Challenges and Opportunities

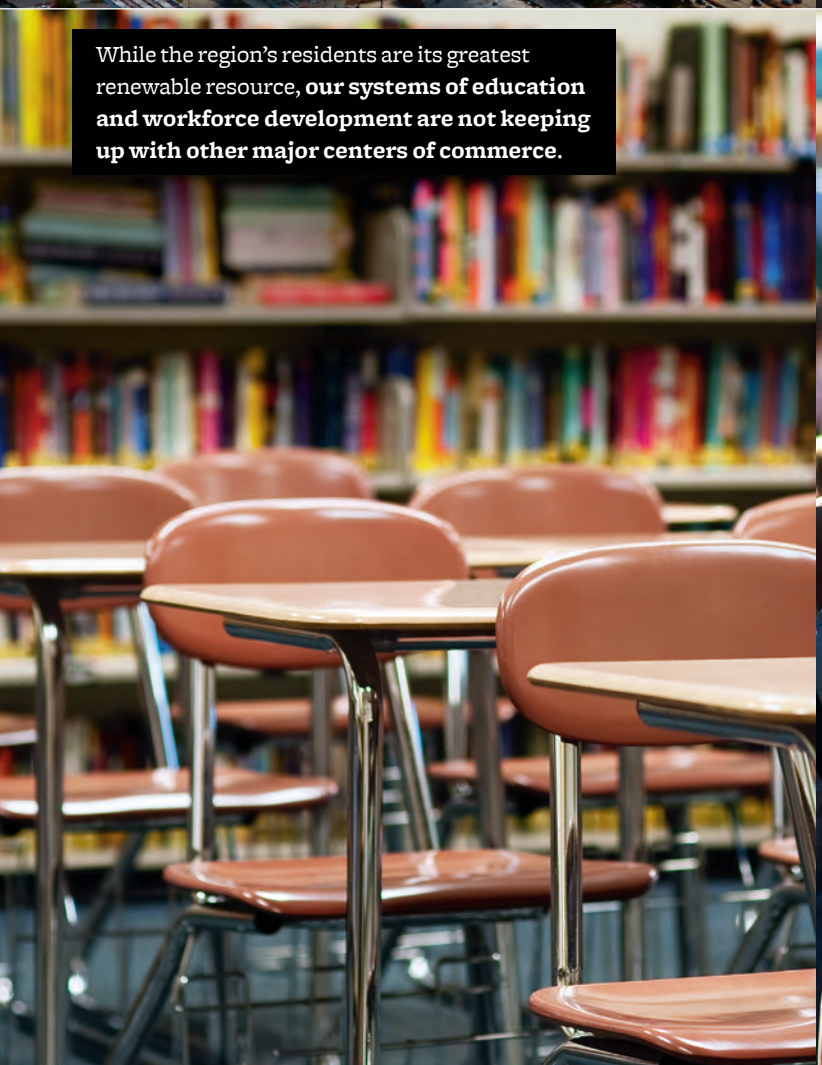
Metropolitan Chicago faces both great challenges and great opportunities as we look forward to 2040. As a global metropolis and economic center of the Midwest, we are poised to prosper in an increasingly interconnected world. We have a vast supply of physical infrastructure, including an extensive passenger and freight system that is among the nation's largest, and significant natural assets including open space resources and Lake Michigan. Our arts, culture, and higher learning institutions have worldwide preeminence. Our region is made up of a network of unique, identifiable communities, each with their own histories and characters. The region's cost of living also remains quite affordable relative to many other major metropolitan areas.

But these assets also come with tremendous challenges. Even before the recent economic downturn, job growth in the region was stagnant, and the region was falling behind its peers. The State of Illinois and local governments face fiscal pressures of historic proportions. Our infrastructure, while vast, is also aging and requires more investment, and high traffic congestion damages our economy and quality of life. Our education and workforce development systems do not provide enough residents with the skills they need for productive employment and participation in society. Environmental challenges also require action, including global climate change, loss of biodiversity, and the emerging issues of water supply and quality. And while many of our communities have succeeded economically, many others have not, creating disinvested areas with high concentrations of poverty and social problems.

The purpose of GO TO 2040 is to build on the region's assets, identify its shortcomings, and recommend actions that will help enhance and sustain economic vitality and global competitiveness. This chapter describes our challenges and opportunities while previewing the plan's recommendations. Other CMAP products, including Regional Snapshot reports and GO TO 2040 strategy papers, provide more detail on the issues described in this chapter, and the forthcoming Regional Indicators Project website, MetroPulse, will provide data on a wide variety of performance measures.

While overall quality of life is high, **our region has grown in unsustainable ways** that create congestion and make it hard for people to live near their jobs.

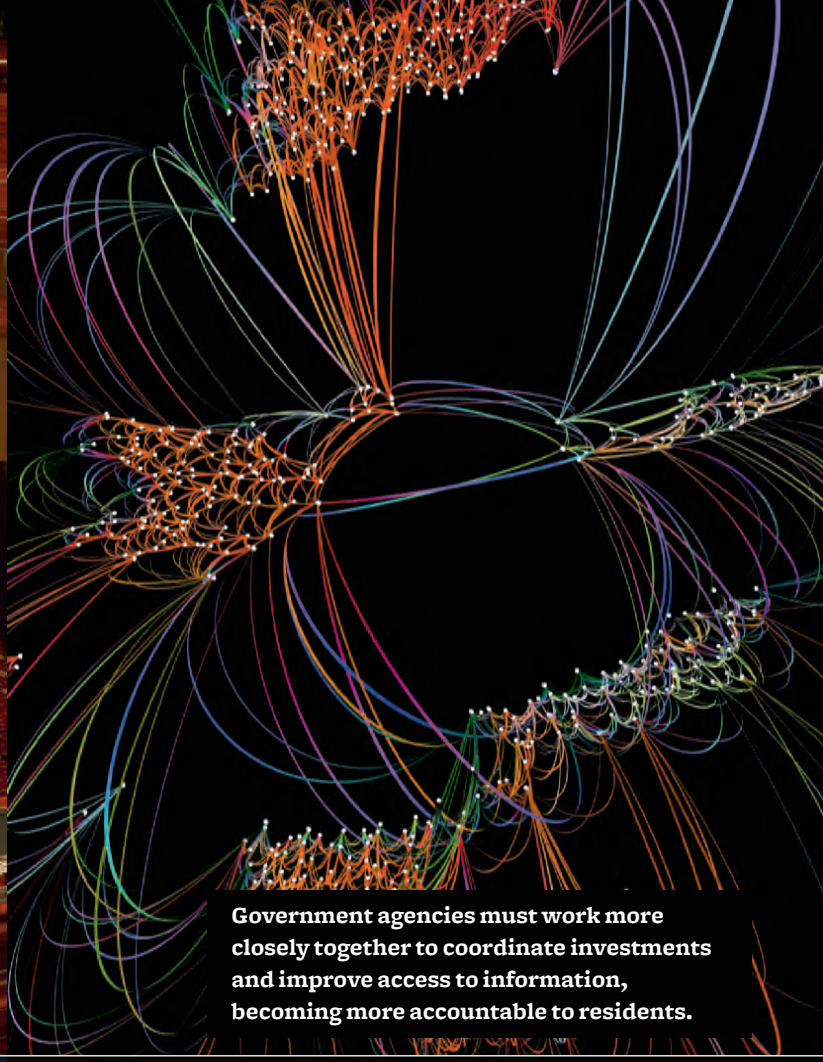
We need to invest in our existing communities while making wise development choices that make our communities great places to live.



While the region's residents are its greatest renewable resource, **our systems of education and workforce development are not keeping up with other major centers of commerce**.

We must develop skilled workers to help local businesses innovate to compete in the global marketplace.

While our region's units of government are numerous, **many residents believe they should be more responsive.**



Government agencies must work more closely together to coordinate investments and improve access to information, becoming more accountable to residents.

While our region's transportation infrastructure has been key to a century of progress, **it is aging rapidly.**

We need strategic investments that modernize and maintain these road and transit systems to meet the needs of our growing population.

Regional Demographic Changes

Our seven-county region has experienced significant demographic changes and can expect much more in the coming decades. The millions of people who call our region home will continue to increase in absolute numbers and also change in terms of age distribution, racial and ethnic breakdown, and where they choose to live.

Between 2010 and 2040, the region's population is expected to grow more than 25 percent from approximately 8.6 million to 11 million residents, an increase of 2.4 million people. Historically, growth has been especially rapid in outlying areas of the region, sometimes happening so quickly that it challenges the ability of communities to adapt. Without careful planning, this growth can strain and potentially put at risk the existing capacity and quality of our infrastructure, education systems, natural resources, and other public services so vital to sustaining our communities.

As the baby boomer generation continues to age, metropolitan Chicago will experience a significant increase in its senior population (residents who are 65 years of age or older), a dynamic that mirrors national trends. By 2040, the number of residents between 65 and 84 years of age is projected to double (see **Figure 3**). Furthermore, the number of residents in the region who are over 85 years old is projected to triple. This demographic shift will create clear challenges in providing access to quality health care and other needed services. It also will have major impacts on future housing, land use, and transportation needs. Sustaining our residents' ability to "age in place" — to remain in their homes and communities, as they age, if they choose — is a key challenge confronting the region. Much of the growth in the senior population is projected to occur in parts of the region where residences, services, and commercial areas are currently more spread out and not well-served by public transit, creating difficulties for those who have limited mobility and cannot drive.

Between now and 2040, the region will also become more racially and ethnically diverse. In particular, the rapid growth of the region's Latino population is expected to continue, and by 2040, it is projected that more than 30 percent of the region's residents will be Latino. Moreover, growth among all racial and ethnic groups is projected to continue to shift toward suburban areas. It is critical to our region's future economic competitiveness that all racial and ethnic groups are able to develop the skills to fill the jobs of the future.

Figure 2. Population projections for northeastern Illinois

By 2040, our region will need to accommodate over 25% more residents

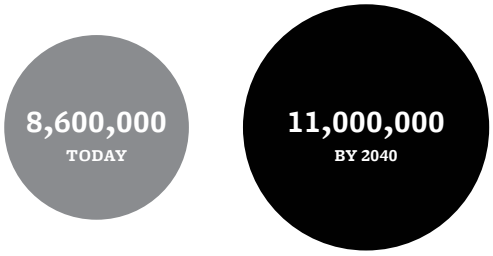
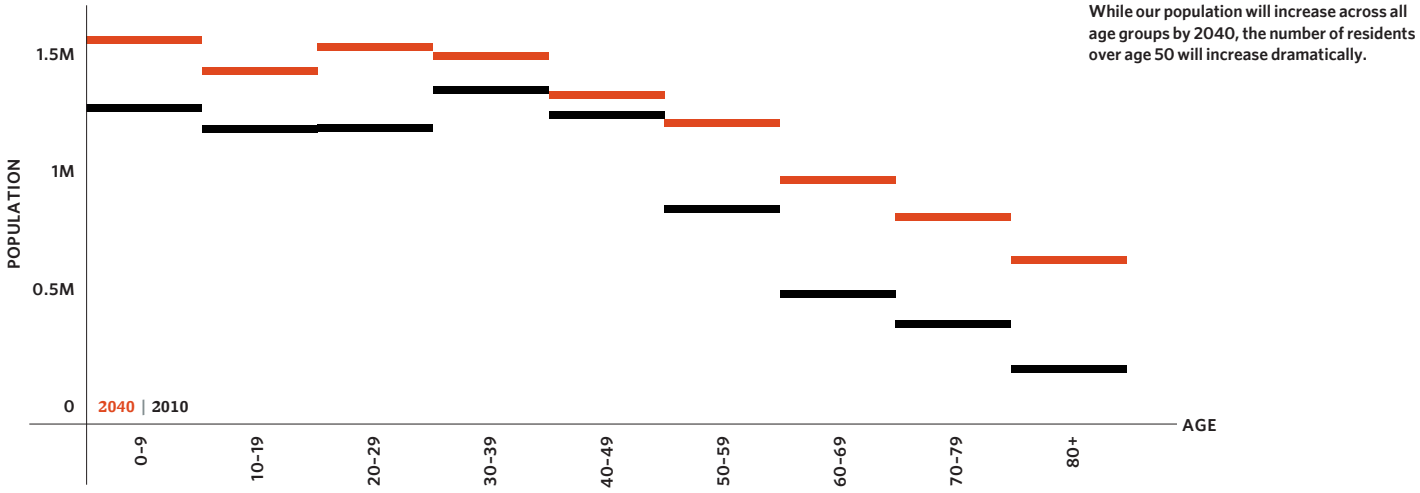


Figure 3. Expected population growth, 2010 and 2040



Source: Chicago Metropolitan Agency for Planning, 2010

Quality of Life

One of the central goals of GO TO 2040 is to make our region a better place to live. Creating and preserving a high quality of life was among the top, overarching intents of the Regional Vision, which originally set out the goals of the plan.

> *The Regional Vision for* GO TO 2040 *describes a future quality of life based on "attractive, interdependent communities" that offer a "range of housing options," "diverse... transportation and recreation choices," and access to "employment, education, health care, and other regional assets* [*such as*] *an abundance of art forms."*
>
> *To achieve this,* GO TO 2040 *seeks to direct investment toward strengthening existing communities, and finding opportunities to encourage new development and redevelopment in livable communities that are denser and designed for mixed uses.*

"Livability" is an important concept that is used extensively throughout the plan, but defining it is a challenge simply because people's values and priorities are so diverse. However, when residents across the region describe their values and priorities, certain commonalities of livability emerge. Livable communities are healthy, safe, and walkable. Livable communities offer transportation choices that provide timely access to schools, jobs, services, and basic needs. Livable communities are imbued with strength and vitality, features which emerge from preserving the unique characteristics that give our diverse communities "a sense of place."

The region faces many challenges in creating and sustaining livable communities. Our infrastructure and local development decisions are still built primarily around the single-occupant vehicle. Affordable housing, particularly rental options, is not available in all parts of the region, which creates a systemic imbalance between job centers and where people live. The region needs more open space and recreational parks. Energy and water are not being used efficiently and while some improvements in air and water quality have occurred, the region still faces problems and must act to avoid the future degradation of these resources. Federal and state investment decisions remain highly uncoordinated and often ineffective in addressing the kinds of problems which require more cross-disciplinary solutions.

Livability comprises a range of distinctive yet interconnected principles. The actions necessary for creating and sustaining livable communities involve many players, including the federal and state governments and most importantly, localities, individual households, and businesses. Livable communities provide safe, reliable, and economical transportation choices and promote equitable and affordable housing to increase mobility and lower the combined costs of housing and transportation. Livable communities make the region more economically competitive by improving access to jobs, schools, markets, health care, and recreation within communities, or by improving transportation access to these assets across communities. In most cases, the building blocks for these communities already exist, but more targeted and coordinated investment is required to make livability a reality.

Providing more transportation choices to our residents is a vital component of livability. Many parts of our region are accessible only by car, but livable communities should allow walking, biking, and using public transportation. They should be broadly accessible and allow travel by any transportation mode, allowing older residents to "age in place," improving mobility for disabled residents, and leading to better health overall. Supportive land use and walkability are also critically important to support the expansion of public transit.

Livability also entails a balanced supply of owner-occupied housing and rental housing distributed throughout the region, ensuring that each household has access to the region's assets. Among various housing policy options, each works best to promote livability when targeted to specific situations and community goals as part of place-based solutions. For example, some communities may seek to preserve existing housing stock, while others seek to produce more affordable housing. Still others may already have concentrations of affordable housing and therefore seek to attract economic development. Linking housing with public transit is an effective way to reduce the combined cost of housing and transportation.

An important element of livability is adequate open space, and providing open space as part of reinvestment projects is one of the most effective ways to provide new parks in denser urban settings. Conservation of energy and water and reduction of flooding can also be accomplished by using principles of conservation design, green building design, or low-impact development.

For livable communities to take shape, most of our region's future growth should occur in existing communities that are already served by infrastructure.

There are significant opportunities to accommodate future growth by reinvesting within the borders of our municipalities. The viability of development in these places can be increased by remediating brownfields, reconsidering parking policies, reusing current building stock, and locating schools and other public buildings in areas where redevelopment is sought. Livability can often be supported by denser, mixed-use development. The definition of "mixed use" varies between communities, sometimes referring to a combination of land uses (e.g., residential, office, or retail) within a single structure or on the same block, while at other times referring to simply connections between residential and commercial areas of a community. The definition of "denser" development also differs widely, but it generally means densities that are somewhat higher than prevailing patterns of development in that area. The use of high-quality design principles to guide denser development is critically important to ensure a proper fit within communities. Regardless of density or use, reinvestment should respect local character and historic context, while increasing access to parks, green spaces, and adjacent recreational waterways.

The goal of GO TO 2040 is not to increase density for its own sake, and creating livable communities does not require extreme measures, "central planning," or any attempt to channel all or even most new growth into multi-family buildings. The plan does not seek to have all future development occur only in high-density areas, and as a region we should avoid simplistic "urban versus suburban" concepts of density. Although compact development and infill are important aspects of reinvestment, walkability, and land use that supports public transit, the region's rate of population growth dictates that not all development will occur within existing communities. But while some development in currently undeveloped areas will be necessary, those new developments should include features that support livability.

The region's development pattern is extremely diverse, reflecting the unique characters of its many communities; growth between now and 2040 will be equally diverse. Local interpretations of livability principles should consider community character when determining appropriate densities, types of mixed-use development, specific methods for affordable housing provision, and so on. Similarly, high-quality design is critical for creating livable communities. Attractive streetscapes and buildings, public spaces for civic life, and overall appearance of an area are important elements of a community's character, but are not appropriate to address at the regional level; GO TO 2040 supports efforts by local communities, the development community, and individual property owners to address issues of aesthetics in their own ways. In other words, there is no "one size fits all," and community-level assessments are needed to understand how principles of livability can be applied locally.

One important conclusion of this discussion of livability is that local governments have a central role in making it happen. Livability is highly influenced by municipal and county land use planning decisions, infrastructure investments, and other policies. While general principles are appropriate to develop at the regional or the federal level, the application and implementation of these principles is up to local governments. This builds on one of the region's important assets — the strength of its local governments. Our region is already made up of many livable communities, and the unique characters of our neighborhoods and communities are valuable assets and should be preserved. Livable communities go hand in hand with economic prosperity. Creating and enhancing places with these kinds of attributes will increase access to employment, educational opportunities, and other regional assets for many people around the region. Livable communities will bring our residents a higher quality of life, which makes our region an extremely attractive place to reside. The result is a strong and skilled regional labor force, the factor held in the highest regard of businesses when deciding where to locate.

Lastly, the important role that the region's arts and cultural resources play in enhancing livability, community development, and regional economic prosperity should not be understated. Our widely acclaimed museums, festivals, musical offerings, and supporting creative industries and institutions continue to enrich the lives of our residents, attract millions of visitors each year, and help drive the economy. These resources also serve as a magnet for attracting the kind of creative, diverse, and innovative talent that is so highly prized in the 21st Century. Beyond their regional impacts, support for the arts can also act as a local economic development tool, increasing economic activity and quality of life in local communities. Like many other areas, arts and culture institutions face challenges — in particular, they are sometimes marginalized, when in fact they are necessary ingredients for making our region and our neighborhoods attractive and vibrant places to live and work. Livability has a complex and mutually supportive relationship with economic prosperity, and a high quality of life is not possible unless our residents have access to good jobs. The following section discusses the approach of GO TO 2040 to our economy.

Economy

The metropolitan Chicago region is among the nation's few global economic centers. GO TO 2040 seeks to maintain and strengthen this position. Global connections are increasingly important, and being linked to international trade and information networks provides our region with new economic opportunities and a broader range of jobs, and makes us an attractive place for both workers and businesses.

Among the many assessments of what it means to be global, a few common themes emerge: a global region needs to have a modern infrastructure; a diversity of business types and economic activity; a skilled workforce, including a strong higher education system; and active cultural institutions and a high overall quality of life.

In each of these areas, we have both strengths and challenges. The region's infrastructure is extensive, but aging, and problems such as traffic congestion damage our economy every day. Our economy is historically diverse and strong, but we have had limited job growth in the past decade and incomes have stagnated. We have many excellent universities and other educational institutions, but they are inaccessible to many students, and overall our education and workforce development systems are not as strong as they need to be. The pace of economic innovation in our region, as measured by the creation of new technologies, services, and goods, has fallen behind many other metropolitan areas. Our state and local tax policies are often inefficient, unpredictable, and distort economic activity. And while we have a high quality of life by many measures, it is threatened by these economic problems. Building on these strengths and overcoming these challenges to strengthen the region's economy is among the main purposes of GO TO 2040.

> *The Regional Vision for* GO TO 2040 *describes a future economy with a "global status" that "ensures superior job opportunities" by "enhancing our... education systems and physical infrastructure... [as well as] workforce development programs and other training" and by being a "center of innovation across all disciplines."*
>
> *To achieve this,* GO TO 2040 *supports economic growth and innovation without overly involving the public sector in private sector decisions, by investing in infrastructure, education, and workforce training for jobs of all skill levels, by seeking ways to support new economic sectors such as green jobs, and by creating a supportive business environment, including addressing tax policy.*

There are a number of factors that determine a region's economic success; prosperity is driven in large part by its combination of infrastructure, overall business environment, workforce, and amenities. In the long term, a region that successfully addresses these major factors will prosper.

Regional Economic Specializations

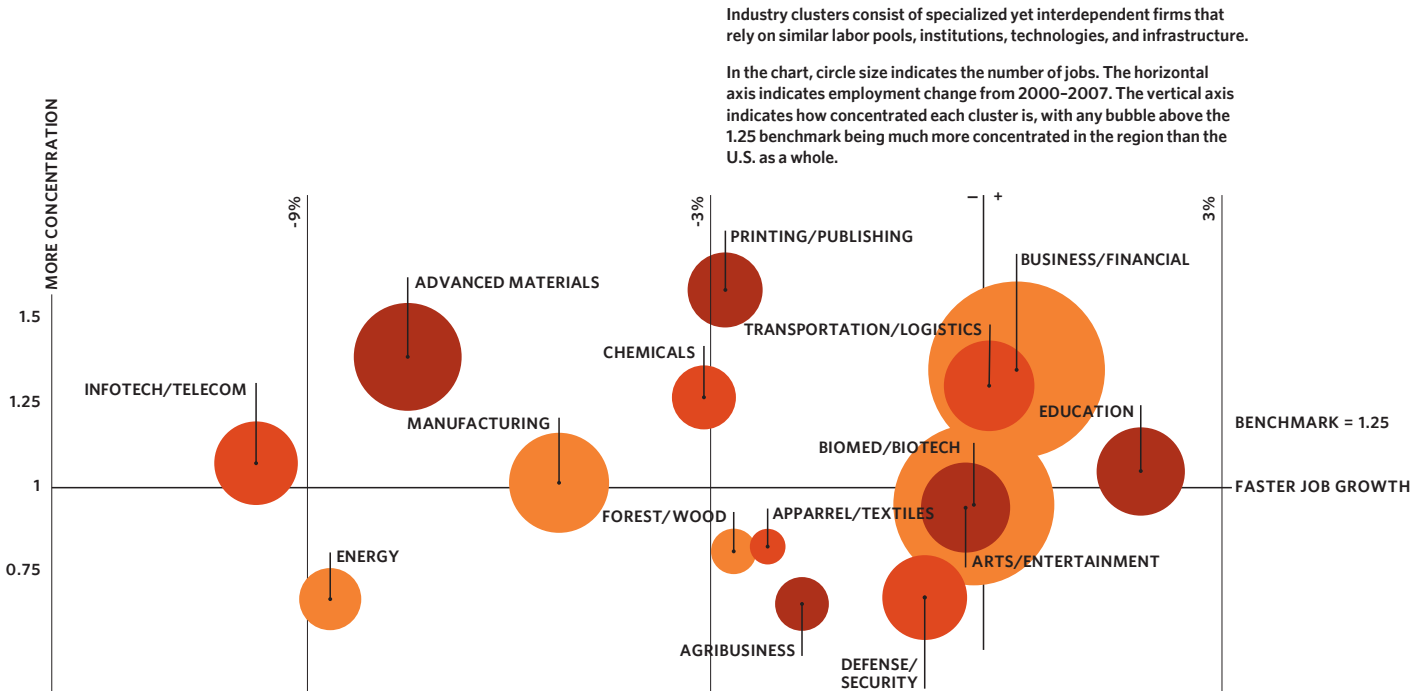
While the metropolitan Chicago region enjoys a diverse mix of industries, the region also retains particular areas of specialization. These specializations can be pinpointed by identifying industry clusters — groups of interdependent firms that are linked through the buyer-supplier relationship, share common resources and technologies, depend on similar labor pool and institutions, and draw a productive advantage in being geographically located near each other. These can be used as an analytic tool to help sharpen the focus of efforts to improve long-term economic performance.

Several industry clusters are critical to our economic prosperity. The largest among these is the cluster of firms involved in *business and financial services*, reflecting our status as a major center of finance, the home of many business headquarters, and the economic center of the Midwest. Employment in industries within the *health care and biomedical* cluster is also high, though it is not particularly concentrated within the region compared to other metropolitan areas. While employment in *manufacturing* has fallen, it remains a strong economic contributor, and some elements of manufacturing, such as the production of *advanced materials*, are highly concentrated here. The strength of the *transportation and logistics* cluster reflects our historic focus on freight, and helps to support other industries that rely on goods movement, such as manufacturing. **Figure 4** illustrates the employment levels, growth rates, and concentrations of these industries and others; for more information and analysis see the Snapshot Report on industry clusters.[1]

An emerging regional specialization involves the green economy, or economic activities that respond to resource scarcity issues associated primarily with energy, water supply, and climate change. Industries involved in the green economy have not been conclusively defined, but include sectors such as energy and manufacturing, professional services such as engineering and construction, waste reduction, freight transportation, and government institutions. This specialization is important because of its high growth potential and also because it addresses other resource conservation and environmental protection goals.

While understanding these specializations is important, it is not the role of GO TO 2040 to specifically "pick winners" among the region's many businesses and industries. The region's economy will adapt over time, and the main role of a long-range plan is to provide a basic platform for business success. This can be done by strengthening the factors of economic growth described in the introduction to this section.

Figure 4. Concentration and employment growth of clusters



Sources: CMAP, Illinois Department of Employment Security, Purdue Center of Regional Development

1 CMAP Industry Clusters Regional Snapshot, 2009.
See **http://www.cmap.illinois.gov/cmap-regional-snapshots#Industry**.

Factors of Economic Growth

The region competes constantly against other metropolitan areas to attract good jobs and skilled workers. Businesses have a wide range of choices in terms of where to locate various functions. Technology and better access to information have allowed businesses to analyze the costs and benefits of different locations, making it necessary to proactively address the factors of most importance.

Business location decisions are commonly based on factors such as infrastructure, labor force, local and regional amenities, and overall business environment (including taxation, services, regulation, and supportive environment for innovation). Many of these factors ignore jurisdictional boundaries — these are factors that are metropolitan-wide instead of local, and therefore should be addressed regionally. These major factors are also provided or influenced, at least in part, by government, so it is appropriate for the public sector to address them in a long-range plan.

Labor force quality is perhaps the most important factor driving future economic prosperity. While workforce quality has always been an important component of economic success, there is evidence that this is increasing, as economic growth occurs in industries that require more knowledge and skills. In the continual competition between metropolitan areas to attract businesses and residents, regions that lack a strong labor force will have difficulty competing; for most industries, skilled and educated workers drive productivity, making them the most valuable assets that a metropolitan area can have.

In the long term, economic prosperity depends on being able to adapt to changing circumstances. Innovation — the invention and commercialization of new products, services, technologies, and processes — is a major driver of long-term economic growth. Though well-positioned to capitalize on our excellent universities and research institutions that constantly generate new ideas, the region has been able to only partially take advantage of this strength. By creating linkages between our research institutions and entrepreneurs and targeting investment decisions, the public sector can most effectively support innovation without distorting or otherwise exerting too much influence over private sector actions.

A well maintained and modern system of infrastructure, including transportation, energy, telecommunications, and water, is also a necessary precondition for maintaining our region's economic stature.

The next section outlines challenges and opportunities particular to the area of transportation infrastructure, which is a major focus of GO TO 2040.

Transportation

Our transportation system is a major contributor to the economy and livability of the region. Transportation infrastructure is particularly important to our economy and quality of life because it allows the movement of people and goods.

With a modern, well-functioning transportation system, people can travel freely around the region, choosing from among a wide variety of jobs and communities to live in, and businesses can count on their shipments of goods being delivered on time. Historically, our region has been built around its transportation infrastructure and owes its status as the economic center of the Midwest at least in part to infrastructure investments made decades ago. Our transportation system still numbers among our major strengths, but improvements are needed to maintain and strengthen our position.

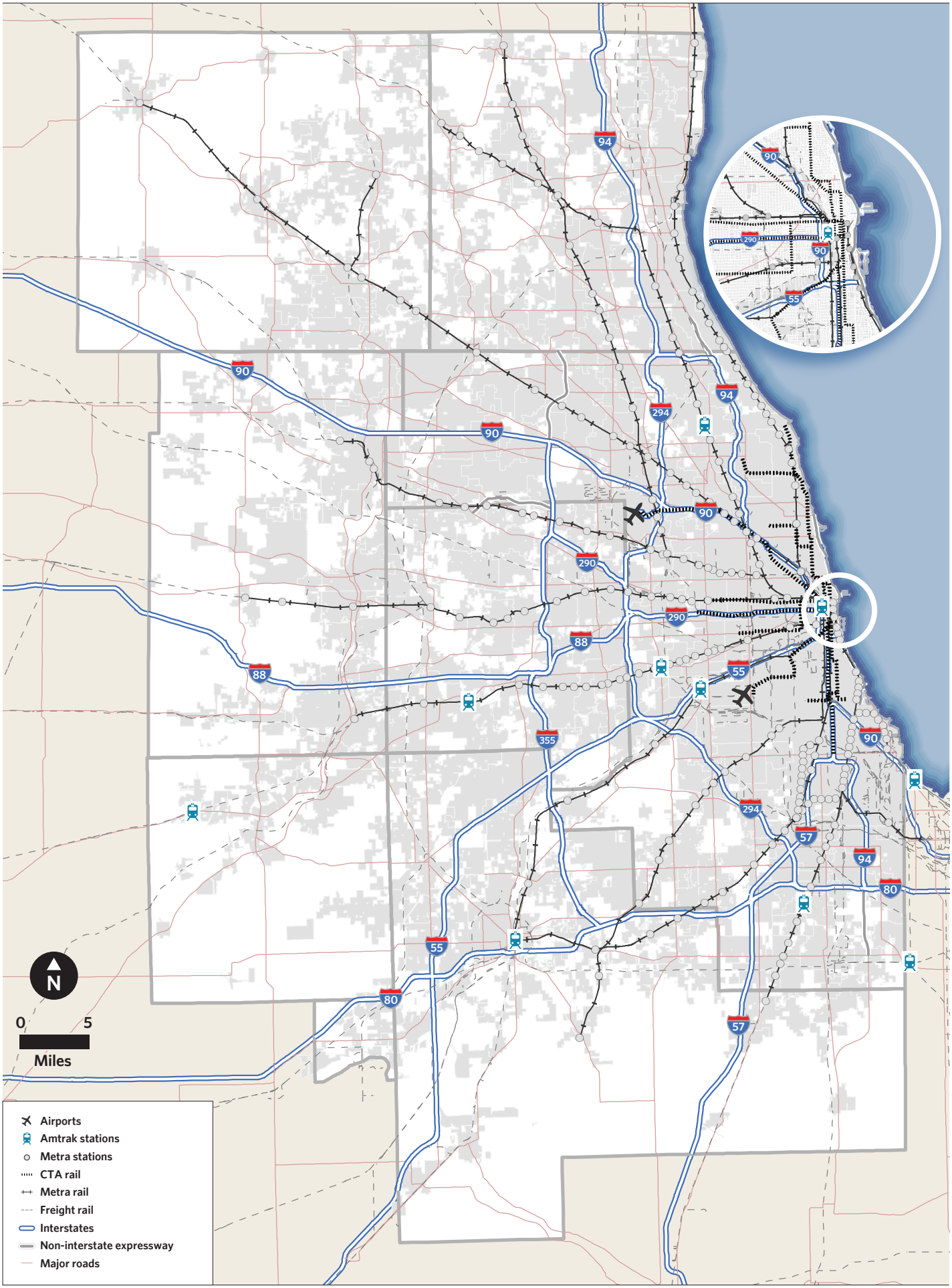
> *The Regional Vision for* GO TO 2040 *describes a future multimodal transportation system that is "safe, accessible, easy to navigate, affordable, and coordinated with nearby land use," reduces congestion and improves regional mobility, and supports "reinvestment in our existing communities...leading to environmentally sensitive and fiscally efficient outcomes."*
>
> *To achieve this,* GO TO 2040 *seeks to maintain existing infrastructure of all types and gain operational efficiencies from it, make additional investments in transit and freight, use innovative and sustainable finance and system management ideas, link transportation investments with housing and land use, and encourage choices that result in livable, walkable, transit-supportive communities.*

While the physical infrastructure of the metropolitan Chicago region has historically been a major strength, there is little argument that it must be improved to meet current needs. Current revenue sources are barely able to keep up with the maintenance and operation of the existing system. Our infrastructure is aging, and in some cases is deteriorating due to underinvestment in maintenance. The region's congestion levels are among the highest in the nation, and projected increases in population, jobs, and freight traffic will only add to the pressure on our infrastructure. Clearly, further investment in infrastructure is needed to improve or even maintain our economic place. See **Figure 5** for a regional map of transportation infrastructure.

Congestion affects our transportation system in a number of negative ways — it increases costs for residents and impedes travel, limiting where people can live and work; it reduces businesses' access to labor and the reliability of goods shipments; it wastes fuel and causes air pollution; and it even reduces safety and security by making it more difficult to respond to incidents or deal with emergencies. See **Figure 6** for an example of a congestion scan, which shows the time of day and location of weekday congestion on a section of the I-90/94 expressway. We have one of the highest levels of congestion in the nation, and GO TO 2040 sees this as one of the greatest threats to our future prosperity.

Addressing the challenges of congestion and the other issues that face our transportation system requires an approach that is multimodal, promoting the use of transportation options other than driving. The vast majority of trips are made by individuals driving alone, and it is expected that driving will continue to be the primary mode of transportation for many or most of our residents, but there is an opportunity for other modes — walking, biking, and using transit — to make up a greater share of trips. In the past decades, we have greatly improved our environment for walking and biking through construction of sidewalks and trails and adoption of policies by communities and transportation agencies that support these modes of travel. Public transit, on the other hand, carries fewer people today than it did 20 years ago (although these numbers have been trending back upward in recent years). While our existing transit infrastructure is a great strength, it suffers from years of underinvestment and deferred maintenance. Transit is a central part of our future prosperity and livability; it provides a far cheaper transportation alternative than driving, allows commuters to avoid congested roads, raises the value of nearby land, and is a more environmentally friendly travel method than driving alone.

Figure 5. Transportation infrastructure



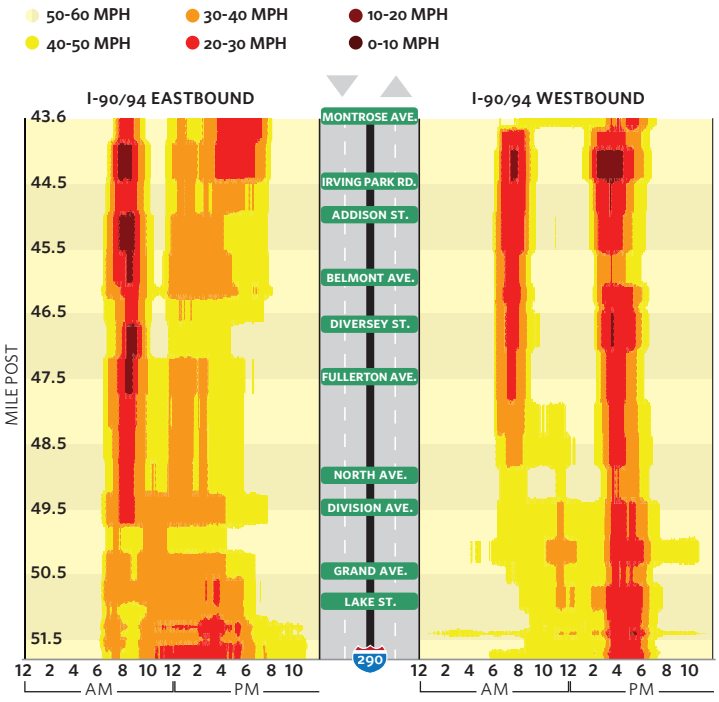
Source: Chicago Metropolitan Agency for Planning, 2010

New and innovative funding sources are also needed for transportation, and will be most effective if they are tied closely to actual use, providing incentives for the efficient use of the transportation system in addition to providing additional funding for needed improvements. Just as importantly, decisions concerning transportation investments need to be made carefully. Current funding distributions are often not based on thorough evaluation of project costs and benefits, leading to inefficient investments. The effectiveness of infrastructure at stimulating economic productivity depends on the kind of infrastructure, how much of it already exists, and where it is located, so potential investments need to be evaluated carefully to ensure they are really the best use of scarce funds.

Prioritization of investment presents a considerable challenge because of the variety of ways that transportation affects our region. It has direct impacts on safety and security, which remain of paramount importance. The transportation system affects where residents can live and work, and how they can travel, with impacts on our economy and quality of life. Transportation access is a factor in where and how growth occurs, so transportation investments help to drive land use and development decisions. Transportation investments also affect the natural environment — both directly, through the construction of a new facility, and indirectly, through the growth that transportation access permits. In summary, transportation investments have major repercussions. Considering all of these factors when making infrastructure decisions is challenging, but will result in the most effective investments in the long term.

Another critical component of our transportation system is freight. Local businesses and industries depend on the ability to move inputs and products into and out of the region. The metropolitan Chicago region was largely built around its freight infrastructure, and today is accurately considered the freight center of North America. Our businesses have capitalized on our freight infrastructure to build intermodal yards and distribution centers that contribute to our economy, and a strong freight system can be counted among the reasons that we retain a strong industrial base; many existing industries, especially those in the manufacturing and trade sectors, rely on the freight industry to send and receive shipments of materials, products, or other goods. But there are also challenges related to our freight system. Freight traffic (both rail and truck) is forecast to grow, placing strains on our infrastructure. Also, despite freight's positive economic impacts, some communities experience negative impacts, such as delays at grade crossings, high levels of truck traffic, noise, and pollution. Both infrastructure and policy solutions will be needed to enhance freight's economic benefits and minimize its negative impacts on quality of life in our communities.

Figure 6. I-90/94 congestion scan, 2007



Note: Average speed is shown as a function of time of day (the horizontal x-axis) and location (the vertical y-axis).

Source: Analysis by Chicago Metropolitan Agency for Planning, based on data from Traffic.com.

Environment

Our natural environment includes our open spaces, Lake Michigan, and other waterways, significant amenities that contribute to quality of life. These make the region a more desirable place to live and work.

In contrast, the prosperity and livability of our communities are threatened by the consequences of not maintaining a healthy natural environment. Increased flooding, poor air quality, or drinking water shortages would have immediate negative consequences for our economy and quality of life.

Looking farther into the future, issues such as climate change or loss of biodiversity may not have immediate impacts on residents' lives, but their long-term negative impacts are clear. Therefore, GO TO 2040 approaches the natural environment as an important amenity in itself, but also one that has considerable positive impact on our economy and livability.

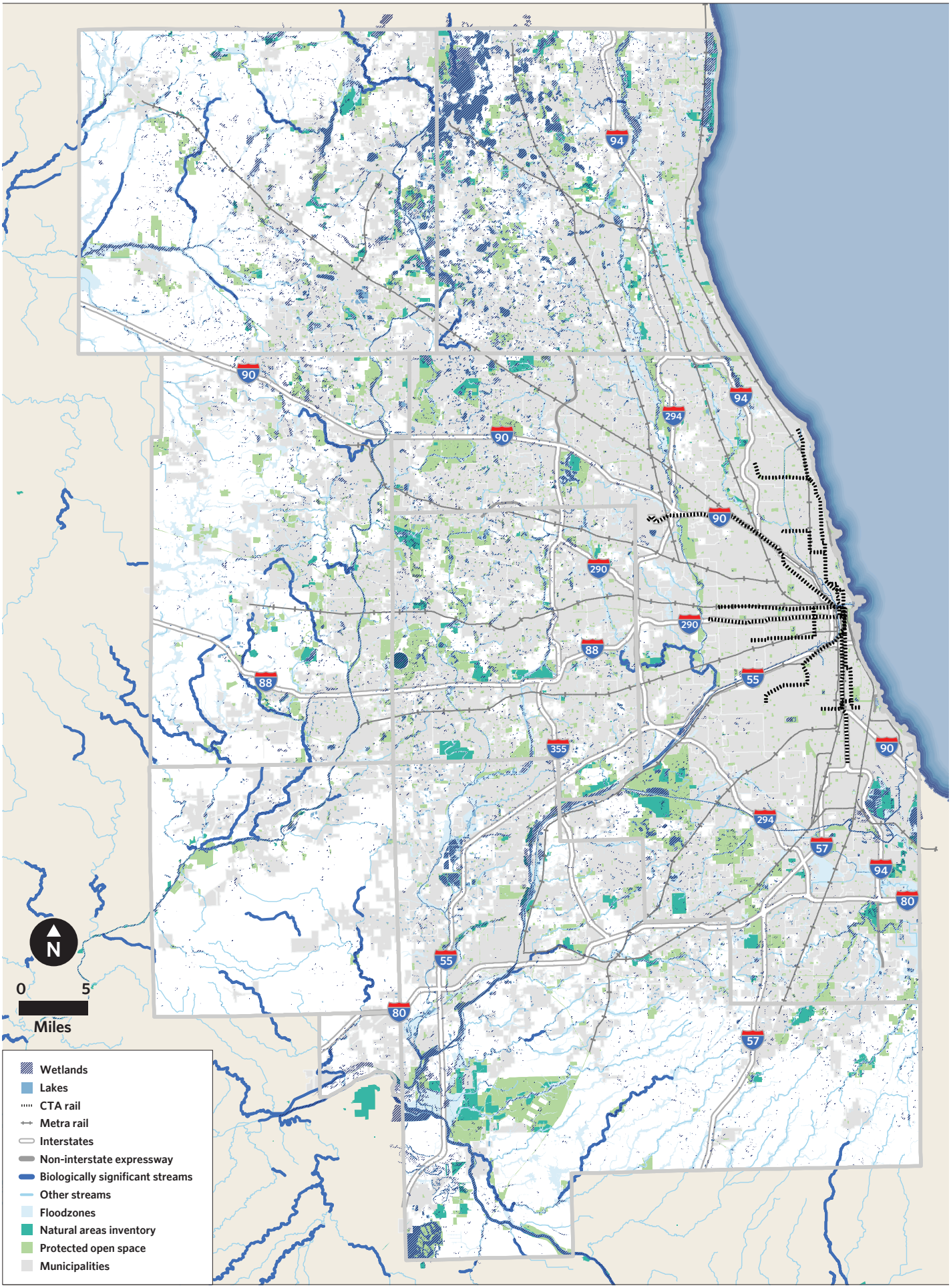
> *The Regional Vision for* GO TO 2040 *describes a future environment in which "open space [is] preserved and enhanced," the region consumes "less energy and fewer natural resources," treats "water...as a critical natural resource," preserves "the overall ecological health and diversity of the region," and improves its residents' health through "the availability of open space, transportation and recreation options, healthy food, clean water, and clean air."*
>
> *To achieve this,* GO TO 2040 *seeks to improve the region's system of parks and open space, providing recreation options and protecting ecosystem function, and to conserve natural resources. This requires increasing the resources devoted to protection of an open space network, designing communities to meet environmental goals, taking a proactive approach to both supply and demand for energy and water, supporting green jobs and industry, and directly incorporating local food systems in the long-range plan.*

The region's parks and natural areas (including waterways, forest preserves, conservation districts, and other open space) are a major strength, and serve to protect environmental quality, improve public health, and contribute to overall quality of life. Access to parks and open space provides opportunities for residents to enjoy active, physical recreation and to congregate socially; this is particularly important for the health of children. Not surprisingly, many studies have shown that proximity to open space and parkland has a positive impact on property values, as many people want access to these important amenities. **Figure 7** displays the region's land and water resources.

However, not all parts of the region have adequate access to open space. Many of our older communities, both in urban and suburban areas, suffer from insufficient park space, which has negative consequences for the health of residents in these areas and makes them less desirable places to live. At the same time, most of our valuable open space is not protected, and much is lost each year to development on the region's fringe. And our parks and open spaces are often fragmented and scattered, which diminishes their benefits for both recreation and biodiversity. Thus, while our open space network is a considerable strength, a number of challenges must be addressed for the benefits of open space to be broadly shared.

Water issues are also emerging as challenges that we must face. Lake Michigan has always been a crucial regional asset, not only for recreation, tourism, and aesthetics, but also as a source of drinking water. However, withdrawals from the lake are legally constrained, and water is becoming increasingly scarce in some parts of the region, particularly those that rely on groundwater. Reducing water consumption through conservation and pursuing strategies to protect water resources will be needed to address this threat. Another issue related to water resources, stormwater management, is a concern in many areas. Flooding creates serious safety and economic problems, especially in many of our older, fully developed communities. This not only has negative impacts for current residents and businesses, but it makes reinvestment in these communities more difficult. Major flooding is the most common type of natural disaster that threatens our region, and its likelihood is only expected to increase as climate change occurs, so stormwater management is increasing in importance.

Figure 7. Land and water resources



Source: Chicago Metropolitan Agency for Planning, 2010

Biodiversity, or the variety of plant and animal species in our region, is also threatened. Biodiversity is a good indication of overall ecosystem health, which is important for environmental reasons but also beyond; healthy ecosystems play a role in water quality and supply, reducing the impacts of climate change, and other functions. Ecosystem health can be achieved by preserving large natural areas with connections between them; ecosystems do not function well as small, isolated islands of open space.

Lastly, climate change is a matter of national and international concern. The factors causing it and the solutions for solving it transcend compartmentalized areas of public policy and individual action. The use of energy in our homes and commercial buildings is the largest contributor to greenhouse gases, the chemicals linked to climate change; energy use by the transportation system, mostly in the form of fuel used by cars, is also a major contributor. Reducing energy consumption within these areas is the most important contribution that the region and its communities can make to limit the harmful effects of climate change, through strategies as varied as retrofitting existing buildings to improve efficiency, and promoting a more efficient land use pattern. These can not only reduce greenhouse gas emissions, but also lower energy expenditures for households and businesses. We also have a tremendous opportunity to use the growing interest in energy conservation to pursue growth in the green economy. For example, taking an aggressive approach to retrofitting existing buildings would make us a leader in this field, allowing us to export this experience and knowledge to other parts of the country. Examples of business innovation around the green economy already exist; the Chicago Climate Exchange, created here in 2000, is the nation's first voluntary cap-and-trade program, and has attracted participation both nationally and internationally.

We need solutions to address multiple goals at once — both enhancing our assets, like open space, and minimizing threats to our region's environmental health as well as the global threat caused by climate change.

Preserving open space can have positive impacts on water quality, biodiversity, and stormwater management, as well as providing an important asset that contributes to our economy and quality of life; preserving land for sustainable agriculture can have similar positive impacts. Similarly, development that is denser and focused in existing communities can reduce pressure to develop existing unprotected open space, and is also more efficient in its use of energy and water than development on the region's fringe. Strategies with multiple benefits are most effective at meeting the many goals of GO TO 2040.

Housing and Social Systems

A major challenge to our future is inequitable access to the region's assets, such as good schools, decent jobs, safe and healthy neighborhoods, and stable housing. Our lower-income residents often do not have the same opportunities to access these assets as others, with lasting negative impacts on their earnings, health, and safety.

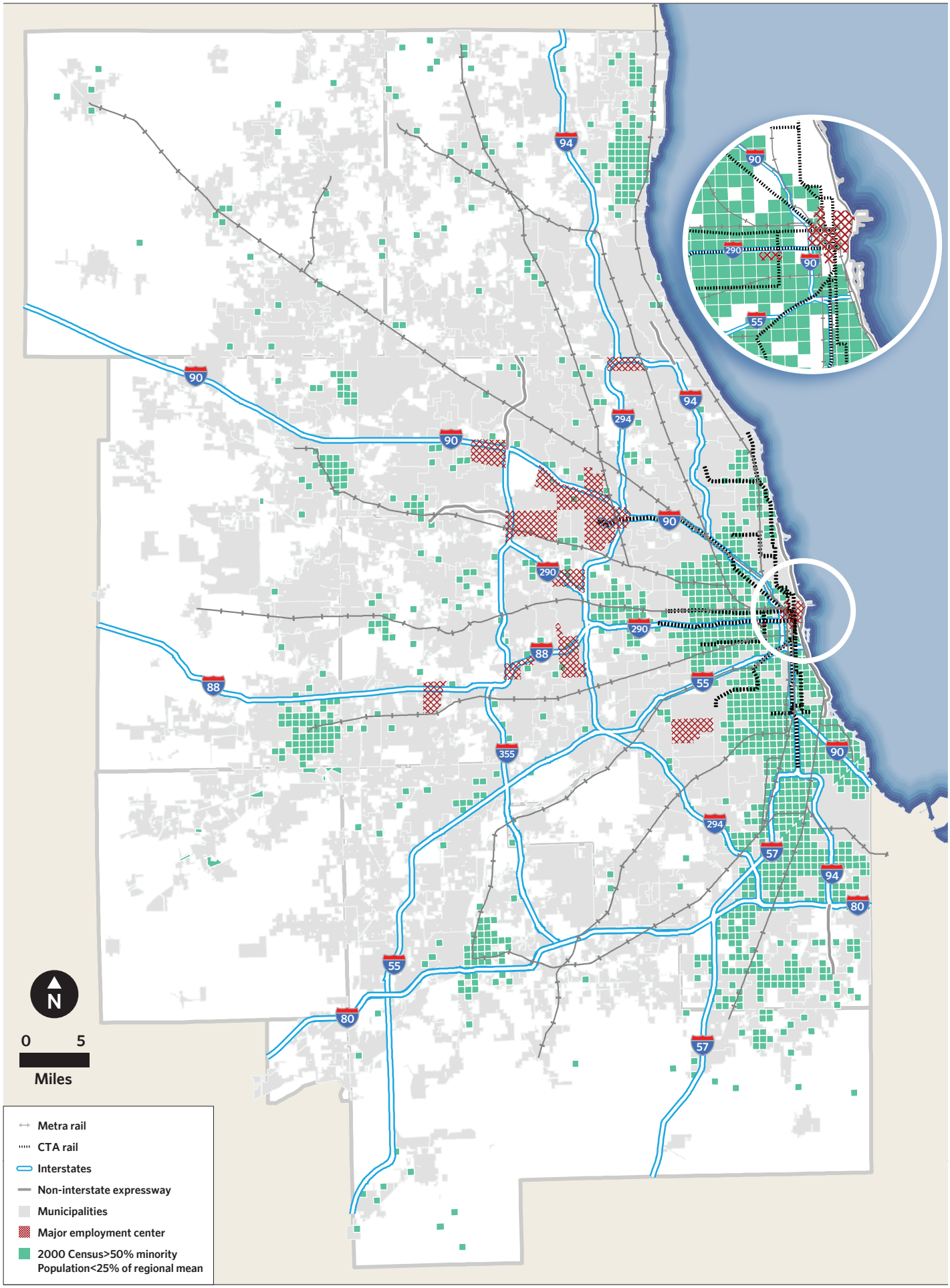
The Regional Vision for GO TO 2040 *describes future social systems that "foster an educated, healthy, safe, and involved populace," housing that is "safe, decent, affordable, and stable" and that follows fair housing practices, and "access to quality education, jobs, health care, cultural and social amenities, and transportation" for all residents.*

To achieve this, GO TO 2040 *seeks to pursue a balanced housing supply with denser development that helps to increase affordability while minimizing household transportation costs, and to support and encourage policies and programs to fill gaps that cannot be met by the private market. It should also improve the quality of education in the region by eliminating gaps and increasing collaboration across early childhood, K-12, and higher education systems.*

One of our greatest and most intransigent challenges involves equitable access to opportunity. Large portions of the region remain highly segregated, and there are stark differences between racial and ethnic groups in terms of income, educational attainment, health, rates of incarceration, and many other measures. These inequities are not only an issue of fairness, but compromise our economic future. People without the needed education or skills to hold productive employment may not fully contribute to our economy. As **Figure 8** shows, there are clear spatial patterns that show this relationship; areas with high concentrations of African American and Latino residents generally have incomes below the regional average. In designing policies and making investments, it is important to take actions that do not perpetuate these inequities, and to correct them if possible. Environmental justice seeks to address the spatial imbalances of environmental burdens, which are often highly concentrated in areas with large minority populations and/or economically disadvantaged groups. **Figure 8** shows areas with either more than a 50 percent minority population or income levels of less than 25 percent of the regional mean, and contrasts with the ten employment centers with the highest job concentrations.

On average, our region is an affordable place to live when compared to other major metropolitan areas in the nation, and this is a significant strength that makes us more competitive. However, affordable housing is often quite far from job centers, without good connections by transit. This means that lower-income residents often cannot access many jobs, or even if they can, they face extremely long commutes by transit or must commute by car (which is far more expensive than transit). These barriers reduce the ability of low-income people to participate in the workforce, and also cause problems for businesses that do not have full access to the region's labor pool. The imbalance between affordable housing and jobs is a complex problem, but can be addressed through improvements to the transit system, economic development in lower-income communities, and pursuit of a regionally balanced supply of housing.

Figure 8. Disadvantaged communities and major employment centers



Sources: Data from Census, 2000, and Northeastern Illinois Planning Commission, 2000

Inequitable access is a challenge for the education system, as well. It is widely accepted that education is extremely important for our future, and the region has significant education assets, including a good system of early childhood education programs, a diverse mix of public and private K-12 schools, and good postsecondary options. However, there are also serious inequities, mostly by income and race, to educational opportunities. Creating a skilled labor force goes beyond education to include the workforce development system, which helps undereducated and low-skilled workers to enter and advance in the labor force. Often termed a "second chance" system, it provides training beyond education systems to provide skills needed to get and maintain employment and advance in the labor market. Workforce development programs have great potential to help make sure our region's less-educated people still have an opportunity for productive employment, but these programs can be difficult for workers to navigate, and are incompletely aligned with the needs of employers.

A skilled workforce does not just include highly educated workers, although they are certainly important. Despite industry trends showing that "knowledge-based" employment sectors are large and growing parts of the economy, the majority of employment opportunities, both now and into the future, are middle-skill jobs, which require more than a high school diploma but less than a four-year college degree.

According to some economic leaders, regions that create opportunities for workers at a variety of education and skill levels, particularly these middle-skill jobs, will do best in the new, post-recession economy.

The region also faces serious inequities in health outcomes. Overall our residents are in good health, compared to national averages, but there are high disparities between populations and many continue to lack access to quality care. Like education and job access, health is highly correlated to race and income, but is also linked to the built environment. Communities that are walkable and provide access to open space and parks allow healthier lifestyles; this is particularly important for children and the elderly. Access to fresh, nutritious, and affordable food is a contributor to health, but also varies greatly. Some parts of the region, particularly lower-income communities, do not have grocery stores that sell fresh produce, and this is shown to have negative health impacts in those communities. Increasing access to food and further facilitating local food production in our region can improve health outcomes and also create other economic and environmental benefits. Improving health status is shown to increase the educational performance of children and the workforce participation of adults. Overall, pursuing policies that increase the health of our residents or their access to needed services will increase our region's quality of life and economic strength.

Governance

Efficient and effective decision-making by government is necessary to meet the goals of GO TO 2040. Public sector investments are needed to make progress in many of the areas described earlier in this chapter, but in an environment of limited fiscal resources, these must be carefully prioritized.

Increased coordination between government agencies, transparency of data and decision making, and careful analysis of the impact of tax systems on our economy and community livability are needed.

> *The Regional Vision describes a region where "governance systems [are] characterized by high degrees of intergovernmental coordination" with links between physical planning and "social systems like health care, public safety, education, and social services."*
>
> *To achieve this,* GO TO 2040 *seeks to increase data sharing, governmental transparency, and intergovernmental collaboration, and to remove artificial barriers across programs at the local, regional, state, and federal levels.*

The recent economic downturn has devastated tax revenues and stretched the state and many local governments to the limit. Even before the recession, the state had faced a continuing structural deficit, where growth in expenditures perpetually outpaced growth in revenues. The largest contributor to this problem continues to be the state's unreformed and underfunded retirement system, along with the twin pressures to keep tax rates frozen while improving vital services like education, health care, and transportation and water infrastructure. While the purpose of GO TO 2040 is to serve as a policy plan to spur regional economic vitality (as opposed to a short-term fiscal rehabilitation plan for balancing government budgets) there is no doubt that future governance at all levels must become more efficient and even transformative in the face of rising political pressures to implement many of the plan's recommendations.

Recognizing the depth of these challenges, GO TO 2040 emphasizes prioritized decision making utilizing existing revenues, as opposed to arbitrary tax increases without corresponding changes in the way investments are made. GO TO 2040 recommends only one tax increase — an increase in the motor fuel tax (MFT), a user fee for transportation infrastructure that has eroded in value over 20 years at the same flat per-gallon rate. In other cases, GO TO 2040 recommends exploring prudent expansions of the *tax base*, rather than *tax rates*. This is an important distinction because a broad tax base reflects fairness and helps move us toward a 21st Century system of taxation that aligns with the modern economy.

Beyond the need to provide for public services and balance budgets, state and local taxation is a vital issue to address given its impacts on development decisions and regional economic productivity. The region faces large challenges here, as our current tax systems often incentivize the wrong kind of decisions. The sales tax structure creates an incentive to attract retail land use and may lead many local governments to overemphasize retail uses such as auto dealerships, rather than other economic activities, like industrial parks, which may be more beneficial to the region. Sales tax rates in the region remain very high, but the tax base remains very narrow, as the sales tax is imposed primarily on goods but not services, which make up a large and growing portion of the regional and national economy. The property tax remains the most important revenue stream for our local governments, but the systems in our region are often saddled with complexities, incentives, and constitutional and statutory limitations that distort economic decision making and place undue stress on households, businesses, and local governments. School districts in Illinois remain more reliant on the property tax than almost any other state, which creates large disparities between places with high and low property values.

Residents also have a strong need for greater governmental transparency based on their right to see how tax dollars are spent, how government operates, and how decisions affecting their lives are made. Transparency in government allows the public to know that their intentions are being honored and that they are getting what they want accomplished. Government is more efficient when data is shared between government agencies and more accountable when data is shared with the public. Openness in government through the sharing of data and other information also has an impact on the private sector. Private companies are more likely to remain in or move to a location where government actions are predictable and transparent. Companies will have greater trust that agreements will be upheld and that they will be liable to the rule of law rather than unwritten administrative restrictions. Good government helps support a good business environment.

Many of the recommended actions in GO TO 2040 will require different agencies at the federal and state levels to work to align their goals, performance criteria, funding, and where appropriate, streamline grant requirements. While issues such as transportation, housing, and environment are inextricably linked, federal and state departments responsible for these matters have historically remained largely isolated from one another, varying widely in their policy goals, priorities, and grant requirements. This has created barriers to delivering comprehensive solutions to the problems we face. Creating and sustaining livable communities will require increased federal and state coordination and new ways of making investment decisions that transcend different policy areas and traditionally "siloed" agencies.

Lastly, the sheer number of local governments in our region (over 1,200 units, which is more than any other metropolitan area) presents both challenges and opportunities. Highly localized provision of services like education, fire, and police is a tradition in the Chicago region, as it is in other places across the U.S. In many cases, local government services prove to be efficient and effective and highly reactive to the needs of residents. At other times, multiple layers of taxing authorities may prove duplicative and inefficient — capital equipment can be costly and individual jurisdictions may end up paying far more to provide services for which economies of scale are relatively easy to realize. In this fiscal environment, it may be prudent for some local governments to consider sharing or consolidating services, where appropriate. While such decisions should be made prudently, such efforts often demonstrate favorable results, both in terms of increasing service effectiveness and cost savings.

Conclusions

This chapter has outlined some of the main challenges and opportunities faced by the metropolitan Chicago region across the broad topical areas of livable communities, the economy, transportation, the environment, housing and social systems, and governance.

While the problems often appear daunting, proven solutions do exist. Solving our challenges requires action by individuals, businesses, and all levels of government. In some cases, our region must be willing to push the envelope and make massive changes in the way investment decisions are made.

The recommendations of GO TO 2040 reflect the breadth of challenges and opportunities that the region faces, but also provide specific, implementable actions to address them. Responding to the critical issues identified in this chapter, the plan offers recommendations in four categories:

Livable Communities

Local governments should pursue a denser, mixed-use pattern of land use, focusing on reinvestment within existing communities. Local land use decisions should focus on the interrelationship of transportation, land use, and housing, with an emphasis on development patterns that support the use of public transit. The region should conserve energy and water resources by reducing its consumption in our residential and commercial buildings. Retrofits, pricing strategies, and regulatory reform are all major strategies toward this goal. Increased open space and recreational parks are needed, and these should be targeted in areas that are environmentally valuable, have shortages of open space, or create more connections. Local food production should be supported, and access to healthy food should be expanded.

Human Capital

Our systems of education, workforce development and economic development require more coordination. Data and information should be improved and workforce development service delivery should be made more coherent and responsive to the types of skills needed by the emerging economy. The region should create a more supportive environment for innovation, including creating more linkages between researchers and entrepreneurs. The region's clusters of regional specialization should be nurtured and in many cases investment should be targeted toward them.

Efficient Governance

Our systems of state and local taxation should encourage local decisions that make effective use of land, generate good jobs, and trigger sustainable economic activity. They should set high standards of transparency and predictability for the taxpayer. Public sector data and information systems should be more transparent at every level of government, and the region and local governments should take steps to allow public officials, business people, and residents to get the best available real-time data. Lastly, all levels of government should seek to coordinate policies and investments to increase efficiency and produce more effective local and regional outcomes.

Regional Mobility

The region requires additional resources to maintain and improve our transportation system. At the same time, changing the distribution of resources to prioritize our investments may prove even more vital. Expanding the transportation system to serve development patterns is required in some cases, but these projects should be evaluated carefully. Both increased investment and cost efficiencies should be pursued for our region's system of public transit. Transit investments should be tied to supportive local land use. The region should support freight rail and trucking improvements and mitigate freight's impact on communities.