



Population growth in Latino neighborhoods like Little Village slowed during the recession.

Planning Chicago

An excerpt from a new Planners Press book takes a nuanced look at Chicago's efforts to shed its Rust Belt economy.

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Planning Chicago
(2013; Planners Press; 336 pp.; \$34.95;
\$24.95 for members) Available from
APAPlanningBooks.com.

BETWEEN 1950 AND 1983, CHICAGO'S FUTURE was much in doubt. The rhetoric of planning explained some of the many forces that threatened the city's strength: "Blight" and "slums" spread like tumors in the 1950s and 1960s; "white flight" and "deindustrialization" bled the city of people and jobs. Chicago lost nearly 22 percent of its population between 1960 and 1990, and poverty skyrocketed. In 1980, *The Economist* entitled its survey of Chicago "The City That Survives," taking a glass-half-full approach, while the *Chicago Tribune* ran a May 1981 series by Richard Longworth called "City on the Brink" that bluntly described the city's trajectory:

"The City of Chicago has become an economic invalid. The condition may be permanent—unless the people responsible for its economic future can reverse the long, steady, and seemingly endless slide. . . . Chicago's basic problem is that it is losing industries, stores, and jobs. Be-

cause of this it is losing tax money. Because of this, it won't be able to support itself, to pay for the services of a going city. . . . [Eventually] the city becomes a backwater."

Longworth interviewed various experts and concluded, "The cycle has been going on for twenty years. . . . There is no reason to think it will ever turn around."

But Chicago pulled out of the downward spiral that devastated Detroit, Cleveland, and St. Louis, among others. The city rebounded from the depths of the 1981–1982 recession, began a downtown office construction boom, and made the postindustrial turn. Business service sectors grew, resulting in a downtown office market that added one to two million square feet per

year over extended periods and captured at least 50 percent of regional office growth, second only to New York. Highly educated “creative-class” workers—to borrow a term that Richard Florida used in *The Rise of the Creative Class*—found employment in the city and had the income and inclination to live and play near downtown as well. New housing sprouted, working-class neighborhoods gentrified, and a vibrant restaurant scene emerged. Expanded cultural institutions, universities, and convention facilities followed. Tourists from around the world flocked to Millennium Park, the city’s eclectic, crowd-pleasing cultural playground.

was emerging triumphantly on the global stage, it was underperforming on numerous counts. The 2010 census offered only sobering news. The city lost 200,000 people, or seven percent of its population, and the region as a whole gained only four percent during the decade, most of this on the exurban fringe.

A decade earlier, the 2000 census had been cause for optimism, showing gains across the board and heralding a turning point. But the 2010 census ~~threw cold water on this notion.~~ Other data on productivity, employment, and real GDP ~~all~~ ^{also} pointed to erosion either in absolute terms or relative to other cities. Even Mayor Rahm Emanuel noted that the “city and region lost economic might . . . without wanting to cast judgment about why and how, it was a lost decade.” Of course, understanding the “why and how” of Chicago’s slowdown is a central task for planners.

Among the most notable findings of the 2010 census was the net loss of 181,000 African Americans in a decade, a steep 17 percent drop. Black communities that had stabilized during the 1990s were now shrinking. Even the region as a whole saw a five percent decline in African Americans, suggesting an outmigration, possibly to southern cities. Several factors combined in this exodus. Easy credit allowed many African Americans to chase home ownership, and suburbanization exerted a steady pull on blacks as it had on whites for decades. Further, the Chicago Housing Authority’s Plan for Transformation scattered tens of thousands of low-income black households into other African American communities,

destabilizing some, as gang turf shifts triggered violence.

The city lost 52,000 whites as well. Much has been made in the media of people “returning” to the city, but gains in the central area (35,000 net whites) and gentrifying North Side neighborhoods (29,000) failed to offset the substantial outmigration from older bungalow belt areas on the Northwest and Southwest sides. Many of these neighborhoods transitioned from white to Latino, but the overall increase in the Latino population was only three percent in the decade, a drastic slowdown from the 38 percent gain in the 1990s. Hit hard by the recession and the loss of jobs in key sectors, ^{such as} like construction, many Latino immigrants left the city and region, some for their homelands.

Chicago is no longer the primary entry point for either Latino or Asian immigrants; most are heading directly to the suburbs. ^{One} The only bright spot in the census data was a significant rise in the city’s Asian population (16 percent), though from a relatively small base.

The 2010 census also showed significant trends in the city’s racial, ethnic, and class geographies. In the 20th century, U.S. cities tended to have lower income populations clustered around the central area in slums, surrounded in turn by a ring of working-class housing, followed by an outer ring of middle-class neighborhoods. But the 2010 census shows a steady inversion of these patterns in Chicago. Affluent families, generally white and Asian, now dominate the central area, while working-class Latinos and African Americans ^{have been} pushed outward



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dampened this enthusiasm.

such as

One

Digging down

This is the dominant narrative of the state of Chicago over the past two decades. But not all is well in Chicago. Just as the city

to previously middle-class areas.

Despite all this movement, Chicago remains the most segregated large city in the nation, though steady improvement has taken place in the past two decades. Both ~~these~~ class and racial patterns are hardly rigid, *but remain persistent.*

Population decline was only one element of the ~~lost decade~~. Overall employment dropped as well, a reversal from the 1990s. Not only did manufacturing continue to slide, but even central area employment, now the city's main economic engine, began to sputter. Central area employment fell eight percent, *led by a 21 percent decline in the Loop,* according to the Illinois Department of Employment Security.

Data on employment by sector helps explain the central area's weakness. Declines in the sectors of information, finance and insurance, real estate, and professional employment showed that white-collar employment in Chicago might no longer be driving growth. Gains in health care, hospitality, arts, and education fields—almost 25 percent of employment in 2010—could not offset these losses. Meanwhile, construction, manufacturing, wholesale trade, and transportation continue to fall precipitously.

Many of these trends are true for other cities, but Chicago's employment loss was the worst among the nation's 10 largest metro areas during the decade. Real GDP per capita and personal income per capita in the region nudged up only three percent, ranking seventh among the 10 largest areas. Similarly, *the bursting* of the housing bubble hit Chicago and its suburbs hard. Some 17 percent of white borrowers in the region were "underwater" by the end of 2011, but a crushing 40 percent of black and Latino borrowers are believed to be, too.

These gloomy data suggest that Chicago's renaissance is incomplete and that the city's population and job bases will continue to shift dramatically, as they have for the

past 30 years. Was the global city built on sand? No, but the likelihood remains high that a strong central area will eventually be surrounded by declining neighborhoods on the city's fringes, creating a new set of planning problems. Moreover, without greater attention to planning, and with large fiscal deficits making new investment difficult, Chicago could easily experience another decade of stagnation.

Downtown thrives while the neighborhoods struggle

Chicago's run of good news into the first years of the 21st century, ranging from the opening of Millennium Park to the euphoria of the housing boom, transformed the city's personality. The central area finally looked "finished," with blank railroad spaces reclaimed, warehouses converted, and housing rehabbed. The growth coalition prophesized, planned, and pushed for a postindustrial downtown as early as 1958, a vision with staying power that ultimately emerged by the 1990s with remarkable prescience.

Of course, this perception of impressive success required compartmentalizing the deep poverty and insecurity in large swaths of the city touched neither by gentrification nor the information-age economy. Here, planning ideas struggled to take hold for decades, only recently finding tenuous footing through the carefully structured planning of the New Communities Program, sponsored by the Local Initiatives Support Corporation and the MacArthur Foundation. Sweeping aside the problems in neighborhoods *like Little Village, Englewood, and Uptown* means neglecting the city's greatest challenges. Race and class divides and disinvestment *still take a fierce toll on the city.*

To many, the contrast between downtown and the city's struggling neighborhoods is at the heart of the problem. But a

simplistic "downtown versus the neighborhoods" narrative understates the complexity of Chicago's urban revival, missing the shared connections between the two. The neighborhoods need a vibrant downtown to generate employment and tax revenue to fund neighborhood services, while the downtown needs healthy *affordable communities* to attract a workforce. *comma?*

Further, despite perceptions of neglect, much investment has gone into Chicago's poor communities. New schools, police stations, and libraries dot this landscape, and the Plan for Transformation has completely reconfigured entire poor communities, albeit displacing many. In addition, aggressive industrial planning developed by Mayor Harold Washington and implemented under Mayor Richard M. Daley *has* meant the city hardly stood still on the issue of jobs and employment. *The "downtown versus the neighborhoods" formulation implies a simple tradeoff, but the city's ecosystems are more complex.* *A*

Instead, focusing attention on planning in Chicago explains, in part, why downtown thrived while poor neighborhoods could not turn city investments into revival. The central area had a powerful growth coalition behind it to support repeated and substantial planning. Central area plans were paid for or backed by the growth coalition in 1973, 1983, and 2003 to create a vision, an identity, and a set of priorities for downtown. A flush tax increment financing program and other resources supported implementation of individual projects recommended by these coherent and comprehensive plans.

By contrast, neighborhoods *like Englewood, Uptown, and Little Village* relied on the city to produce plans for their futures and a fickle federal government to fund them. These neighborhoods underwent several iterations of planning, including "community conservation" in the 1950s and the

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comprehensive plan emerged

Comprehensive Plan of 1966. But expected federal funds materialized either too late or insufficiently, and few projects were built. From the 1970s until recently, comprehensive planning in these neighborhoods has been limited, with struggling community development corporations building housing while other programs worked in silos.

No plan existed to join forces or attract broad-based investment. When Mayor Richard M. Daley began using TIFs across the city, the choices were largely ad hoc, with the thinnest of redevelopment plans and no overarching policy or plan to guide the creation of these districts. Still, flush with TIF dollars, the city went on a building spree, constructing new schools, police stations, and institutions like a new community college. The city built 32 full-service neighborhood libraries between 1995 and 2010, a remarkable accomplishment.

But mayoral instinct and aldermanic power guided these choices, not comprehensive planning or citizen input. Indeed, the city has engaged in little systematic, broad-based planning since the early 1970s. New schools, libraries, and police stations have undoubtedly been positive additions, yet they were not derived from a careful plan based on a set of criteria, priorities, or targeted needs. Most proposed capital projects in Chicago are individually evaluated by departments, vetted by aldermen, then added to a Capital Improvement Plan.

If funding becomes available from a variety of sources (federal, state, TIF, bonds, special purpose funds) and political stars are aligned, then projects are built. But planners cannot evaluate progress toward a larger goal, because one rarely exists. The Neighborhood Capital Budget Group spent a decade trying to piece together an overall picture of the city's capital priorities but could not nail down hard numbers on actual spending. The city simply never has assessed its Capital Improvement Plans.

realized.

Future hurdles

As Chicago looks to its future, we see several crucial challenges.

Increasing transit capacity, especially in the central area, is essential for retaining regional job growth within the city, with implications for the city's tax base. The new economy is largely office-based, and it still values face-to-face networking and clustering effects. Only by biting the bullet on expensive transit systems can the city's Loop continue to be an attractive location for employers. This means not only maintaining the city's rapid transit systems but expanding capacity at Metra commuter rail stations, building the proposed West Loop Transportation Center, and offering new routes to the east Loop and North Michigan Avenue. Concrete plans to address these problems have existed for 40 years, yet we continue to stand still.

Retaining population and finding new immigrants will be critical for declining areas. Cities constantly need influxes of new people, especially since the Chicago region lacks a growth boundary or a powerful regional planning agency to restrain exurban growth. Without that restraint, families will continue to flock to suburbs for better schools, and unless new groups come in behind them, abandonment follows. Holistic neighborhood plans that can foster community, reduce crime, improve the lives of young people, and attract investment need

to be developed, especially in poor communities but across the city.

Adapt industrial policy to the city's rapidly changing employment base. The city's industrial policy cannot be wedded to the idea that the best jobs are inherently in heavy manufacturing. Many nonmanufacturing employers in new growth sectors need industrial space for their enterprises and should be encouraged to use the industrial corridors. A hard-nosed reevaluation of corridors and policies is needed to measure their effectiveness and so that scarce resources can be directed strategically to those corridors that show potential for job growth.

Finally, planners need to assert themselves. Lacking a city department with the name "planning," Chicago has fragmented its planning apparatus and left it at the mercy of mayors, aldermen, and constituent city agencies. Thoughtful plans have gone ignored due to a political culture that elevates deal-making over cohesive, long-run thinking. As a result, Chicago does not carefully allocate resources or budget effectively for its future. A city that once prided itself on visionary planning needs to recapture that confidence by a reorganization and restoration of the planning function at all levels of city government. ■

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campus.

As a result,

RESOURCES

MEDIA A.T. Kearney, "2012 Global Cities Index and Emerging Cities Outlook," is at www.atkearney.com/index.php. "A Plan for Economic Growth and Jobs," World Business Chicago, March 2012. "Chicago Takes a Census Shellacking," by Aaron Renn in *New Geography*, February 16, 2011. "Deadly Moves: Moving at their Own Risk," Beauty Turner and Brian Roga, *Residents' Journal*, 2005. "Struggling to Stay Afloat: Negative Equity in Communities of Color in the Chicago Six County Region," Woodstock Institute, March 2012.

Expanding and refining the New Communities Program offers the best chance to bring coherent and comprehensive planning to Chicago's struggling neighborhoods. As a model of structured yet inclusive planning, the NCP builds capacity, empowers local actors, and balances vision with readily attainable goals. The program needs continual evaluation and support, and the city could offer greater coordination between its agencies and NCP without trampling on its community-based approach. Still, NCP communities need to implement policies that not only retain existing populations but also attract new ones.

Adapting industrial policy to the city's rapidly changing employment base is essential to capture new job growth. Industrial policy cannot be wedded to the idea that the best jobs are inherently in heavy manufacturing. Many nonmanufacturing employers and firms compatible with manufacturing need industrial space for their enterprises and should be encouraged to use the industrial corridors. A hard-nosed reevaluation of existing corridors and policies is needed to measure their effectiveness so that scarce resources can be directed strategically to those corridors that show potential for job growth.

Implementing rather than ignoring existing plans could reverse a decade of scattershot capital budgeting, TIF-based inefficiencies, and project-by-project thinking. Even without a comprehensive plan, Chicago can still use the area plans produced over the past decade and organize its priorities coherently around them. The mayor should put these plans before the city council so they can be enacted into law, which in turn will mean that zoning applications will be judged not merely by the underlying zoning code but also by consistency with carefully crafted plans. Adoption of plans will help restrain if not entirely reform the current structure where aldermanic privilege and mindless NIMBYism distorts and paralyzes debate over development.

Finally, planners need to assert themselves. Lacking a city department with the name "planning," Chicago has fragmented its planning apparatus and left it at the mercy of mayors, aldermen, and constituent city agencies. Economic development, as practiced by World Business Chicago, should not be seen as the primary planning effort and should instead be integrated with physical planning. A city that once prided itself on its visionary planning needs to recapture that confidence by a reorganization and prominent restoration of the planning function at all levels of city government.