

# Executive Summary



Preparing Metropolitan Chicago for the 21<sup>st</sup> Century

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# **CHICAGO METROPOLIS 2020**

Preparing Metropolitan Chicago for the 21<sup>st</sup> Century

by  
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A project of  
**The Commercial Club of Chicago**

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## ***INTRODUCTION: A Strategic Guide for the Region***

### ***Vision for the future; analysis of problem areas; recommendations for change***

Chicago Metropolis 2020 is a work in progress. It was developed over the last two years by members of the Commercial Club of Chicago and represents the considered opinion of the region's senior business and professional community. It is a strategic guide to enhancing the area's economic vitality and improving the equality of opportunity for all its residents.

The Metropolis plan's recommendations are intended to sharpen the issues and stimulate regionwide conversations that lead to legislative and private-sector initiatives with support from a wide spectrum of civic, political, and business leaders. The Commercial Club is keenly aware that it is only one of many organizations dedicated to the economic and social betterment of the region. It invites cooperative efforts and pledges its support to bring them to fruition.

The Commercial Club has done this before. In the first decades of the 20th century, it worked with architect and planner Daniel Burnham to create and implement the *1909 Plan of Chicago*. That plan inspired civic efforts for most of this century and shaped today's Chicago, most notably its stunning system of lakefront parks.

In 1984, when Chicago's job growth was badly trailing that of other American cities, the Commercial Club issued another series of recommendations in its *Jobs for Metropolitan Chicago* report. The Commercial Club formed the Civic Committee that launched programs to bolster core industries and pursue new opportunities.

The Metropolis plan has similar aspirations. It is more ambitious and far broader in scope than earlier efforts. It speaks not to what is achievable at the moment but to what is vital for the long term as our region competes with every sizable metropolis in the nation, and increasingly, in the world. It seeks changes ranging from the obvious to the daunting: better education for every citizen from newborns to adults, increased public-transit use, more compact forms of development, and less separation of residents based on income and race. This plan addresses the region's underlying musculature—roads, rails, and other infrastructures—but also the policy frameworks that shape the metropolis, including the public-education system, taxation, and land use.

The recommendations are driven by a dream of what our region can become and are built on a common interest that crosses municipal boundaries. We, the residents of metropolitan Chicago, can create a new kind of region in which people of different incomes, races, and cultures live together and are enriched by each other's presence. We can build safe communities where the vast majority of children live in decent homes and receive an education that will prepare them for meaningful employment and satisfying lives. We can build a region that is known worldwide for the way its amenities and opportunities are enjoyed by the broad spectrum of society.

The economic and social goals embraced by this dream are intertwined. Without a strong regional economy, we will not have the resources to address the social issues. And as we succeed in putting real teeth and meaning into the ideal of equality of opportunity, we will bring about levels of human productivity and social cohesion that reinforce our economic objectives.

The work of hundreds of individuals and six subcommittees is reflected in this blueprint. Each section includes analysis of the current situation followed by "high-stretch" recommendations that will generate scrutiny from many quarters. The Commercial Club recognizes that the ideas presented are too big for any one organization to see through completion. To this end, the Commercial Club is organizing and sponsoring Chicago Metropolis 2020, a facilitating organization that will draw people from across the region and seek partnerships with other groups committed to the region's betterment.

## I. NEW POSSIBILITIES IN THE METROPOLIS

### *A multi-centered region of knowledge, expertise, and economic opportunity*

This is an exciting time to be making big plans. As global competition heightens every region's need to deliver a high quality of life, the Chicago metropolis is building on a great legacy. Its parks, universities, arts institutions, transportation systems, and rich ethnic and racial diversity give it a head start in any race for prosperity. Its economic base is broad and deep. The downtown area is thriving, and many inner-city neighborhoods, hard-hit in past decades by industrial flight, are showing signs of renewal. In the suburbs, vibrant "edge cities" are providing a sophisticated blend of goods and services. "Sensible growth" is catching on as mixed-use developments are built near transit centers and historic downtowns are rehabilitated.

Cities have always existed and flourished because proximity is a prerequisite to specialization of labor and to the sustenance of civilization. In this new age of information technology and service-oriented economies, this proximity is more important than ever. Harvard University's Michael Porter says, "Cities are aligned with the nature of modern competition, with its emphasis on fluidity, information flow, and innovation. Cities are centers of knowledge and expertise, the most precious assets in the global economy."

Chicago was first shaped by factories and railroads, then it was transformed into a sprawling region with financial and service industries at its center and factories, job centers, and homes spreading across the prairie—leaving low-income minority residents isolated between the two worlds. The next phase of the city's development, the one that this report might help bring about, is the evolution of a thriving multi-centered metropolis where opportunity of education and employment are evenly distributed, and the natural and social environments are enhanced.

To realize this vision, three groups of problems must be addressed, and since they are interlinked, so must be the solutions.

*Foster better education and skills training*—A grave concern is the wide disparity in the quality of education provided to the region's elementary and secondary students. Flawed tax policies, economic and racial segregation, and inadequate preparation of teachers and principals have dragged down performance at about half the region's schools. Similar dynamics hold back adults seeking to improve their job skills, in particular, those who have little work experience.

*Reverse policies that encourage sprawl and balkanization*—The Chicago region has become dispersed and stratified, almost completely auto-dependent in most suburbs. This resulted from heavy subsidization of private automobile use and a system of governance and taxation that pits one locality against another in pursuit of tax-generating development. Communities that fail to attract development suffer from declining tax bases, overcrowded schools, and underfunded services.

*Change the social conditions of communities*—Opportunity is the great advantage that a metropolis confers on its residents. In theory, city dwellers have access to a broad range of employment, education, and cultural choices. In practice, many are isolated with few community ties. Those who are too old, young, poor, or disabled to drive a car are cut off from the mainstream. Segregation by race and wealth widens this divide, as does zoning that prevents construction of affordable housing in many municipalities. Hyperconcentration of the poor has turned some neighborhoods into havens of joblessness, social isolation, and family and community dysfunction.

Proposals for each of these problems are outlined in the following sections. Because the recommendations are interlinked—each solution supporting others—they should be considered and pursued in a coordinated way. They are presented in the most appropriate section with cross-references to related material.

## II. INVESTING IN CHILDREN

### *Better teachers and principals; a performance model; and child care*

For decades, the greatest blot on the region's reputation has been the wide disparity in quality of education offered to its children. While some city and suburban schools are of the top rank in Illinois and nationally, any reasonable measure shows that more than half the region's schools can be categorized as "low-performing."

Test scores paint a dismal picture. A global study of half a million 13-year-olds from 41 nations showed that U.S. students ranked 28th in math and 17th in science, with students in Singapore topping both lists. In Chicago's six-county region, 423 of 734 elementary schools had eighth-grade reading and math scores that averaged below the state's 40th percentile. The great majority of these schools serve students from the region's poorest communities, where poverty, unemployment, gang activity, and drug use all weigh against a student's chances. In the 1998–99 school year, 35 of 74 Chicago high schools were on the state's Academic Early Warning List for unacceptable student performance, along with 23 elementary schools. While this represents a substantial improvement at the elementary level, there remain a large number of underperforming schools, particularly at the high-school level. But weak performance is present all across the region.

Despite this gloomy snapshot, the Chicago system in particular has made remarkable progress since 1988, when the Chicago School Reform Act was passed by the Illinois Legislature. Those reforms created local school councils with the responsibility to hire or fire a principal, create a school improvement plan, and adopt spending priorities. Further reforms in 1995 conferred power on the mayor of Chicago to appoint a Reform Board of Trustees and certain top officers. Mayor Richard M. Daley's appointees eliminated a \$1.3 billion deficit, negotiated labor peace, and began a \$2 billion capital program. They instituted a series of academic initiatives that bolstered an upward trend in test scores.

Two factors make it especially important to continue this improvement. First, the new economy demands ever-more-skilled employees who can, at the minimum, read instruction manuals, do basic math, and communicate well. Second, the minority residents who predominate the neighborhoods of our most poorly performing schools will become a much larger percentage of the workforce in the next century. The region's Hispanic student population, for instance, is expected to increase by 120 percent, to 272,000 students, between 1990 and 2020. For the economy to prosper, these students must be prepared.

Progress is hampered by complex problems including an unbalanced funding structure and entrenched practices that accept poor performance by teachers, administrators, and students. Illinois' 1,000-page School Code is a labyrinth of certifications, endorsements, and cumbersome administrative procedures that, in all its detail, fails to require substantive professional development of the teacher corps. It

supports an “input-regulation” approach to education, assuming that if a student receives a minimal number of instruction hours in a specific range of courses, acceptable performance will result.

The Illinois Legislature addressed these issues with more reforms in 1997, though some are not yet implemented. The foundation level of per-pupil funding has been increased to \$4,225, and new funds were allotted to districts with concentrations of high poverty. A \$1.4 billion capital budget will help build or rebuild schools statewide. Beginning in 1999, the Illinois State Board of Education (ISBE) will have power to set standards for teaching in public schools, with renewal of teacher certificates contingent on proof of continuing education or professional development. To encourage professionals and business people to pursue a teaching career, ISBE is to implement an alternative route to teacher certification. Finally, performance standards are toughened for students, probationary periods are lengthened for new teachers, and performance standards are required in multiyear superintendent's contracts.

#### ***A. PUBLIC EDUCATION—Develop Performance-Based Approaches***

The most promising overall strategy for accelerating the improvement of public education is to institute a performance-based, results-oriented approach that rewards achievement and directs resources at underperforming areas.

##### *Increase the supply of well-qualified teachers and principals*

The region's schools should attract, train, and motivate a critical mass of teachers and principals who are so adept at their profession that their students can become successful both economically and socially. The Metropolis plan recommends state and local initiatives that provide: 1) better pay for teachers and principals; 2) performance-based bonuses for teachers who achieve high student performance or for schools that meet high goals; 3) upgraded curricula at the region's teacher-preparation colleges including more interdisciplinary approaches; 4) implementation of an Alternate Route to Teaching Certificate program to attract people from business and other professions to teaching careers; and 5) creation of professional development, mentoring, and recruiting programs to increase the pool of well-qualified and effective school principals.

##### *Overhaul system of teacher certification and tenure*

The Illinois State Board of Education has the authority to revamp the system of teacher certification and should do so, using performance-based measures that screen out unqualified applicants for the initial four-year certificate and prevent poorly performing teachers from obtaining the five-year Standard Teaching Certificate. Standards for certification are already in use in other states and can serve as a model to the ISBE program.

### *Establish operating autonomy for schools*

Recruiting and retaining top-notch school administrators will not succeed in the long term unless these administrators are given responsibility for the performance of their individual schools. The principal's team should have wide discretion in curriculum design, teacher recruitment, compensation policies, and student dress and behavioral codes. Principals should have the authority to require parents to enter into a compact with the school in terms of their students' compliance with these codes.

### *Address urgent capital needs*

At least \$10 billion will be required over the next seven to ten years to finance the renovation, construction, and furnishing of school facilities in the region. Certain tax reform recommendations address part of this need, but other mechanisms should also be developed to help local districts finance improvements. Among the options that should be considered are reallocation of general state aid to provide a guarantee of last resort and the establishment by the state of a capital investment trust fund.

### *Target low-performing schools*

Immediate programs of support and intervention should be implemented to bring up the quality of the lowest-performing schools, including: 1) benchmarking of student progress; 2) salaries and bonuses that reward superior performance; 3) mentoring and coaching by experts to increase skills of teachers and administrators; 4) infusion of new blood into the teaching staffs; 5) peer review of teachers who are performing poorly to facilitate termination of bad teachers; and 6) prompt resort to accountability mechanisms including probation, remediation, and restructuring of schools.

### *Expand choice in the public-school system*

Parents should have the freedom to send their children to any public school in a district. Such a structure would inject a healthy competition into the educational system and speed the improvement of the region's schools. The Metropolis plan recommends consideration of the following strategies to enhance school choice: 1) liberalizing the existing charter-school legislation to allow creation of more schools that are freed of certain regulatory structures; 2) enacting an inter- or intra-district pilot program that allows students to choose from other public schools and provides a voucher in an amount per student that is the same across the region; and 3) experimenting with programs that provide vouchers or tax credits to students who choose to attend private schools. Such programs should include a research component to evaluate effectiveness and cost.

*(A series of recommendations are made in Part V to create a more balanced tax structure—that would reduce disparities in funding among school districts and could support a voucher system—and to restructure the Illinois State Board of Education around performance-based activities.)*

## ***B. EARLY CHILDHOOD EDUCATION—Expand Financial Support***

Access to affordable child care is a critical element for workforce development, in particular for lower-income workers. A 1993 study found that child-care expenditures represented 25 percent of annual income for families with incomes below \$14,400 and with an employed mother whose preschool children were in child care. Comparable families with incomes above \$54,000 spent only 6 percent of their income on child care.

A recent increase in state support for child care will help reduce waiting lists for subsidized care but does not address other fundamental problems in the field, including low wages and poor benefits for child-care employees, limited professional training, and high turnover. These factors limit the quality and amount of child-development programming at most centers. Current child-care licensing standards are primarily based on health and safety criteria, rather than staff qualifications and curriculum. In contrast to this “custodial” approach to child care, a small number of centers have met stringent quality standards for early childhood education and have become accredited through the National Association for the Education of Young Children (NAEYC). While this type of care is more expensive, it better prepares children for school and provides a more stable environment for both children and their working parents.

### *Expand business involvement in child-care planning*

Relatively few Chicago-area employers have committed to improving the quality and availability of child care. The Metropolis plan recommends that private employers become involved with the Chicago affiliate of the American Business Collaborative for Quality Dependent Care, with the following goals: 1) conduct a regional survey of employee demand and child-care supply to identify regional needs; 2) identify child-care providers in the areas with needs; and 3) pool resources to support services, build needed facilities, provide staff development, and purchase equipment and other items necessary for centers to achieve NAEYC accreditation.

### *Increase business support of child-care costs*

The Metropolis plan recommends that area businesses consider adding child-care support to their benefit packages, either through direct support of local child-care centers or contributions to employees to help cover child-care costs. These investments can help companies attract and retain quality employees and improve the productivity of working parents.

### *Expand state financial support for child-care services and capital needs*

The State of Illinois should restore the income-eligibility level for child-care subsidies to 60 percent of the state median income (from 50 percent) and restore eligibility to low-income parents in school or training programs. The state should

also increase the value of the state subsidy to the 75th percentile of the market rate. Higher rates of reimbursement should be established for those licensed programs that provide off-hour care or that have achieved accreditation. Finally, the state should expand annual appropriations for quality-enhancement and capacity-building programs, including facility investments.

### ***C. HEALTH CARE FOR UNINSURED POOR CHILDREN***

Three hundred thousand children in Illinois are not covered by health insurance. These children, mostly from poor and working-class families, are disproportionately affected by illnesses that can be treated or prevented with prompt medical attention, including asthma, diabetes, hypertension, and problems associated with low-birth-weight babies. A child's health is tightly linked to his or her educability and potential to become a productive member of society, yet the current system does not support care for uninsured children.

#### *Contribute to strategy development with health-care leaders*

The Metropolis plan recommends that the Metropolis 2020 organization consult with the Chicago Health Policy Research Council to identify the resources and expertise needed to develop private and public responses to the health-care needs of children. The council, associated with the University of Chicago, is a broad-based coalition of the region's health-care leaders.

### III. MOVING PEOPLE AND GOODS

#### *Quality transit serving high-density nodes; faster freight; expanded air services*

Transportation has been the lifeblood of the Chicago economy since its earliest days as a trading center on the Chicago River. The young city later became the rail hub of the nation, a locus of major highways, and home to a well-developed public-transit system and the world's busiest airport.

All four of these forms of transit are under pressure today owing to capacity problems, funding constraints, or environmental considerations. With many billions of dollars already invested in this transportation infrastructure, fundamental changes are necessary to maintain and enhance the benefits that these systems bring.

There are three areas of concern.

*Personal mobility* for automobile drivers is increasingly restricted by heavy traffic, with little prospect of major road expansions. Public-transportation service is limited or nonexistent to many of today's job centers in the suburbs. Even in areas that are served by transit, lack of capital investment and reductions in maintenance have necessitated reduced services.

*Movement of freight* within the region and in transit to other areas is slowed by rail and highway bottlenecks, low viaducts and tight turning radiuses, and inadequate central coordination of freight movement. This undermines Chicago's position as a dominant rail and truck hub.

*Growth in demand for air passenger services* is expected to continue as global markets expand and Chicago becomes a principal crossroads of international commerce. O'Hare Airport, the nation's preeminent air hub, is handicapped by its current runway configuration, while Midway's point-to-point services are expected to reach practical limits within the next fourteen years. Planning for a third airport has been stymied by political and competitive considerations.

Changes in personal mobility are closely linked, for instance, to strategies for education funding. For decades, thousands of families have relocated to the suburbs to provide their children a higher quality of education. As city and inner-ring suburban schools improve, families can find suitable school environments closer to home, where they are more likely to use public transit and participate in pedestrian-oriented activities. In a similar way, land use, taxation, and housing patterns can either undermine or reinforce transportation and environmental goals. By locating affordable housing and job centers in the same neighborhoods, and by encouraging mixed-use development around transit centers, auto use can be reduced and open space can be preserved. By increasing the cost of auto use and the fees for movement of freight within the region, the true costs of motor-vehicle traffic can be covered and more efficient forms of travel supported.

The strategies presented, especially the call for increased transit use and major investments in public transit, may seem destined to fail. The opposite is true: by instituting these changes and dovetailing them with other recommendations, multiple benefits will accrue to the region.

#### **A. PERSONAL MOBILITY—Shift the Auto Culture**

Moderating auto use is dependent on many factors, but the most critical is the improvement of public-transit services and the creation of an intermodal system that allows easy transfer between auto, rail, bus, air, bicycle, and pedestrian modes. The Chicago region is one of very few metropolitan areas in the country with a large-scale transit system, with extensive rail and bus service already in place, but the region has failed to fully exploit these advantages.

A central means for addressing personal-mobility issues is the Regional Transportation 2020 Plan, which was created in 1997 by the Chicago Area Transportation Study (CATS), whose approval is required to qualify for federal funding of surface-transportation projects. The CATS plan, allocating \$10 billion to transit projects and \$17.7 billion to roadwork, is a resource-limited plan. It understates the need for transportation funding, which the Metropolis plan estimates at an additional \$500 million per year.

##### *Create “vehicle pricing” to reflect true costs and to fund public transit*

The surest and fairest way to moderate use of personal vehicles is to reflect the true costs of auto use, whether through a combination of increased fuel taxes, parking taxes, vehicle registration fees, and/or the pricing of road use (similar to tolls) for single-occupant vehicles during peak hours and when entering high-density centers. The Metropolis plan recommends a combination of such fees to raise the \$500 million a year needed for transportation improvements.

##### *Expand and improve public transit in city and suburbs*

With funding sufficient to provide high-quality service, there is no reason that public transportation cannot capture a larger share of the region’s travel market. Priorities for improvement should be: 1) frequent, clean, and reliable service in high-density corridors; 2) new facilities and service in high-activity centers, including dedicated bus lanes, expanded links between transit modes, and new park-and-ride facilities; and 3) construction of intermodal centers at airports and train stops so that passengers can switch easily between modes.

##### *Experiment with alternative transit services*

Many cities worldwide use a broad mix of transit services including van routes, shared taxis, jitneys, and shuttle buses. Employer-sponsored van and car pooling is

already in place here and should be expanded through sponsorship by community and business associations and use of incentives such as preferential parking, free tolls, and ramp bypass lanes for high-occupancy vehicles. Privatization of transit service should also be pursued, as the potential savings of 20 to 30 percent would allow public subsidies to support a larger network of service.

### *Moderate mobility needs through technology and land-use strategies*

Telecommuting—employees working from their homes with a computer link to the workplace—can have a significant impact because every worker who stays home eliminates two auto trips that day. The increased use of on-line shopping, education, and entertainment services also can moderate auto use. The region’s businesses and governments should support these technologies, along with land-use policies that create compact communities where walking, riding a bike, or using public transit is a viable alternative to auto use.

## **B. FREIGHT—Move Goods More Quickly**

As the nation's dominant rail center and air hub, Chicago has unique opportunities for growth in the freight business. Chicago is a major shipping, receiving, and transfer point for both bulk shippers and intermodal service—the transfer of trailers and containers between truck and rail. Intermodal yards in the region have attracted major investments in recent years as railroads have recaptured long-haul business from less efficient trucks. Air-freight growth is expected to continue as business needs increase for rapid worldwide delivery.

Ready access to these freight systems bolsters the region’s economy, which benefits from frequent and low-cost services. The system, however, is hampered by excessive delays moving trains and containers between the region’s 100 switching yards, both on connecting railroads and on the region’s highways. The heavy truck and rail traffic also slows personal-vehicle traffic, and there are no published plans to better integrate the rail and truck network with the air-freight centers.

The Metropolis plan’s core recommendation to develop “super intermodal centers” is long-term in nature and requires that a study be commissioned to examine the possibilities, costs, and benefits. In the interim, shorter-term improvements should be implemented.

### *Develop intermodal freight centers and dedicated “freightways”*

The region’s current complex of rail yards and switching lines was developed piecemeal over the past 100 years and should be rationalized into a network of “super intermodal centers” that would accommodate rail-to-rail, rail-to-truck, and, where possible, water and air services as well. The centers should be linked to each other and to intercity rail and truck routes by dedicated “freightways” that are separated from personal vehicles. These freightways would incorporate existing rail

rights-of-way modified to handle higher volumes and possibly both truck and rail traffic. Dedicated truck lanes on certain arterial routes could also be part of this network, which should be grade-separated where possible to minimize interference with other traffic. The I-55 corridor, with many existing freight facilities, should be targeted for the first improvements.

#### *Study needs of air-freight industry*

The Metropolis plan recommends a study to determine advantages and disadvantages of increasing air-freight capacity without detracting from recent large investments in freight operations at O'Hare. The study should examine possibilities at regional airports with excess capacity, such as the Gary Municipal Airport, while ensuring that new activity does not interfere with the flight patterns and economic development prospects of Midway Airport.

#### *Pursue short-term strategies to streamline freight movement*

A multipart strategy for speeding freight traffic is recommended: 1) upgrade connections between intermodal hubs and other freight facilities, with priority in the city of Chicago, including elimination of low-clearance obstructions and improvement of turning capabilities at key intersections; 2) reduce the number of highway/rail grade crossings and improve remaining crossings to enhance safety and expedite rail and vehicle traffic, using land-use and tax incentives to encourage investment; 3) increase fees on truck and rail movements in the city and use the revenues to build dedicated truckways and other improvements that will speed private-vehicle traffic; and 4) develop a central control and monitoring facility in the Chicago Terminal District for all passenger and freight rail traffic to reduce delays caused by uncoordinated train movements.

### **C. AIR TRAVEL—Enhance and Expand Services**

The obstacles to construction of new airport capacity are so formidable that only one new airport (Denver) has been opened in the United States since 1974. Yet the economic interests of major metropolitan regions are more than ever dependent on capacious airport infrastructure. Recognizing these dynamics, the Minnesota legislature recently authorized construction of a new runway and other improvements at the Minneapolis/St. Paul airport. In Dallas-Ft. Worth, a nine-year project to expand capacity is nearing completion.

Capacity constraints in Chicago have been recognized since the 1980s, when the first in a series of studies began to assess future needs. An initial screen of 17 possible expansion sites was narrowed to four—Bi-State, Gary, Kankakee and, Peotone—to which an in-city Lake Calumet site was also added. By 1992, after considerable political wrangling, the Peotone land was targeted in a Phase II study.

There are many barriers to increasing airport capacity, including planning and construction schedules of 8 to 15 years, community concerns over noise and pollution, and jurisdictional issues related to the large land needs of any airport. Still, the economic benefits of air traffic cannot be denied—within a four-mile radius of O'Hare are 650,000 jobs. The Metropolis plan recommends a series of moves to ensure that Chicago does not lose future growth to other regions.

*Expand O'Hare's capacity as a domestic hub and international gateway*

The primary constraint on service expansion at O'Hare is runway capacity, which has prevented a significant increase in the number of takeoffs and landings. Construction of an additional runway should begin immediately or the existing system of intersecting runways should be reconfigured to provide for more runways in parallel.

*Support general-aviation needs and common planning data*

Facilities should be provided for growth of general-aviation service in light of current plans to eliminate 14,000 general-aviation operations from Midway and O'Hare. The planned closure of Meigs Field in 2001 would displace about 50,000 operations per year. Construction of a downtown heliport is also recommended and may relieve some need for fixed-wing service. Common planning data should be collected for both general-aviation planning and projections of future commercial demand.

*Begin land-banking for third airport*

Predictions of future aviation demand vary widely among state, federal, and city sources, but all support the need for a significant increase in point-to-point (rather than hub) service over the next 20 years. Land-banking through options or purchase at Peotone should proceed while review of that site's feasibility continues. This facilitates land-use and transportation planning and preserves expansion options.

## IV. LAND USE AND HOUSING

### *Dismantling economic and racial barriers; conserving the natural landscape*

Powerful forces have transformed the metropolitan landscape over the last few decades. Between 1970 and 1990, low-density development spread across 440 square miles of former farmland, far outpacing the relatively low rate of population growth. At the same time, social and economic segregation have increased. Residents remain divided into distinct geographic areas and political units based on socioeconomic and ethnic or racial characteristics.

While some residents and businesses might characterize these trends as largely positive and cite the many benefits of their safe and pleasant suburban communities, the overall effect of these changes threatens the viability of this region. Three problems stand out:

*The high costs of sprawl* are increasingly evident both in the city and suburbs, contributing to inefficient use of private and public resources. In addition to pollution and traffic jams, low-density development creates much higher infrastructure costs per capita than more compact development while shifting investment away from existing streets, utilities, and buildings. Environmental consequences are severe as open space is developed, flood plains are built upon, and natural habitat is destroyed. Finally, a geographic mismatch has developed between housing and jobs: there is a dearth of affordable housing in areas with greatest job growth, forcing longer commutes, more traffic, and more housing developments on the less costly metropolitan fringe.

*Residential segregation by race and income* is on the increase. Several studies have documented a suburbanization of racial segregation, continuing historic patterns that began on the south and west sides of Chicago. In the city, 80 percent of all African-Americans live in only 20 of its 77 community areas. Two-thirds of African-Americans live in just 18 of Chicago's 260 suburban municipalities. Residential segregation by income is also on the rise. The city's richest communities have per capita incomes about 10 times that of the poorest neighborhoods, and similar disparities exist across suburbia.

*Hyperconcentration of poor minorities* has become one of the region's greatest social challenges as large numbers of middle-class families have moved out of city neighborhoods. Of the ten community areas that represent the historic core of Chicago's "Black Belt," eight had poverty rates in 1990 that exceeded 45 percent, including three above 50 percent and three others above 60 percent. In 1970, only two of these neighborhoods had poverty rates above 40 percent. Several Chicago Housing Authority developments have similar concentrations of poverty. This hypersegregation has

created levels of joblessness, social isolation, and family and community dysfunction that have all but destroyed the life chances of many.

These problems are not inherent in the dispersal process. They are a consequence of federal and local decisions made decades ago. They also reflect a flawed policy framework in the region. Metropolitan Chicago has suffered mightily because of a governance and tax system that pits hundreds of municipalities against each other in a competition for property-tax dollars. Local officials are motivated by this structure and by the residents of their towns and villages to employ exclusionary building and zoning codes that maintain homogeneous communities and maximize tax revenues. By requiring large residential lots, large floor areas, and limited zoning for multi-family buildings, a municipality can ensure that only higher-income residents can afford to live in the area. Communities that are close to an important expressway or O'Hare Airport are better able to attract commercial and retail development, which provides a per-capita property- and sales-tax base many times greater than that of less-fortunate communities. These poorer municipalities often suffer from underfunded municipal services, overcrowded schools, and higher property-tax rates.

The changes recommended in this and the following section are not intended to end suburbanization. But they can help reverse negative trends and reinforce positive ones. They can, over time, transform the region into one known not only for its downtown but also for its other transit-oriented, mixed-use regional centers; for the renewal of older communities; for the lacework of greenways and nature preserves stretching across city and suburbs; for the wide variety of affordable housing opportunities in proximity to work and open to residents without regard to age, ethnicity, or race; and for the healthy competition between city and suburbs, not for tax dollars, but for recognition for excellence in community design and livability.

A variety of strategies both public and private is recommended. An overriding recommendation, presented in the next section, is to establish a regional coordinating mechanism to oversee and finance regional planning, transportation, and land development. Since creation of that body may take many years, shorter-term recommendations are also presented. Only the last one is directed strictly at government; the others call on leaders in the business, nonprofit, and religious communities to bring to the region a more unified and sustainable approach to land use and housing choice.

#### *Target jobs to areas with housing availability and compact development*

The Metropolis plan recommends that the Chicago Metropolis 2020 organization establish a task force to develop and test the viability of a new social compact that would be entered into by major employers in the region. The compact would obligate the signatories to give strong weight, when planning new operations or expansion of existing ones, to localities that: 1) have provided for the creation of housing that is affordable to employees and their families in that area; 2) are making efforts to create a statutory framework supportive of affordable housing; and 3) are working to curtail low-density sprawl in favor of compact, transit-oriented development.

### *Support employer-assisted housing development*

To spur construction of affordable housing near existing job centers, major employers and local governments around the country have created partnerships on housing issues, including advocating for affordable developments; providing home-buyer counseling and better access to mortgage products; and providing incentives to companies that provide housing assistance. The Metropolis plan recommends that Chicago-area businesses, in collaboration with local governments, consider these approaches along with creation of new nonprofit development corporations that would contract with developers and builders to provide in-fill housing. Major institutional employers such as hospitals, universities, and governments should coordinate these employer-assisted housing programs with workforce development programs to help renew the economic viability of depressed communities.

### *Protect and enhance open space and natural habitat*

Business and government support is recommended to conserve and expand the region's natural habitat to buffer the negative effects of sprawl and improve the quality of life for the region's residents. The Metropolis plan strongly endorses the *Regional Greenways Plan* and its goal of creating a 4,300-mile system of stream-based and land-based greenways. Public and private programs and incentives should be developed to encourage individuals and businesses to protect open space and provide easements along greenways. Support should also be provided to members of *Chicago Wilderness*, a partnership of public and private organizations that protect, manage, and restore the region's natural habitats. Also recommended is use of "transferable development rights" (TDR) on the urban fringe to allow higher-density developments in some areas in exchange for restrictions on development of adjoining or nearby areas.

### *Expand networks of support for healthy communities*

Businesses, government, and foundations should support groups and networks that rebuild healthy communities, including: 1) community development corporations, which have successfully revived a number of distressed communities through creation of affordable housing and commercial and industrial development; 2) faith communities, which have been deeply involved in the struggle for justice in the region and can become central players in efforts to create racial and economic integration; 3) banks and other financial institutions, which have extended credit into low-income communities to foster savings, home-ownership, and business creation, and have a new tool called Individual Development Accounts, which provide a match on deposits through federal and foundation support; and 4) fair-housing groups, which have helped assure enforcement of antidiscrimination laws and promoted remedies to housing discrimination.

*Improve availability of affordable housing, choices for poor minorities*

Local, state, and federal government agencies should create policies and programs to reduce the isolation of poor minority residents and expand the availability of affordable housing across the region. A key recommendation is the adoption of a statewide building code that supersedes all local codes and promotes construction of affordable, energy-conservative housing. On the supply side, lending should be expanded for development of low- and moderate-income housing, and the Low-Income Housing Tax Credit should be expanded to provide a larger quantity of new units so that dismantling of Chicago Housing Authority high-rises can be accelerated. On the demand side, geographic choices for households relocating from public housing should be enhanced by greatly expanding use of Section 8 certificates and vouchers, which allow residents to seek housing in the private sector and throughout the region. To facilitate this expansion, the state should ensure that adequate counseling and technical assistance is in place to educate and support residents and that every locality in the region complies with building code and zoning requirements that allow construction of the rental housing needed for this program.

The strategies outlined above will lessen the impacts of sprawl and provide some counterbalance to racial and economic segregation in the region. But without changing the underlying governance and taxation framework, major progress will be stymied, which is why these strategies must be accompanied by the fundamental changes recommended in the following section.

## V. GOVERNANCE AND TAXATION

### *Ending destructive, zero-sum competition; reworking governance and taxation*

The present framework of governance and taxation in the Chicago region presents substantial barriers to action on the plan's recommendations. There are 1,246 units of local government in the Chicago region, about five times as many per capita as in metropolitan Los Angeles and seven times as many as in New York City. The sheer number of governments contributes to inefficiencies, but a far more serious problem is that the governance and tax framework encourages destructive competition among municipalities for land development and the taxes it generates.

The Metropolis plan rejects the notion of metropolitan government, believing instead that matters of local responsibility should be addressed at a level of government close to the citizenry. But a balancing system should also be in place to ensure responsibility for clearly regional concerns, such as transportation infrastructure, and to provide a framework for local decisions that impact on the region, such as zoning and land use. By the same token, while taxes levied and used locally provide a desirable element of fiscal control, it is also necessary to maintain a stream of tax revenue that adequately covers regionwide needs.

A healthy balance of governance and taxation mechanisms does not exist in the Chicago region. The problem can be broken into three main components:

*Region lacks structure for coordination.* Unlike many metropolitan areas that have a single, comprehensive authority to oversee regional planning and development, the Chicago region relies on two separate agencies with limited resources and power. The Chicago Area Transportation Study (CATS) handles long-term transportation planning and sets priorities for federal funding of local projects. The Northeastern Illinois Planning Commission (NIPC) creates planning guidelines around issues (including transportation, watershed management, and land use), but its plans are only advisory and it has no executive powers. Both agencies are subject to political pressures and suffer from inadequate funding. Regional planning is divided between these agencies and is fragmented further by unclear responsibilities for regional wastewater planning and inadequate linkage to the Regional Transportation Authority. The region lacks a mechanism to develop and enforce a cohesive regional land-use plan.

*Property-tax system is deeply flawed.* The property tax is the most important single source of revenue for local governments in Illinois, yet it is burdened by severe problems of inequity and inefficiency. The system causes wide disparities in school funding depending on the property mix and wealth of the taxing district; it includes classification of property in Cook County (different levels of assessment for different types of property), creating inequities within the county and higher taxes on businesses

compared to those in the collar counties; it fosters competition among taxing districts for land development (because taxes generated within the district stay in the district); and it provides no mechanism for regional sharing of revenue. The system also suffers from administrative shortcomings and heavy use of exemptions that drain off potential revenue.

*System of sales taxes is also inequitable.* Of the 6.5 percent state sales tax, 5 percent remains with the state, 1 percent goes to the local municipality, and the remaining one-half percent is split between the RTA and other special districts. This provides a windfall to municipalities with large shopping centers but only minimal support for other cities and villages. Illinois does not have a sales tax on services, though this growing component of the economy is taxed in many other regions.

These problems are linked tightly to each other and can be addressed successfully only with a comprehensive strategy for reforms, most notably the creation of a new structure for regional governance and taxation.

#### **A. CREATE A REGIONAL COORDINATING MECHANISM**

One of the most critical recommendations in this plan is to create a regional coordinating mechanism that can provide financial incentives to encourage municipalities and counties to make decisions regarding transportation, land use, and housing in ways that will serve regional goals. This regional body would foster more rational distribution of different housing types throughout the region; renewal of older, built-up communities; more compact development in newly developing areas; and better connections between public transportation and mixed-use developments. It should adopt a set of goals consistent with this plan enabling it to: 1) develop long-range strategic plans and goals for transportation, land use, housing, wastewater, stormwater, and water-supply services; 2) approve or deny access to sewer systems and wastewater treatment facilities if such access has regional impacts; 3) provide grants to foster planning that encourages denser, transit-oriented land-use planning; 4) issue bonds to finance capital projects that meet the goals of the Regional Coordinating Council (RCC); and 5) receive and distribute revenues to moderate disparities in fiscal and service quality among municipalities. A confederation approach is recommended as the fairest and most representative structure. Details of such a structure would have to be carefully developed. Fair geographic representation would be essential. It would absorb the planning functions and powers of NIPC and CATS, along with the planning functions (but not operations) of the RTA. The Metropolis plan makes no specific recommendations on how to fund the RCC, but believes that a number of possible approaches should be considered. The Chicago Metropolis 2020 organization will research and propose approaches to structuring and funding this new mechanism.

## ***B. GOVERNANCE: Interim Steps to Meet Regional Needs***

Because it could take many years to establish a regional coordinating mechanism, interim steps are recommended. Separately, efforts are needed to streamline governance in the areas of taxation, education, and special districts.

### *Consolidate CATS, NIPC, and RTA planning functions*

A new regional-planning agency should be created to combine the functions of the Chicago Area Transportation Study and the Northeastern Illinois Planning Commission and to consolidate the planning functions (but not operations) of the Regional Transportation Authority. This new agency, the precursor to the regional coordinating body recommended above, should: 1) be adequately funded to eliminate the need to seek voluntary contributions; 2) create a new regional-transportation and land-use vision consistent with the goals in this plan; 3) initiate capital-improvement projects of strategic importance; 4) set priorities for use of federal-transportation revenues and allocate new revenues collected through user fees and vehicle-pricing; 5) approve or reject toll-highway expansions within the six-county area; and 6) develop a successor to the 2020 Regional Transportation Plan to reflect the new vision for the region.

### *Streamline county property-assessment systems*

A central component of the property-tax system is the assessment office, which determines the assessed value of properties. To improve assessment quality and reduce political considerations within the tax system, the Metropolis plan recommends that a nonelected, professional office of assessor be created within each county, and that the office of township assessor be eliminated. This would pave the way for the six counties to centralize certain professional staff functions to improve the quality of assessments and to create a better mechanism for publicly disclosing property-tax valuations.

### *Streamline state oversight of public education*

To speed the transition of the region's school systems to the performance-based approach advocated in Section II, the Illinois School Code should be amended to reduce its many restrictions and to mandate the following activities for the Illinois State Board of Education: 1) establish rigorous academic standards; 2) monitor school performance and take corrective action when necessary; 3) administer an accountability system that informs the public about school and student performance; 4) oversee licensing, certification, and professional development of teachers; 5) set policies supportive of a performance-based system; 6) assist school districts in implementing partnerships for improvement of teacher performance; 7) provide support and screening of outside providers whose services help schools improve their performance; and 8) provide research and development to spread word of new methods, ideas, and technologies that improve educational performance.

### *Create a task force to study consolidation of special districts and townships*

Inefficiencies, competition, and overlap caused by the current system of 1,246 units of local government should be addressed with a long-term effort to streamline the region's governance structure, in particular its large number of special districts. Because this proposal is bound to meet stiff resistance by officeholders and staff of these districts, the Metropolis plan recommends creation of a task force that includes members having astute political sensitivities and experience with cost control and corporate simplification. Preliminary tasks for the group include: 1) determination of all the costs unnecessarily borne by taxpayers due to duplication of effort; and 2) assessment of opportunities for consolidation of functions within a smaller number of special districts, transfers of functions from special districts to general purpose governments, and privatization of certain government functions. The potential savings in these areas could offset some of the additional revenue called for in this plan.

### **C. TAXATION: Address Equity and Quality Issues**

Creation of a regional coordinating mechanism as outlined above will provide a taxation framework that addresses many problems in the current system, but two areas in particular require separate and immediate action: education funding, with its severe disparities from one district to another; and the Cook County property-tax system, which is burdened by a classification system that creates distortions and inequities.

#### *Create more equitable funding for education*

Despite the Illinois Constitution's directive that the state "has the primary responsibility for financing the system of public education," the region's schools receive only about 30 percent of revenues from the state, putting a large burden on a property-tax system that is ill-suited for the job of financing education. The Metropolis plan recommends continued use of the property tax for a portion of the education funding, but only in combination with an increased state contribution tied to a "foundation" level of funding that ensures a high quality education in all districts. The new state funding should come from some combination of: 1) a new statewide property tax levied on a specified portion of the growth in equalized assessed valuation of commercial and industrial properties throughout the state; 2) an increased state income tax on corporations; and 3) an increased state income tax on individuals. The first two sources above should be earmarked to increase the foundation amount, and the third should be applied to reduce local property taxes.

#### *Reform Cook County property-classification system*

Of the state's 102 counties, only Cook County uses a classification system that calculates the tax bill based on different levels of assessment for different types of properties. Commercial and industrial properties in Cook pay about twice as much on

average as they would if located in the collar counties, while residential property owners pay less than owners of comparable homes in adjoining counties. The Metropolis plan recommends that a combination of measures be used to reduce or eliminate these problems and supports the efforts of two study groups, the Tax Policy Forum in Cook County and the Governor's Commission on Property Tax Reform, which were crafting reform proposals in late 1998.

## VI. ECONOMIC WELL-BEING

### *Workforce development; attracting businesses; selling the region*

Chicago has the opportunity to become one of the leading global cities of the 21st century, especially if the Metropolis recommendations are carried out in the overarching areas of education, transportation, land use, and governance. As those efforts move forward, other needs should also be addressed to ensure that several unique opportunities are not overlooked.

Metropolitan areas, with their great mix of resources, business activity, and talent, will continue to drive the global economy in decades to come. The recommendations here seek to expand Chicago's ability to attract and sustain global business activity.

### *Consolidate and coordinate existing workforce development programs and funding streams.*

A recent study by the Federal Reserve Bank of Chicago identified workforce skills as the only enduring advantage that tomorrow's successful regions can fashion. Adult skills training is highly fragmented in Illinois, with 56 different funding sources and even more agencies performing the training services. Effectiveness of these programs is difficult to measure, but good examples exist of employers taking an active role in shaping the curriculum of technical-skills programs and hiring graduates. Programs for adults with little or no workforce experience have much different characteristics and require participation, in addition to businesses, of supportive agencies that work with participants over a period of several years, during which they are likely to move through two or three jobs.

Mayor Richard Daley's recent decision to create a cabinet-level post, Commissioner of Workforce Development, is a step in the right direction. This commissioner will oversee the consolidated operations of two preexisting entities, the Workforce Board and the Mayor's Office of Employment and Training. This type of consolidation needs to be significantly widened to include other programs across the metropolitan region.

### *Develop universal, performance-based standards for the evaluation of education and training programs, particularly those offered by community colleges.*

These standards should pertain to placement rates, wage levels, and long-term retention results. Also, a coordinated, long-term tracking system should be developed to enable the state, county, and local government agencies and/or training vendors to document work histories, retention rates, promotion, and wages of employed and unemployed service recipients, including youth.

### *Expand business' role*

Business should work with social-service organizations and academically oriented community colleges to promote the relevance of training to a range of employment opportunities. In addition, training programs for new workers should take place at work where the social and behavioral aspects of workplace participation can best be learned. Community colleges should give credit toward degrees for completion of approved on-the-job training programs.

Businesses should directly support workforce-development improvements by participating in and encouraging replication of successful partnerships with local non-profit organizations and/or community colleges, such as the Chicago Manufacturing Technology "Bridge."

The Chicagoland Business Partners program, recently established by the City of Chicago–Cook County Welfare Reform Task Force, offers a valuable resource to assist companies seeking to connect with relevant local organizations and to obtain guidance in establishing an effective welfare-to-work hiring process. The Partners program should be supported and expanded to serve and connect employers throughout the metropolitan region.

### *Leverage downtown strengths to restore the inner city*

Chicago's booming central city is an asset of considerable value. The prodigious economic activity in financial and other services, tourism, conventions, and light manufacturing should be leveraged to spread vitality into the surrounding inner city. The Metropolis plan recommends the creation of a task force to develop strategies and programs that restore inner-city economic activity, with emphasis on: 1) improving conditions for industrial development by assembling land, creating financial incentives, and developing modern industrial corridors; 2) supporting growth of inner-city businesses that specialize in the commercial services needed by industries in the central city; 3) developing new retail centers to meet the estimated \$1.5 billion unmet need in city neighborhoods; and 4) improving the competitive position of transportation businesses through creation of employer-driven training programs for transportation jobs.

### *Enhance the region as a high-technology center*

The Chicago region ranks fourth in the nation in high-technology employment, thanks in part to a large pool of highly skilled talent and a strong research-and-development infrastructure. Two other elements critical to high-technology growth should be strengthened: 1) the availability of seed and early-stage venture capital for start-up firms should be expanded through new initiatives such as the venture fund proposed by the Illinois Coalition; and 2) an effective marketing program should be created to communicate the region's strengths so as to attract new technology companies and reverse the migration of the region's technology graduates to companies outside of the region.

### *Create a business-development database and strategy*

Providing easy access to reliable and inexpensive information is a key step in bringing new businesses to the region. A centralized, professional database of economic and demographic information should be created and made available to businesses and entrepreneurs. It should provide industry-specific information on facilities, training resources, labor-force characteristics, and business services. The database should also become the foundation for development of a comprehensive study of the region's economy and its industry clusters, including analyses of strengths, weaknesses, opportunities, and threats.

### *Position the region as a center for entrepreneurship*

Creation of new small businesses is an important element of any economic development strategy because such businesses typically produce more rapid job growth than large corporations. Because current entrepreneurial activity in Chicago is limited, the Metropolis plan recommends creation of a public-private entrepreneurship center that would facilitate expansion of capital access, technology transfer, skills development, a support network, and communications. The center should seek support and participation of local universities, industry groups, chambers of commerce, venture capital firms, and, of course, local entrepreneurs.

### *Market Chicago's advantages as a place to live and work*

Globalization means that people and businesses can choose to live and work in many different environments. Despite Chicago's high quality of life and wide choices of communities and housing, the region remains unappreciated by many, and trails other U.S. metropolitan areas that have successfully marketed their advantages. The Metropolis plan recommends creation of a task force to develop and mount a comprehensive marketing program that identifies regional strengths and brings that information to appropriate audiences.

## VII. OUTREACH AND ACTION

### *A 20-year time frame; partnerships for implementation; Commercial Club support*

Any effort of the scope and magnitude of this one cannot be implemented quickly, nor can one group of actors go it alone. Success will come only through partnerships and common effort among civic organizations, various levels of government, religious communities, businesses, and institutions of higher learning.

The Metropolis plan is intended as a springboard to generate public discussion and policy reform over the next 20 years. In 1909 and in 1984 the Commercial Club presented similar plans and committed to providing long-term support for implementation. In each case, major successes were accomplished, with Chicago emerging a stronger and better place to live and work.

To guide and support future action, the Commercial Club will create a new entity under the name Chicago Metropolis 2020. This group will bring together the resources and participation of the business community along with other outstanding regional civic organizations and government leaders that have both the expertise and commitment to help promote the goals of this report. Metropolis 2020 will convene these organizations and their leaders and seek to unite them in a common mission to enhance the region's position as one of the world's foremost economic centers and as a place known worldwide for the quality of life and equity of opportunity that its residents enjoy.

The main functions of Metropolis 2020 will be to: 1) identify research needs and contract with appropriate institutions to meet those needs; 2) create an outreach program to enlist further suggestions and support of other groups and build awareness of the Metropolis plan among the region's residents; 3) establish task forces to address specific issues; 4) form coalitions with other organizations and leaders in support of the recommended actions; and 5) develop and work toward the adoption of legislative and administrative reforms based on the recommendations.

Metropolis 2020 will have an executive council appointed by the Commercial Club. Members will be drawn both from the Commercial Club's membership and from other organizations in the region. This committee will have a chairman and a president and chief executive officer. The president will hire and oversee a small staff.

The executive council will appoint a policy council of 50 to 60 persons. This umbrella group will assure representation and participation from a wide range of regional interests. It will ensure that a variety of viewpoints are heard. The policy council will be involved in the process of prioritizing, refining, and acting upon specific policy recommendations.

The executive council will also appoint task forces from time to time to focus on particular reform efforts. They will be composed of a diversity of leaders having expertise and/or influence in the relevant areas. Metropolis 2020 will also contract with other groups to tap the best experts in the most effective manner.

Organization of Metropolis 2020 is still in the early stages. In the near future, the Commercial Club will finalize the membership of the executive council and policy council and the composition of the initial task forces.

*[T]here is no stronger appeal made to the American citizen of today than comes from the call of one's native or adopted city to enter upon the service of creating better surroundings not only for one's self, but for all those who must of necessity earn their bread in the sweat of their brows. Nor is the call of posterity to be denied. To love and render service to one's city, to have a part in its advancement, to seek to better its conditions and to promote its highest interests, these are both the duty and the privilege of the patriot of peace.*

– Daniel H. Burnham

## *Notes*

## ***Notes***

A large graphic consisting of a blue upper section and a green lower section, separated by a diagonal line that slopes upwards from left to right.

To forward comments or for more information, please contact:

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