

## **Department of Planning and Development**

### 2016 Budget Statement

Acting Commissioner David L. Reifman

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Good afternoon Chairman Austin, Vice Chairman Ervin and honorable members of the City Council. Thank you for the opportunity to present the Department of Planning and Development's budget request for 2016. I'll use our time today to outline our goals for the coming year and recap some of DPD's most important accomplishments over the last nine months.

I was appointed Commissioner by Mayor Emanuel in August. Though my tenure has been brief, I'm very familiar with the department's focus on economic development, housing, and zoning and land use from my work in the private sector. In the last month, I've come to know and admire the dedication and enthusiasm of our 230 budgeted staffers, who are clearly committed to addressing the issues and opportunities for growth and development in our neighborhoods.

Since Mayor Emanuel took office, the city's unemployment rate has declined by more than forty percent. More than 73,000 jobs have been added to the local economy since 2011. Our technology sector is one of the fastest growing in the country and Chicago has been the number one city for corporate relocations for two years in a row. My job as commissioner of this department is to help ensure that Chicago continues to grow, and that all neighborhoods share in that growth.

### **ECONOMIC DEVELOPMENT**

My department's goal is to use every tool available to support economic development in neighborhoods across the city. To support our business diversity across the city, DPD continues to work with a variety of companies on their expansion goals. The assistance has helped private companies retain and create more than 8,300 temporary and permanent

jobs this year, including many in small and medium-sized enterprises that form the backbone of the local economy.

Many of the new jobs supported by DPD in 2015 involve the strategic use of our property tax incentives, which foster redevelopment of qualifying industrial and commercial properties by reducing the standard Cook County tax rates for a period of 12 years. New tax incentive projects in 2015 include the mixed-use redevelopment of the former Marshall Field's warehouse campus in Avondale; upgrades to Midway Moving and Storage's facility in the Northwest Industrial Corridor; a new printing facility for Topweb in the Northwest Highway Industrial Corridor; Primrose Candy's warehousing and distribution building in Hermosa; and South Chicago Packing's expansion project in the Stockyards Industrial Corridor. Collectively, these incentives help Chicago remain competitive with cheaper business locations outside of the city and across the country, and the improvements will produce far more substantial tax returns once the incentive period ends.

Of course, one of our main economic development tools is Tax Increment Financing, which continues to serve local neighborhoods with targeted improvements. In fact, since 2011, more than 70 percent of the approximately \$1.3 billion in allocated TIF funds has been used for street and bridge improvements, CTA station upgrades, school projects, and housing construction for low-income residents and seniors. Most of the remainder was used to support important private development projects, half of which were in local neighborhoods.

Important TIF projects that moved forward this year include a major rehabilitation of the CTA's Grand Avenue and Jefferson Park Blue Line stations; new gymnasium amenities at Amundsen High School in Lincoln Square; and new parking for faculty and staff at Lindblom Math and Science Academy in West Englewood; as well as several affordable housing projects. All these projects support the economic vitality of local neighborhoods.

We've made TIF more accessible by expanding the Small Business Improvement Fund this year to 92 TIF districts. Otherwise known as SBIF, the program will assist more than 140 businesses to improve their facilities this year with an average grant of more than \$51,800. The improvements will help create and retain more than 2,000 full and part-time jobs. Meanwhile, our workforce development tool, TIFWorks, continues to resonate in local TIF districts, where it's on pace to finance training projects for more than 50 businesses that are seeking to boost efficiencies, reduce costs, and increase output.

Another tax resource we continue to leverage involves our Enterprise Zones, and I want to thank City Council for authorizing the State's re-designation of zones One through Five earlier this year. The designations will remain in effect for another 15 years starting in 2016. The department will request your approval to seek the re-designation for Zone Six this fall, and we will continue to work with our delegate agencies to make sure the Zones are effectively leveraged by local companies.

Another important tool we use is the New Markets Tax Credits program, which is financing numerous facilities in many neighborhoods. For example, this year, the Uhlich Children's Advantage Network (UCAN) opened a new therapeutic home for teens in North Lawndale, bringing the City's total New Markets Tax Credit allocations to more than \$270 million. Those funds, in turn, have helped local businesses and community-based organizations retain or create approximately 3,500 jobs to date.

The Bureau's Real Estate Division has been very active in 2015, providing a variety of City properties for local redevelopment projects. They include the sale of 5.4 acres of land at 63<sup>rd</sup> and Halsted streets in Englewood, which will accommodate a new Whole Foods grocery and other stores; and the former 12<sup>th</sup> District police station at 100 S. Racine Ave. on the Near West Side, which will be the new home of the Chicago Children's Theater. Both properties are being sold for \$1 each, which is an appropriate discount, given their projected impact.

## HOUSING

I'd like to continue my review of our budget with our Housing Bureau, and specifically the status of our "Five Year Housing Plan," which is guiding more than \$1.3 billion in spending to create, improve, and preserve more than 41,000 units of housing citywide. We are on track to meet this goal and have implemented reforms that will help us expand affordability throughout Chicago.

For example, earlier this year we passed a landmark reform of the city's Affordable Requirements Ordinance that will create more than 1,200 new units of affordable housing and generate \$90 million for affordable housing purposes over the next five years. Here's how the ordinance works: Residential developments of 10 or more units that obtain a zoning change or receive financial assistance from the city are required to provide affordable units on-site or make in-lieu payments to the Affordable Housing Opportunity Fund. This Fund is used to support the development of new housing or provide rental subsidies for low income residents.

Under the new reform, rather than a one-fee-fits-all-neighborhoods approach, the new ARO establishes three zones across the city with different in-lieu fee requirements. New ARO fees range from \$50,000 in low-moderate income areas, \$125,000 in higher income areas, and \$140,000 downtown, which will increase to \$175,000 by April 2016. The amended ordinance also requires one quarter of the required affordable housing obligation to be provided on-site or nearby, while providing developers with more options to meet their obligations, especially near public transit.

The ordinance takes effect on October 13, 2015. All projects introduced to City Council after that date – and all projects that do not receive final City Council approval by July 13, 2016 – will be subject to the new provisions.

Another new affordable housing tool, the Single Room Occupancy Preservation Initiative, will seek to preserve 700 SRO units over the next five years. As you are well aware, SROs are disappearing as a housing amenity in many neighborhoods that serve some of the city's most vulnerable residents. Many of these buildings are located in gentrifying neighborhoods and are at risk of conversion to market rate housing. By partnering with the Chicago for All coalition and passing the SRO ordinance 10 months ago, affordable housing developers are negotiating with several SRO owners to preserve these properties for affordable housing.

The Chicago Low Income Housing Trust Fund will meanwhile continue to serve the needs of many renters who are unable to meet their housing expenses. In 2015, the Trust Fund committed more than \$15 million to provide rental subsidies on behalf of 2,800 Chicago households, including many veterans, female-headed households, and people living with HIV/AIDS. We anticipate the Trust Fund will support at least that many households in 2016, thanks in part to an upswing in downtown Density Bonus contributions to the Affordable Housing Opportunity Fund, which supports the program.

By year's end, our housing commitments will have supported nearly 8,200 units of housing with \$254 million in direct assistance. These include new and rehabbed units made possible through our multi-family loan and tax credit programs, as well as Tax Increment Financing.

Additionally, the Mayor's Large Lots program is off to a tremendous start. To date, 432 properties have been sold for \$1 each in greater Englewood and East Garfield Park. An additional 90 lots are ready to close in Austin, and 306 lots were recently made available for purchase in Roseland and Pullman to help owners expand their yards, add gardens, and beautify their neighborhoods. With Council's assistance, and through the ongoing collaboration of our Zoning & Land Use and Economic Development bureaus, the department will continue to expand the program to other communities, so more residents can literally take ownership of their neighborhoods and transform formerly vacant lots into neighborhood assets.

## **ZONING & LAND USE**

Neighborhoods remain at the heart of all DPD's efforts, especially involving the work of our Zoning & Land Use Bureau

Of course, a large portion of the Bureau's activities involves the maintenance of the city's zoning code and ensuring that new development projects and businesses align with its provisions. By the end of the year, we'll have reviewed more than 20,000 applications for zoning compliance, hundreds more for proposed zoning changes, and nearly 100 new Planned Development proposals. The reviews are essential to protect the unique character of local neighborhoods and the compatibility of the properties within them.

To that end, the Bureau helped coordinate Council's recent passage of Mayor Emanuel's new Transit Oriented Development ordinance, which will enhance the relationship between the city's transit stations and the neighborhoods that surround them. Together, there are more than 200 CTA and METRA rail stations in the city, and the improved TOD ordinance will promote pedestrian scale development up to a half mile from each platform, primarily by offering parking reductions and increased density for eligible projects. Additionally, the changes are expected to generate more than \$400 million in economic activity and \$100 million in tax revenue for the City and its sister agencies each year. It also supports the new ARO by offering incentives for affordable housing units included on site.

The Bureau is also instrumental in moving special land use projects forward, especially private redevelopment projects that require Plan Commission and City Council approval. Notable 2015 projects include new mixed-use developments for vacant land at Clybourn and Division, and at Hubbard and Wells, both on the Near North Side; a major redevelopment of a mixed-use property at Lincoln and Altgeld in Lincoln Park; a new hotel at Randolph and Peoria on the Near West Side; a new grocery store at Belmont and Ashland in Lake View; a new office tower at Randolph and Franklin downtown; and a mixed-use improvement at Milwaukee and Leavitt in West Town. These and other projects to be

presented this fall and winter will enhance their neighborhoods, promote commerce, and reinforce the City's tax base for decades to come.

The Bureau is also responsible for working with the Commission on Chicago Landmarks and making landmark recommendations to City Council, including this year's designation of the Fulton Randolph Market District on the Near West Side and the Sears Roebuck and Co.'s former headquarters in North Lawndale. Both designations are the result of thoughtful preservation planning that will foster compatible investment, not only in the affected buildings, but also in their respective neighborhoods. Other landmark recommendations that are still pending Council approval involve the Marina City complex and the West Burton Place District, both on the Near North Side.

One other historic preservation effort that I should mention involves President Obama's designation of Pullman as a National Historic Park earlier this year. It was a momentous and well-deserved announcement, and staff looks forward to collaborating with the National Park Service on planning for an anticipated \$8 million federal budget and a projected 300,000 annual visitors.

All these initiatives seek to leverage local assets that reinforce an area's assets and viability, which also underscore our urban agriculture endeavors. In fact, under the Mayor, the number of existing and planned urban farms in Chicago has increased from two farms totaling about 1.5 acres in 2010, to more than a dozen farms totaling nearly 20 acres today. DPD will continue to seek creative ways for expanding this endeavor in order to provide new opportunities for fresh food in local neighborhoods, job training, and productive uses for vacant land.

We're improving land for more than farming, however. We are also providing resources for new parks and playgrounds, community gardens, and other spaces that enhance quality of life amenities for local residents. More than \$2.2 million in Open Space Impact Fees are expected to be collected this year to support these endeavors in each and every community area across the city.

## **CLOSE**

In closing, I want to reiterate the department's commitment to affordable housing, jobs, and the quality-of-life enhancements that they make possible for residents, businesses, and workers. We will continue to work with you, the leaders in your communities, and your constituents to carefully identify your most pressing needs and goals.

Your able assistance and strong support is vital to all the department's activities. We appreciate your ideas, your input, and your continued partnership in the year to come.

Thank you.



# Planning and Development 2016 Budget Hearing

## MBE/WBE Contracting Data

Period: January 1, 2015 – June 30, 2015

Total Purchases: \$452,450,310.50

<u>MBE/WBE Spend</u>	
<b>WBE:</b>	\$33,123,574.05 (7.3%)
<b>Asian MBE:</b>	\$6,565,864.26 (1.5%)
<b>African-American MBE:</b>	\$51,214,669.06 (11.3%)
<b>Hispanic MBE:</b>	\$50,752,767.95 (11.2%)
<b>Other MBE:</b>	\$5,780,171.21 (1.3%)
<b>Total Purchases:</b>	\$147,437,046.53 (33%)

## Staffing Data

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian	7	5	12	6%
Black	17	49	66	32%
Hispanic	19	27	46	22%
White	47	37	84	40%
<b>Total</b>	<b>90</b>	<b>118</b>	<b>208</b>	
	<b>43%</b>	<b>57%</b>		

New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian	1	0	1	16.667%
Black	0	1	1	16.667%
Hispanic	1	2	3	50%
White	1	0	1	16.667%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>6</b>	
	<b>50%</b>	<b>50%</b>		

Department Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian	2	1	3	8%
Black	4	1	5	13%
Hispanic	3	5	8	21%
White	13	9	22	58%
<b>Total</b>	<b>22</b>	<b>16</b>	<b>38</b>	
	<b>58%</b>	<b>42%</b>		

## Interns

School	Gender	Race
Carleton College	M	White
DePaul University	M	Black
DePaul University	M	White
Dickinson College	M	White
Northeastern Illinois University	M	Black
Ohio State	F	White
Roosevelt University	M	White
School of the Art Institute of Chicago	F	White
UIC	M	Black
UIC	F	White
University of Illinois Champaign Urbana	F	White



City of Chicago

# Department of Planning and Development

## Commissioner's Office

Planning & Operations

Communications & Outreach

## First Deputy Commissioner's Office

## Bureau of Housing

Housing Preservation

Construction & Compliance

Homeownership Center

Multi-Family Affordable Financing

*Chicago Low income Housing Trust Fund*

## Bureau of Economic Development

TIF Administration

Business Development

Workforce Solutions

Real Estate

## Bureau of Zoning and Land Use

Sustainability/Open Space

Historic Preservation

Planned Developments

Zoning Ordinance Administration