

# METROPOLITAN CHICAGO'S PROPOSED FRAMEWORK FOR FEDERAL REFORM

Metropolitan regions drive the economy of the United States. They are home to 80 percent of the nation's population, and they generate 85 percent of the gross domestic product. The metropolitan Chicago region is a place of great diversity, yet it also lives and breathes as a single unit. Even though Chicago's downtown remains the economic and cultural heart of northeastern Illinois, more than half of the region's business headquarters are located beyond the city limits. One-quarter of all commuters living and working in Chicagoland commute to jobs outside their county of residence. A vast network of shared open space, water resources, cultural activities, and sports teams unites the region even further.

To date, federal policy has not adequately reflected this metropolitan reality. Programs aimed at metropolitan areas often lack a consistent vision or a coordinated strategy. For example, federal transportation and housing resources are allocated to different state, regional, or local agencies that use different criteria that result in different -- often conflicting -- patterns of investment. Furthermore, as Metropolitan Planning Organizations (MPOs) and other regional agencies plan comprehensively to accommodate population growth, they lack the resources for implementing their integrated strategies, no matter how well-planned. Metropolitan areas must think and act in a more regional context, and the federal government must base its policy prescriptions, investment strategies, and decision making upon this reality.

A new, comprehensive federal vision is required to successfully address the most urgent challenges facing Chicago and many other metro areas. Among those issues are the deterioration of infrastructure, increasingly congested movement of goods and people, shortage of housing options near job centers that are affordable to the local workforce, educational achievement gaps, uncoordinated investment in emerging industries, declining supplies of clean water, and the short- and long-term ramifications of climate change.

This briefing paper describes reforms that should be among the new Administration's highest priorities to strengthen metropolitan Chicago and all of our nation's burgeoning regions. It was prepared by the Chicago Metropolitan Agency for Planning in partnership with the Metropolitan Planning Council, the Metropolitan Mayors Caucus, Chicago Metropolis 2020, and Center for Neighborhood Technology. The paper is organized according to the following four major categories, the first two of which include significant subcategories:

## **Infrastructure**

- Transportation
- Freight
- Housing
- Water Supply

## **Climate Change**

## **The Great Lakes**

## **Economic Development**

- Green Technology
- Human Capital

# Infrastructure

Infrastructure is the backbone of our economy. It is critical to the nation's prosperity, and particularly to metropolitan areas. Federal investment is needed to repair and modernize much of our existing transportation, water supply, and energy infrastructure, while also expanding transit, wastewater treatment, telecommunications, open space, schools, housing, and other needed infrastructure.

**FEDERAL ROLE.** The U.S. should commit to a new vision for the nation's infrastructure by applying outcome-based criteria and careful planning when selecting projects to produce the greatest returns for the economy and the environment. Priority should be given to reinvestment that emphasizes reconstruction and maintenance of infrastructure that already exists. Investments in new infrastructure should have a demonstrable national and/or regional benefit.

**HOW METROPOLITAN CHICAGO BENEFITS.** Federal investments in the infrastructure of metropolitan Chicago should yield measurable outcomes that reflect clear regional priorities. Investments should protect and reinforce the region's status as an international hub for freight and people. Funds should be based on whether projects have broad, comprehensive benefits and are needed to update and maintain our transportation network, update and increase the reliability of our energy infrastructure, preserve open space, provide housing options affordable to local workforce near job centers, and update our water supply and removal systems. Federal support should include funding for data resources to facilitate better decisions about infrastructure in northeastern Illinois.

# Transportation

The multi-modal transportation networks throughout our country and our regions move people and goods, serving as the economic engines of our economy. However, our current transportation system is faced with a number of challenges including a funding crisis, aging infrastructure, severe congestion and a lack of coordination between housing, economic development, and the environment.

**FEDERAL ROLE.** The new Administration should redefine the federal vision and priorities for transportation and reform the way transportation is funded in the U.S. by placing a new emphasis on sustainable revenue sources that accurately reflect the true cost of mobility. The federal government should invest in regional priorities, using performance-driven criteria for more transparent, outcome-based, mode-agnostic decisions which align with the new federal vision and genuine national interest. Resources should be focused on the most critical priorities - preservation of the national highway and transit systems; development of an intermodal freight agenda; and creation of a comprehensive national plan for inter-metro passenger travel. The federal government should support the efforts of regions to evaluate and prioritize local infrastructure investments in a comprehensive way that looks beyond transportation benefits to include land use, economic, environmental, and other impacts.

**HOW METROPOLITAN CHICAGO BENEFITS.** Our transportation system is the region's link to the global economy. Our extensive road network is complemented by the nation's second-largest transit system. Yet when compared with other metropolitan areas, the Chicago area's congestion is among the worst in the United States, compromising the region's position in the global economy. Recent research estimates the costs to the region as \$7.3 billion in wasted time, wasted fuel, and environmental damages. Transportation is the second largest cost in a household's budget. The Chicago area requires new innovative strategies, including (but not limited to) market based solutions for transportation demand management, added efficiencies through the use of intelligent transportation systems, a broader range of mass transit options, and greater connectivity of transportation hubs. Transit also has a significant impact in maintaining housing affordability. Our region's aviation system's contribution to global climate change can be mitigated by intercity rail connections to mid-sized cities in the greater Midwest region.

## Freight

Goods, whether they are your morning coffee or the shoes on your feet, have to come from somewhere. Often, the complexities of their delivery are taken for granted, but that is freight movement. As a key function of our transportation system, it deserves special attention due to its tremendous impact in terms of jobs and economic growth.

**FEDERAL ROLE.** The federal government should develop a national intermodal freight policy that addresses the efficient movement of goods and work to implement it throughout the country. Resources should be directed to the regions where freight has the greatest national benefit. Freight infrastructure and policies should stress innovation, including the use of state-of-the-art Intelligent Transportation System (ITS) technologies. The federal government should establish programs to encourage development and adoption of innovative tools for mitigating freight congestion and its impacts on local communities.

**HOW METROPOLITAN CHICAGO BENEFITS.** As the mover of people and goods, metropolitan Chicago's multi-modal transportation system serves as our link to the global economy. Our region is the rail freight hub of North America, ranking among the top five intermodal ports in the world. Trucks make up nearly one in six of the vehicles on Illinois' urban interstates. At the same time, congestion in the Chicago area is among the worst in the U.S. Furthermore, our rail and road networks are not equipped to handle an anticipated 100-percent increase in freight traffic by the year 2030. Without a well conceived and implemented plan, the region's position in the global economy could be compromised. The federal government should invest in the Chicago Region Environmental and Transportation Efficiency Program (CREATE). This is the region's public/private plan to meet new demand in freight rail service through \$1.5 billion in critically needed rail infrastructure improvements. Additionally, modernizing the St. Lawrence River and Great Lakes lock and canal system will speed waterborne freight to and from Chicago, while spurring reinvestment in Chicago and nearby ports.

## Housing

Housing costs -- whether for renters or homeowners -- are the single biggest household budget item. Unfortunately, lower-cost housing is typically concentrated in disinvested communities with aging infrastructure, insufficient transportation networks, and few job prospects. A metropolitan region's economic vitality depends on diverse housing that is broadly distributed and affordable to residents at all pay scales. That distribution must be balanced, with access to public transportation, employment centers, good schools, and essential services.

**FEDERAL ROLE.** To stabilize the housing market, the federal government must reform the regulation of banking and finance industries and amend the Real Estate Settlement Procedures Act (RESPA). Current federal policies and programs for the production, operation and financing of affordable housing should be streamlined and reward intergovernmental cooperation to 1.) support regional efforts that encourage a broader distribution of quality affordable and workforce housing near jobs and transit; 2.) end chronic homelessness and provide for special-needs populations; and 3.) expand subsidized housing programs. Tax credits and other incentives should be offered for private-sector initiatives, including employer-assisted housing, green development and home energy efficiency. The federal Administration should ensure sustainable funding for the newly created National Housing Trust Fund and support the modernization of successful programs like the Section 8 Voucher Program Reform Act (SEVRA).

**HOW METROPOLITAN CHICAGO BENEFITS.** In 2007, forty percent of households in northeastern Illinois were housing-cost burdened (paying more than 30 percent of income on housing), a staggering increase from 29 percent of households in 1990. Even with the housing market's dramatic decline that began in 2006, housing affordability in the Chicago region remains an issue due to increasing joblessness, declining salaries, and tighter credit markets. Households are also under stress because family members cannot live near their places of employment, which increases transportation costs (the second largest item in a household budget). To ensure neighborhood stability, sensible growth, and a good jobs-housing balance, federal allocations for housing redevelopment and construction in metropolitan Chicago must be aligned with similar allocations for infrastructure and social services.

## Water Supply

The U.S. faces a long-term shortage of water to support agriculture, industry, and population growth. Different regions of the U.S. face different water supply challenges, but one thing is consistent: Sustained regional competitiveness is contingent upon the ability to ensure a long-term water supply for all users. However, many regions and many communities do not have water supply plans or planning processes, lack the financial resources to modernize existing infrastructure or expand systems, and struggle to promote conservation -- the most cost-effective means of increasing water supply.

**FEDERAL ROLE.** Require the creation of state plans, constructed on a region-by-region basis, for sustainable water supply by 2020. Increase funding for water resources research, particularly for data collection through the U.S. Geological Survey National Water-Use Inventory program and funding for studies of water availability in metropolitan regions. Provide tax incentives for the installation of water meters, well gauges, and water use reporting systems, to track water use and to speed implementation of market-based water demand management. Require an increase in the 1992 national water and energy efficiency standards to provide additional incentives and regulations that achieve lower usage in appliances, irrigation systems, and industrial processes. Increase funding to the state-revolving loan so that municipalities can repair and modernize existing infrastructure.

**HOW METROPOLITAN CHICAGO BENEFITS.** Much of the Chicago region relies on a diversion of Lake Michigan water, while the rest of the region taps aquifers or various rivers, often without long-term planning, inter-jurisdictional coordination, or attention to conservation. Our region's goal should be to use the Lake Michigan diversion to serve as many people as efficiently as possible. For example, infrastructure repair will reduce the amount of water lost to leakage, and demand management can ensure greater efficiency of use. Making investments in recycled water systems to replace potable water for some uses is also a major opportunity, as is the use of stormwater management techniques that capture, clean, and reuse runoff and prevent it from being lost into the sewer system.

## Economic Development

The nation's overall vitality depends on a robust economy to create and retain jobs that provide livable wages and abundant opportunities for advancement. Innovation and technology transfer lead directly to prosperity. Metropolitan regions can propel economic growth and meet the needs of local businesses by making high priorities of educational excellence and equity, workforce training geared to growing industries, and innovative entrepreneurship.

**FEDERAL ROLE.** The new Administration should invest in strategies that support the services, infrastructure, and workforce that are necessary for growth of industry sectors with the highest potential economic impact; these include advanced manufacturing, alternative energy production, health care services, education, and research and development. The federal government should invest in comprehensive, metro-wide approaches to promoting economic development near jobs, transit, and diverse housing. To enhance productivity and strengthen economic competitiveness, the federal government should spur innovation and technology transfer by helping regional industries, governments, and research institutions to connect with one another and with capital resources. The federal government should bolster the Community Development Block Grant -- particularly for communities in greatest need of investment -- to provide resources for addressing local problems and opportunities.

**HOW METROPOLITAN CHICAGO BENEFITS.** To enhance its economic competitiveness, the Chicago region needs to equip the local workforce with the skills necessary to thrive in our growing and emerging industries. We must seek renewed federal,

state, local, and private investment in existing schools, community colleges, universities, and other institutions of learning and research. While one of metropolitan Chicago's greatest strengths is its diverse mix of industries, future investment should strategically target particular industry clusters that have significant potential for job creation and retention throughout the long term. For example, sectors such as advanced manufacturing, transportation, logistics, R&D, and green technologies are likely to have continuing and widespread impact on other industries regionally, nationally, and globally.

## Green Technology

As the U.S. moves toward a carbon-free economy by expanding its renewable energy portfolio, the development and deployment of green technology should be central to job creation in the nation's metropolitan areas. Green technology emphasizes investment in the use or creation of environmentally beneficial processes and products. By growing "green jobs" in metropolitan regions and elsewhere, the U.S. can enhance quality of life while creating a competitive advantage in this growing economic sector. R&D support from the federal government will spur private-sector and university driven innovation, while workforce training and infrastructure investments are needed to ensure growth in wind, solar, geothermal, and biofuels sectors.

**FEDERAL ROLE.** The new Administration should facilitate green technology and green jobs by overhauling policies that currently subsidize environmentally destructive industry practices and by using a performance-driven approach to investment in alternative technologies. The federal government should also support R&D in green technology, invest in related human capital programs to train or retrain the workforce for specialized skills in a new green economy, and introduce programs or regulations for implementing clean energy technologies and alternative fuels. Furthermore, the federal government should adopt and implement aggressive national programs to address energy conservation and recycling. A thorough assessment of opportunities and constraints to green energy development will lead to strategic, product-specific (e.g., wind vs. cellulosic ethanol) investments in production, transmission, and consumption.

**HOW METROPOLITAN CHICAGO BENEFITS.** The Chicago region has a unique opportunity to create and benefit from green technology and green jobs. With abundant intellectual resources for R&D in local universities, national laboratories, private sector, and private foundations, northeastern Illinois can be a leader in green technology development and implementation. Greater coordination along with strategic investment in infrastructure and workforce development will enable our region and the greater Midwest to take advantage of the existing opportunities to provide much of the nation's wind energy and biofuels. Federal funds and policies can support local investments and decisions that build the Chicago region's capacity to help provide global leadership of this new "industrial revolution".

## Human Capital

Now more than ever, an educated and skilled workforce is a crucial driver of increased economic productivity. The results of recent surveys unanimously stress the importance of a

high-quality workforce to business location decisions. Furthermore, strategic investments in human capital should help reduce inequalities in educational attainment so that more have access to the new global economy and a high quality of life, regardless of where they are born.

**FEDERAL ROLE.** At all levels, the federal government should encourage educational innovations and entrepreneurship; make direct investments in the attraction of high-quality teachers and remove costly barriers to entry in that profession; and measure student, teacher, and school progress through formal performance metrics. The federal government should invest in regional workforce development partnerships, particularly with community colleges, to train workers in the skills needed for the 21<sup>st</sup> century economy and connect participants to job opportunities. Moreover, the federal government should leverage institutions of higher education to foster intellectual collaboration and technology transfer cooperation.

**HOW METROPOLITAN CHICAGO BENEFITS.** Over the last two decades, the Chicago metropolitan region's economy has been transformed, while the workforce has become relatively older and more diverse. Many strong and emerging sectors (including advanced manufacturing, health care, logistics, and green industries) now experience a mismatch between labor demand and supply across the metropolitan region. Coordinated investments are necessary to close these gaps. Additionally, a substantial portion of the workforce does not speak English as a first language, impeding their ability to advance professionally. Federal support, perhaps through tax incentives for participating employers and employees, or for English-as-a-Second-Language programs in or out of the workplace, would level the playing field for many workers.

## Climate Change

Climate change is perhaps the most significant global threat facing present and future generations. It will have wide-ranging and generally negative effects that we must limit. The U.S. should set an ambitious goal for greenhouse gas reductions at the national level and set milestones for interim achievements, then develop a national climate change mitigation program that incorporates market mechanisms to promote conservation (such as a carbon tax or cap-and-trade system in which units of government could participate), investment in renewable energy development, and carbon sequestration.

**FEDERAL ROLE.** Require states and regional planning agencies to ensure that transportation, housing, economic development, and environmental policies and investments consider climate change mitigation and adaptation. Leverage the long-range transportation planning process to promote land use and transportation investment decisions that result in a lower-carbon lifestyle. Further increase federal standards for energy efficiency and fuel economy to help support climate change mitigation efforts. Invest in and provide incentives for research, production, and transmission of clean energy technologies and alternative fuels to reduce greenhouse gas emissions. Provide technical and financial assistance to metropolitan regions seeking to match federal climate change goals. Reduce greenhouse gas emissions attributable to federal operations and properties, both new and existing. Redouble

efforts to transition away from centralized generation with inefficient long-distance transmission and toward smaller-scale, decentralized generation, and the “smart grid,” which will enable better demand management, and more intelligent utilization of capacity.

**HOW METROPOLITAN CHICAGO BENEFITS.** The City of Chicago has an aggressive, scientifically-based Climate Action Plan, which establishes a template for a future regional plan. The federal government should support the creation of a regional climate change plan by providing funds to early adopters of climate change mitigation strategies. For the Chicago region to upgrade or phase out older coal-fired electric generating plants, viable alternative energy sources will need to be developed and incorporated into the grid.

## The Great Lakes

The Great Lakes hold about 20 percent of the world’s available fresh surface water, provide an important shipping route from the Midwest to the east coast and beyond, and support recreational boating and commercial fishing in addition to a rich ecosystem that is inherently valuable. Yet the Great Lakes are beset by numerous threats, ranging from invasive species to water level declines to ongoing and legacy pollution. Federal policy must address these threats in a coordinated fashion that supports and funds existing efforts by local governments, states, regional planning agencies, tribes, nonprofits, universities, and private actors.

**FEDERAL ROLE.** Through the Great Lakes Regional Collaboration, the federal government should support the restoration of the Great Lakes through clean-up of legacy contamination, and reduction of nonpoint contamination sources. Objective, performance-based criteria for investment would treat green and traditional infrastructure equally, in contrast to current systems biased against the former. The federal government should intensify efforts to control invasive species, especially through preventing the introduction of new species in ship ballast water. It should also facilitate full implementation of the Great Lakes Compact, which will ensure a cooperative, performance-based investment process that balances ecosystem integrity with economic productivity.

**HOW METROPOLITAN CHICAGO BENEFITS.** The Chicago region requires updated water availability information through increased data collection and analysis. This should include increased funding for groundwater monitoring, with a means to provide information to policy makers to raise awareness and understanding of changes in water level and water quality within the Great Lakes basin. It is also vitally important to continue the Great Lakes Regional Collaboration.