CITY COUNCIL PASSES MAYOR EMANUEL’S MAJOR INITIATIVE TO FURTHER DRIVE NEIGHBORHOOD DEVELOPMENT THROUGHOUT CHICAGO
Initiative Will Ensure Downtown Construction Projects Support Jobs and Economic Growth in Underserved Communities

City Council today approved Mayor Emanuel’s initiative that will generate millions of dollars in new investment into neighborhoods throughout Chicago. The proposal will reform the Zoning Code to allow developers to obtain additional square-footage for construction projects in the downtown area in exchange for investments to support neighborhoods in need of jobs and economic growth.

“These reforms create a new standard in Chicago where private investments in our most thriving areas will help to support economic growth in our most struggling neighborhoods and communities,” Mayor Emanuel said. “Initiatives like this create jobs and opportunities throughout the city and give every resident in every Chicago neighborhood a chance to be part of the future that we are building together.”

Previously, downtown construction projects were able to increase their size and height in exchange for on-site investments that provide limited public benefit. Under the new system, developers will instead make voluntary financial contributions to a funding system that is designed to support commercial development projects and create jobs in neighborhoods that need investment and growth.

“This plan will, for the first time ever, directly link construction projects downtown to economic development in Chicago’s neighborhoods,” said Alderman Pat Dowell. “By creating this link we can direct needed resources to depressed neighborhoods throughout the City of Chicago.”

Based on recent downtown construction trends the initiative could produce an estimated tens of millions of dollars in neighborhood improvements over the next several years. Examples of neighborhoods that could directly benefit include Greater Englewood, Auburn Gresham, Austin, and Garfield Park.

“This ordinance will create new jobs and opportunities in areas that need them,” said Alderman Daniel Solis. “At the same time, the thorough review process it puts in place will ensure transparency and accountability for all grants through the Neighborhood Opportunity Fund.”
The financial contribution for each additional square foot of space will be based on an existing formula already available for certain types of bonuses: the median cost of land per buildable square foot multiplied by 80 percent. For example, if a project proposes to exceed allowed floor area by 10,000 square feet and the median cost of land is $43, the formula would be 10,000 multiplied by 80 percent of 43, resulting in a $344,000 payment.

“No new investment in neighborhoods and continued growth downtown is a win-win,” said Alderman Walter Burnett. “This ordinance will drive economic development and create jobs where they are needed most.”

Financial contributions made through the revamped system will be deposited into three new development funds, each with a specific purpose.

- Neighborhood Opportunity Fund: Will receive and allocate 80 percent of all bonus contributions to support development projects within underserved neighborhood commercial corridors, such as grocery stores, restaurants and cultural facilities. Eligible costs include site preparation and assembly for new or expanding businesses, public improvements, design and employee training programs.

- Citywide Adopt-A-Landmark Fund: Will receive and allocate 10 percent of all bonus contributions to support the restoration of structures designated as official landmarks by City Council. The previous Adopt-a-Landmark bonus was restricted to 2,000 feet from the development site.

- Local Impact Fund: Will receive and allocate 10 percent of all bonus contributions to support improvements within one mile of the development site, including public transit facilities, streetscapes, open spaces, river walks and other sites, including landmarks. Most of the previous bonuses for similar improvements were restricted to 2,000 feet from the development site.

The new system identifies areas eligible for Neighborhood Opportunity Fund investments based on a concentrated disadvantage index created from census-tract data on the percentage of female-headed households, households receiving food stamps, individuals below the poverty line, residents under 18 years of age, unemployment and other factors.

The Neighborhood Opportunity Fund will have multiple layers of accountability and transparency. It starts with the city’s community-based planning process, Chicago Neighborhoods Now (CNN). For each of the CNN areas that have eligible commercial corridors, the community will prioritize and publish the types of commercial projects each respective area wants to see.

Second, DPD will administer an application process and will evaluate grant applications to make sure they are consistent with the Neighborhoods Now guidelines and the requirements and funding criteria set out in the Municipal Code.

Third, the grant funding has to be approved by the City Council. Any grant award over $250,000 must be approved by the City Council on an individual project basis. For smaller
grants, to neighborhood businesses that are trying to stay afloat or expand in underserved corridors, the department will issue grants administratively rather than subject businesses to a months-long Council process. Even then, the department is required to regularly seek Council approval to obtain the funding allotments for those small grants.

Fourth, the department will publish on an ongoing basis all of the receipts and expenditures of funds, and will also prepare an annual report to the Mayor, City Council, and the public.

Quality design amenities will still be expected in new downtown buildings due to developers’ need to attract and maintain tenants, as well as the city’s zoning review process that puts a premium on quality architecture and design. That process will further be refined to foster design excellence involving the city’s largest development projects.

As part of the revamped system, the new approach will also expand the boundaries in which new development projects could be built with a downtown district (D) zoning designation. The additional 1,000 acres in transit-served areas along the north, northwest, west and southern perimeter of downtown could potentially expand the D district by approximately 25 percent. New projects that are approved for D district zoning in the expansion areas will be eligible to seek additional floor area through the revamped bonus system. Any D district rezoning will take place in a separate ordinance through the local alderman.

The zoning review process will ensure the size and scale of new projects largely reflect existing development patterns in each expansion area, and the refined bonus system will ensure local infrastructure could absorb the potential impact of the increased density.

For more information about the new regulations and maps of the expansion areas, visit cityofchicago.org/zoning. The ordinance takes effect June 1.

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