality of life, and community character.

Target key conservation and agricultural areas for preservation and stewardship

As a complement to directing resources to specific types of reinvestment areas, stakeholders should also continue conservation efforts for the region's highest quality natural resources and agricultural areas. Land conservation has comprehensive benefits for the region, extending far beyond environmental concerns. Retaining high quality natural and agricultural areas can improve our ability to be resilient in the face of a changing climate, promote reinvestment, provide economic value through recreation and tourism as well as reducing the need to manage stormwater, and limit the need to expand costly infrastructure.[2] While preservation decisions are often driven in part by opportunity, strategic frameworks like the ON TO 2050 conservation areas layer can help maximize the benefits of land protection by coordinating different actors across jurisdictional boundaries. Known nationally as Priority Conservation Areas (PCAs), this approach uses the ecosystem services value of a given area to identify specific lands or landscape types for preservation, funding, or other reasons.

The plan also recognizes that some development will occur on agricultural, natural, and other open lands. Best practices like conservation design, water supply coordination, and other environmentally sensitive practices can guide such development and conserve significant natural areas. Local governments can also ensure long-term fiscal sustainability by carefully expanding development and supportive infrastructure. By investing in and managing

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[2] Chicago Metropolitan Agency for Planning, "Lands in transition," 2017, http://www.cmap.illinois.gov/documents/10180/516035/Lands+in+Transition.pdf/29725eda-65e5-44e3-ba51-d737af408684.

infrastructure over its lifecycle through asset management, use of capital improvement plans (CIPs), and incorporation of mid- and long-term infrastructure costs into development decisions, local governments can meet both short- and long-term goals. For more information, please see the "Target key conservation and agricultural areas for preservation and stewardship" recommendation in the Environment chapter.

This recommendation is still under development in the Environment chapter. The proposed strategies are listed below.

Identify and plan for the protection of high-priority natural areas for conservation and key agricultural lands

Prioritize and fund preservation and stewardship of critical lands

Deploy sensitive and fiscally sustainable development techniques

Reinvestment to build vibrant, resilient communities

The region's population overall is growing older and more diverse, businesses' location preferences are changing, and more residents want to live near urban amenities. Strong, livable places offer housing, transportation, employment, and amenity options to meet these changing needs. While their character varies according to local goals, vibrant destinations and communities attract activity and investment. Strategies to shape these communities build on each other and also contribute to regional resilience. For example, compact development patterns support cost-effective transit service and also facilitate walking and biking; transit and non-motorized options, in turn, improve mobility and public health and also reduce greenhouse gas emissions; these prioritized investments reduce infrastructure costs and promote fiscal sustainability.

Historic market shifts -- including changes in residential and commercial demand -- and patterns of civic investment have contributed to economic struggles in some parts of the region. These communities still have many assets, including their residents. Promoting vibrant communities will require investing not only in places that are already centers of activity, but also in those that are rich with potential, but suffer from long-term disinvestment. Fostering strong places throughout the region provides many opportunities for improving quality of life and economic results for the region and its residents and businesses.

The following recommendations help implement this goal.

Pursue new solutions for investment and assistance in disinvested areas

Some parts of our region have experienced a persistent, long-term lack of market investment, leading to declining property values, tax receipts, employment, and population. The multi-faceted and persistent nature of such disinvestment often outstrips the ability of any one community to respond effectively. Regardless of their assets, 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.[3] [4] Disinvestment can constrain municipal revenues as fewer and fewer residents and businesses remain to pay taxes.[5] Residents who are unable or unwilling to move -- like many seniors and low-income households -- may

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[3] 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.

[4] 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.

[5] 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.

make up a larger share of the community. These residents may also suffer poorer health than those who live in areas with more access to resources.

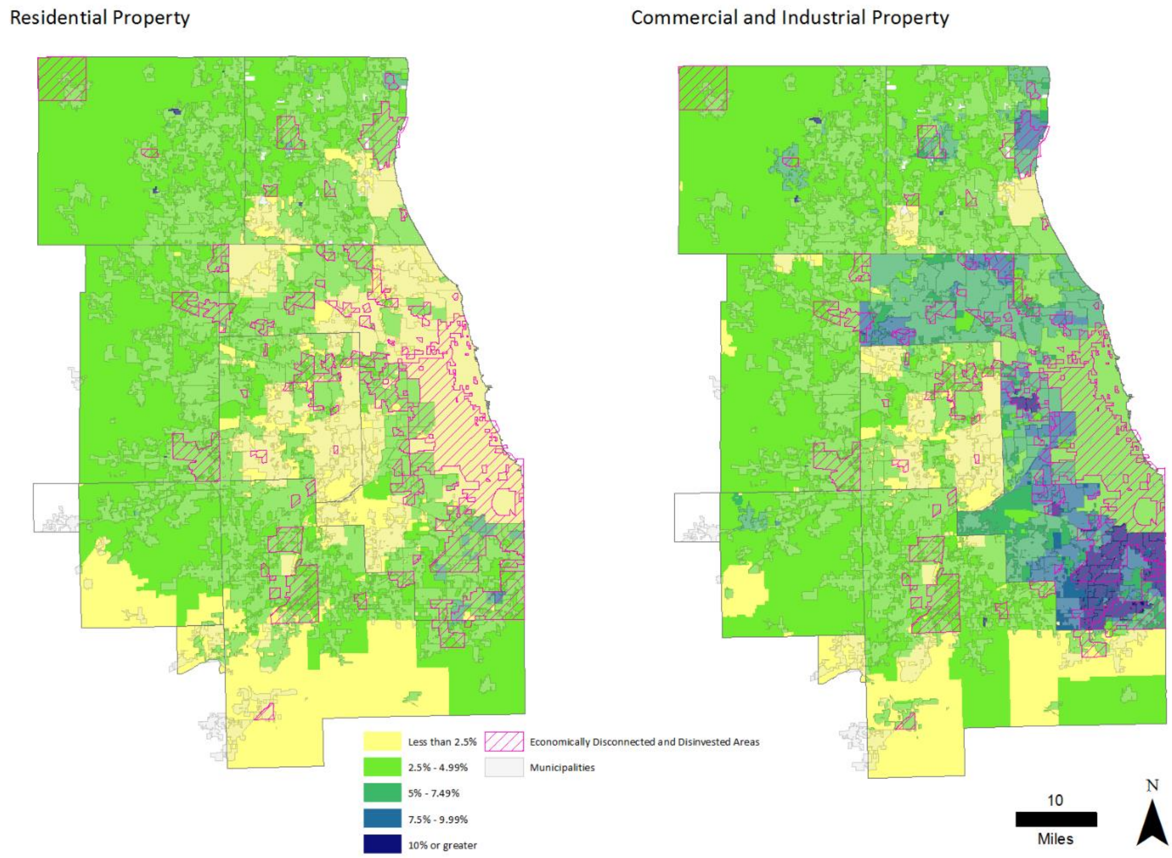
Disinvested areas fully encompass the Economically Disconnected Areas (EDAs) defined within ON TO 2050, supplementing this geography by identifying adjacent commercial and industrial areas that have experienced a loss of economic activity over a sustained period. These solutions to promote new market-driven investment and vital places differ from those targeted to promote economic opportunity for residents of EDAs. ON TO 2050 also identifies strategies to build the assets and capacity of the region's under-resourced municipalities and communities. These combined individual, built environment, and community driven solutions are required to comprehensively promote inclusive growth.

[Graphic: employment loss, property value decline, small business lending, and EDAs]

Disinvestment also affects the ability of municipalities to serve their residents and businesses. A low base of property, sales, and other taxes can lead to higher property tax rates in communities struggling with economic development, furthering a lack of attention and investment from the private sector.[6] A mismatch between local property values and revenue requirements creates these high property tax rates in disinvested areas, and local policies like Cook County property tax classification can exacerbate these disparities. The resulting municipal revenue constraints can leave communities with fewer resources to invest in local infrastructure or public services, again furthering a cycle of disinvestment. The map below highlights the disproportionately high tax rates in many of the region's struggling communities.

[6] Chicago Metropolitan Agency for Planning, "Property tax burden in the Chicago region," November 28, 2017, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/property-tax-burden-in-the-chicago-regi-2.

Effective Composite Property Tax Rates in Northeastern Illinois, 2014, and draft combined disinvested and economically disconnected areas



Source: Chicago Metropolitan Agency for Planning analysis of county assessor data, 2014, American Community Survey data, 2011-16, Community Reinvestment Act loan data, 2007-15, and CMAP quarter-section employment estimates, 1970-2015

As highlighted elsewhere in ON TO 2050, lack of access to economic opportunity limits the ability of many talented and skilled residents to succeed. In particular, residents of disinvested areas, especially on the south and west sides of Chicago and in the south suburbs, often have to travel longer distances or take slower transportation options to reach high quality employment opportunities, education, training, and services. Recent analysis shows that residents of some EDAs and disinvested areas spend 58 hours more per year than the average resident commuting to work.[7] A critical part of promoting inclusive growth is helping to build economic opportunity and vibrant nodes within disinvested areas that have a historical lack of private investment. Most disinvested areas were economically vibrant in the past and still have strengths to build upon. Many of these areas have strong infrastructure assets, particularly

[7] Chicago Metropolitan Agency for Planning, "Travel patterns in Economically Disconnected Area clusters," January 25, 2018, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/travel-patterns-in-economically-disconnected-area-clusters.

public transit. Rebuilding disinvested areas will be critical to long-term regional prosperity by ensuring that residents can live in communities where jobs and economic opportunities abound.

[graphic: employment centers overlaid with combined disinvested and economically disconnected areas]

To achieve the vision of a region where all communities can thrive, CMAP and partners must pursue new investment and assistance solutions for disinvested areas. Given the conditions common in many disinvested areas, these solutions must differ substantially from typical, market-based planning and investment practices. While the previously discussed Targeted Reinvestment Areas program would provide some needed tools and resources for disinvested areas, it alone will not be sufficient. This section highlights the additional relationship building, research, and coordination needed to relink these areas to the region's economy. Strong and meaningful engagement of residents of disinvested must be at the core of all such work.

The following outlines strategies and associated actions to implement this recommendation.

Identify and target appropriate resources and solutions to promote reinvestment in declining or disinvested areas

While the proposed Targeted Reinvestment Areas program would direct money and capacity building to disinvested areas, additional work is needed on many of the challenges specific to disinvested areas. Some current drivers of disinvestment are structural, owing to historical federal or state policy, or so persistent as to require regional scale solutions. Previous CMAP tax policy research has highlighted the benefits of reforming state tax policy while ensuring continuation of state support for local governments and phasing out property tax classification in Cook County to improve fiscal outcomes for municipalities with low tax bases or with poor fiscal conditions.[8]

In other cases, the solutions will be more local, leveraging best practices and new partnerships. New research and best practice development could offer guidance on successful implementation of fast-track demolition programs, or assess available federal, state, or county incentives for utility in disinvested areas. All of work within disinvested areas must be rooted in active and continual engagement of residents of EDAs and disconnected areas. One area for substantial work is land banking. Land banks bring important skills to address the vacancy and abandonment prevalent in disinvested areas. South Suburban Land Bank Development Authority (SSLBDA) and the Cook County Land Bank Development Authority (CCLBDA) were formed to mitigate the effects of concentrated vacancies of residential, commercial, and industrial property.

[8]

CMAP should inventory available regulatory and fiscal incentives to provide information to local decision-makers.

CMAP should identify the tools used throughout the nation to evaluate potential regulations, incentives, partnerships, or other strategies that would be beneficial to weak market areas in northeastern Illinois.

Regional land banks should work with CMAP and other partners to promote strategic investment in disinvested areas.

CMAP and partners should align road, stormwater, transit, and similar infrastructure investments to address the unique needs of disinvested areas.

CMAP and partners should collaborate on technical assistance, funding, and other initiatives to provide a comprehensive set of solutions to catalyze growth in low market areas.

Target assistance for rapidly changing areas to preserve affordability, quality of life, and community character

In adding more than 2.3 million more residents and 920,000 new jobs between now and 2050, our region will see some areas experience rapid new development. As covered under the Targeted Reinvestment Areas goal, CMAP understands the need for targeted technical assistance to such areas. Yet the impacts of rapid growth differ across the region. In disinvested areas, such investment may bring greater access to amenities and/or services. Yet such growth may also rapidly increase property values, potentially leading to displacement of existing residents, businesses, and community networks. Such displacement can, among other things, harm the health of affected residents. 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. CMAP and partners such as the Institute for Housing Studies should identify areas with rapid upshifts and provide clearer direction to assist stakeholders planning for displacement and rapid community change.

CMAP and partners should identify disinvested areas experiencing rapid new development pressures and offer planning assistance.

Local governments should identify and implement policies and regulatory strategies to preserve affordability, quality of life, and community character.

Build local capacity to compete for infrastructure investments

A lack of adequate infrastructure can hinder reinvestment, posing particular challenges for disinvested communities whose limited financial capacity may impair their access to regional and federal transportation resources. Accessing these resources requires not only matching local funds, but also significant and costly predevelopment investments (e.g., feasibility studies, engineering designs) that can make projects infeasible for some low capacity municipalities.

While the Targeted Reinvestment Areas program will help direct infrastructure investments for the benefit of disinvested areas, CMAP and partners such as IDOT and the counties should develop creative approaches to removing the financial barriers that prevent disinvested areas from accessing some transportation funding programs more broadly. One way to address the lack of matching funds for federal grants is to broaden IDOT's transportation development credit program to apply to Federal aid programs for roads, bridges, bicycle/pedestrian, and transit infrastructure owned by municipalities representing EDAs. To address the lack of funding for first phase engineering, IDOT should direct funding to preliminary engineering for priority projects identified in LTA or other planning studies for economically disconnected or low-capacity communities. Such an approach would address both the need for funding for engineering and the difficulty low-capacity communities have in entering and staying in the "pipeline" to build needed transportation projects.

> *Transportation funders* should develop creative approaches to removing the financial barriers that prevent disinvested areas from accessing some transportation funding programs.
>
> *IDOT* should explore expanding its transportation development credit program to apply to Federal aid projects and direct funding assistance to preliminary engineering for priority projects in disinvested areas.
>
> *MWRD* should continue offering matching funds to disinvested areas to support floodplain buyouts.
>
> *MWRD* should explore prioritized stormwater management planning assistance to identify future capital projects in disinvested areas.
>
> *County stormwater agencies* should explore opportunities to create programs that provide matching funds and planning assistance for capital needs in disinvested areas.
>
> *Municipalities* with disinvested areas should work with financial institutions to apply for low cost loans for broadband, sewer, and other infrastructure that qualifies under the Community Reinvestment Act.

Build municipal, non-profit, and private sector capacity in disinvested areas

Addressing the myriad of challenges in disinvested communities requires concentrated, comprehensive resources. While investment and assistance from state and regional entities is a critical piece of forging a new path for disinvested communities, building the capacity of communities, institutions, businesses, and residents of disinvested areas can sustain long lasting change. Lack of staff, funding, technical knowledge, and other resources can limit the ability of municipalities with a high proportion of disinvested areas to interrupt the cycle of disinvestment or meet broader community goals. As new technical assistance programs are developed and implemented, CMAP should continue to give priority to low capacity communities that contain EDAs. CMAP and partners like the Federal Reserve Bank of Chicago should identify and implement strategies that can build a connection between lower capacity municipalities and the financial institutions that can direct low cost loans and other financial resources to these areas.

Capacity building is also required for the private sector. Small businesses in low market areas could benefit from education on and connections to educational and financial resources. Creating a pipeline of local developers and business owners is also important. Beyond large scale, national firms, few developers have the requisite combination of skill, interest, and capacity to build projects in disinvested areas. Given this, the region needs more programs like the Chicago Urban League's Chicago Contractor Development Program (CCD) or the Community Housing Development Organization (CHDO) set-aside in the HOME Program to grow and strengthen small-scale developers and contractors.[9] 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.

CMAP and partners like the Federal Reserve Bank of Chicago should work to bring banks and lending institutions together with municipalities to ensure that weak market communities have access to capital and financial services that support economic development.

Local governments should build relationships with financial institutions to access the resources they provide under the Community Reinvestment Act.

Local governments should build their expertise about available capital and financial resources, develop a plan to attract those resources, and help businesses and residents to apply for these resources.

CDCs, non-profit housing developers, and larger municipalities should seek progressively employ and cultivate smaller scale, minority and women-owned businesses to build their capacity.

Foundations and advocacy groups should continue to explore grants and other funding opportunities to help small-scale developers bridge funding gaps.

CMAP and partners should target technical assistance, trainings, and other assistance to municipalities in low income or low market areas.

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[9] Chicago Urban League, "Chicago Contractor Development Program," 2016. See http://www.thechicagourbanleague.org/page/463.

Support development of compact, walkable communities

ON TO 2050 carries forward the GO TO 2040 recommendation to build walkable communities with a variety of services, amenities, and transportation options. These places also often serve as vibrant community nodes, offering community gathering spaces and a strong local identity. Through 2050, continuing to support compact, walkable communities will help the region meet increasing demand for these places, support transit and existing communities, improve the health of residents, and broadly promote a high quality of life. These types of places exist throughout the region, from urban neighborhoods, to suburban downtowns, to small town main streets.

More people may want to live in dense, walkable communities in the future due to two key societal shifts. CMAP's 2050 socioeconomic forecast estimates that residents age 60 and older will nearly double between now and 2050.[10] As baby boomers downsize and our senior population continues to grow through 2050, many seniors may prefer places with accessible and walkable amenities.[11] At the same time, consumer preference surveys indicate a growing desire for mixed-use communities with walkable amenities in both urban and suburban areas.[12] The chart below illustrates a sea change in the types of housing being built in the region, moving from predominance of single-family detached units to an equal balance of the multi-unit developments more typically found in compact, walkable places.

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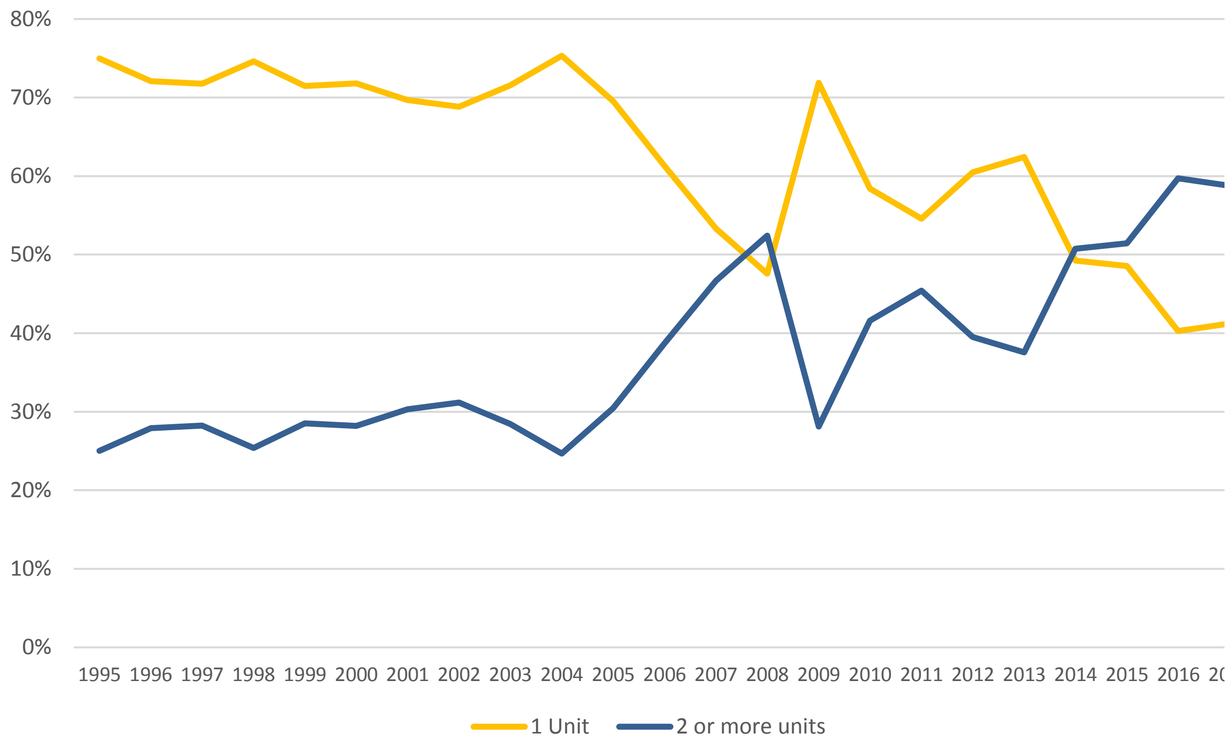
[10] Chicago Metropolitan Agency for Planning, "Draft On To 2050 socioeconomic forecast," 2016, http://www.cmap.illinois.gov/onto2050/socioeconomic-forecast.

[11] Chicago Metropolitan Agency for Planning, "Aging in place white paper,"2016, http://www.cmap.illinois.gov/documents/10180/74848/Aging%20in%20Place%20White%20Paper/94b4305c-4586-4bd3-acf1-e177194f8820.

[12] Urban Land Institute, "Housing in the evolving American suburb," 2016, http://uli.org/wp-content/uploads/ULI-Documents/Housing-in-the-Evolving-American-Suburb.pdf.

Proportion of permitted new housing units in the Chicago Metropolitan Statistical Area, by units in structure



Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census annual building permit data for the Chicago Metropolitan Statistical Area

CMAP anticipates continued technological innovations that will increase transportation options and improve connectivity between transportation modes. Increased data and communication technology now allows residents to use a bus for one leg of a trip, a shared bike for another, and a vehicle for yet another. This increases transportation options, limits the need for a personal vehicle, and aids creation of walkable places. Recognizing the potential for such change, CMAP included Walkable Communities as one of the five Alternative Futures during ON TO 2050 plan development. The following map highlights the walkability level of the region's communities.

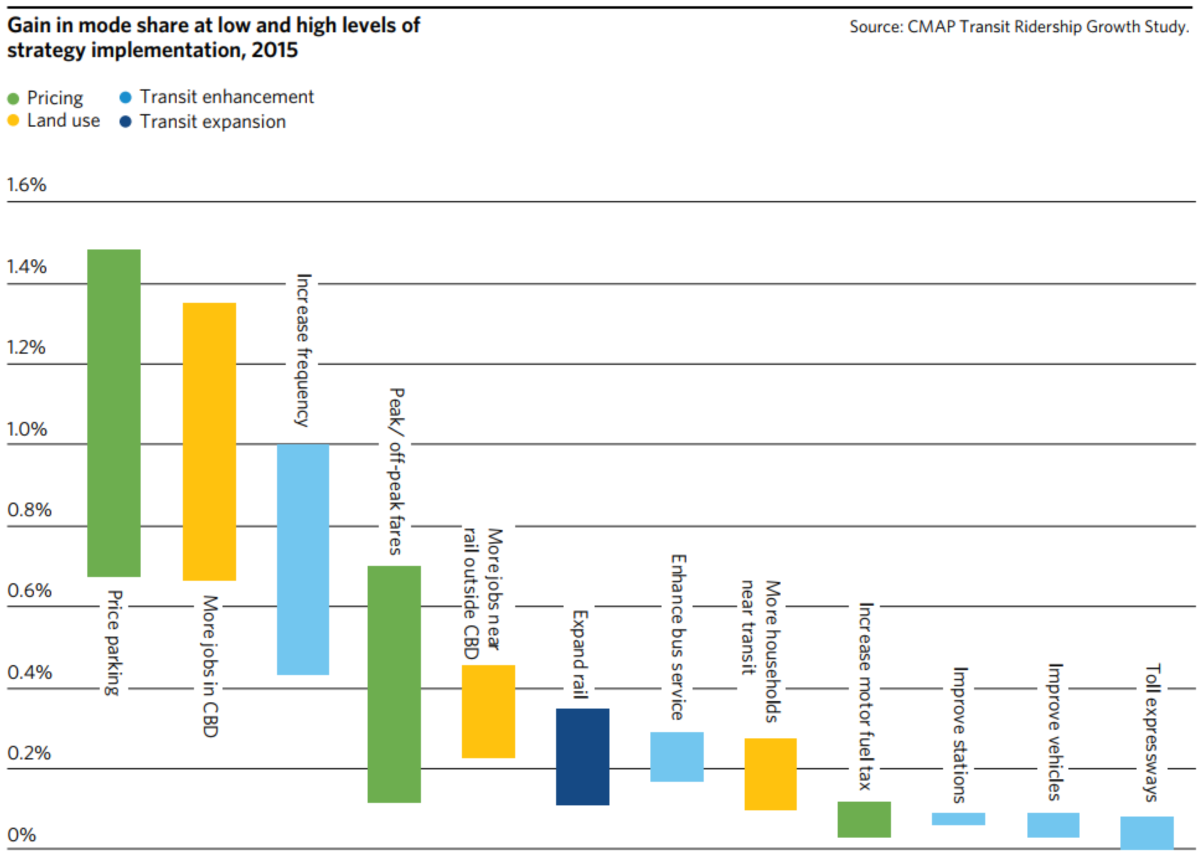
[graphic: interactive walkability layer storymap]

Yet many things stand in the way of creating compact places that support all modes and uses. Frequent, rapid changes in transportation technology add to crowding of the street edge. The popularity of online shopping has brought more trucks into all types of neighborhoods, at all times of day. Increased use of shared mobility -- from bikeshare to companies like Uber and Lyft -- has created competition for limited street frontage. While best practices exist for creating complete streets, minimizing parking demand, promoting compact development, and improving interactions between bikes, people, and cars, the types of transportation uses and the types of places that people want are changing swiftly. Yet long term policies and guidelines at transportation agencies often still prioritize movement of automobiles over pedestrians and bicyclists, contributing to a poor balance among competing users that can render a place less safe and inviting.

[graphic: Schematic interventions via transect]

In addition to its overall impact on walkability, parking remains an important determinant of development outcomes. Too much parking reduces the space available for denser homes or businesses and may increase the overall cost of a development, while too little parking can limit access and potentially deter some types of investment. Communities can also price parking to increase local revenues and manage parking demand. In combination with infill development and improved transit service, carefully planned and priced parking facilities can increase transit ridership, as shown in the graphic below based on the recent CMAP Transit Ridership Growth Study.[13] Overall, community plans must balance meeting parking needs and supporting all transportation modes in walkable places. Municipalities, transit providers, counties, IDOT, CMAP, and others hold important powers that can be used to create the compact, walkable communities that residents increasingly want.

[13] Chicago Metropolitan Agency for Planning, "Transit Ridership Growth Study," 2017. http://www.cmap.illinois.gov/documents/10180/0/Transit+Ridership+Growth+Study_final.pdf/21bca990-9e7a-4af9-8ec1-6b8c8b11fd16.



The following outlines strategies and associated actions to implement this recommendation.

Design streets, curb space, and sidewalks to support emerging transportation needs and walkable communities

Urban neighborhoods, suburban downtowns, and commercial corridors must serve many types of travel and uses, from pedestrians to trucks, and from mom-and-pop stores to mixed use developments. These interactions are becoming more complex due to the advent of online shopping and associated deliveries, increased biking and walking, and the rise of transportation network companies.

Accommodating many types of needs in urban space is already complex, and many solutions exist. Given the fast pace of change in mobility today, CMAP and partners can play a role in monitoring changes and establishing best practices. CMAP should work with communities to pilot new approaches and establish strategies to support emerging mobility options and preserve vibrant, walkable communities.

Improve safety for all users in downtowns and main streets

Walkable downtowns and community nodes require infrastructure that prioritizes safety and movement of pedestrians, bicyclists, and other vulnerable users. Providing a protected, friendly environment for all also promotes the success and vitality of placemaking and community building efforts. People walking and biking are the most vulnerable users of the transportation network. The region has many best practices to promote safety. Pedestrian countdown signals, better road markings, protected left turn phases, designs that lower left turn speeds, and traffic-calming treatments will all improve the safety of pedestrians at intersections. Roadway redesigns that lower speeds and allocate space to pedestrians and bicyclists can maintain high levels of vehicular throughput while making roads safer for all users. Engineering can also make driving safer for older drivers, who are anticipated to be on the roads in larger numbers by 2050. Effective lighting, distinct pavement markings, improved signs, less complicated intersections, pedestrian refuge islands, and all-red clearance intervals can make driving safer for all ages and users. Please see the "Improve Safety for All Users" recommendation in the Mobility chapter for more information.

Increase community greening efforts

"Community greening" involves increasing a community's amount of green coverage, including (but not limited to) recreational or passive park space, landscaping, and green infrastructure. These efforts can be particularly valuable in walkable downtowns, along major commercial corridors, and in other areas with a high proportion of impervious surface. With forethought, community greening can achieve numerous benefits, including greater resilience, stormwater management, habitat, reduced heat island effect, and improved physical and mental health. GO TO 2040 recommended retrofitting developed areas with green infrastructure, which contributes to overall community greening, and these practices were explored in greater detail in the ON TO 2050 Integrating Green Infrastructure strategy paper.

> *Local governments, park districts, and transportation agencies* should invest in greening strategies, such as street right-of-way landscaping, urban forestry, and community gardens, particularly in locations where limited open space opportunities exist and in underserved areas.
>
> *Local governments, transportation agencies, and landowners* should incorporate green infrastructure, trees, landscaping, and other site-scale methods into non-park spaces, including street right-of-ways, parking lots, corporate and office campuses, and residential subdivisions.
>
> *Local governments* should include greening in their redevelopment efforts to leverage the stormwater, beautification, and placemaking benefits of green infrastructure.

Actively manage parking

The amount and location of parking influences the character, form, function and flow of our communities. Too much or poorly designed parking can make walking and bicycling unpleasant and unsafe, add to flooding and pollution problems, and make housing more expensive. At the same time, in many places, parking is necessary to support local businesses. Planning for parking needs and pricing parking to manage demand can support business needs, raise local revenues, and help create compact, walkable communities. Configuring parking appropriately can promote walkability and access. All day parking for employees, commuters, or residents can compete with the short turnaround spaces needed for many retail, restaurants, and services. Communities may choose to reconfigure existing parking to meet these varying needs.

Recognizing the importance of parking management, CMAP developed a *Parking Strategies to Support Livable Communities Toolkit* that encourages communities to consider a wider array of solutions than just adding more parking to address parking issues.[14] Valuable interventions include pricing on-street parking to manage demand in dense areas, reducing or eliminating minimum parking requirements, and setting maximum parking limitations in some locations. Through the LTA program, CMAP has also helped Berwyn, Hinsdale, and Wicker Park-Bucktown develop plans to identify and implement the right parking management practices for their neighborhoods.

> *Municipalities* should reduce or eliminate minimum parking requirements, or set maximum parking limitations in some locations.
>
> *Municipalities* should price on-street parking to manage demand in dense areas.
>
> *CMAP* should make parking studies a high priority in the LTA program.
>
> *Municipalities, CMAP, and Metra* should analyze parking utilization and supply at adjacent transit stations to evaluate the potential for alternative land uses and parking allotments to support TOD.

Plan for transit-supportive land uses

Linking transit, housing, and land use was a focus of GO TO 2040 and continues to be an important part of ON TO 2050. Planning for the complex, interrelated nature of these issues can bring many quality-of-life and economic benefits to the region. Yet, as highlighted in the Infill and TOD snapshot report, such linkages are only being created sporadically, which then has a subsequent effect on transit ridership.[15] As CMAP identified in the Transit Ridership Growth Study, the region is not on track to meet the transit use goals set in GO TO 2040. Placing

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[14] Chicago Metropolitan Agency for Planning, "Parking strategies to support livable communities," 2012, http://www.cmap.illinois.gov/documents/10180/96911/StepByStep3.pdf/39fa6452-2e19-4691-87bd-abac8b06c248.

[15] Chicago Metropolitan Agency for Planning, "Integrating Green Infrastructure" 2016. http://www.cmap.illinois.gov/documents/10180/516072/Green+Infrastructure+Strategy+Paper.pdf/069040f8-8063-3920-25be-1379369e4def

housing and employment near transit can increase ridership and potentially allow for better transit service over time.

Given these trends, municipalities in the region need to plan for transit-supportive land uses that leverage existing transit service, while also setting the stage for future system expansions or service level increases. Communities should particularly support the development of employment-rich land uses near current or planned transit corridors, as the Transit Ridership Growth Study found that such uses are more effective at driving ridership increases. Technical assistance resources have been and will continue to be available to municipalities to help planning for transit-supportive land uses through both CMAP's LTA program and through RTA's Community Planning program, and Metra can also play a role through TOD-supportive parking policies. Planning for transit-supportive land uses must also involve enhancing pedestrian and bike connections to transit, thereby making it easier and more desirable for employees and residents near transit corridors to walk or bike to transit stations. See the "Make Transit a More Competitive Option" recommendation in the Mobility chapter for more information.

> *Municipalities* should update plans, zoning codes, and development regulations to require greater densities and mixed uses near transit stations with a preference toward employment rich land uses.
>
> *Municipalities* should prioritize capital projects that enhance pedestrian and bicycle access to transit stations.
>
> *CMAP and partners* should prioritize limited federal funding sources such as CMAQ, TAP, and STP toward jurisdictions that actively plan for densities to support transit service. (PI, R)

Implement best practices in placemaking

Placemaking is a multi-faceted approach to the planning, design, programming, and management of community spaces that seeks to capitalize on local assets in an effort to improve quality of life. This includes spaces both public and private and devotes attention to elements that contribute to a sense of place including architecture, historic preservation, public art, street life, and others. Placemaking creates a sense of welcoming and helps support meaningful social interaction. It improves feelings of comfort and safety, increases the visibility of vibrant community spaces, and enhances marking, branding, and communication. When done well, placemaking efforts attract local investment and generate a sense of pride, helping to increase community engagement and participation. Though difficult to quantify, this sense of connection between people and the spaces they inhabit creates a region of vibrant communities.

Placemaking can come in many different shapes and sizes; placemaking is vital in small towns, suburban communities, and urban neighborhoods. Numerous placemaking best practices already exist in our region. Placemaking helps develop a stronger sense of community and build a better basis for future community outreach. This outreach benefit is multiplied when placemaking is inclusive, creating a space or event in which all can participate. The region's best examples of placemaking are innovative, providing something unique that helps set apart a place and create a destination. The best examples are also continuous, places that open year round and have a strong long-term plan for programing and funding. Communities in the region should use these best practices when undertaking their own placemaking efforts. To find more information, please see the ON TO 2050 placemaking report.[16]

Plan for future density when approving near term infrastructure and development proposals

As highlighted throughout ON TO 2050, a lack of adequate infrastructure can hinder investment. Given this, communities planning for future densities should take those added households and businesses into account when creating or renewing infrastructure. For example, Naperville has planned for future mixed use development around the Route 59 Metra Station -- currently dominated by commuter parking lots -- and has been developing road and other infrastructure to align with that vision. Many benefits flow from such forethought. First, communities that create the street, pedestrian, and bike networks to support future plans demonstrate to the market that the area is primed for further investment. Moreover, infrastructure in advance of or concurrent with increases in density can reduce the cost and timeline of projects, as going back to provide that infrastructure later is typically more costly and complicated. Finally, communities can build and design improvements that can be expanded if needed with greater prudence. An ideal example of such foresight is creating parking facilities that can be converted to other uses in the future, recognizing that increases in density may help develop a stronger local market in the future where parking can become the site for homes or businesses.[17]

Communities should consider local development proposals in a similar light, recognizing that what is approved today impacts the possibilities of what will be proposed in the future. If a community wants to see additional density and current proposals do not help build toward that, communities should consider those proposals with caution. Communities should focus on whether or not the proposal is a transitional use (something likely to go away once the area develops) or a permanent use (something likely to remain in place even after development). This strategy applies not only in walkable areas, but to development everywhere in the region. Tying development goals to infrastructure provision and near-term approvals can help rural communities and urban neighborhoods alike.

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[16] Chicago Metropolitan Agency for Planning, "Placemaking," 2018, http://www.cmap.illinois.gov/onto2050/snapshot-reports/placemaking

[17] Examples in Denver reflect parking garage convertibility. See: Rusch, E., "Denver developers have seen the future of parking, and it is no parking at all," The Denver Post, October 16, 2016, https://www.denverpost.com/2016/10/15/denver-developers-future-parking-self-driving-cars/

Municipalities should require potential for conversion of parking facilities to other uses.

Municipalities should structure street, pedestrian, and bike networks to support future density where desired.

Municipalities should align zoning and building regulations to support long-term density goals in walkable areas.

Municipalities should evaluate development proposals for fit with long-term density goals in walkable areas.

Match regional and local housing supply with the type of housing that residents want

The region's housing supply must adapt to meet global shifts and local needs that include an aging population, increasing diversity, and changing family living patterns. As the region's demographics change, so does the type and location of the housing that people want. Research found that the market can be impeded from meeting such changes in demand by various barriers, including both the community's lack of alignment between planning, zoning, and approvals processes and the extent to which its residents accept proposed housing choices.[18]

The current lack of sufficient housing options makes our residential market vulnerable to shifting demand, contributes to concentrated poverty, and hurts the health of residents. The disconnect between the housing that people want and what is available undermines the regional economy. For example, in the CMAP region, as in many others across the nation, minorities and people in poverty are often concentrated geographically. According to recent analysis by the Metropolitan Planning Council, the Chicago region has the fifth most racial and economic segregation among the 100 largest U.S. regions.[19] This combined segregation by race and income is highly detrimental to residents within these geographies and to the entire region because of negative consequences associated with concentrated poverty.[20] For example, health researchers have found that where people are born, grow up, live, work, and age has a major impact on health outcomes.[21] To compete in the future, metropolitan Chicago must make full use of all its resources, especially its residents. Yet because our region struggles to build a sufficient amount of good, affordable housing with access to employment and services, the deleterious effects of concentrated poverty continue. To name just one outcome, the fact that

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[18] Urban Land Institute. Yes in My Backyard. 2017. https://americas.uli.org/wp-content/uploads/sites/125/ULI-Documents/State-Housing-Policy-Report-2017.pdf

[19] Metropolitan Planning Council, The Cost of Segregation. www.metroplanning.org/costofsegregation.

[20] Chicago Metropolitan Agency for Planning. *Fair Housing and Equity Assessment.* November 2013, p 11. http://www.cmap.illinois.gov/documents/10180/198094/Chicago%20Region%20FHEA%20November%202013%20HUD%20Submission.pdf/b0c6946e-4425-49fe-8d0a-f336903bc464/#page=59.

[21] http://www.who.int/social_determinants/sdh_definition/en/

residents of EDAs are less likely to be homeowners limits the region's potential for wealth building, which in turn limits the financial resources available for local and regional initiatives.[22]

By 2050, residents in our region should have housing choice, the ability to find a good, affordable home that fits each household's preferences, including proximity to jobs, transportation, and other amenities, throughout all stages of life. To reach that vision, stakeholders throughout the region must address barriers that prevent the market from meeting the demand of current and future residents. Housing choice will help make our residential stock resilient in the face of changing demand and help reduce concentrated poverty.

[Graphic: barriers to housing choice]

The following outlines strategies and associated action to implement this recommendation.

Create and disseminate best practices for promoting community consensus

Addressing barriers to housing choice requires support from municipal leaders, community-based organizations, and residents. Such buy-in can be hard to get. No individual organization in our region has the alignment of mission and capacity to single handedly cultivate support for expanded housing options in general, and for affordable housing in particular. Certainly, CMAP alone does not. But the work of Impact DuPage, DuPage United, and Lake County United show promise, and all three rely on similar approach: creating local support for additional housing types by organizing grassroots that are often led by religious organizations, social service providers, and concerned residents.

> *Religious organizations, social service providers, and concerned residents* throughout the region should be encouraged to form local grassroots organizations that galvanize support for the development of a broader range of housing types.
>
> *Partners s*hould monitor the success of these nascent community consensus efforts and share lessons learned as those in other parts of the region embark on their own efforts.

Align zoning, approval processes, building codes, and inspections to plan for development of more housing options

Changes in demographics and consumer behavior are transforming the types, locations, and price points of people's housing preferences. To prepare for continued shifts, communities should be planning for future housing needs. By planning to forge consensus on which housing types should be developed locally, communities may avoid the contentiousness that can ensue when the public reviews a specific development proposal that has caught residents by surprise.

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[22] Chicago Metropolitan Agency for Planning, "Economically Disconnected Area clusters in the CMAP region," January 25, 2018, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/economically-disconnnected-area-clusters-in-the-cmap-region.

Such planning can also help local leaders understand the relationship to between community desires and market realities. And especially when the plans cross jurisdictions, they can help multiple communities come together to create unified responses to mutual challenges. The recently developed Regional Housing Solutions website provides local stakeholders with proven market-specific tools to address pressing local housing issues.[23]

Yet planning alone is not enough. Meeting regulatory requirements is often a sequential process, with the cost of each added step driving up home prices. Through zoning, entitlement processes, and building codes and inspections, municipalities' and counties' choices shape the types of housing that can be built and preserved. These and other regulations can limit housing options that the market might otherwise provide. Sometimes these effects are the intentional or necessary results of community health and safety regulations or the outcomes of an established local vision. But in many cases, the regulatory barriers are unintentional and have consequences that the community does not desire. To gain the full benefit of good planning, communities must align zoning codes, entitlement processes, and potentially building codes and inspection processes with the local vision established through good planning.

> *Municipalities* should plan for future housing needs, and in doing so, considering how demographics and consumer preferences may create the need for a greater range of housing types. After establishing that housing vision, the municipality should align local zoning, entitlements, and building code content and processes to promote that vision.
>
> *CMAP, the Metropolitan Mayors Caucus, and the Metropolitan Planning Council* should investigate prevalent local building code amendments and code enforcement processes that impede development of a range of housing types.
>
> *In partnership with the Metropolitan Mayors Caucus and the Metropolitan Planning Council, CMAP* should help communities create local housing plans and align them with zoning, entitlement, and building code content and processes, including across jurisdictions when possible.

Plan for housing types that support aging in place for the region's growing senior population

Between 2015 and 2050, CMAP projects that the region's senior population will increase by 880,000 people. Residents over the age of 75 are anticipated to more than double.[24] An aging population will significantly influence housing in the region. Some households will want to move to smaller, more age-friendly units, for example, while many seniors will prefer to remain in their current homes. Still others may want to move to communities with more amenities in

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[23] Regional Housing Solutions website. 2017 https://www.regionalhousingsolutions.org/.

[24] Chicago Metropolitan Agency for Planning. Draft ON TO 2050 Socioeconomic Forecast. 2016. http://www.cmap.illinois.gov/onto2050/socioeconomic-forecast

walking distance. Housing planning is an important part of ensuring that communities both offer a diversity of options that allows seniors to find new homes that meeting their needs, while also fostering programs and systems that can help seniors successfully live in their existing homes. See CMAP's Aging in Place white paper for a set of housing and community strategies to support the region's growing senior population.[25]

> *Municipalities* should plan for and permit housing types that support aging in community for the region's growing senior population, such as mixed use housing, transit oriented housing, accessory dwelling units, and multi-generational housing.
>
> *Local governments and civic organizations* should implement local efforts to help seniors age in place, such as handyman programs and home safety assessments.

Continue to improve the efficiency and effectiveness of housing subsidy programs

While smaller in comparison with the private lending market, a number of federal, state, and local subsidy programs (CDBG, Illinois Housing Trust Fund, Low Income Housing Tax Credits etc.) are also critical to financing of housing. Unfortunately, these programs face a number of challenges, including inefficient or ineffective use by some organizations. In an age of limited resources, the managers of federal, state, and local subsidies should continue to improve the efficiency, effectiveness, and coordination of their programs.

> *Housing program managers* should continue improving their administrative efficiency to make scarce funds go farther, including exploring opportunities to partner in meeting various administrative requirements, such as the development of consolidated plans, fair housing plans, and funding applications.
>
> *Housing program managers* should coordinate funding priorities and selection criteria, such as the definition of "opportunity areas," to reduce duplication, simplify the application process, and better align funding decisions.
>
> *CMAP* should continue to provide technical assistance to such organizations in improving administrative efficiency as well as encouraging coordination with other funds to improve effectiveness.

CMAP should evaluate which federal regulations negatively affect development of diverse housing types

Markets that fund housing are the most critical piece of the resource puzzle and important arbiters of housing stock and availability. While decisions on individual loan applications

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[25] Chicago Metropolitan Agency for Planning. Aging in Place Whitepaper. 2016. http://www.cmap.illinois.gov/programs/local-ordinances-toolkits/aging-in-place

obviously influence what is built or rehabilitated, many factors underlie those decisions, including federal funding and regulatory determinations, along with the risk perceptions of public and private funders. National research shows that federal housing rules favor homeowners over renters and single-family homes over multifamily homes, creating policies that prevent markets from responding to changing demand.[26] For example, the U.S. Department of Housing and Urban Development (HUD), Federal Housing Administration (FHA), and Fannie Mae and Freddie Mac programs limit the amount of non-residential space allowed within developments as a condition for receiving federal financing or loan guarantees, thereby making it difficult to finance construction and renovation of low-rise, mixed-use buildings. Many private lenders use risk assessment criteria based on the federal regulations, meaning that mixed-use projects not seeking federal financing or loan guarantees can still be affected. While many different laws and regulations influence the market, it is not yet clear which are most influential in our region. CMAP will determine which aspects of federal regulations are the most substantial barriers to the pursuit of housing choice and promotion of compact, mixed-use housing in metropolitan Chicago and outline local, regional, state, and federal strategies to address these barriers.

[26] Chicago Metropolitan Agency for Planning, "Housing Choice Strategy Paper"' 2017. http://www.cmap.illinois.gov/documents/10180/516053/Expanding+Housing+Choice+strategy+paper/dbfeddfe-a977-4408-b6b0-e81f0f158039

Improving the interaction of development, economic, and fiscal goals

Through their role in planning for and regulating development, local governments support small but significant pieces of regional markets for commercial and industrial development types, many of which house companies that make up the region's economic base. Municipalities attach higher priority to certain types of economic development for many reasons, from meeting local employment goals, to quality of life concerns, to the potential for fiscal benefit. Because the current tax system's local fiscal benefit stems mainly from retail development, municipalities have few revenue options to support industrial or office centers, which would have more regional economic benefit. In addition, some communities use incentives to attract businesses that meet important local goals, but those incentives may also simply move businesses between local jurisdictions. Cumulatively, these local decisions have broad impacts on regional mobility, fiscal sustainability, and overall regional economic success.

The interaction of local and regional markets and tax policy can make it difficult for some communities to succeed. Businesses often choose areas with access to transportation and a strong workforce, but often a nearby community provides supportive infrastructure without gaining fiscal benefits that would accrue from having the jobs within its borders. Other communities can become mired in a cyclical mismatch between revenues and costs, leading to high tax rates and an inability to attract new investment. As a result, some local governments struggle to maintain infrastructure in a state of good repair, provide desired services, or ensure that staff and elected officials have the training and resources to be effective and innovative.

ON TO 2050 encourages providing support for industries that connect the region to the global economy, increasing local cooperation on economic development, and changing tax policies to support more development types and provide local governments with more paths to success. These strategies can also reduce competition and overbuilding of some development types, lowering costs and improving fiscal outcomes for the region.

The following recommendations help implement this goal.

Incorporate market and fiscal feasibility into planning and development processes

Municipalities shape development patterns through planning and implementation efforts that reflect community goals, local assets, emerging opportunities, and challenges. CMAP experience in the LTA program, feedback from communities on training needs, and interviews with local developers indicate that many plans do not align with market feasibility or the revenues needed to provide supportive services and infrastructure in the long term. This limits communities' ability to meet their own goals. Lack of market understanding draws out and even halts development processes, leading to potential conflict when community change does not meet residents' expectations. Lack of understanding of long-term expenses leads many communities to a mismatch between needs and costs, resulting in increased taxes or fees or declining services and infrastructure. These issues compound at the regional scale, leading to overbuilding and a backlog of local infrastructure needs. Underpinning plans with market and fiscal analyses ties local visions to available resources. This approach is particularly important when the state and region increasingly face limited fiscal resources, and it can help the region continue to thrive with prioritized investment in infrastructure and development.[27]

[graphic of planned development SF and potential SF for retail, industrial, office]

Effective and realistic planning builds on a strong understanding of local and regional market dynamics. Market support for development types such as commercial, office, and residential is closely aligned with population and employment densities, regional and national economic trends, and the major infrastructure, workforce, and built environment assets of a community or subregion. In particular, markets transcend jurisdictional boundaries, meaning that successful municipalities take a subregional and regional perspective when planning for their ability to support various types of development.

[Graphic: Bird's eye view illustration of various market types, infrastructure networks, and local boundaries]

The types of places that residents and businesses want changes over time, such as the current growing preference for walkable places spurring more housing in suburban downtowns, growth of service industries and the resulting shift in employment types, or the decline in large-format retail due to changing consumer patterns.[28] Major demographic shifts also change market demand; as the region's population ages, demand for varied housing types to support aging in community will continue to grow.

As with market potential, lack of a full understanding of the mid- and long-term fiscal implications of cumulative development decisions can limit municipalities' ability to implement community goals. Planning for development must strongly incorporate planning for the public costs of that development. This is a particularly important consideration for communities at the developing edge of the region, who must align expansion proposals with the immediate and long term cost of the new infrastructure required to support that development. Communities often recoup the costs of near term needs, like new stoplights or water main extensions. However, these same communities may not have the data and expertise to properly assess cumulative infrastructure costs of development. When a disconnect occurs between near-term development approvals, tax and fee schedules, and long-term maintenance and replacement

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[27] Chicago Metropolitan Agency for Planning, "Alternative futures -- constrained resources: Memorandum to CMAP Committees," May 2017, http://www.cmap.illinois.gov/documents/10180/0/Constrained+Resources+memo/9e9557dc-cc41-4e7f-8f04-92b3363e9c0e.

[28] Urban Land Institute and PwC, "Emerging trends in real estate: United States and Canada 2018," 2017, https://americas.uli.org/wp-content/uploads/sites/125/ULI-Documents/EmergingTrendsInRealEstate2018.pdf.

costs, local decision makers may face challenges in maintaining or upgrading their infrastructure without substantively and disruptively increasing taxes and fees.[29] Built-out communities face different challenges than growing communities, with the former able to leverage a stock of existing infrastructure to support development, even if that infrastructure must eventually be reconstructed. Increased use of fiscal impact analysis as well as asset management programs can help communities better link goals to costs, improving planning processes and outcomes.

[graphic: asset management infographic]

Resilient planning efforts also depend on a balance of fiscal and market considerations. Basing plans purely on potential fiscal outcomes without tying those outcomes to market realities can lead to overbuilding of some development types and construction of underutilized public infrastructure, leaving communities with the costs of supporting development without revenues to match. In particular, the state distribution of retail taxes to municipalities based on sales made within their jurisdictions may lead some municipalities to promote excessive retail construction, which results in high vacancy rates. Among the broad local and regional impacts, metropolitan Chicago is home to 4.1 percent of all U.S. retail square footage, and 5.8 percent of vacant retail.[30]

Infill development intended to create compact, pedestrian-oriented places presents a particularly important example for emphasizing both fiscal and market feasibility in planning processes. These initiatives must often utilize existing infrastructure as well as expand it to support planned development. Municipalities can incur substantial costs to assemble land, clear titles, remediate environmental issues, construct parking facilities, add pedestrian and placemaking amenities, and undertake economic development activities. Assessing the potential public costs of and market for planned development is critical for each phase of planning, from site-specific initiatives to comprehensive plans.

The following outlines strategies and associated actions to implement this recommendation.

Strengthen local and regional market feasibility in planning efforts

Community goals for specific types of retail, office, or industrial development do not always match regional economic trends or subregional market potential. Markets for real estate or particular industries do not align with municipal boundaries. To foster achievable goals, communities should incorporate market analysis into planning processes, using technical analysis to inform objectives. A market analysis should assess current and forecasted

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[29] Chicago Metropolitan Agency for Planning,"Tax policies and land use trends,"2017, http://www.cmap.illinois.gov/documents/10180/517351/Tax+Policy+and+Land+Use+strategy+paper/30b90429-1af9-4903-ad29-b75ed1dc94e0.

[30] Chicago Metropolitan Agency for Planning analysis of 3rd Quarter 2017 data provided by CoStar.

demographic trends, recent development and absorption activity, competitive existing development, industry mix, existing assets and infrastructure, and similar factors. This analysis can help local governments set near and long term goals in the planning process. Local governments may need to plan for new infrastructure or some types of development to generate other desired developments, such as increasing housing units to support downtown restaurants or retail. Similarly, planned industrial may require new truck routes and infrastructure to limit impacts on adjacent uses.

> *Local governments* should incorporate market analysis into all planning processes, but particularly in developing comprehensive, strategic, and subarea plans and in considering economic development incentives.
>
> *Local governments* should plan for markets that cross community boundaries, including partnering with jurisdictions within the same markets when developing economic development and land use plans.
>
> *Local governments, business organizations, and other key partners* should implement best practices for subregional economic development to better support markets-driven development, reduce costs, and implement local and regional goals.
>
> *CMAP* and partners such as the Urban Land Institute (ULI) should provide educational materials and training about market-feasible planning and development to municipalities.
>
> *CMAP* should provide subject matter expertise and technical assistance to communities that are collaborating to plan for subregional and regional markets.

Local governments should incorporate long-term infrastructure maintenance into development and expansion decisions

Planning for long term costs can make the best use of the region's limited infrastructure dollars and leverage our existing road, water, and utility systems. Municipalities often have strong practices in place to assess the immediate impacts and costs of new development. Many rely on development impact fee schedules and negotiated compensation for parks and trails, water or sewer connections, and other amenities. They often require formal fiscal impact analysis for larger development proposals. However, communities may require assistance to estimate, plan for, and build community support for addressing longer term infrastructure costs. Many communities are also reluctant to raise taxes and fees to cover the costs of the new infrastructure and services. Increasing regional and local data on infrastructure condition can help communities better plan for the fiscal impacts of individual and cumulative development decisions, reducing costs over the long term. While these strategies apply throughout the region, they are particularly important in areas at the edge of the region, where new infrastructure and communities are being built.

Municipalities should plan for infrastructure needs of the whole community through a capital improvement plan, including an assessment of the costs generated by existing and planned developments.

Local governments should develop transportation, water infrastructure, and other asset management systems to fully implement performance-driven investment practices and make the best use of the region's limited resources.

Partners and CMAP should develop materials and trainings to help municipalities understand how their land use choices affect local revenues.

CMAP and partners should assist with transportation data collection and asset management pilot projects, eventually expanding to a region-wide program.

COGs and CMAP should develop trainings to assist all of the region's municipalities in implementing and improving asset management systems over the long term.

Partners and CMAP should research best practices and leverage its growing resources on age and condition of the region's infrastructure to develop methods for municipalities to assess mid and long term impacts of major or cumulative development processes.

Municipalities should recoup the public costs of supporting new development

Development-specific revenues are important: They ensure that everyone who benefits from a municipal service or public infrastructure helps pay for it. Communities should work with developers and businesses to ensure adequate funding for public infrastructure as development is approved. All communities should emulate municipalities across the region that use agreements with developers to fund infrastructure improvements.[31]

There are many best practice strategies available. Communities with existing development might work with businesses that would specifically benefit from improved infrastructure to fund those investments via a number of special districts or fees. Recapture agreements with developers help municipalities recoup expenditures on prior infrastructure improvements. Communities should work with developers of projects expected to have a significant impact on municipal operations or infrastructure costs to cover these costs.

As part of development approvals, local governments also often approve the construction of new infrastructure. This new infrastructure will eventually incur long term maintenance and

[31] See, for example, the case study on the Village of Romeoville in: Chicago Metropolitan Agency for Planning, "Tax policy and land use trends," 2017, http://www.cmap.illinois.gov/documents/10180/517351/Tax+Policy+and+Land+Use+strategy+paper/30b90429-1af9-4903-ad29-b75ed1dc94e0.

reconstruction costs. Local ordinances govern the extent and type of infrastructure that new developments require. Closely evaluating what infrastructure is truly required to support development can help reduce costs in the long term.

> *Partners such as ULI, GFOA, and others* should provide assistance to local jurisdictions in assessing the short and long term fiscal impacts of development.
>
> *Local governments* should employ development-specific revenues to reduce public costs of new development.
>
> *Local governments* should perform fiscal impact analysis to properly employ development-specific revenues and associated agreements.
>
> *Local governments* should review their development ordinances to ensure that road, water, and other infrastructure requirements are appropriately scaled to support development and optimize long-term costs and needs.
>
> *CMAP, and partners such as ULI and the MMC* should provide materials on best practices in fiscal impact assessment and assessing costs in development approval processes.

Align local economic development planning with regional goals

Collaboration across communities to support regional goals can make efficient use of limited fiscal resources by supporting industries that connect us to the global economy. Through their role in planning for and regulating local development, local governments support small pieces of regional markets for retail, office, industrial, and other development types, which house the industries that form the base of the region's economy. These cumulative local decisions create the region's communities and economic centers, and can have broad impacts on infrastructure needs, commute patterns, goods movement, and overall regional economic success. At the same time, the economic assets that comprise communities' core competitive advantage often extend across jurisdictional boundaries.

Individual communities may find it challenging to engage fully in their pivotal role in planning for the region's economy. The region has some examples of planning for workforce development or forming coalitions to support specific industries.[32] But, local plans often focus on land use and development types, with less consideration of their contributions to regional economic growth and prosperity. Communities respond to the direct concerns of residents and businesses by assessing fit with community character and goals, public service costs, tax revenue impacts, or traffic and parking impacts. In comparison to economic impacts, fiscal

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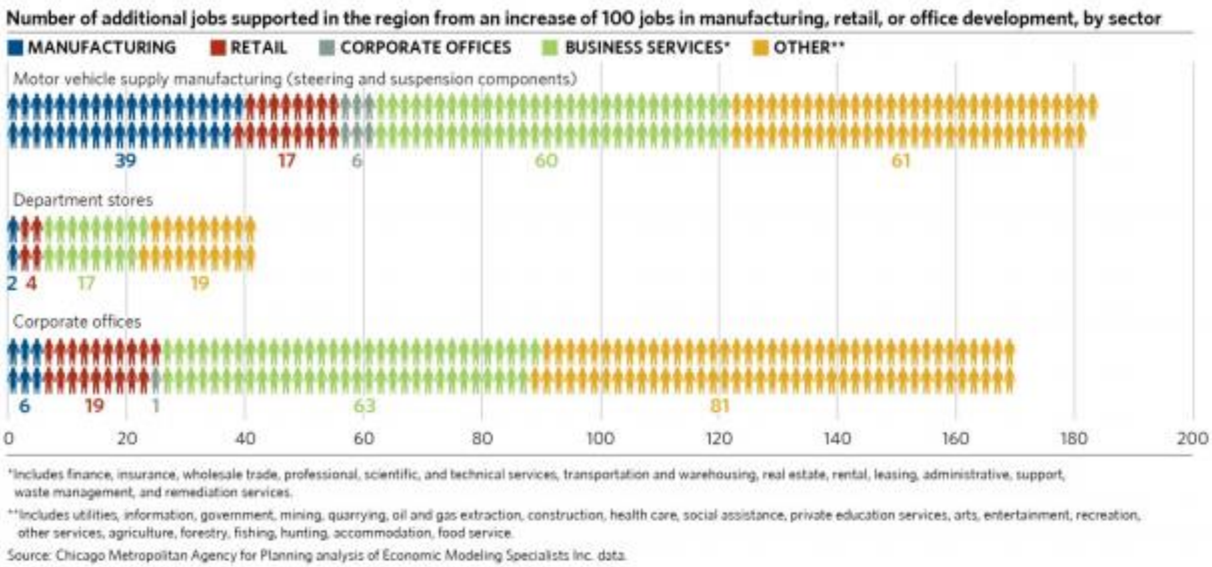
[32] Chicago Metropolitan Agency for Planning, "Manufacturing in the Golden Corridor: Golden Corridor Advanced Manufacturing Partnership," 2014, http://www.cmap.illinois.gov/documents/10180/113409/Final+Manufacturing+in+the+Golden+Corridor+Existing+Conditions+Report.pdf/efc4ec4d-a6c9-4fe7-8d02-7fd5c3afe1ad.

considerations may play an outsize role in development decisions and investments. Previous CMAP research has indicated that economic development that supports higher wage jobs and induces employment regionwide may not have a large effect on local tax revenue. [33] For example, globally traded industries often operate in office or industrial development types. As a result, some local planning efforts are not geared toward these land uses.



Note: graphic to be updated with more recent data.

Many governments provide economic development incentives to specific businesses that already intend to locate within the region or submarket. Officials often use incentives to subsidize revenue-generating development, compete with another jurisdiction, or compensate for weak spots in their overall business environment. This activity can result in public expenditures for limited economic gain.[34] Many communities do provide incentives to developments that meet local and regional goals like increasing particular types of employment, promoting infill, remediating brownfields, and/or encouraging mixed-use development.[35] Given limited fiscal resources, the region's communities should coordinate to support regionally beneficial industries and target incentives to development of regional and local economic benefit. Communities can reduce costs by planning together and pursuing initiatives like establishing boundary agreements, sharing services or infrastructure to mutually support new development, or sharing revenues from specific developments.

The following outlines strategies and associated actions to implement this recommendation.

[33] Chicago Metropolitan Agency for Planning, "Fiscal and economic impact analysis of local development decisions," January 2014, http://cmap.is/2mfrlPw.

[34] Nathan M. Jensen, "Job creation and firm-specific location incentives," *Journal for Public Policy* 37,1 (2017).

[35] Chicago Metropolitan Agency for Planning, *Fiscal and Economic Impact Analysis of Local Development Decisions*, January 2014, http://cmap.is/2mfrlPw. http://cmap.is/2mfrlPw. http://cmap.is/2mfrlPw. http://cmap.is/2mfrlPw.

Proactively coordinate economic development efforts

Economic development efforts achieve the most when municipalities, counties, and other partners work together across jurisdictional borders. The region's communities collectively share in and build up our competitive advantages of a skilled workforce, extensive transportation infrastructure, and strong quality of life. Local governments, economic development entities, and others could improve outcomes, expand staff expertise and resources, and reduce costs by partnering on services like business expansion, retention, and attraction. Many jurisdictions with lower fiscal or staff capacity may need assistance for initial collaborations. CMAP, the region's counties, universities, and civic organizations can play a substantive role in helping municipalities collaborate. Many examples of successful partnerships to meet local and regional goals exist. In Cuyahoga County, Ohio, the competitive environment created by municipalities' pursuit of income tax revenue resulted in a non-competitive agreement to encourage intraregional cooperation for business development.[36] The Denver region implemented a similar agreement in 1987.[37]

Municipalities and counties should implement best practices for subregional economic development to reduce costs as well as implement local and regional goals.

CMAP and partners like ULI and CRGC should research case studies and best practices for subregional coordination of economic development. Examples include non-compete agreements, joint economic development initiatives, infrastructure and service sharing, tax base sharing, boundary agreements, and other initiatives.

CMAP and partners should assist municipal coalitions in planning for local economic development, focusing on sub-regions that have common planning needs and goals for business expansion, human capital, freight movement, and similar issues with strong relevance to the region's economy.

CMAP should assist municipalities in planning and investing in multijurisdictional transportation investments that support economic productivity.

CMAP, MPC, counties, and COGs should facilitate new partnerships between municipalities and develop materials illustrating the benefits of coordinating on shared economic development priorities.

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[36] Cuyahoga County, "Business Attraction & Anti-Poaching Protocol," http://regionalcollaboration.cuyahogacounty.us/pdf_regionalcollab/en-US/AntiPoachingProtocol.pdf.

[37] Chicago Metropolitan Agency for Planning, *Reorienting State and Regional Economic Development: Lessons Learned from National Examples*, 2014, http://cmap.is/%202lTAonC.

Align incentives with local and regional goals, anticipated outcomes, and tradeoffs

Most businesses choose their locations based primarily on workforce, quality of life, business environment, and other assets, giving much less weight to tax incentives.[38] In light of limited state and local funds, these jurisdictions should provide incentives only when a business relocation or retention would substantively advance local regional goals. As CMAP research has shown, best practices exist for how, where, and when incentives can be applied for maximum public benefit.[39] ON TO 2050 supports the targeted use of incentives for developments that support regional economic goals, such as increasing employment in traded clusters, reinvesting in infill sites, or encouraging mixed-use development near transit.

> *Local governments* should establish criteria to ensure that economic development incentives fit with local and regional economic goals. The policies should maximize broad benefits and minimize the use of incentives that are only for fiscal gain to the community.
>
> *Local governments* should proactively establish economic development agreements with neighboring communities to reduce intraregional competition via incentives, and reduce public costs.
>
> *The State of Illinois and local governments* should enhance data on tax credits and incentives provided at all levels of government and consistently evaluate the expenditures and outcomes of incentive programs such as sales tax rebates, EDGE, TIF, property tax abatements, Enterprise Zones, and others.
>
> *The State of Illinois* should incorporate regional priorities into its strategic economic development planning and provide only assistance or incentives that align with those priorities.
>
> *CMAP and partners* such as ULI and MPC should provide best practices and model economic incentive policies for communities.

Enhance economic development expertise of municipal staff and officials

Municipal economic development initiatives seek to build vibrant places, enhance job centers and commercial corridors, or retain and build existing industries. Local economic development varies greatly in scope, from small-scale main street improvements to redevelopment of major office and industrial subcenters. Regardless of its scale, each activity needs municipal staff and

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[38] Joseph M. Phillips and Ernest P. Goss. "The effect of state and local taxes on economic development: A meta-analysis." *Southern Economic Journal* (1995): 320-333. Grant Thornton, *The 10th Annual-Manufacturing Climates Study* (1989): Chicago: Grant Thornton

[39] Chicago Metropolitan Agency for Planning, Reorienting State and Regional Economic Development: Lessons Learned from National Examples, 2014, http://cmap.is/%202lTAonC

elected officials with the knowledge and resources to carry out strategies appropriately, including infrastructure investment, economic development planning, business development, and incentives.

Municipal staff and officials interviewed through the development of ON TO 2050 process emphasized the need for more skill building resources and guidance on economic development best practices.[40] New trainings and resources can also build on the incentive, market, and fiscal feasibility recommendations of ON TO 2050, helping to improve local planning, development, and investment processes. In partnership with COGs, counties, civic organizations, and universities, CMAP should provide technical assistance for communities to build local capacity for economic development planning.

> *CMAP and partners* such as ULI should provide tools to help municipalities effectively use incentives, taking into account the full public costs of related public services, initial infrastructure improvements, and future infrastructure maintenance.
>
> *Partners and CMAP* should provide guidance to local partners on best practices for zoning, permitting, development regulation, market analysis, tax incentives, and transportation funding that support economic productivity and reduce market barriers.
>
> *Partners and CMAP* should establish regular trainings, networking events, and other resources to promote best practices on joint economic development initiatives, economic development planning, incentive policies, market analysis, business attraction and retention, and related topics.
>
> *CMAP and MMC* should explore partnerships like the Southern Illinois University Edwardsville team that leads the Illinois Basic Economic Development Course to create course offerings specifically tailored to staff and elected officials.[41]

Develop tax policies that support successful communities

The region needs a tax system that provides ample opportunity for local governments to generate revenue that supports their plans, goals, and desired development patterns. Under the current tax structure, communities without sales tax generating businesses or dense commercial development often have few revenue options sufficient to cover the cost of public services and infrastructure. To further promote retail, some local governments limit space for development that does not generate sales taxes or other major revenues. For example, some communities exclude non-sales tax generating businesses from commercial areas. These choices reflect local

[40] Chicago Metropolitan Agency for Planning. ON TO 2050 Alternative Futures Engagement Summary. 2017. http://www.cmap.illinois.gov/documents/10180/776689/ON+TO+2050+Alt+Futures+Engagement+Summary.pdf/7e55dc3f-192c-b5a6-ef00-d4b49e9cfdbc

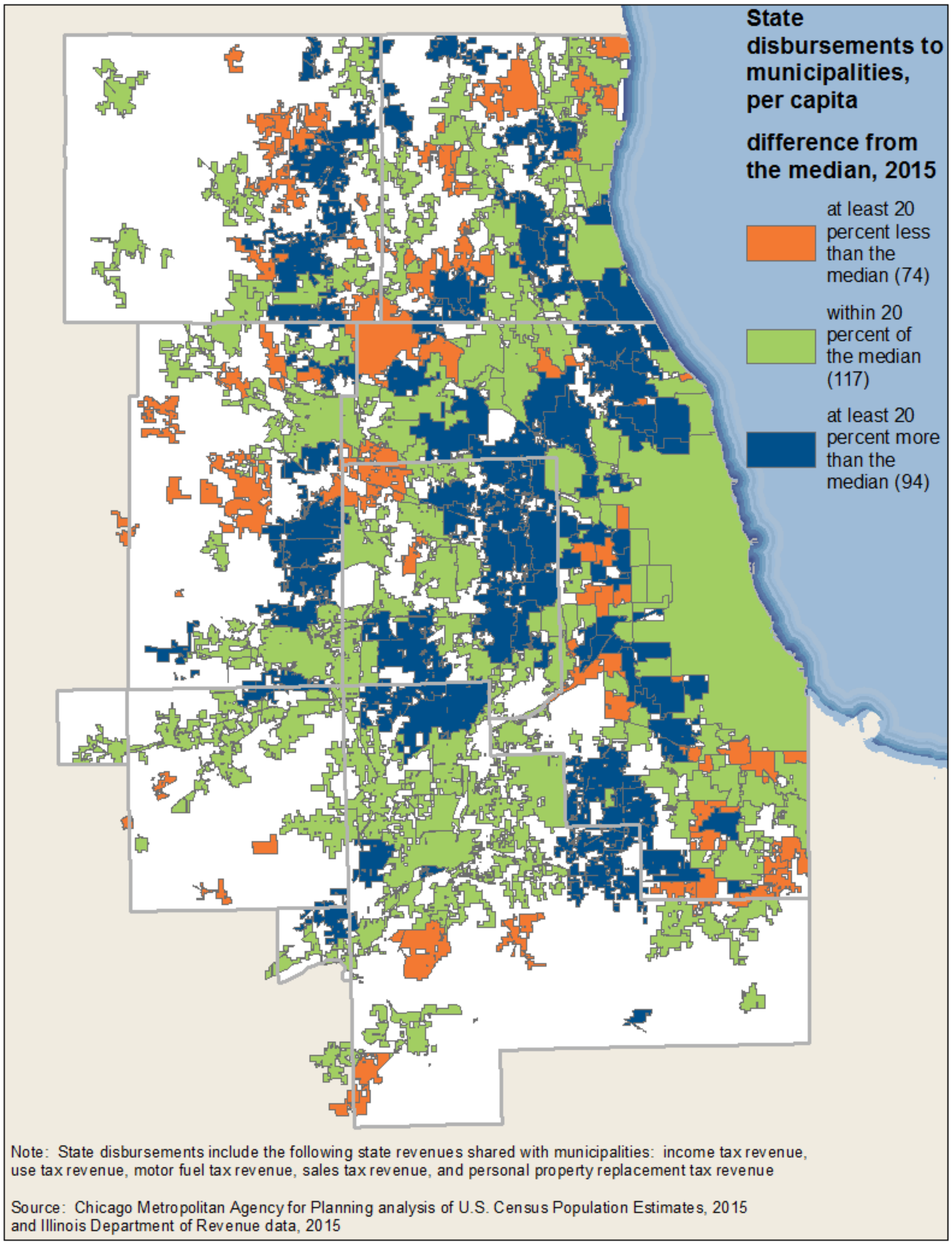
[41] Southern Illinois University-Edwardsville, "Illinois Basic Economic Development Course," http://www.bedcillinois.com/about-us.html.

preferences, but have large effects on the region's built environment and ability to support economic activity at the regional scale. While often producing lower revenues, office and industrial development provide support for industries ranging from manufacturing, to goods movement, to business services, to corporate headquarters. Many communities aspire to promote these regionally beneficial industries, but current tax structures do not always offer options for municipalities to recoup the costs of these developments. For example, manufacturing facilities often produce little property tax revenue and generate truck traffic that imposes high wear and tear on local roads. The data story below highlights the interaction of local goals, costs, revenues, and economic impact for selected typical development types.

[graphic: fiscal/economic impact data story covering reliance on revenue sources; fiscal impact of land use types; regional economic impact of development types; roadway jurisdiction costs]

Tax policies have a broad impact on the ability of local jurisdictions to provide services and keep infrastructure in a state of good repair. Individual municipal revenues depend on land use mix, size of the tax base, and state and local tax structure. Costs grow from a combination of interrelated factors: locally defined needs, the amount and condition of infrastructure, and long term debt and obligations. State statutory criteria for revenue disbursements, like sales or motor fuel taxes, can create wide divergence in revenues among municipalities, in part because the criteria may not reflect the capacity of a municipality's own tax base to raise revenue or the level of public services needed by a municipality's constituents.[42] In addition, the state's own financial situation has caused local governments to experience reduced funding and increased uncertainty. State funds play a crucial role in local government budgets, but the State has not modernized its tax system nor developed a long-term plan to pay for its obligations. The map below illustrates the differences in state revenues distributed to municipalities in 2015.

[42] Chicago Metropolitan Agency for Planning, "Evaluation of State Transportation Revenue Sharing with Local Governments", 2014. http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/evaluation-of-state-transportation-revenue-sharing-with-local-governments



Communities with a low tax base and limited options for increasing revenue often face a sustained or recurring cycle of disinvestment. Many areas with lower tax disbursements overlap with Economically Disconnected Areas (EDAs), which perpetuates inequities and reduces opportunities. Achieving regional growth that includes EDAs may hinge on their residents and businesses having access to programs and services that many municipalities sometimes take for granted. Communities where revenues are low relative to their needs may struggle to fund municipal operations and infrastructure without imposing high tax rates, which further discourage commercial and residential development and cause the local tax base to grow more slowly than the cost of public services. Moreover, these high tax rates can be a significant burden on low income residents.

In Cook County, property tax classification is an additional factor that drives up commercial and industrial property tax rates, hurting disinvested communities in particular. This may discourage business investment in Cook County in favor of opportunities elsewhere. By using a higher assessment ratio for businesses than residences, this system allocates a higher share of the property tax burden to businesses -- a policy that does not exist in the collar counties -- deterring reinvestment and hindering resulting growth in the property tax base. In many communities, high commercial and industrial tax rates present a barrier to attracting development, even when infrastructure and infill opportunities are plentiful. By reforming its classification system, Cook County could grow the tax base over time and reduce the tax burden on residents, mitigating potential increased residential rates.[43]

Regionally, the current tax system does not always support the multijurisdictional nature of many industrial and office employment areas, which often cluster geographically and cross jurisdictional lines.[44] The infrastructure that serves these centers can extend through many communities and is maintained by a complex web of jurisdictions. The region's municipalities need additional tax structure and transportation funding options to support the service and infrastructure needs of these locally and regionally desired land uses.

Local governments do have options to better support their communities through local action, particularly through imposing user fees to support specific services and infrastructure. Since 2013, for example, Downers Grove has generated revenue for stormwater improvements by imposing a fee weighted toward properties that have the greatest impact on that system.

[profile: Downers Grove SUF implementation]

Finally, the State of Illinois has not taken steps to modernize the tax system for current technologies and economic patterns. Its reliance on motor fuel taxes to fund the Illinois transportation system is becoming outmoded as vehicle efficiency improves and fuel consumption drops. Illinois also has a narrow sales tax base focused on tangible goods and few services, which is inefficient in an economy with increasing market demand for consumer services. See the Mobility chapter for an assessment of the shift from purchases of goods to purchases of services since 1997 and a discussion of the potential to reform the sales tax to support transit infrastructure as well as municipalities.

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[43] Chicago Metropolitan Agency for Planning, "Property tax burden in the Chicago region", 2017, http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/property-tax-burden-in-the-chicago-regi-2

[44] Chicago Metropolitan Agency for Planning, "Freight land use clusters in northeastern Illinois," 2016. http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/freight-land-use-clusters-in-northeastern-illinois

The following outlines strategies and associated actions to implement this recommendation.

Develop new funding solutions to support the multijurisdictional nature of development and infrastructure

The state and region should evaluate and pursue revenue sources, infrastructure cost sharing, realignment of existing revenues, and tax policy shifts that take into account the multijurisdictional nature of retail, office, and industrial development. Movement of goods and people that supports the region's economy must efficiently traverse multiple municipal boundaries and transportation networks. Yet many impediments could be surmounted, for example, through dedicated funding for local truck routes, tax base sharing to support retail agglomerations, prioritizing funding for improving commute options, increased local contributions for some infrastructure expansions, and other options. This work should build on CMAP's and partners' growing understanding of asset management, fiscal impacts, and subregional and regional markets to identify innovative revenue solutions or better align existing revenues to support infrastructure needs.

Reform tax policies to sustain economically beneficial land uses and support local infrastructure

CMAP should continue to facilitate a regional perspective on the interaction of tax policy, land use, the economy, and successful communities. Assistance for local jurisdictions to improve planning processes and coordination can help, but it does not address systemic issues. Via policy changes such as phasing out assessment classification in Cook County, broadening the sales tax base, changing state revenue sharing disbursement criteria, and identifying new options to support office and industrial development, a reformed tax system could reduce market distortions and better support desired development and goals of the region's communities.

> *The State of Illinois* should expand the sales tax base in a manner that helps communities create a more balanced land use mix, improves horizontal equity, minimizes economic distortions, and mitigates the cascading nature of sales taxes.
>
> *Cook County* should phase out the property tax classification system to reduce commercial and industrial properties' current burden, which deters development and creates pressure for higher taxes overall.
>
> *The State of Illinois* should reform state revenue sharing disbursement criteria to reduce wide divergences across municipalities and allow each municipality to support its own desired mix of land uses.
>
> *CMAP* should coordinate with partners to promote tax policy changes to support better land use outcomes, including to conduct public education as well as legislative outreach.

The State should engage in fiscally sustainable practices to ensure a stable business climate and guarantee the reliability of state support to the region, including for local governments, transit agencies, and not-for-profit service providers

Local governments should implement user fees

User fees and full cost pricing can help communities recoup the cost of providing road, parking, water, sewer, and other infrastructure. User fees should build on asset management, capital improvement planning, and other initiatives to ensure that infrastructure spending is a high priority to meet local needs and provide the strongest benefits. Among the region's many examples of user fees and full cost pricing, some communities are addressing the increasing costs of stormwater management with dedicated taxes, stormwater utility fees, or special service areas. Similarly, a number of communities have used CMAP’s LTA program to plan for and price their parking garages and metered spaces, making more effective use of tangible and fiscal assets.

All public utilities should adopt full cost pricing so they can sustainably fund operations and ongoing maintenance. While some municipalities may choose to discount some services to meet local priorities, instead matching revenues to the cost of services will help the region’s communities achieve stable funding and greater resilience. These initiatives should provide options that account for the affordability needs of lower-income residents.

Local governments should develop stormwater utility fees to assess the true cost of stormwater infrastructure and improve flood control infrastructure.

Local governments should implement user fees to fund transportation infrastructure improvements, such as local motor fuel taxes or fees to address freight needs.

Local governments should assess infrastructure costs to calibrate fees and taxes on development, parking, water, sewer, and other needs, both to cover current expenses and to create stable funding for the long term.

Local governments that face significant affordability barriers to full cost pricing of water, and other utilities should consider consolidating services with a neighboring community to reduce overall costs and provide options for low income residents.