Agenda Item No. 6.0

Chicago Metropolitan Agency for Planning

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MEMORANDUM

To: CMAP Committees

From: CMAP Staff

Date: March 7, 2019

Re: Draft strategies to address disinvestment

This memo summarizes the goals, initial findings, and draft strategies for CMAP's research on promoting renewed investment in disinvested areas. ON TO 2050 recommends reinvesting in disinvested areas by aligning existing resources and programs, as well as through identifying new strategies.

Goal

Over recent decades, there have been numerous efforts to direct public and private dollars, technical assistance, and infrastructure investments to disinvested areas. However, the aggregate effect of these many efforts has not yet led to systemic change. Their impact has been blunted for multiple reasons—for instance, some programs depend on cash-strapped local governments to provide incentives, shifting the tax burden to other residents and businesses, while other local and state programs may provide unaligned or difficult to navigate assistance. On top of these challenges, many of the region's disinvested areas also face current and historical effects of racism. Together, these and other barriers limit the ability of disinvested communities to attract private investment and raise revenues sufficient to fully meet local needs. This research seeks to identify new strategies and improved collaborative efforts to enable reinvestment in places currently experiencing disinvestment.

Barriers to reinvestment

Disinvestment is a self-reinforcing cycle that can be difficult to break. The current **tax structure** constrains the choices many communities are able to make. The existing tax structure is such that many local jurisdictions have low property or sales tax bases that they must balance against large infrastructure or state of good repair backlogs, pension commitments, and service needs. This challenge is often exacerbated by long term population and employment loss that further limits revenues and constrains a community's ability to invest in itself.

State and local assistance **resources can lack coordination** between actors, such as those providing affordable housing and those providing economic incentives. Agencies providing similar assistance may have differing income, population, and other thresholds, and provide resources over varying timelines. Adjacent jurisdictions facing the same problems may compete instead of collaborating.

Existing infrastructure is often underutilized at the local and regional levels. Communities may not be able to reinvest in their infrastructure, market its benefits to the private sector, or compete effectively for investment from federal and state funding programs.

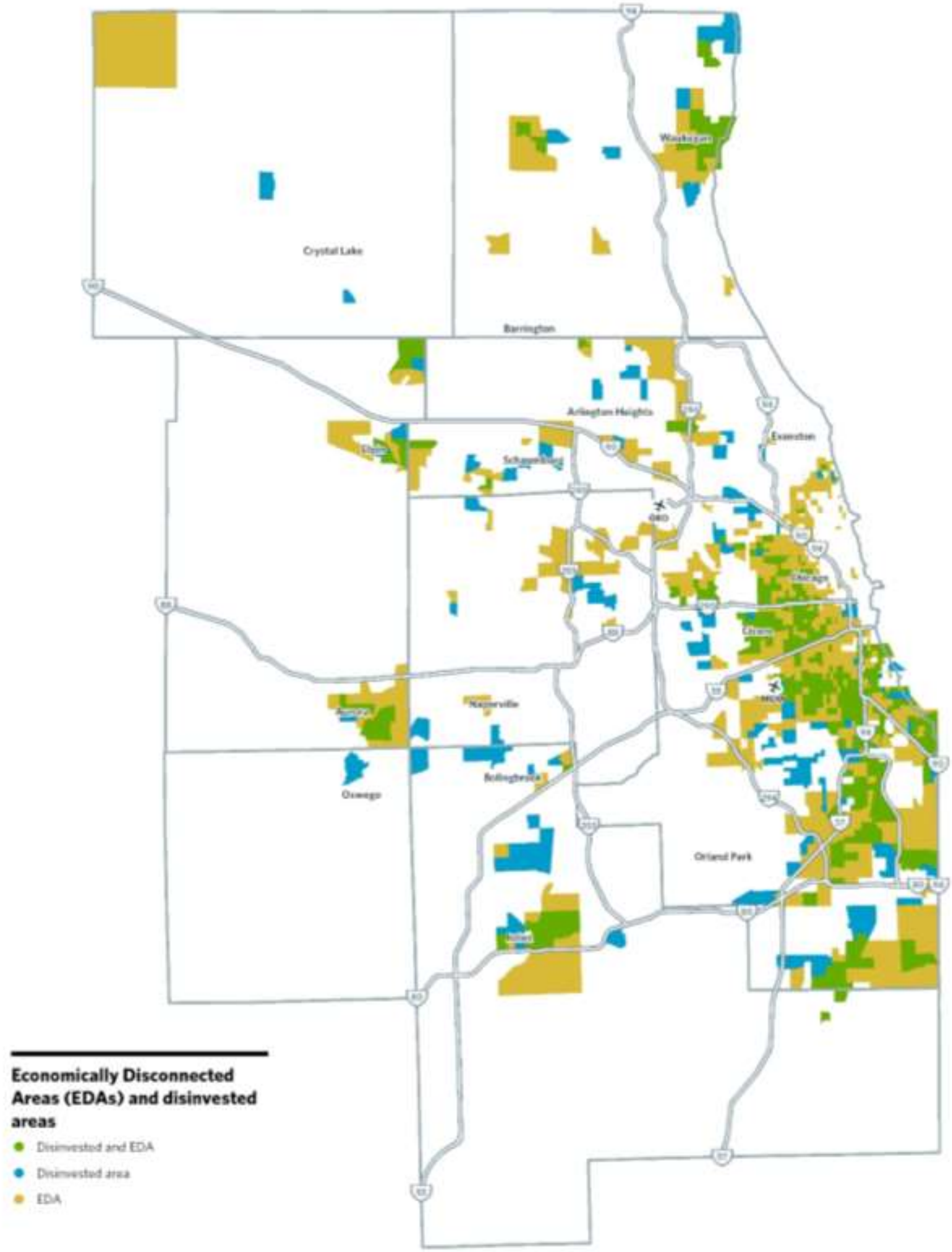
Taken together, these barriers create an environment that limits local community redevelopment potential. The following draft recommendations and strategies will explore ways to combat these challenges and enable new investment in the region's disinvested areas.

Recommendation	Associated Strategies
Improve the function of existing resources, processes, and programs that can be leveraged by disinvested communities.	1. Bolster how resources can be accessed by and targeted to disinvested communities by improving coordination across jurisdictions, between state agencies and local governments, and between state agencies in general. 2. Support the capacity of local governments through fiscal monitoring paired with state assistance and improved long term planning. 3. Improve land banks through new state statute that consistently defines abilities and authorities, as well as increased funding. 4. Investigate opportunities to expand regulatory incentives and economic development processes.
Leverage local and regional infrastructure to promote equitable reinvestment	5. Promote the locational advantages of disinvested areas by improving their network accessibility through strategic investments in the transportation system. 6. Assist local governments in identifying, planning for, and implementing necessary infrastructure projects to enable development and quality of life improvements.
Modernize state and local tax policies to support inclusive growth.	7. Reform state revenue disbursements in a way that reflects need and identifies other potential sources of revenue for local governments. 8. Phase out property tax classification in Cook County. 9. Support subregional collaboration on economic development to enable the market-feasible and collaborative pursuit of new development. 10. Expand state, county, and city programs that direct revenues and assistance to disinvested areas.

Note: future CMAP work will review strategies and best practices to prevent displacement and preserve affordability and community character in communities in danger of gentrification

Geography

This project includes disinvested areas and economically disconnected areas (EDAs). Disinvestment criteria are place-based and exhibit characteristics of long-term market weakness, including employment loss, low rates of small business lending, and relatively low commercial real estate values. EDA criteria are people-based, identifying census tracts with a concentration of low incomes that also have a greater than regional average concentration of minority or limited English proficiency populations. In many parts of the region, there is a strong overlap of these geographies.



Source: Chicago Metropolitan Agency for Planning analysis of Illinois Department of Employment Security data, 1970, 1980, 1990, 2000, and 2015; Community Reinvestment Act (CRA) data on small loans made to businesses, 2007 and 2015 (accessed through the Woodstock Institute); county assessor data aggregated from parcel to tract level by property class, 2010 and 2015; and American Community Survey data, 5-year estimates, 2010-2014 and 2011-2015

ACTION REQUESTED: Discussion

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