

**Department of Planning and Development**  
2020 Budget Statement  
Commissioner Maurice D. Cox

Good afternoon Chairman Dowell and members of the City Council. Thank you for the opportunity to present the Department of Planning and Development (DPD) budget request for 2020.

I'll use our time today to recap some of DPD's most important accomplishments over the first three quarters of the year and share some of Mayor Lightfoot's key goals for the coming year.

Our \$65 million budget request is part of a comprehensive restructuring of the department that will make the City more responsible to the planning and development needs of our constituents.

We are currently implementing a neighborhood-based staffing approach that will designate specific staff to your neighborhoods, which will increase the City's capacity for targeted, sustained improvements that foster community investment, cohesion, safety and equity.

In 2019, DPD's work was instrumental in meeting the Mayor's commitment to a more equitable Chicago, namely how commercial investment, affordable housing, industrial growth, and other public and private development efforts are dispersed throughout the city. DPD is positioned to continue this important work into 2020 to help ensure a truly equitable Chicago.

Equity includes contracting opportunities, and I'll note our total M/WBE purchasing through September is \$161 million, which includes the closeouts of two very large TIF projects involving Swedish Covenant Hospital and Rush University Medical Center. These have both exceeded our M/WBE hiring goals of 24/4%.

*Organization*

When I started as commissioner in September, one of my first tasks was to examine the organizational structure of DPD. It was clear that we needed to reorganize the department to reflect the diverse demands of the city's geography.

As part of that effort, we've created a new Neighborhood Planning Division that will renew our community-based focus, especially involving the revitalization of the South and West sides of the city. Each region will have a primary point of contact for aldermen, their staffs, and most importantly, the communities we serve together, especially with our increased focus on the South and West sides.

This endeavor will include the hire of eight new planners to supplement 20 current planners who will be deployed as members of regional neighborhood teams. The new planners will be dedicated to implementing comprehensive community planning efforts that will ensure the entire city prospers holistically and equitably.

*INVEST South/West*

The Neighborhood Planning Division's work will be largely guided by the INVEST South/West initiative that was announced by Mayor Lightfoot in October to marshal the resources of multiple City

departments, community organizations and corporate partners toward 10 targeted neighborhoods on Chicago's South and West sides.

Through this groundbreaking collaborative by government, businesses, philanthropies, and community leaders, the City will align more than \$750 million in public funding over the next three years. The funding includes \$500 million in planned and funded infrastructure improvements, as well as \$250 million in commitments from DPD programs, chiefly Tax Increment Financing, the Small Business Improvement Fund and the Neighborhood Opportunity Fund.

Our initial focus will be identifying walkable geographies where residents can see the changes between their homes and stores, services, train stations, parks, and other community destination points, where we will maximize public investments to attract private capital, respond to changing commercial trends and enrich local culture.

These are areas within the public realm that have historically served as the centers for civic life in their respective neighborhoods. Our collective goal is to restore their viability for 21st century needs involving shopping, housing, culture, open space, live-work environments, and viable, contemporary uses that build community cohesion and neighborhood vitality.

Community engagement is already underway, and I'm in the process of personally touring these areas with each of you. The work will be centered on four main principles: amplify local priorities, focus public investment, drive private investment to build local wealth, and integrate new strategies for public safety.

We're excited about this unprecedented level of coordination under Mayor Lightfoot on behalf of the residents and business people that live in and work in these areas.

#### *Neighborhood Opportunity Fund*

To help implement INVEST South/West, we reformed the Neighborhood Opportunity Fund this fall to make capital easier to access by prospective businesses.

The biggest change to NOF is that some projects can be 100 percent funded by the program. We're also allowing up to \$25,000 in grants to cover pre-construction costs like appraisals, environmental surveys and architectural services. We expect to launch the next NOF application rounds in the first and third quarters of 2020.

Since it launched in 2017, the Fund has committed \$46.5 million to more than 180 businesses across the South, Southwest and West sides of Chicago. As you know, the funding was generated by downtown construction projects through the Neighborhood Opportunity Bonus system.

#### *Neighborhood Opportunity Bonus*

In 2016, the Neighborhood Opportunity Bonus updated the density bonus system that developers voluntarily used to increase the allowed density for downtown construction projects. The new system today provides financial resources for commercial development projects in neighborhoods lacking private investment, as well as designated City landmarks and local infrastructure. Through October, it has generated more than \$230 million in developer commitments, of which \$184 million

will be allocated upon receipt to underserved neighborhoods, \$23 million toward infrastructure, and \$23 million toward landmarks citywide.

The biggest commitment so far comes from the River District project, approved earlier this year for the site of the Chicago Tribune Freedom Center. At full build-out, this one project alone will commit more than \$62 million to the system.

Other 2019 bonus system payments include \$3.9 million for a 46-story residential, hotel, and retail complex at 300 N. Michigan Ave.; \$3.2 million for a 90-foot-tall addition to an office building at 308 S. Erie St. and new, 15-story commercial structure at 301 W. Huron St.; and \$1.8 million for 12-story hotel and six-story office building at 1043 W. Fulton Market

### *PD Changes*

Another planning process that we're improving involves the so-called "megaprojects" that are reshaping several communities. At the October meeting of the Chicago Plan Commission, my department proposed a series of reforms to the review and approval process for all private projects that exceed 20 acres, 4 million square feet of space or 4,000 residential units.

The draft guidelines provide more opportunities for community stakeholders to understand and influence how very large development projects may affect their neighborhoods through more meetings, more information, and more transparency. We hope to finalize the requirements after the public input period concludes later this month.

Development locations that could be subject to the new procedures include the nearly 100-acre Michael Reese Hospital site in Bronzeville, the 450-acre USX site in South Chicago, and an approximately 35-acre site adjacent to Soldier Field on the Near South Side.

### *Tax Increment Financing*

I'll quickly turn to Tax Increment Financing program and new districts approved by City Council this year for the new 116th/Avenue O TIF district on the Southeast Side, the Roosevelt/Clark district along the South Branch of the Chicago River, and Cortland/Chicago River along the North Branch of the river. Each of these TIF districts are funding long-needed infrastructure improvements in each area, and they're among 140 districts on the books citywide.

At the close of this year, DPD will be surplussing more than \$300 million for other taxing district needs, a number we arrived at after close consultation with OBM. We will also be terminating four districts early, reducing the city's total TIF inventory to 136, which is down 15 percent since 2010.

We will continue to explore reforms under Mayor Lightfoot that will make the program more responsive the city's equitable development needs. We hope to propose new and innovative changes early next year.

### *SBIF*

One of the most impactful applications of TIF is the Small Business Improvement Fund, commonly known as SBIF. The program, now in its 20th year, helps owners of commercial and industrial

properties within TIF districts repair or remodel their facilities for their own business or on behalf of tenants.

So far in 2019, DPD has issued \$6.6 million in SBIF grants in support of \$13.2 million of work, helping 98 businesses in every corner of the city create or retain more than 1,900 jobs.

### *Landmarks*

Along with the city's future, the Department is equally committed to the city's past. By the end of the year, our historic preservation staff will have coordinated ten formal landmark designations, including the former Lyman Trumbull Public School building in Edgewater; the Claremont Cottage District on the Near West Side; the Promontory Apartments in Hyde Park; the Near North Side Multiple Property District; and the John Nuveen House in Irving Park. Owners of each of these properties are eligible for multiple incentives that can help to reduce operating costs and facilitate their preservation on behalf of the entire city.

### *Transit Oriented Development (TOD)*

I also want to update you on our Transit-Served Location ordinance, through which we promote transit-oriented development on behalf of local neighborhoods with transit stations.

In January, the City Council approved a large expansion of that ordinance to cover more than 20 high-ridership bus routes along various major corridors. By covering streets like Ashland, Western, Chicago, 63rd and 79th, we greatly expanded the ability of developers to qualify for the program.

In the last three years, 178 projects have utilized TOD benefits, primarily with parking reductions. These projects are collectively valued at \$14 billion and they're generating more than 84,000 construction jobs.

### *City-Owned Land*

One of the most important clerical roles of the Department is to maintain a complete and accurate database of City-owned vacant land, and to organize the sale of that land through a number of different programs. This budget includes a new director for the City-Owned Land System, or COLS.

COLS is a public, online database that we are continuing to refine to support our planning and development efforts citywide involving open space, community gardens, farms, affordable housing, economic development opportunities, and stormwater management systems, such as the ten green infrastructure sites that opened earlier this year on portions of Chicago Avenue, 16th Street, and Ogden Avenue. An 11th site at Fifth and Sacramento will break ground this spring.

### *Cannabis*

Before I close, I want to mention the department's efforts to coordinate the legalization of recreational cannabis in Chicago starting in 2020.

This summer and fall, DPD zoning staff worked with the City Council and the Mayor's Office to implement our first Cannabis Zoning Ordinance, following three community meetings we co-hosted throughout the city.

Moving forward, DPD and Mayor's Office staff are working with the State of Illinois and community partners to effectuate city policies that will promote equitable opportunities for small and local businesses to participate in the expansion of the cannabis industry. This includes working with the State's Department of Commerce and Economic Opportunity to deploy funding for social equity applicants, and working with the State of Illinois and Chicago's Community Colleges to pilot training and entrepreneurship opportunities for aspiring businesspeople.

*Closing*

In closing, I'd like to thank each member of this body for the welcome you've given me these first two months. I look forward to productive partnerships with all of you in the months to come.