

10 WAYS TO MAKE YOUR COMMUNITY COMPETITIVE

LESSONS
LEARNED
FROM THE
CHICAGO
REGION

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About the Partners

Urban Land Institute (ULI) Chicago and the Campaign for Sensible Growth are committed to providing assistance to interested communities throughout the region. We also work on structural issues at the regional, state and national levels to remove barriers and institute incentives to make it easier at the local level. For more information on assistance for your community, see www.chicago.uli.org and www.growingsensibly.org.

About the Author

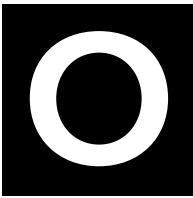
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Over a decade ago, *New York Post* reporter Roberta Brandes Gratz inspired community leaders across the country with the *The Living City*.¹ She contended that neighborhood redevelopment techniques

were having a much greater impact on the revival of cities than far more costly strategies such as building sports stadiums. Gratz questioned the wisdom of common economic development practices, such as tearing down deteriorating structures and building new government-funded projects, without understanding the dynamics, strengths and opportunities at the neighborhood level.

Many communities have been looking for guidance to support locally driven economic development that preserves natural resources and enhances a sense of place. From salvaging vacant stores in suburban downtowns, to reviving deteriorated urban neighborhoods, local leaders are looking for innovative approaches to make their communities more competitive.

In response to local requests, Urban Land Institute Chicago (ULI Chicago) has collaborated with a local coalition called the Campaign for Sensible Growth (Campaign) on a series of Technical Assistance Panels (TAPs).

Since 2001, the partners have assisted 14 communities throughout the Chicago region. Each was specifically chosen because the problems it faced were emblematic of issues facing other areas of the region.

ULI Chicago and the Campaign followed the national prototype for a technical assistance panel: working with a local client, agreeing on a problem statement, compiling background materials, and assembling a diverse team of volunteer experts to provide the technical assistance. Approximately 10 volunteers not only committed two long, intense days to the task, but agreed not to seek business that might result from the recommendations in order to maintain their objectivity.

While differences abound from one panel to the next, important lessons have been learned. This report brings together these lessons to offer strategies to other communities in similar circumstances.

1 You can't get there if you don't know where you're going

One of the most essential learnings is that a community needs to plan for its future and ensure its policies are consistent with its vision. There are communities that, due to lack of resources, have done little more than color in a map from a phone book and call it a long-range plan. Other communities may have written a comprehensive plan, but may not even know where a copy is readily available. And still others have invested far too much in broad dreams and nifty slogans, but lack a plan based on market realities, an inventory of natural and community assets, and realistic financing strategies. While local newspapers tend to focus on specific controversies, a core responsibility of local elected officials is to present a vision, gain community consensus, and pursue projects that are consistent with this vision.

Park Forest, Ill. stands out for having exemplary plans and keeping them up-to-date. The village had acquired a failed regional, 600,000-square-foot mall in 1995 for just \$100,000 and back taxes, after several private developers had failed to redevelop the property. The village, with little experience or plans on how to reuse the property, entered into an intensive planning process. The tremendous effort has resulted in “de-malling” the property, creating a downtown street pattern, encouraging small

businesses to move in, and building housing on former parking lots.

The technical assistance panel helped take the plan to the next level by recommending ways to partner with the private sector. Since the panel, chaired by John Mays of the law firm Gould and Ratner, made its recommendations in 2003, the village has hired an outside broker, successfully passed a local referendum to lengthen village board terms to provide more stability, and marketed prime redevelopment sites.

2 Utilize protected natural resources to attract development

Too often, a vexing debate occurs in a community once a development is proposed. One side seeks economic progress and the other tries to save a scarce natural resource or unique cultural asset.

The situation can lead to bad feelings all around and an “us against them” fight. Elected officials may lose in the next election by taking sides, and developers and property owners face uncertain prospects as a result of community opposition. Decision-makers may drag out the process, the developer may threaten to sue, and, more often than not, the tension escalates.

This can be avoided. The first step of any planning process should be to map out what is treasured in the community. This starts with natural resources – floodplains, wetlands, waterways and buffers, native prairies, treestands, and rare and endangered species’ habitats – but should continue with cultural and historic treasures. The plan should include strategies for preservation, from purchase (fee-simple or conservation easement) to updating local ordinances (stormwater, tree, and stream buffer protection in zoning, and historic preservation).

The most noted example of putting this concept into practice is the City of Waukegan, Ill. William Hudnut, Joseph C. Canizaro chair for public policy at the Urban Land Institute, chaired a national panel² in 2001 to revive the largest piece of vacant Lake Michigan lakefront between Chicago and



Figure 1: Parking lots have been reclaimed for a village green in Downtown Park Forest.



Figure 2: The redevelopment Plan for Waukegan's waterfront by Skidmore Owings & Merrill closely follows the bold vision of the TAP.

Wisconsin. The tattered industrial stretch is home to a deteriorating and largely abandoned industrial base, but could become a vibrant mixed-use community with lake views.

The panel's recommendations were bold: clean up the industrial property, protect the lakeshore, and take advantage of the breathtaking location as an anchor for a "new harbor city," with a mix of housing, retail and entertainment uses.

Since the panel, Waukegan increased its sales tax to have a funding source for the redevelopment of the waterfront. Then, by engaging in an extensive planning and community participation process led by Skidmore Owings & Merrill, the city worked through the details of the development process.

Promote infill housing to anchor town centers

Very often, residents complain about the lack of stores and restaurants in their downtowns. Stores may be vacant, or close at 5 p.m. sharp, while neighboring towns flourish. Residents may overlook the need for residential development in their central areas, thereby bringing people – and their pocketbooks – downtown.

Hanover Park, Ill., a working-class suburb 30 miles northwest of Chicago, has struggled for years to compete with the strong retail presence of Woodfield Mall and surrounding shopping centers in nearby Schaumburg. A new commuter rail station and an impending improvement to a regional arterial through the center of town failed to result in a serious development proposal for a 22-acre vacant site across the road from the station.

The panel recommended a combination of mid-rise housing, new townhomes, and better connections to both the commuter rail station and large nearby park. Two years later, a development that reflects the panel's recommendations is under construction.

4 Rebuild suburban centers

Joliet was a boomtown from the early to mid-20th Century, drawing its strength from its manufacturing base and from being the seat of Will County. As an early rail center, Joliet had 455 manufacturing

plants in 1900. From that high point, Joliet hit hard times, eventually reaching 26 percent unemployment in the mid-1970s, when the downtown area lost jobs, stores and population.

Things have changed once again. Joliet is now the 11th fastest growing municipality in the nation (with a population of more than 100,000 people). In fact, a special Census in 2003 showed that the city grew by 16,000 people in just three years, up to 125,000 residents.

However, the explosive growth occurred in green-field areas, and generally has not revived the downtown area. Still the center of Will County courts, there is a healthy day time population that anchors several restaurants. The city has taken aggressive action to try to turn things around, bringing a casino downtown, renovating the Rialto Square Theater, building a minor league baseball stadium,



Figure 3: The upper floor of this treasured limestone building in Joliet can be restored for housing to bring people back downtown.

and offering incentives to restaurants to locate downtown.

The panel recommended focusing on housing as the best economic development strategy to bring people and investment downtown. The tremendous, historical, limestone building stock can be renovated efficiently to provide both condominiums and rental housing on the upper floors and retail on ground levels.

The city has been particularly excited about establishing a new retail core area at Cass and Chicago streets and approving new mixed-use buildings as well as renovating existing structures.

5 Pursue conservation development to accommodate growth

The Village of Elburn, Ill., with just 2,756 residents today, is projected to hit 20,000 people by 2030. This community, on the western edge of the Chicago region, presented the ULI Chicago/Campaign panelists with the chance to pursue two prototypes in the same community. With the new terminus of a commuter rail line extension opening, Elburn has the opportunity to simultaneously pursue transit-oriented development near the new station, and conservation development in the surrounding rural area. Chaired by Greg Hummel of

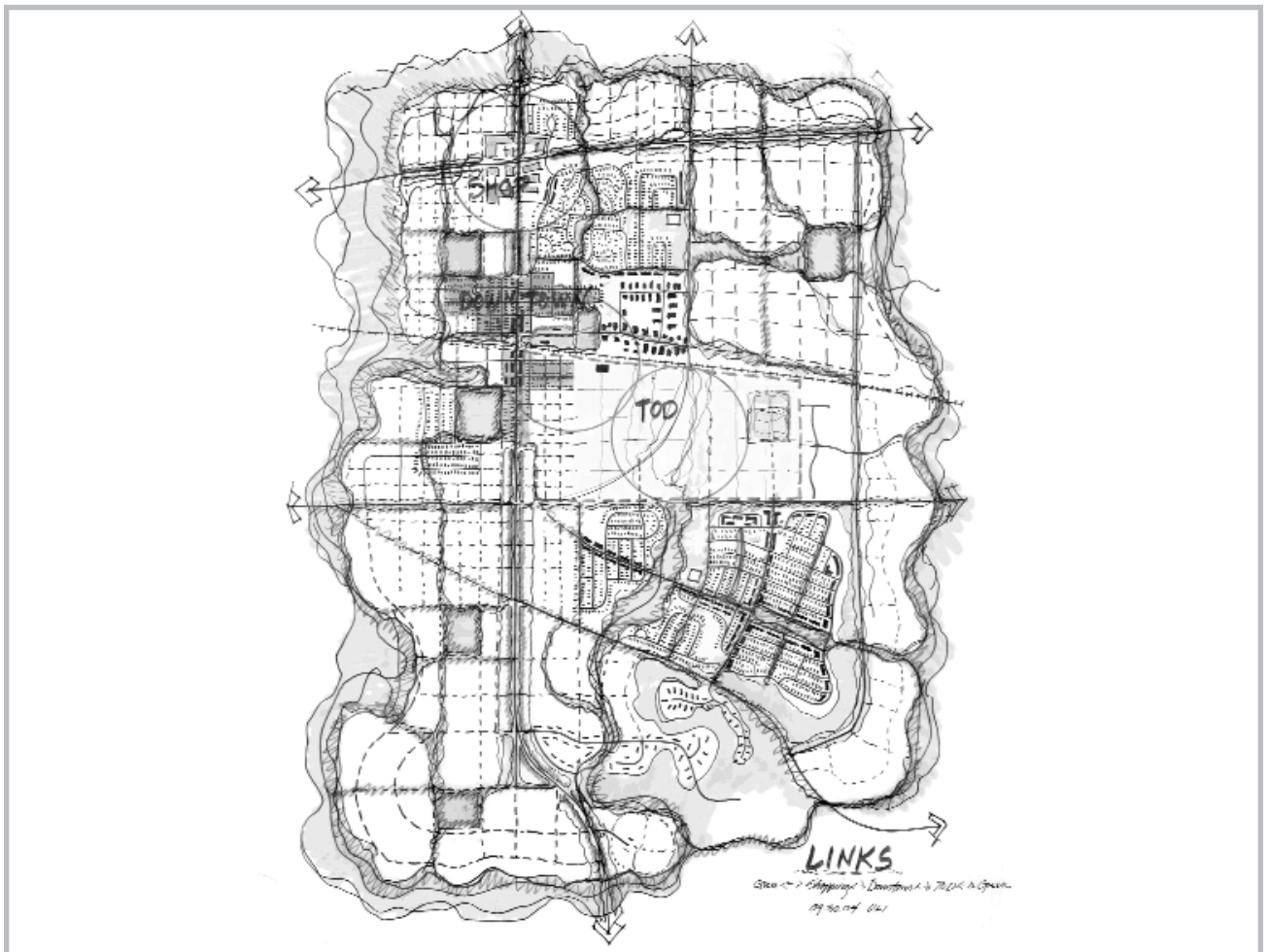


Figure 4: The ULI/Campaign panel's vision for a protected "emerald necklace" that would define the boundaries of the Village of Elburn and serve as green infrastructure to protect the water quality of the area.

Bell Boyd and Lloyd, the panel recommended a conservation development template including development patterns to save large open spaces for critical natural resources, such as Blackberry Creek, and building new housing on slightly smaller lots. The resulting mix of transit-oriented and conservation development could provide the financial tools needed to preserve open space, while allowing sufficient housing development to meet market demand.

6 Is another road really needed to attract development?

Communities often seek out extraordinary investments in new roads (paid for primarily by federal and state resources) as a catch-all strategy to promote economic development. In the case of Richmond, Ill., the community was at odds over the building of a highway on the edge of town. Richmond officials were exploring building a bypass to reduce downtown traffic congestion, with the thought that it would enhance the retail environment downtown by freeing up congestion. But many residents saw a new road as leading to new problems, particularly threatening critical natural resources where the road was planned, and leading to more subdivisions and big box stores fanning out from the village.

The panel questioned the need for a new highway bypass. Mike Tobin, a retail expert from Northern Realty Group, pointed out that downtown retailers need traffic and visibility. Furthermore, congestion was limited to peak vacation travel times. The problem for the downtown and the village tax base was not congestion; it was creating a sense of place.

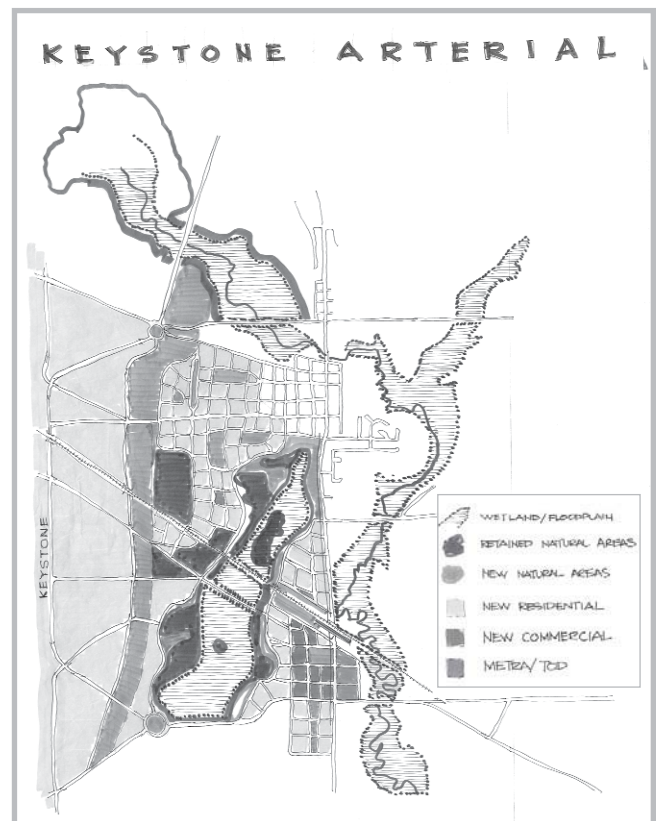


Figure 5: The plan for Richmond calls out natural resources (in blue and green) to be saved, and recommends upgrading an existing road (Keystone) as an alternative to building a new bypass highway.

The panel recommended utilizing an existing roadway around the town as an interim step for trucks to bypass the center of the village. By improving signage, investing in marketing the downtown, and linking marketing with the environmental resources of the area, the village could benefit from increased tourism and retail development. The lesson: near-term benefits can accrue from focusing on what a community already has in place.

7 Embrace cultural diversity and entrepreneurship to create a sense of place

The panel in Highwood, Ill. was asked for help in reviving the village's downtown, which had been hurt by the conversion of a bustling army base (Ft. Sheridan) into an upscale housing development (Town of Ft. Sheridan), with fewer residents and more mobility to shop and eat elsewhere.

As panel chair Stephen Friedman of S.B. Friedman & Co., observed, "the broadening cultural diversity of the city needs to be recognized and dealt with immediately. Is there opportunity for the Latino population? Is there any incentive for this new population to become involved with local politics? How much and what kind of pressure will the Highwood residents of Ft. Sheridan exert? How can the various populations in such a small town begin to talk with each other about what kind of town they all want to live in?"

Highwood's challenges are emblematic of the region as a whole, which is experiencing rapid growth in immigration and population, particularly among Latino communities.

Since the panel, the city has worked with the Mexican Embassy to offer services to Highwood residents; a resident from Ft. Sheridan has been elected to the City Council; and many of the street improvements recommended by the panel have been implemented.

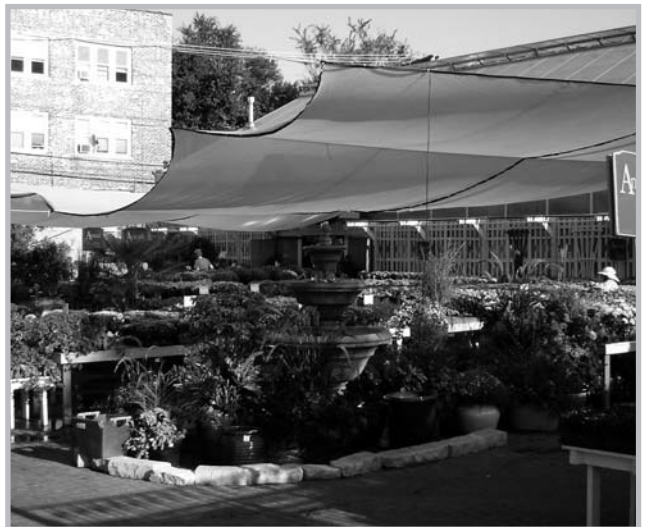


Figure 6: In 2005, a TAP chaired by Mary Ludgin advised Chicago Ald. Mary Ann Smith (48th Ward) and the Andersonville and North Clark communities on economic development strategies that support local businesses, such as Gethsemane Garden Center, shown above.

8 Preserve housing affordability in gentrifying areas

In the City of Chicago, economic revival of many once-distressed neighborhoods has led to soaring land values. While positive for developers and homeowners, existing residents of areas such as Humboldt Park are resisting change, becoming NIMBYs (not in my backyard) in an area that once cried out for investment. They fear the market is forcing neighbors out of their homes due to rising rents and property taxes. The panel recommended a range of strategies, including stabilizing land values by creating a community land trust, a tool that separates the land from the appreciation of the housing built on it. Much akin to a lease-hold, the community land trust, by owning the land, can ensure long-term affordability of the housing. Humboldt Park, with a healthy share of workforce housing, can be a model mixed-income neighborhood. A tool like a community land trust can be used to build cooperation with residents to support, not oppose, redevelopment.

9 Provide a range of housing options to support economic development

Thirty miles north of Chicago, the affluent City of Highland Park was the first community in the region to adopt a comprehensive housing plan, back in 2001. Later that year, the ULI Chicago/Campaign panel was asked to advise the city on strategies for implementing the actions recommended in the plan.

In 2002, ULI and the Campaign also brought in Edith Netter to advise the city on drafting an inclusionary zoning ordinance. Netter suggested the community ask itself several questions before drafting an ordinance, including³:

1. Is there a housing market study?
2. Should the program be incentive or mandatory inclusionary zoning?
3. Do you need to get legislative approval for your program?
4. Should inclusionary and incentive zoning programs allow payment of fees in lieu of housing?
5. Should there be a required percentage of affordable units?
6. When should the affordable units be provided and what is the required duration of affordability?
7. What is the initial sales or rental price of the unit and how is it set?
8. What is the maximum income for a household eligible to occupy the affordable units?

Since then, Highland Park not only has adopted an inclusionary zoning ordinance, but also has developed a source of on going revenue to support a new housing trust fund through a teardown fee, and established a community land trust.

10 You need more than pretty pictures: focus on financing strategies to achieve a community's vision

A vision for the future needs to be financed and built. When the ULI/Campaign panel began its work for the Village of Riverdale in September 2003, the panelists were told to focus on the numbers.

The problems facing Riverdale confront many other communities across the nation. A 397-unit townhome development, built in the 1950s, has seen years of decline due to absentee owners and flawed federal Section 8 policies. In turn, this has threatened the surrounding community. The children of the development make up a majority of a nearby school, which experienced 92 percent student turnover in 2003. Industrial redevelopment on adjacent lands is hampered by perceptions of crime. The village's ability to provide needed social services is limited by low tax revenues and the needs of extreme, concentrated poverty in the isolated development.

There are few national models of what to do about a deteriorated, privately owned development in a suburban setting. The news is dominated by the transformation of public housing and, arguably, the redevelopment of areas like Pacesetter will be even harder. The land will have to be acquired from absentee landlords. Few social service agencies are available to provide sorely needed services. The village lacks the financial wherewithal of large cities to make basic infrastructure improvements.

The panel recommended a redevelopment scenario that set an achievable goal for financing. It also recommended a number of community-building

ingredients – from involving residents in the process, to renovating a deteriorated park district facility into a true community center.

Since the panel concluded, an enormous amount of progress has been made, from bringing on experienced master developer Houston Development, to gaining financing from both national and local sources, to raising soft costs from the State of Illinois and Fannie Mae Corporation.

The second lesson from the effort was that a sustained technical assistance effort is necessary for a very complex redevelopment process such as that in Riverdale. The panel agreed to reconvene quarterly to assist the village. Panelists made contacts to open doors for financing sources, assisted the village in interviewing and selecting the developer, and provided a range of technical support on issues including land acquisition, planning and legal options.



Figure 7: Riverdale Mayor Zenovia Evans (center) leads a tour of the Pacesetter neighborhood for the ULI/Campaign technical assistance panel.

Looking forward

Since 2001, more than 140 real estate, transportation, housing, and other experts have participated in a 14 technical assistance panels. From them, three broad themes have emerged:

1. **Local leaders are passionate about their communities and want to do the right thing, but rarely have all of the information they need.**
2. **Communities are incredibly diverse, but often face similar struggles and can learn from each other.**
3. **Cooperation between private developers, local officials, and community residents is needed to solve complex issues. One sector on its own does not have all the answers.**

The experiences of communities throughout the Chicago region, plus hundreds of interactions with community leaders, elected officials, and real estate professionals, can guide communities throughout the country working to improve their futures.

Endnotes

- 1 Gratz, Roberta Brandes, *The Living City*, Touchstone Books, 1989
- 2 The Waukegan technical assistance panel was convened by the national chapter of ULI. ULI Chicago and the Campaign for Sensible Growth organized a follow-up presentation of the recommendations to an audience of 200 local citizens and real estate professionals from throughout the region.
- 3 Netter, Edith, "Inclusionary Zoning Guidelines for Cities and Towns," for the Massachusetts Housing Partnership Fund, 2000



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