

# Inclusive Growth



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## Abbreviations

ARC: Atlanta Regional Commission  
CCLBDA: Cook County Land Bank Development Authority  
CMAQ: Congestion Mitigation and Air Quality  
CRGI: Chicago Regional Growth Initiatives  
DRCOG: Denver Regional Council of Governments  
DVRPC: Delaware Valley Regional Planning Commission  
EDA: Economically disconnected area  
FHEA: Fair Housing and Equity Assessment  
GARE: Government Alliance on Race and Equity  
GDP: Gross domestic product  
GRP: Gross regional product  
HUD: U.S. Department of Housing and Urban Development  
H-GAC: Houston-Galveston Council  
H+T: Housing and transportation  
IMF: International monetary fund  
LEP: Limited English proficiency  
LTA: Local Technical Assistance  
MAPC: Metropolitan Area Planning Council  
MARC: Mid-America Regional Council  
MPO: Metropolitan Planning Organization  
PSRC: Puget Sound Regional Council  
REAL: National League of Cities' Race, Equity and Leadership  
SSLBDA: South Suburban Land Bank Development Authority  
TAP: Transportation Alternatives Program  
TOD: Transit oriented development



# Introduction

Today, the Chicago region is struggling to keep economic pace with peer regions and the nation overall. Low growth constrains our prosperity now and will only become more problematic as shifts in manufacturing and services, globalization, and technology increasingly challenge all regions.

Simply put, new analysis shows that high levels of economic inequality are limiting our region's ability to grow. Inequality unfolds across a number of dimensions, limiting some residents' opportunities to succeed due to the community they live in, their inherent personal traits like race or ethnicity, and/or their socioeconomic status. Limited opportunity can extend across generations, circumscribing the lifelong earnings and entrepreneurial potential of residents through decreased access to quality education, employment, housing, or transportation choices. Because these residents are not well connected to opportunities provided by the region's economy, a substantial portion of the region's human capital -- embodied in the talents and skills of these residents -- is being wasted.

The ON TO 2050 comprehensive regional plan will include "inclusive growth" as one of just three over-arching principles. The term is widely used in reference to economic processes that enable the broadest possible proportion of residents and communities to contribute to and benefit from the region's prosperity.

To compete in the future, the Chicago region must make full use of all its resources, including the full potential of its workforce, businesses, and infrastructure. Paired with other strategies to promote the competitiveness of the region's economic assets, inclusive strategies can help the region restart long-term economic growth and increase the prosperity of all its residents.

Promoting inclusive growth will require building regional partnerships and defining goals across all of CMAP's work, including transportation, land use, tax policy, housing, and economic development. Building on CMAP's core transportation and land use planning responsibilities, this strategy paper outlines potential strategies and policy directions for ON TO 2050 that will work toward a more inclusive regional economy.



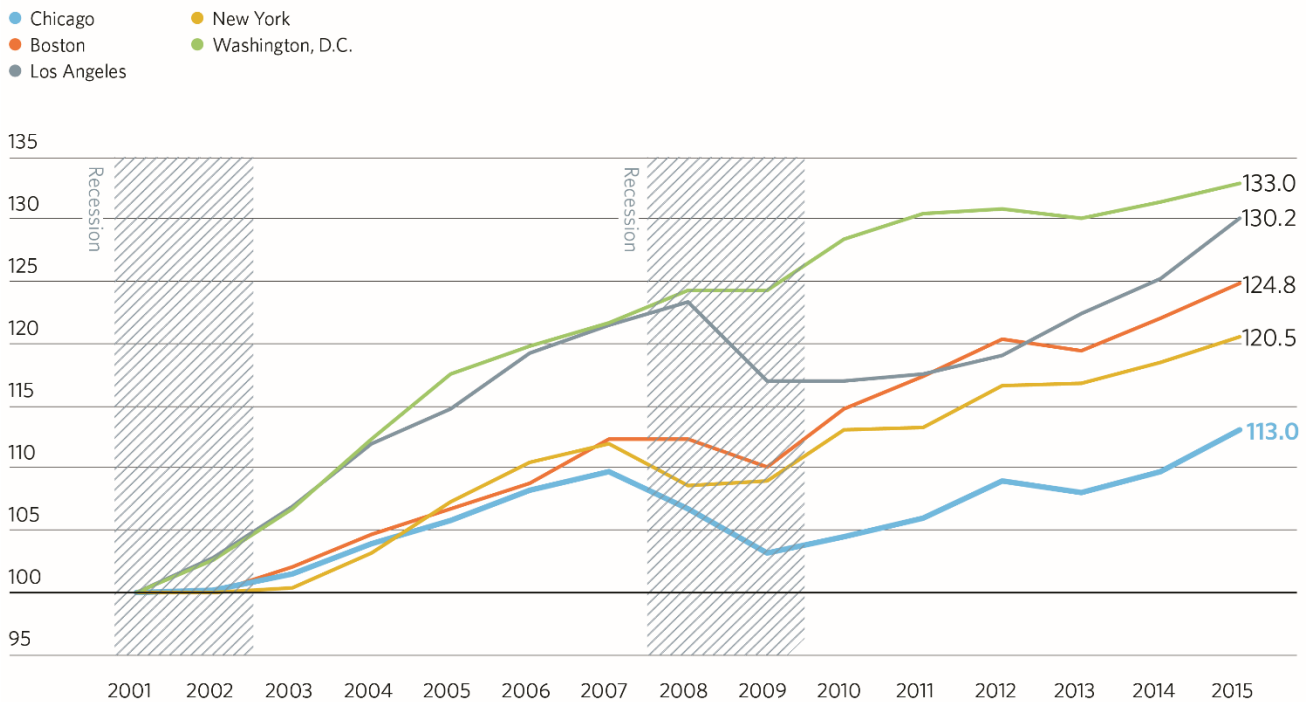
# An economic turning point

The Chicago region is losing economic ground. This began prior to the most recent recession, and the region's slow economic recovery has created a widening gap between the region and its peers. Metropolitan Chicago lags peers across gross regional product (Figure 1), employment (Figure 2), and population (Figure 3) growth. This low growth suggests that the region is not as productive or competitive as it could be, which has direct, negative consequences for residents. On an individual level, slow growth in output per capita is related to low wage growth and sluggish advances in the local standard of living.<sup>1</sup> Low growth across these factors highlights the need for coordinated action and policy changes to help the region's economy grow.

**Figure 1.**

**Indexed real gross regional product growth in select metropolitan statistical areas, 2001-15**

Source: Chicago Metropolitan Agency for Planning analysis of Economic Modeling Specialists International data.



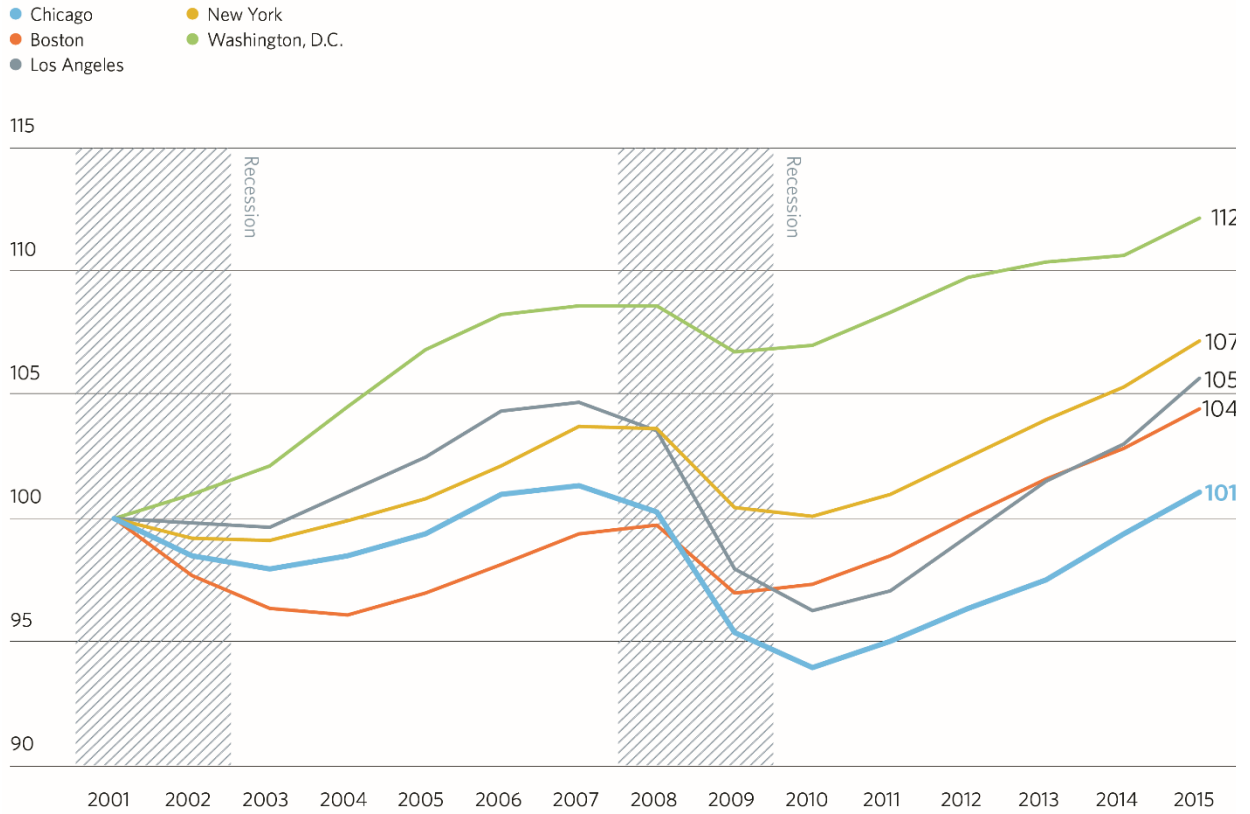
<sup>1</sup> Ana Marie Santacreu, "What Causes a Country's Standard of Living to Rise?" *Federal Reserve Bank of St. Louis, The Economy Blog* (2015). <https://www.stlouisfed.org/on-the-economy/2015/december/what-causes-countrys-standard-living-rise>.



**Figure 2.**

**Indexed total job growth in select metropolitan areas, 2001-15**

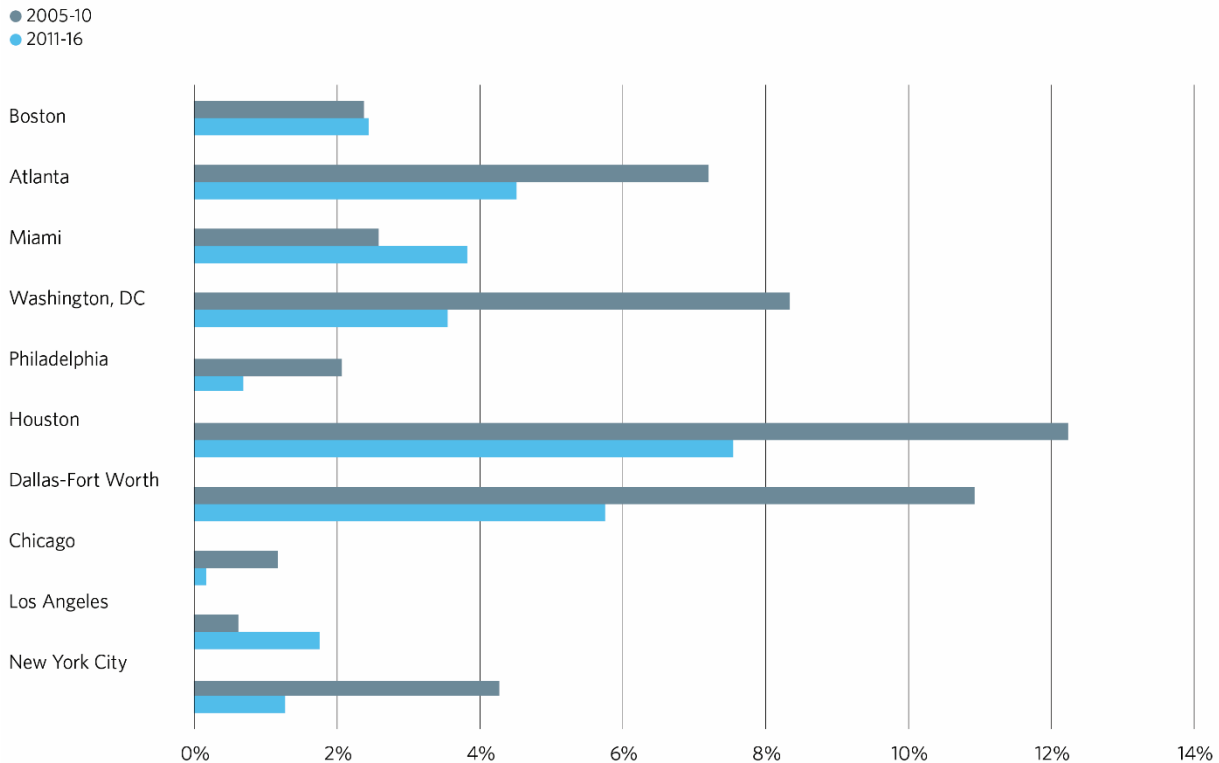
Source: Chicago Metropolitan Agency for Planning analysis of Economic Modeling Specialists International data.



**Figure 3.**

**Population change in select metropolitan statistical areas, 2005-16**

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, 2005-2010 and 2011-2016.



The region’s slow economic and population growth is undeniably linked to a number of issues, like the State’s fiscal condition, global shifts in manufacturing, growth of the service economy, and similar macro trends. Through GO TO 2040 and subsequent work, CMAP has already highlighted many strategies to address these shifts and support the region’s economy. CMAP continues to recommend investing in human capital, supporting strong economic clusters, building and maintaining critical transportation infrastructure, and investments that support a strong quality of life. Emerging research adds to these priorities by highlighting the negative role that persistent economic disparities among residents can play in the region’s success.

In metropolitan Chicago, African American and Hispanic residents experience persistent disparities with respect to employment, educational attainment, and income (Figure 4). These negative outcomes are worst for African American residents, who participate in the workforce at lower rates (Figure 5), have lower incomes, experience significantly higher unemployment, and endure longer commutes than residents of other races or ethnicities (Figure 6).

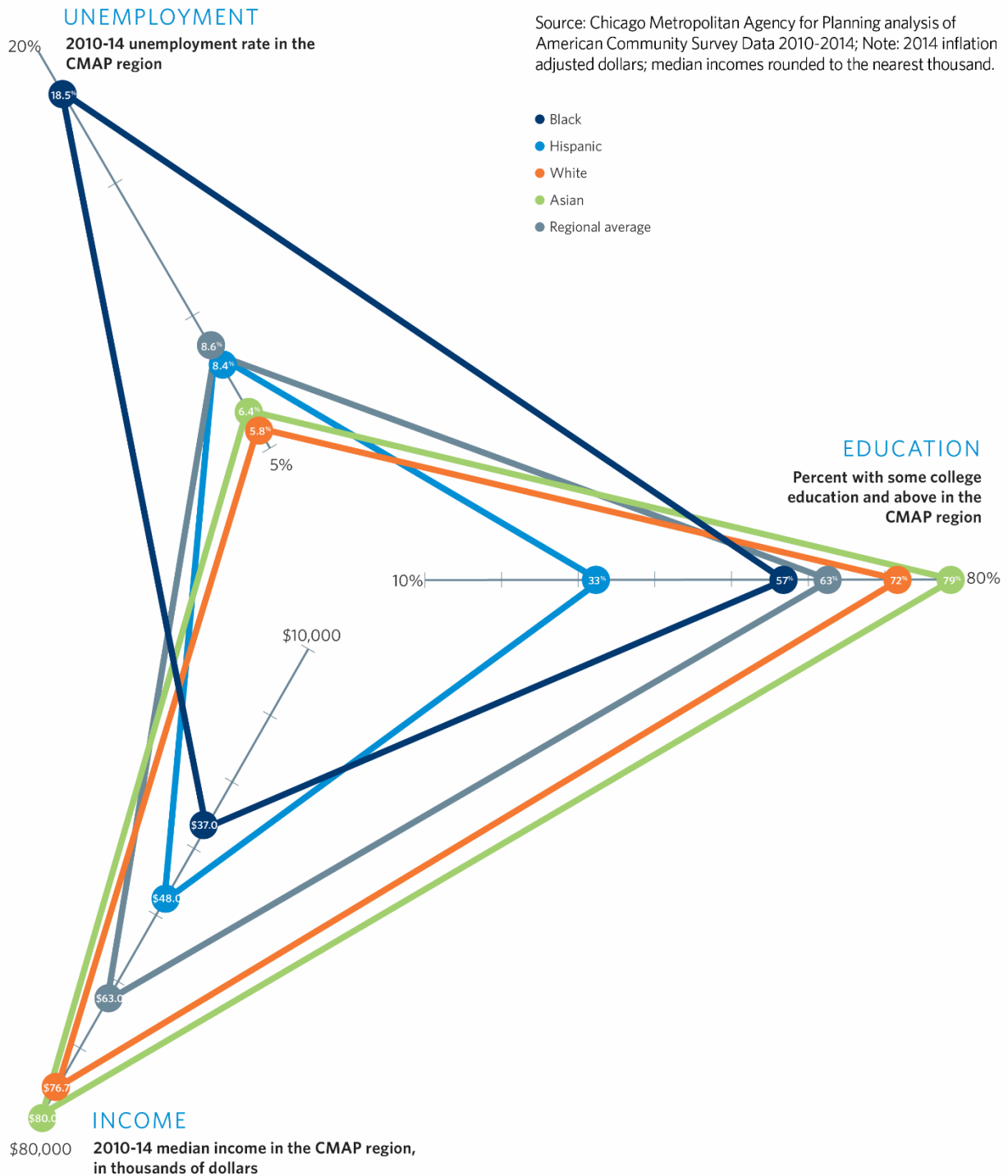


Figure 4.

### Disparate outcomes by race/ethnicity in the Chicago region, 2010-14

Note: Unemployment is for population 16 and above. The Bureau of Labor Statistics provides regional unemployment rates used in other CMAP products. Census unemployment is behind current rates, but is the most appropriate source to analyze unemployment by race.

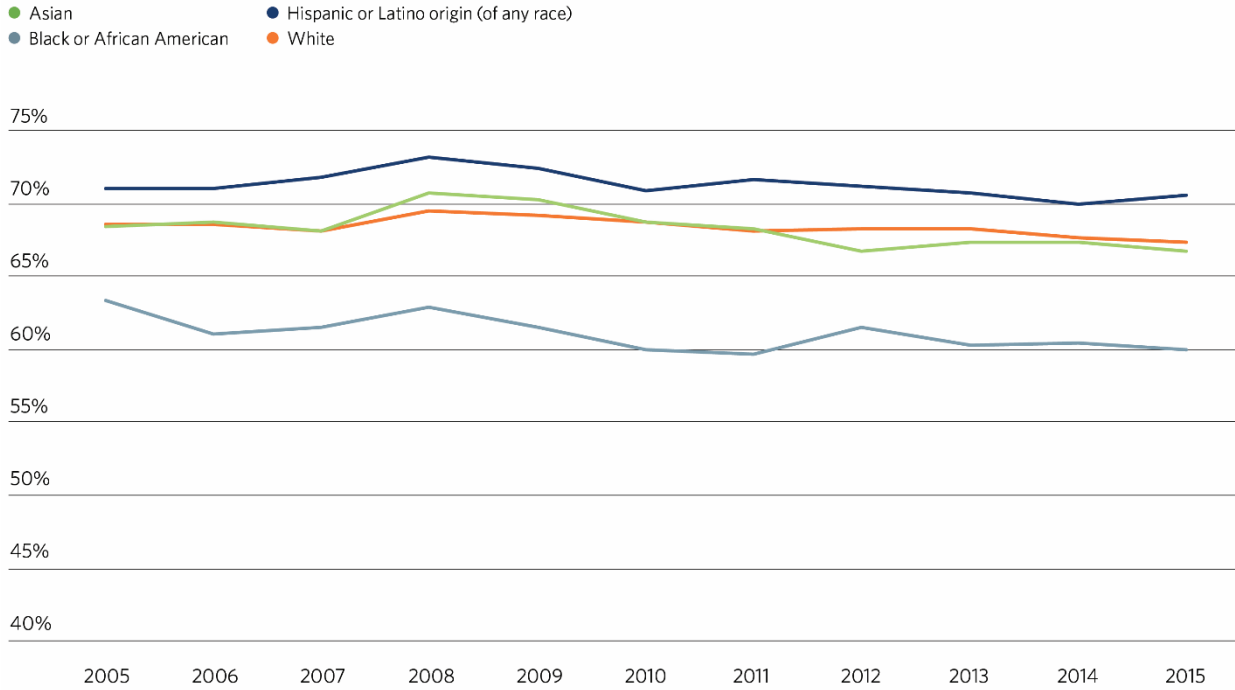
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey Data 2010-2014; Note: 2014 inflation adjusted dollars; median incomes rounded to the nearest thousand.



**Figure 5.**

**Labor force participation in the Chicago Metropolitan Statistical Area, by race/ethnicity, 2005-15**

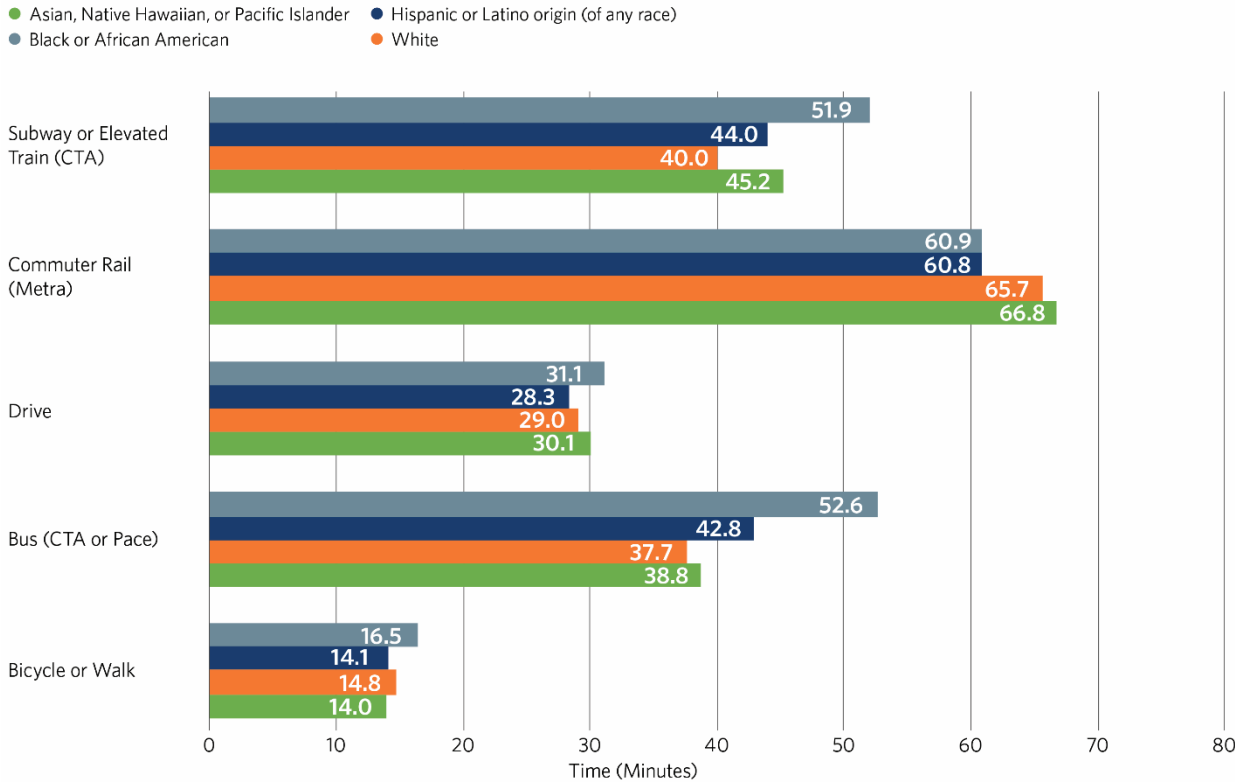
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, 2005-2015.



**Figure 6.**

**Average one-way commute time by race and mode, 2010-14**

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey PUMS, 2010-2014.



Note: Commute times are outlined for non-Hispanic whites, non-Hispanic African Americans or blacks, Hispanics of any race, and Asians, Native Hawaiians, and Pacific Islanders.

The region’s public sector, civic, and business stakeholders can address these economic disparities and promote inclusive growth. This strategy paper first lays out the evidence linking regional economic success to economic mobility and equity, then identifies strategies to promote inclusive growth. These strategies will help the region’s most economically disconnected residents participate in the region’s economy, live in and contribute to vibrant communities, and have a stronger quality of life. By better connecting all residents to the economy and civic life, we will also promote broader economic success.



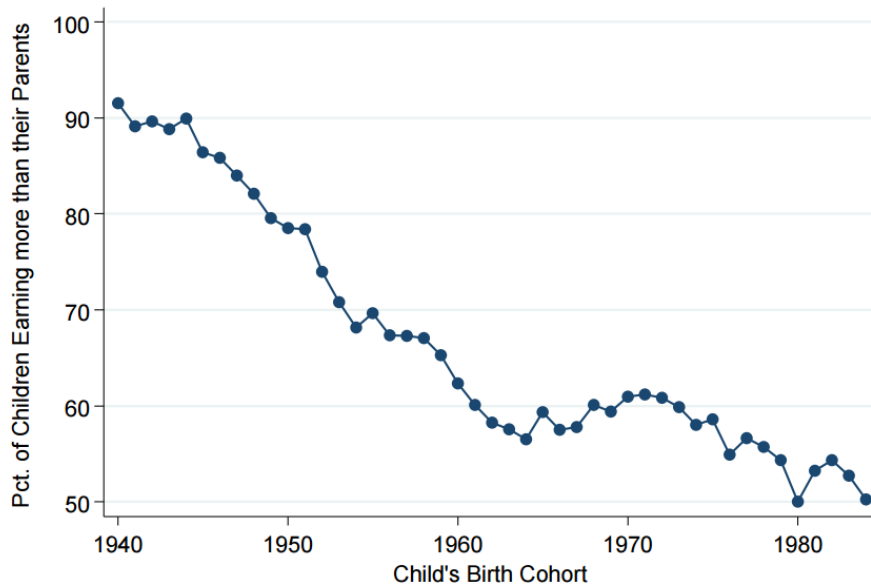
# The economic case for inclusive growth

Although many past calls to reduce racial and economic inequality have relied on arguments about fairness, a growing body of research emphasizes the negative influence that inequality exerts on regional economic growth. These analyses provide relevant guidance for CMAP's future planning, programming, and policy work. Findings from this literature fall under four themes: broadly declining economic mobility, the effects of inequality on economic mobility, effects of inequality on regional growth, and the importance of cultivating existing economic assets.

## Economic mobility is declining for many Americans

Economic mobility -- the potential for children to have a higher standard of living than their parents -- is perceived as a fundamental feature of the "American Dream." However, new research shows that children's prospects of earning more than their parents have decreased in America from above 90 percent for children born in 1940 to about 50 percent for children born in the early 1980s (Figure 7).<sup>2</sup> In short, fewer than half of millennials are likely to earn more than their parents. This macro trend is affecting communities across the country, but the largest declines in mobility were concentrated in the middle class, and in states in the industrial Midwest, like Michigan and Illinois (Figure 8).<sup>3</sup>

**Figure 7. Mean rate of children earning more than their parents, by year of birth**



Source: Chetty and Hendren. "The Fading American Dream" (2016).

<sup>2</sup> Raj Chetty and Nathaniel Hendren et al "The Fading American Dream: Trends in Absolute Income Mobility Since 1940," *National Bureau of Economic Research* (2016) [http://www.equality-of-opportunity.org/papers/abs\\_mobility\\_paper.pdf](http://www.equality-of-opportunity.org/papers/abs_mobility_paper.pdf).

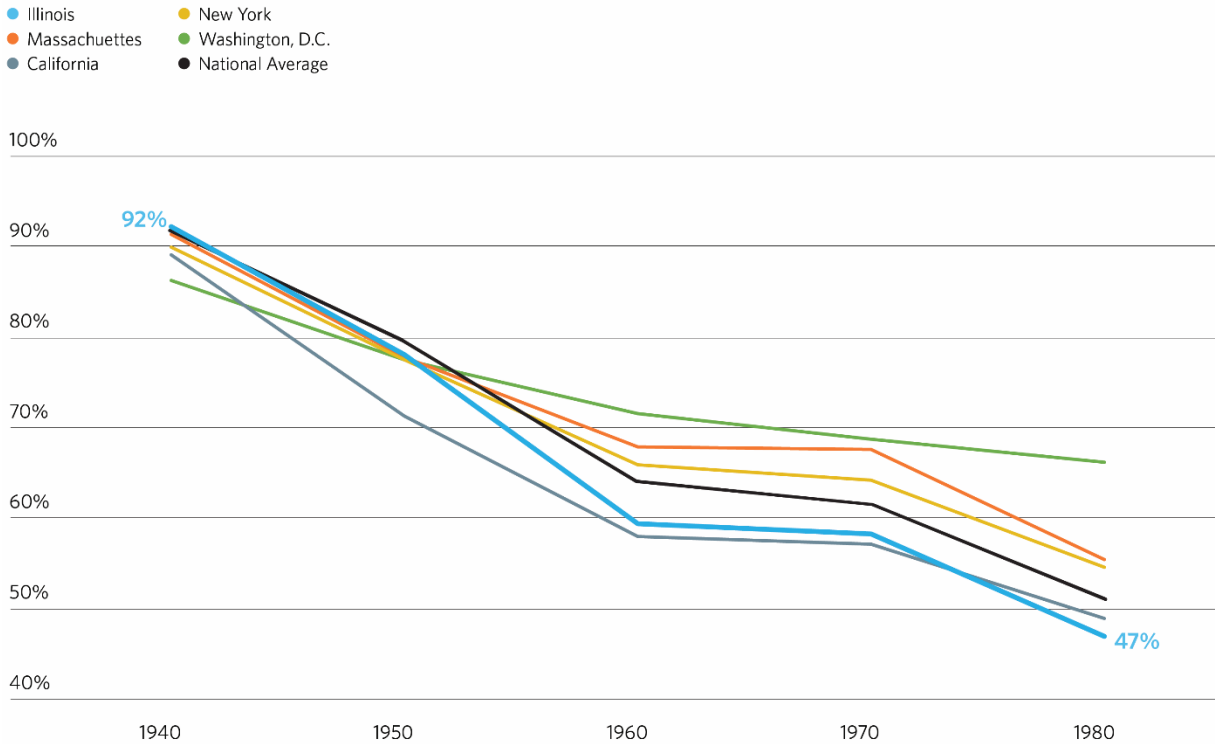
<sup>3</sup> Chetty and Hendren, "The Fading American Dream" (2016):3.



**Figure 8.**

**Mean rate of children earning more than their parents, by selected year of birth and state**

Source: Chetty and Hendren. "The Fading American Dream" Online Data Table 2: Absolute Mobility by Child Birth Cohort and State (2016).



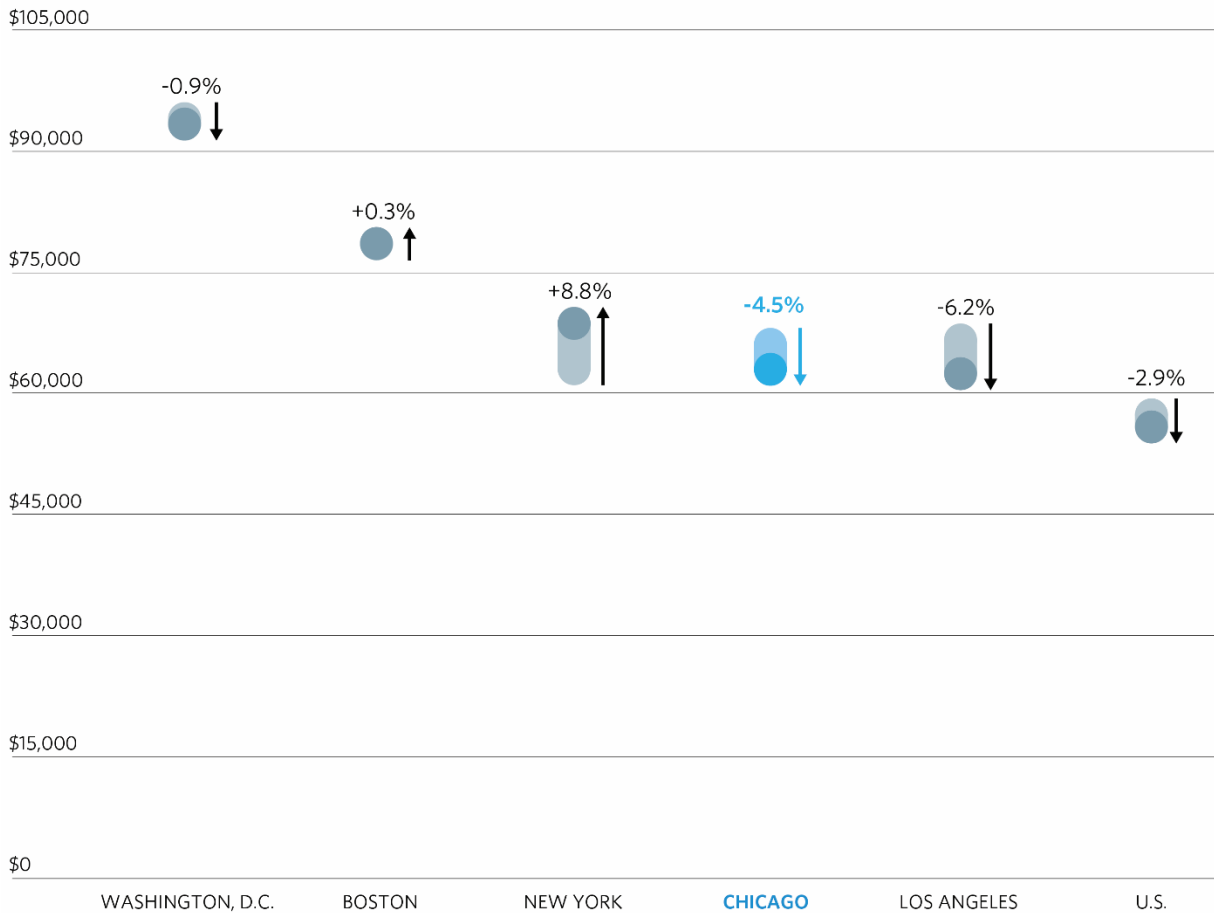
Declining relative income among today’s young people is an issue of long-term concern because of the growing mismatch between the costs to participate in the economy and real wages. Real median household income declined 4.5 percent in the Chicago Metropolitan Statistical Area from 1989-2015, despite contemporaneous growth in the cost of housing, higher education, transportation, and other major expenses for the average household (Figure 9). As they struggle to hold on to high quality of life while confronting growing costs and stagnant or declining income, many households turn to consumer debt and other tradeoffs to bridge this gap. Over-leveraged households are less resilient to economic shocks and less likely to have resources to invest in additional education, starting a business, or other positive economic activities that can benefit the region. These effects are even more serious for households at the lower end of the income distribution.



**Figure 9.**

**Change in real median household income in select metropolitan statistical areas, 1989-2015, in 2015 dollars**

Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census Bureau data.



**Economic mobility is limited in regions with high degrees of inequality**

Although declining economic mobility is affecting household in regions across the country, declines in mobility are generally more pronounced in regions with higher existing levels of economic inequality. Figure 10 demonstrates this dynamic by outlining the relationship between inequality (as measured by Gini coefficients<sup>4</sup>) and economic mobility for low-income

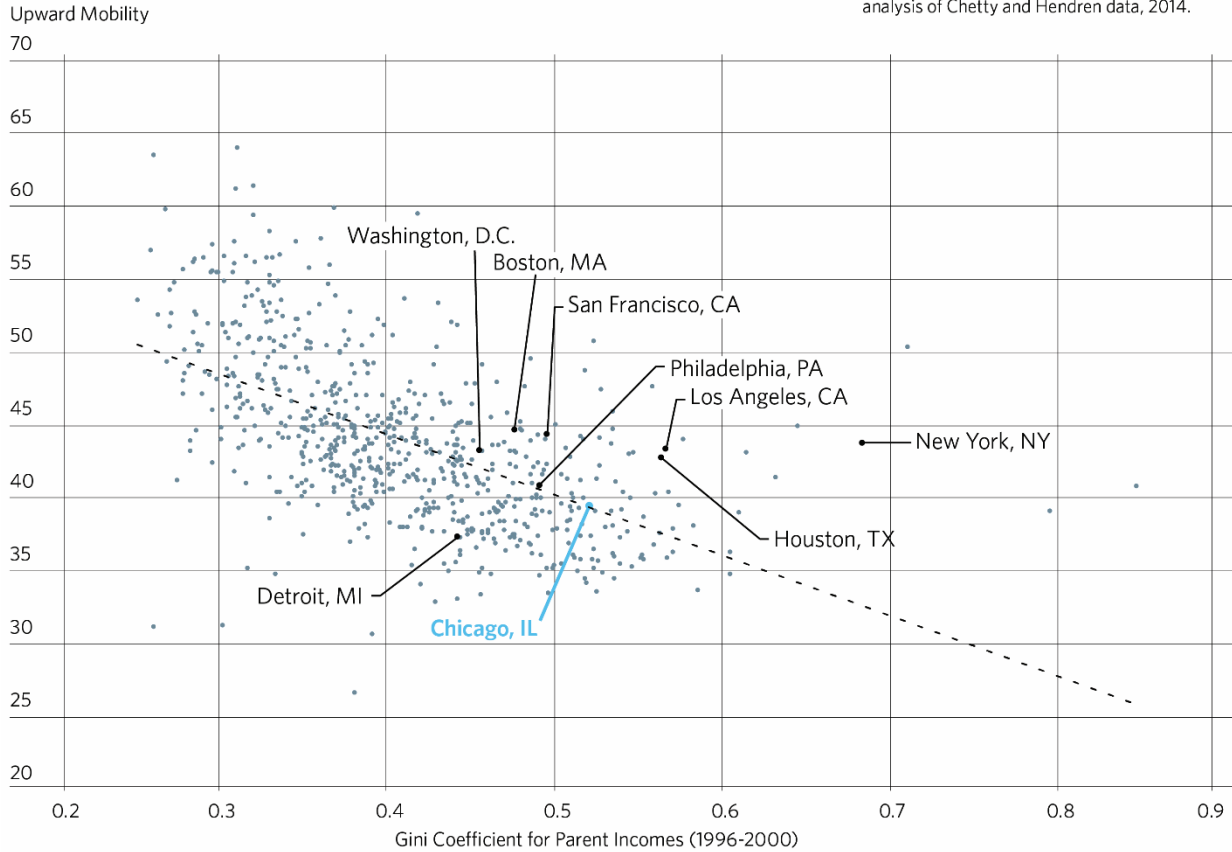
<sup>4</sup> The Gini coefficient is a statistical measure of dispersion most commonly used to describe income inequality. A Gini coefficient of zero describes income parity (everyone has the same income); whereas a Gini coefficient of one indicates a monopoly (all income is concentrated in a single actor). This chart is looking at the relative equity of the income distribution in various regions during the time period where children born in the early 1980s were growing up (1996-2000).

children across all 700 U.S. regions.<sup>5</sup> This chart highlights the broad theme that poor children are less likely to improve their status as adults in places where income inequality is higher.

**Figure 10.**

**Economic mobility and inequality among U.S. region**

Source: Chicago Metropolitan Agency of Planning analysis of Chetty and Hendren data, 2014.



Although many other large regions displayed less income inequality and provided more economic mobility for lower-income children (Washington D.C., Boston, San Francisco, Philadelphia), some of the Chicago region’s peers provided more mobility despite having greater inequality during the study period. This is likely because of larger issues related to the composition of these unique economies (e.g., the New York region’s share of high-income individuals due to its financial cluster). Chetty’s and Hendron’s research further suggests that these outlying economies could be achieving even higher upward economic mobility by reducing inequality. For more discussion of the Chicago region’s relative performance on absolute economic mobility, see Appendix B.

As discussed previously, lack of economic mobility and income for too many residents constrains regional growth. When residents do not have resources to invest in productivity

<sup>5</sup> The regions represented here are technically all American commuting zones (an alternative measure for regions that includes rural areas). See Appendix B for more information discussion of this measure.

factors like education or skills acquisition, they cannot advance economically. This stifles innovation, entrepreneurship, and movement of new businesses to the region. Over time, these drains on productivity work together to limit the potential for regional growth.

## **Decreasing inequality can make periods of growth longer and stronger.**

Many studies demonstrate a link between income equity and longer periods of economic growth.<sup>6</sup> For example, the International Monetary Fund (IMF) compared the growth periods<sup>7</sup> of 119 countries and found a strong correlation between greater income equity and sustained growth of gross domestic product (GDP) over time.<sup>8</sup> These researchers also found that, generally, a 10 percent decrease in inequality increases the expected length of a period of growth by 50 percent.<sup>9</sup>

This finding is part of a growing body of literature connecting high levels of inequality with factors that constrain growth. Researchers have found that “inequality can undermine progress in health and education, cause investment-reducing political and economic instability, and undercut the social consensus required to adjust in the face of shocks, and thus that it tends to reduce the pace and durability of growth.”<sup>10</sup>

The connection between inclusion and economic growth applies to regions as well as countries, and to measures of regional economic well-being beyond GDP growth. These measures assess the extent to which increased growth is shared among all segments of the population and how these factors drive the long-term success of regional economies.<sup>11</sup> For example, the Cleveland Federal Reserve’s analysis of growth factors for 118 U.S. regions showed that racial and ethnic diversity, openness to immigrants, low rates of racial segregation, and low levels of income stratification contribute to regional growth in employment and output (Figure 11). In fact, apart from the presence of a skilled workforce, these factors contributed most to regional output growth -- more than business dynamics (such as change in employment due to business churn,

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<sup>6</sup> The World Bank, the United Nations, the International Monetary Fund, the World Economic Forum, and the Organization for Economic Cooperation and Development have all published material on the subject. See especially Andrew Berg and Jonathan Ostry, “Inequality and Unsustainable Growth: Two Sides of the Same Coin?” *International Monetary Fund Staff Discussion Note* (2011). DOI: <http://dx.doi.org/10.5089/9781463926564.006>.

<sup>7</sup> Defined as periods of at least 2 percent per capita income growth.

<sup>8</sup> Andy Berg, Carlos Leite, Jonathan D. Ostry and Jeromin Zettelmeyer, “What makes growth sustained?” *International Monetary Fund* (2007): 44. DOI: <http://dx.doi.org/10.1016/j.jdeveco.2011.08.002>.

<sup>9</sup> Berg and Ostry, “Inequality and Unsustainable Growth” 13.

<sup>10</sup> Jonathan Ostry, Andrew Berg, Charalambos G. Tsangarides, “Redistribution, Inequality, and Growth,” *International Monetary Fund Staff Discussion Note* (2014): 7 DOI: <http://dx.doi.org/10.5089/9781498394284.006>.

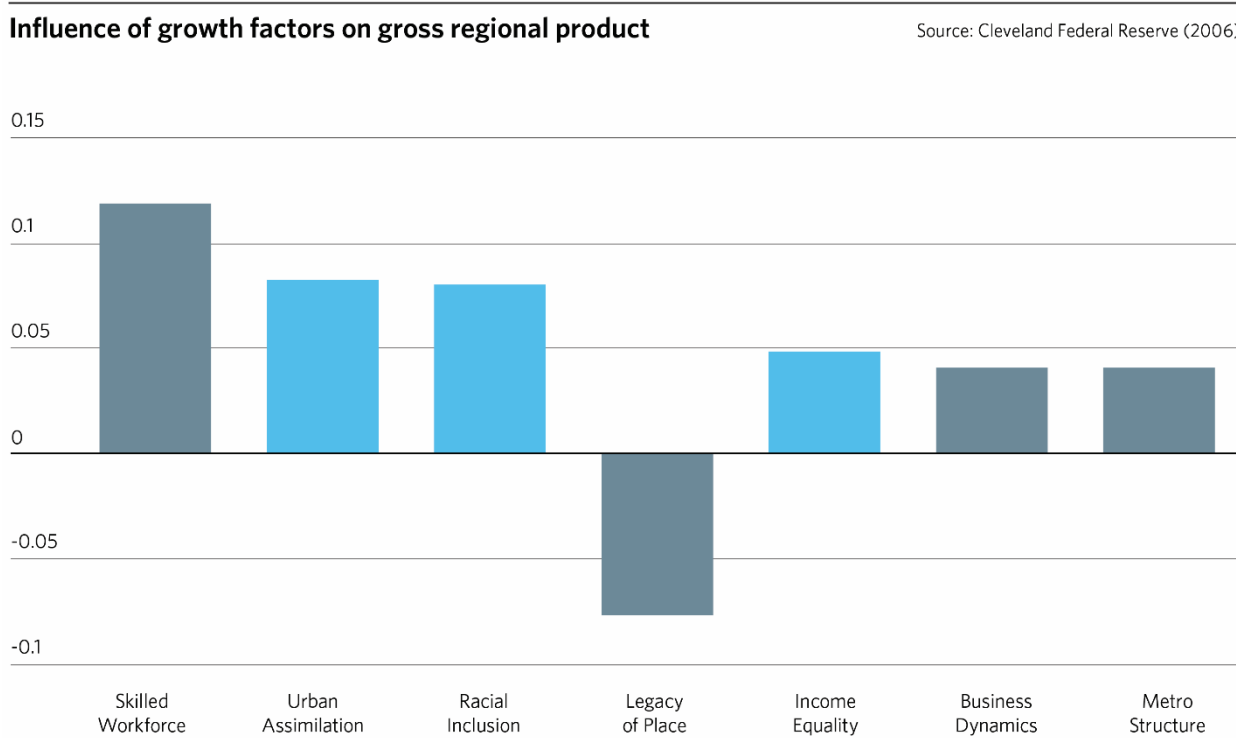
<sup>11</sup> Organisation for Economic Co-operation and Development, “Economic Policy Reforms 2016: Going for Growth Interim Report,” (2016) DOI: <http://dx.doi.org/10.1787/growth-2016-en>; Brookings Metropolitan Policy Program, “MetroMonitor: Tracking growth, prosperity, and inclusion in the 100 largest U.S. Metropolitan areas,” (2016) <https://www.brookings.edu/wp-content/uploads/2016/07/MetroMonitor.pdf>.





historic concentration in manufacturing, and percent of small businesses) or the suburban/urban distribution of population, which also contribute.<sup>12,13</sup> This research suggests that building a skilled workforce, promoting opportunities for minorities and immigrants, and increasing income equity can contribute to greater economic growth.

**Figure 11.**



Promoting a more inclusive model of economic growth can improve outcomes for low-income and minority communities and increase the size of the overall economy, benefitting everyone in the metropolitan area. This is partly because low-income and minority populations in more inclusive regions have better access to opportunities.<sup>14</sup> Fully leveraging a region’s human capital strengthens economic competitiveness and economic growth.

<sup>12</sup> This study analyzed the contribution of eight composite factors to growth measures (employment, output, per capita income, and productivity). Skilled workforce was the highest contributing factor in output growth, whereas business dynamics was the highest contributing factor in employment growth. Urban assimilation, racial inclusion, and income equality were the next highest contributing factors in growth in both employment and output. See Appendix E for the underlying indicators in each factor.

<sup>13</sup> Randall Eberts, George Erickcek, and Jack Kleinhenz, “Dashboard Indicators for the Northeast Ohio Economy: Prepared for the Fund for Our Economic Future,” *Federal Reserve Bank of Cleveland Working Paper* (2006):20.

<sup>14</sup> Christ Benner and Manuel Pastor. *Equity, Growth, and Community: What the Nation Can Learn from America’s Metro Areas*. (California: University of California Press, 2015) DOI: <http://dx.doi.org/10.1525/luminos.6>.



## **Economic growth is also necessary to create opportunities for broader economic participation.**

Broad-based growth can facilitate economic mobility and help decrease inequality primarily through two avenues. First, growth can lower poverty by raising the demand for labor.<sup>15</sup> Second, any policies put in place to spread opportunity -- particularly to increase economic mobility for average or low-income families and individuals -- will have smaller effects when there is little growth to be distributed.<sup>16</sup> Some amount of broad-based growth will be key to implementing inclusive growth.

Research suggests that widening the economic playing field by taking steps to increase racial and economic equity can increase both individual prosperity and regional growth. This research further suggests that broad-based growth and efforts to increase equity can generate a positive feedback loop.<sup>17</sup> Along these lines, the National Equity Atlas estimates that the Chicago metropolitan statistical area (MSA) gross regional product (GRP) would have been 20 percent larger (\$140 billion higher) in 2014 if there were no racial gaps in income in the regional economy and sufficient jobs were available to employ all workers (Figure 12).<sup>18</sup> To achieve these gains, the region should pursue economic development strategies where growth and equity can reinforce one another in a virtuous cycle to the long-term benefit of all.

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<sup>15</sup> Manuel Pastor, Peter Dreier, Eugene Grigsby III, and Marta López-Garza, "Growing Together: Linking Regional and Community Development in a Changing Economy," *Shelterforce*, January/February (1998): 2  
<http://www.nhi.org/online/issues/97/pastor.html>.

<sup>16</sup> Raj Chetty, David Grusky, Maximillian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang, "The Fading American Dream: Trends in Absolute Income Mobility Since 1940 (Non-Technical Summary)" (2016)  
[http://www.equality-of-opportunity.org/assets/documents/abs\\_mobility\\_summary.pdf](http://www.equality-of-opportunity.org/assets/documents/abs_mobility_summary.pdf).

<sup>17</sup> Ostry, Berg, and Tsangarides, "Redistribution, Inequality, and Growth," 8.

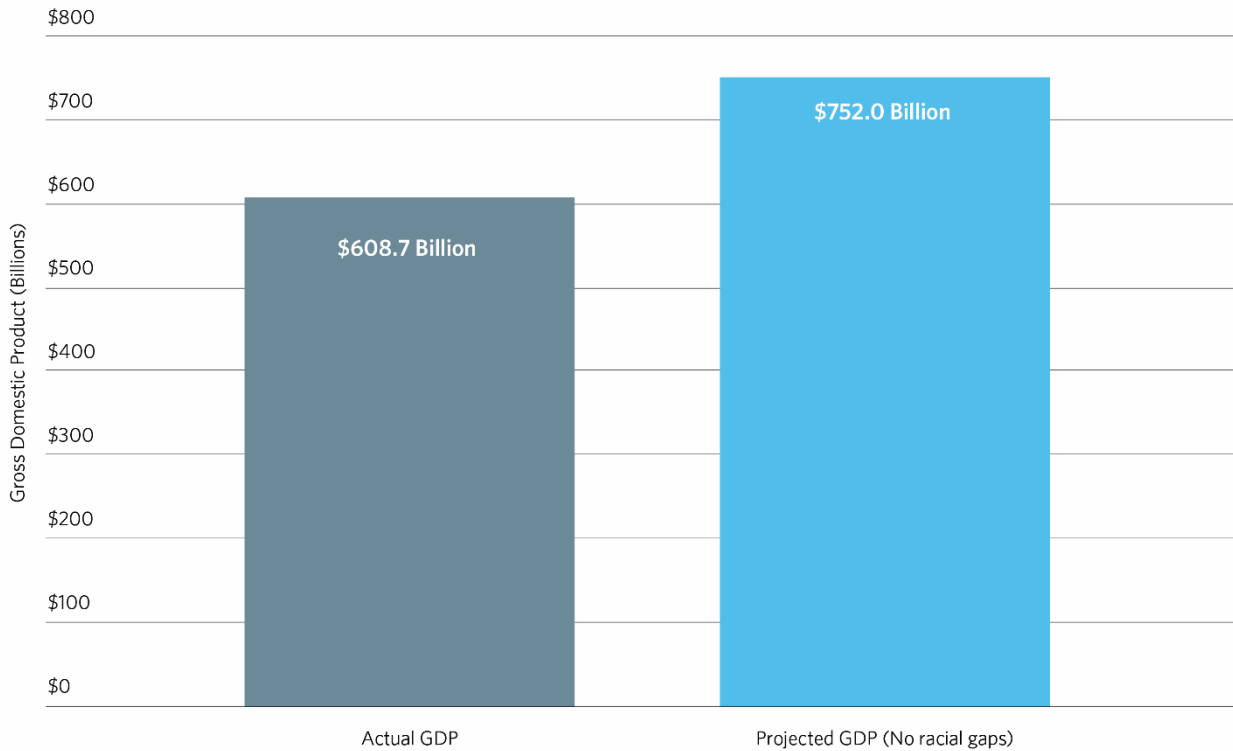
<sup>18</sup> National Equity Atlas, "Chicago-Naperville-Joliet IL-IN-WI Metro Area Data Summary," (2016) See  
[http://nationalequityatlas.org/data-summaries/Chicago-Naperville-Joliet\\_IL-IN-WI\\_Metro\\_Area/](http://nationalequityatlas.org/data-summaries/Chicago-Naperville-Joliet_IL-IN-WI_Metro_Area/).



**Figure 12.**

**Potential Chicago metropolitan statistical area gross regional product with racial equity, 2014**

Source: National Equity Atlas, Chicago-Naperville-Joliet IL-IN-W Metro Area data summary, 2014.



## Geography: Economically Disconnected Areas

In the CMAP region, as in many others across the nation, minorities and people in poverty are often geographically concentrated. According to recent analysis by the Metropolitan Planning Council, the Chicago region has the fifth most racial and economic segregation among the top 100 regions nationwide.<sup>19</sup> This combined segregation by race and income has a deleterious effect on residents within these geographies, and on the entire region because of the negative consequences associated with concentrated poverty.<sup>20</sup> To develop strategies for increasing these

<sup>19</sup> Metropolitan Planning Council and the Urban Institute, "The Cost of Segregation" 10.

<sup>20</sup> Chicago Metropolitan Agency for Planning report, "Fair Housing and Equity Assessment: Metropolitan Chicago," 2013, <http://www.cmap.illinois.gov/livability/housing/fair-housing>



areas' economic connection to broader opportunities available in the Chicago region, it is important to establish thresholds for identifying communities especially affected by inequality.

## Identifying characteristics

The limited availability of consistent, tract-level data confines this analysis to examining characteristics of race, ethnicity, income, and workers participating in the economy. For example, older adults are not included in this analysis because their participation in the economy is not a primary concern; CMAP will address the needs of older adults through other avenues in ON TO 2050. Similarly -- despite its importance in any discussion of inequality and inclusion -- adequate data on disability status are too inconsistently available to use in this region-wide analysis. Nonetheless, treatment of the needs of both older adults and the region's disability population will take place in other ON TO 2050 work, including the Public Health strategy paper.

In addition to supporting broader inclusive growth work, this analysis should provide the base of environmental justice and Title VI analysis for CMAP.<sup>21</sup> As such, the characteristics included the population groups outlined in environmental justice requirements: low-income and people of color. Additionally, the federal government requires identification of populations that have limited English proficiency (LEP). The final set includes these three populations only, as they are the most relevant populations where sufficient data is available to identify them at the local scale. For other ON TO 2050 work, CMAP may choose to highlight populations that are often also present within economically disconnected areas as well as the region overall, and have particular planning needs. These groups vary, but they include senior citizens, transit-dependent populations, families with children, and others.

## Setting the thresholds

Based on available data, CMAP defines an "economically disconnected area" (EDA) as a census tract with a concentration of either:

- Low-income households AND minority population

*OR*

- Low-income households AND limited English proficiency (LEP) population

CMAP staff explored several different thresholds for determining which tracts qualified as EDAs. The inclusive growth resource group and CMAP working committees both previewed the potential thresholds and helped to set the final definition of EDAs.

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<sup>21</sup> As the Chicago region's Metropolitan Planning Organization (MPO), the Chicago Metropolitan Agency for Planning (CMAP) must comply with provisions of the Environmental Justice executive order and FTA Circular 4702.1B implementing Title VI of the 1964 Civil Rights Act. These rules require CMAP to evaluate and address the impact of CMAP's plans and programs on minority and low-income communities. For more information, see <http://www.cmap.illinois.gov/contact-us/title-vi>.



The chosen threshold for poverty is 60 percent of the Chicago MSA median income, by household size. Using a percentage below the regional median income is a common method and accounts for regional differences in costs of living. For example, the U.S. Department of Housing and Urban Development (HUD) uses local median income levels to designate households as low-income and establish eligibility for a variety of housing programs.<sup>22</sup> See Appendix B for more discussion of the selected thresholds.

A census tract met the low-income threshold for EDAs if it had five percent or more of households below 60 percent of the Chicago MSA median income by household size. Using a relative poverty measure (median income) is appropriate for describing challenges facing the Chicago region specifically. This comparative analysis of median incomes defines not only how households are doing but how they are doing in relation to similar households with the same standards of living. Tracts meet the thresholds for people of color and limited English speaking if they have at or above the regional average concentration of that variable.

**Figure 13. Thresholds for economically disconnected areas**

<b>Persons of Color threshold</b>	<b>Limited English-speaking threshold</b>	<b>Low-income threshold</b>
Regional average: 47.5%	Regional average: 12.1%	60% below metropolitan statistical area median income, by household size

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data 2010-14.

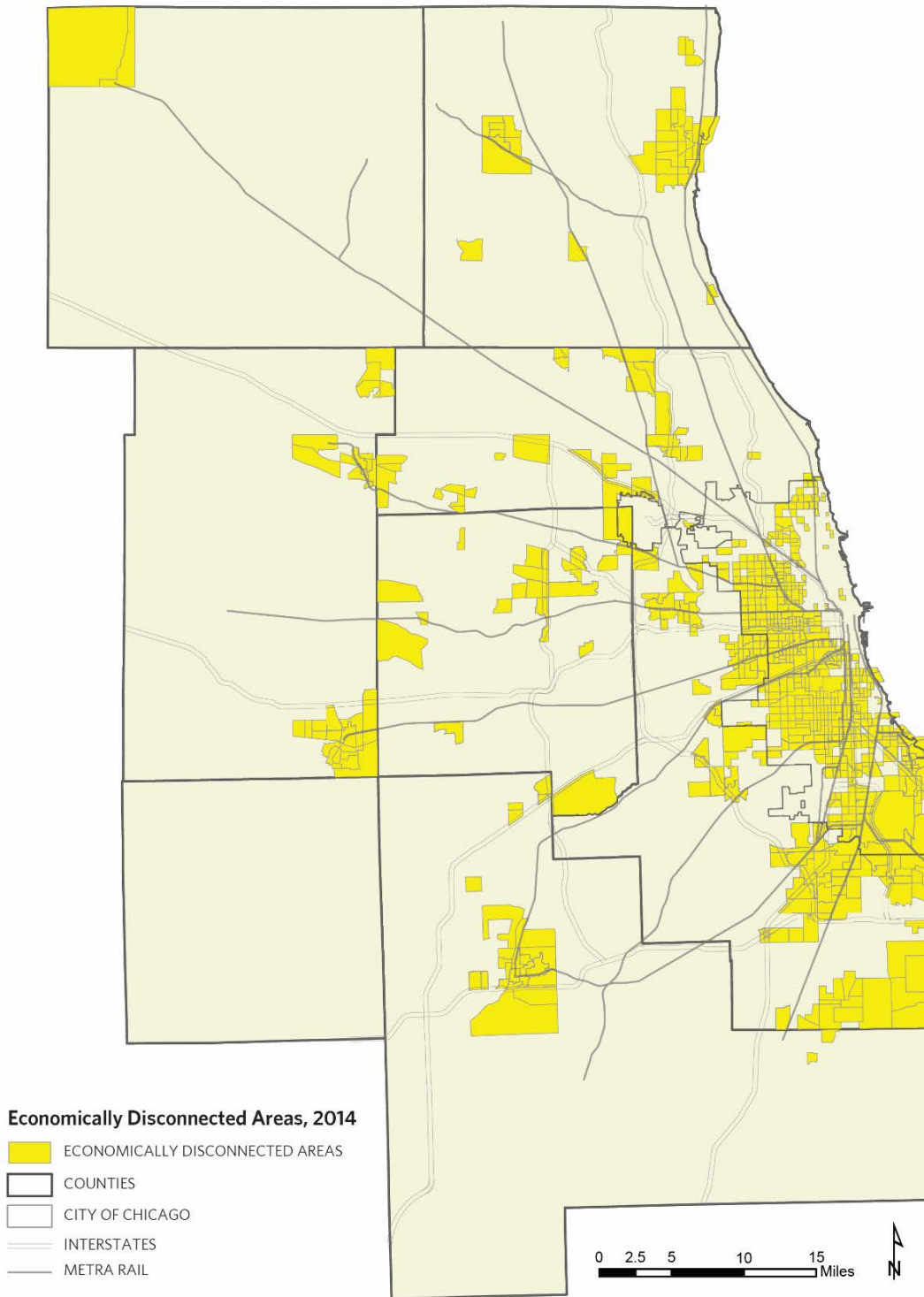
## Mapping economically disconnected areas

This methodology identified census tracts that are home to 33.1 percent of the region’s population as economically disconnected. As Map 1 shows, economic exclusion is a regional problem, with nearly all counties in the region having concentrations of poverty, minorities, and limited English speakers. For reference, Map 2 shows the geographies of not only the census tracts that met the criteria for an EDA, but also those census tracts that met either low-income, limited English proficiency, or minority concentration thresholds alone.

<sup>22</sup> U.S. Department of Housing and Urban Development, “Income Limits,” 2017, <https://www.huduser.gov/portal/datasets/il.html>.



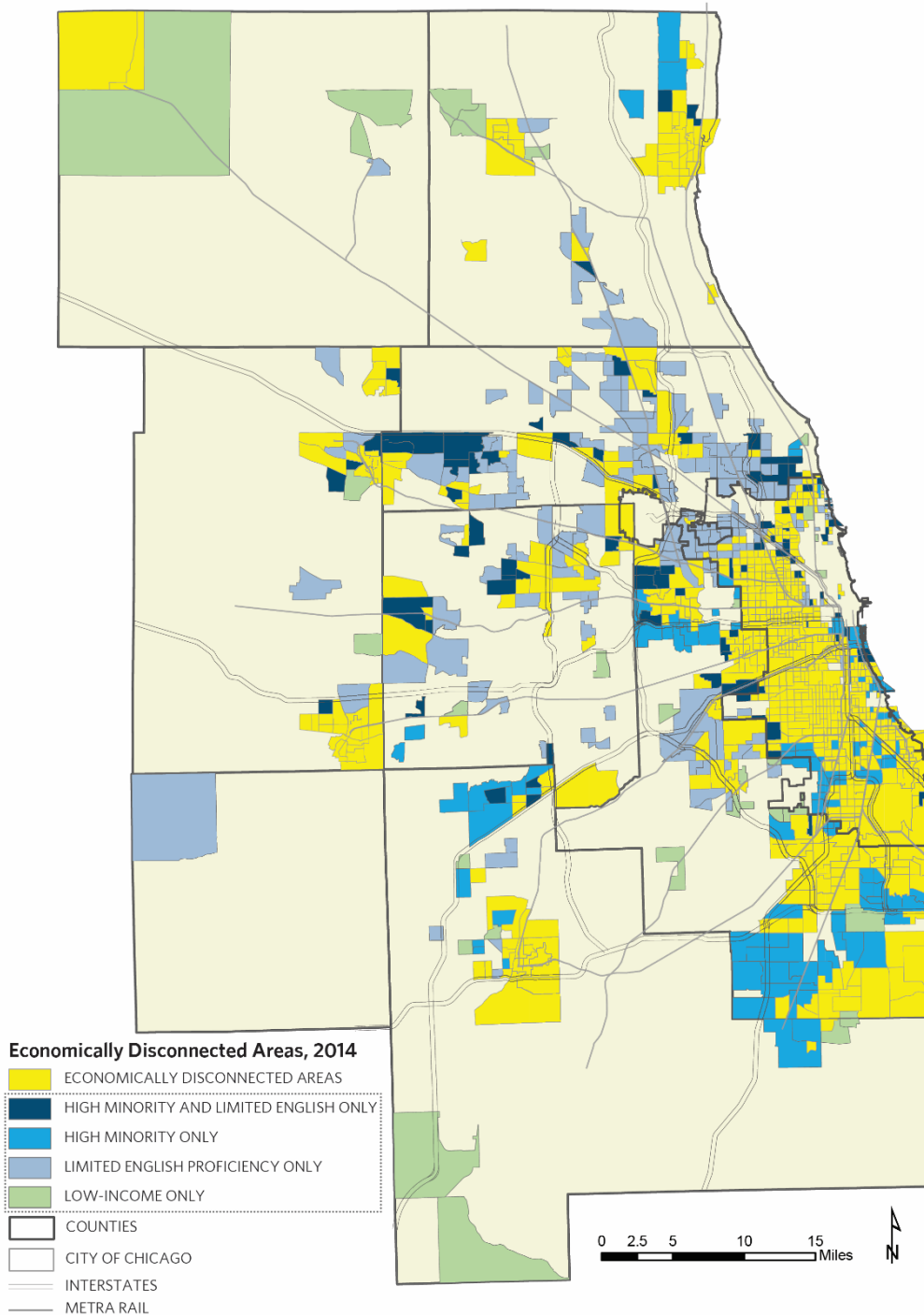
**Map 1. Economically Disconnected Areas in the Chicago region, 2010-14**



Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, 5-year estimates, 2010-14.



**Map 2. Economically Disconnected Areas and single constituent indicators in the Chicago region, 2010-14.**



Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, 5-year estimates, 2010-14.



Census data on various measures that are critical to economic opportunity illustrate the disparities between EDAs and economically connected areas. Factors such as educational attainment can measure skills. Unemployment, share of local population receiving public assistance, and median income can indicate economic status. Levels of reliance on carpooling and transit highlight the transportation system needs of residents, and median commute time illustrates relative ease in accessing employment. Results below show significant disparities exist between EDAs and the remainder of the region.

**Figure 14. Sample disparities between Economically Disconnected Areas and the remainder of the region, 2010-14.**

Indicators	Economically Disconnected Areas	Remainder of Region
High School Degree	74.2%	92.3%
Bachelor's Degree	17.9%	44.9%
Home Ownership Rate	47.8%	73.1%
Percent Unemployed	15.8%	8.3%
Population Receiving Public Assistance*	27.2%	7.1%
Average Median Income**	\$37,823	\$81,083
Carpool Commuters	12.7%	7.4%
Transit Commuters	16.6%	11.8%
Average Commute Time***	33.3 minutes	31.0 minutes

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data 2010-14

\* The census tracks assistance in the form of federal Supplemental Nutrition Assistance Program and Temporary Assistance for Needy Families.

\*\* Averaged measures of median income across in-group Census tracts.

\*\*\* 2.3 minute disparity in commute time translates into an additional 18.4 hours, or 2.3 working days, over the course of a year.

In future work, CMAP should analyze and expand understanding of the disparities between economically disconnected and economically connected areas. This analysis can serve as the basis for environmental justice analysis for CMAP’s transportation planning and programming efforts, as well as a foundation for focusing future investments.



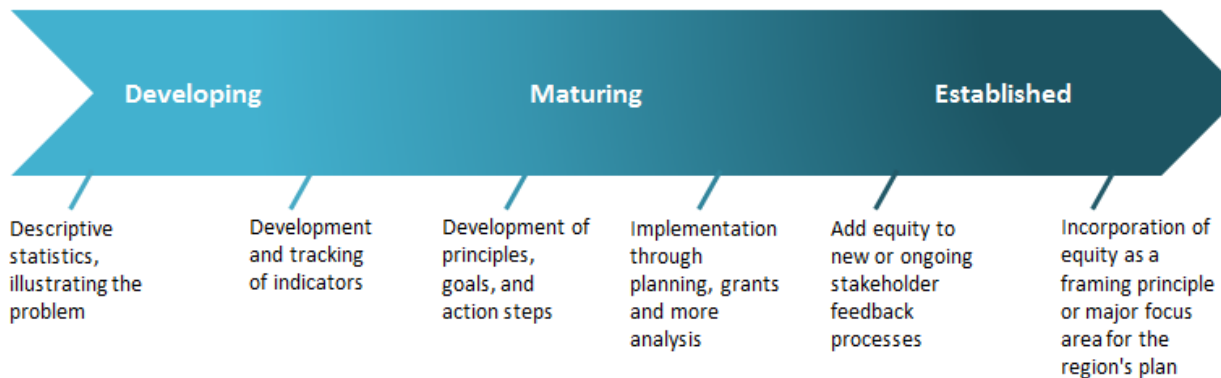


# Inclusive growth at peer metropolitan planning organizations

Although CMAP efforts to promote inclusive growth are still nascent, many peer metropolitan planning organizations (MPOs) have already identified strong regional goals in the related spheres of racial and economic equity or environmental justice. Generally, peer MPOs prioritize the opportunity for all residents to enjoy a high quality of life and good access to jobs, transportation, and quality housing options. Analysis of how these peer agencies incorporate these equity concepts into their planning and policy efforts reveals a range of approaches and best practices for CMAP to draw upon.

In addressing equity concerns, most of CMAP’s peer agencies include language about access and opportunity, and specifically target low-income and minority populations. Some agencies take a narrower approach to equity; for example, Denver Regional Council of Governments (DRCOG) focuses on transit programs, whereas the Delaware Valley Regional Planning Commission (DVRPC) focuses on environmental justice. Finally, other agencies focus on social equity more generally. In each case, an MPO’s unique authority and broader local context shape these definitions and approaches. As shown below, CMAP categorizes these approaches to equity at peer MPOs within a range from “developing” to “maturing” to “established.”

**Figure 15. Range of MPO actions on inclusive growth**



Source: Chicago Metropolitan Planning Agency analysis of peer agencies.

The “**developing**” category identifies regional actors that have made initial steps to explore and understand equity issues in their region. The Houston-Galveston Area Council (H-GAC), for example, has completed a snapshot of equity in the region, and identified strategies to mitigate inequality, link low-income populations with job training, and foster economic opportunity. While efforts like a snapshot represent a significant effort to better understand equity, agencies in the “developing” category have not yet taken steps to adopt any principles, goals, or indicators to improve equity in their region.



The “**maturing**” category of regional planning agencies have completed in-depth analyses of equity in their region and have developed strategies to improve opportunity for low-income and minority populations that help guide investments. These efforts typically focus on one component of the agency’s work, rather than a comprehensive strategy to promote inclusive growth. For example, DRCOG evaluated how investments in new rail and bus service provide access to opportunity and increase quality of life, particularly for those residents that are economically disadvantaged.<sup>23</sup> Also, DVRPC has a robust environmental justice program that tracks progress on their policies and implementation strategies, identifies communities with environmental justice concerns and encourages their participation, and evaluates the long-term planning process. In addition to creating a snapshot of equity in their region, the Mid-America Regional Council (MARC) in Kansas City has incorporated equity as a core principle to guide its plans and projects.<sup>24</sup>

“**Established**” agencies include the Metropolitan Area Planning Council (MAPC) in Boston, the Puget Sound Regional Council (PSRC) in Seattle, the Metropolitan Council in Minneapolis-St. Paul, and the Atlanta Regional Commission (ARC); advancing equity policies and programs is a major component of their work. These agencies have analyzed equity within their region and have policies, goals, indicators, and procedures in place to improve equity. Inclusivity is a primary principle for planning and policy development in each agency’s work. For example, equity is one of five key outcomes for the Metropolitan Council’s comprehensive plan and is addressed through several overarching strategies like guiding investments that create a more equitable region. In MAPC’s comprehensive plan, two of the six key principles guiding the plan focus on equity and nine equity-related goals address housing options, segregation, transportation investments, health outcomes, and economic tools.

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<sup>23</sup> Denver Regional Council of Governments, “Denver Regional Equity Atlas,” 2016, <http://www.reconnectingamerica.org/assets/Uploads/equityatlas-complete-final-web.pdf>.

<sup>24</sup> Mid-America Regional Council, “Creating Sustainable Places, Guiding Principles,” <http://www.marc.org/Regional-Planning/Creating-Sustainable-Places/Creating-Sustainable-Places/Guiding-Principles>.



## Building on CMAP efforts on inclusive growth

CMAP's efforts on inclusive growth have been developing since adoption of GO TO 2040, and ON TO 2050 provides an opportunity to further cement inclusive growth into an established regional goal. CMAP has a substantial record addressing issues that affect low-income or low-capacity communities. Representative CMAP efforts related to inclusion to date include:

### GO TO 2040

- GO TO 2040 recommends improving connections between workers, educational opportunities, and employers. To this end, CMAP's regional economic indicators regularly evaluate industry and workforce trends, including in skilled manufacturing and freight jobs.<sup>25</sup>
- GO TO 2040 analyzed scenarios and major capital projects for their impacts on low-income and minority areas. The analysis examined growth and access to jobs in these areas.<sup>26</sup>
- CMAP measured the share of household income spent on housing and transportation (H+T) costs for moderate- and low-income households. H+T cost burden is also a tracked indicator in the GO TO 2040 plan update.<sup>27</sup>
- CMAP assessed the prevalence of limited municipal tax capacity and discussed its implications for low capacity communities. Tax capacity is a tracked indicator in GO TO 2040.<sup>28</sup>
- GO TO 2040 recommends increasing access to fresh and affordable foods, especially for residents in food deserts, and provides analysis of the geography of food deserts.
- GO TO 2040 recommends increasing density in transit-rich areas, paying special attention to increasing affordable housing in these areas.

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<sup>25</sup> CMAP Regional Economic Indicators website, <http://www.cmap.illinois.gov/economy/regional-economic-indicators>.

<sup>26</sup> CMAP report, "Preferred Regional Scenario: An interim product of the GO TO 2040 plan," 2010, <http://www.cmap.illinois.gov/documents/10180/30040/FY10-0070+regional+scenarios+lowres.pdf/f990dc5a-afe1-45e0-b202-c6480b5ebbd4>.

<sup>27</sup> CMAP GO TO 2040 Update Appendix, "Indicator Methodology," October, 2014. See <http://www.cmap.illinois.gov/about/2040/update>.

<sup>28</sup> CMAP Policy Update, "Using Indicators to Chart Progress toward a More Equitable Regional Tax System," August, 2013, [http://www.cmap.illinois.gov/about/updates/-/asset\\_publisher/UIMfSLnFfMB6/content/using-indicators-to-chart-progress-toward-a-more-equitable-regional-tax-system](http://www.cmap.illinois.gov/about/updates/-/asset_publisher/UIMfSLnFfMB6/content/using-indicators-to-chart-progress-toward-a-more-equitable-regional-tax-system).



## Additional Work

- The *Fair Housing and Equity Assessment (FHEA)* CMAP conducted with the Chicago Area Fair Housing Alliance was a substantive starting point for discussing inequality in the region. This analysis determined that communities in the region with good schools, jobs, and access to transportation options are largely beyond the reach of low-income and minority residents.<sup>29</sup> The *FHEA* also concluded that historical separation of housing by race is deeply entrenched in the seven-county Chicago region, negatively affecting regional competitiveness, growth, educational attainment, and other drivers of prosperity.
- Communities with low or limited resources currently qualify for Congestion Mitigation Air Quality (CMAQ) funding for Phase I engineering through CMAP.<sup>30</sup>
- The Local Technical Assistance (LTA) program prioritizes projects in communities that have limited resources.<sup>31</sup>
- CMAP produced a toolkit of strategies to help integrate immigrants into communities across the region.<sup>32</sup>
- CMAP produced a housing toolkit with recommendations to provide affordable housing, employer provided workforce housing, and inclusive communities.<sup>33</sup>
- The “Red Line South Extension” LTA project analyzed how extending the CTA Red Line south would affect economic opportunity for residents in several distressed neighborhoods within the proposed project area.<sup>34</sup>
- Performance-based programming criteria that evaluate the impact of transportation projects on low-income and minority communities are currently under consideration.

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<sup>29</sup> CMAP report, “Fair Housing and Equity Assessment: Metropolitan Chicago,” 2013, <http://www.cmap.illinois.gov/livability/housing/fair-housing>.

<sup>30</sup> CMAP “Congestion Mitigation and Air Quality Improvement Program and Transportation Alternatives Program Application Booklet,” 2015, <http://cmap.is/2tR6715>. See also CMAP “FFY 2018-2022 CMAQ/TAP Phase I Engineering Hardship Communities,” <http://cmap.is/2tQMTsm>.

<sup>31</sup> CMAP memo, “Local Technical Assistance (LTA) Project Selection,” October 2015, <http://www.cmap.illinois.gov/documents/10180/476063/JoinMemo--LTA%28selection%2Brationale%2910-07-2015.pdf/07c014aa-eef5-414a-a1c2-2f4b37a1c424>.

<sup>32</sup> CMAP toolkit, “Immigrant Immigration Toolkit,” 2014, <http://www.cmap.illinois.gov/programs-and-resources/local-ordinances-toolkits/immigrant-integration>.

<sup>33</sup> CMAP toolkit, “Homes for a Changing Region,” 2015, <http://www.cmap.illinois.gov/programs-and-resources/local-ordinances-toolkits/homes>.

CMAP toolkit, “Immigrant Immigration Toolkit,” 2014, <http://www.cmap.illinois.gov/programs-and-resources/local-ordinances-toolkits/immigrant-integration>.

<sup>34</sup> CMAP analysis of the CTA Red Line South Extension, 2012, <http://www.cmap.illinois.gov/mobility/transit/red-line>.



While these discrete projects represent significant efforts to address economic and racial inequality in the region, there remains the need to connect individual efforts under an overarching strategy that will frame and comprehensively incorporate inclusive growth into CMAP's future work. The remainder of this strategy paper offers ideas on how to incorporate inclusive growth into CMAP's current and future work, including the development and implementation of ON TO 2050.

## **Strategies to promote inclusive growth in ON TO 2050 and beyond**

ON TO 2050 will provide policy and technical guidance on future CMAP work, with an emphasis on the core agency responsibilities of transportation and land use planning. Rather than limiting inclusive growth to an isolated section in the plan, ON TO 2050 will articulate inclusive growth as an overarching principle and embed strategies to further it in all major aspects of the agency's work. To that end, most parallel strategy papers include recommendations relevant to inclusive growth, including most prominently Tax Policy and Land Use Trends, Reinvestment and Infill, and Expanding Housing Choice.<sup>35</sup> While this paper incorporates those strategies most tightly tied to inclusive growth, kindred strategy papers contain more information on additional ways to help raise the capacity and prosperity of the region's EDAs. This paper outlines potential inclusive growth strategies under five key areas of agency work:

- Coordination
- Transportation
- Land Use and Housing
- Governance
- Regional Economy

### **Implementing inclusive growth through coordination**

Coordinating with the inclusive growth resource group and other subject matter experts in developing this strategy paper underscored the important role partnerships must play in developing and implementing inclusive growth strategies in the Chicago region. In order to successfully implement strategies, CMAP will need to establish or enhance partnerships with local, regional, and state entities across many sectors because many of the challenges closely related to racial and economic inequality -- like education policy, health, and neighborhood safety -- are beyond CMAP's purview and expertise. However, by collaborating with a wide range of stakeholders, CMAP can participate in a broader effort to implement inclusive growth in the region.

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<sup>35</sup> CMAP Strategy papers for ON TO 2050, <http://www.cmap.illinois.gov/onto2050/strategy-papers>.



## Collaborate for inclusive growth

The Chicago region is fortunate to have a high capacity civic sphere with a deep bench of philanthropic, civic, business, and non-profit actors engaged in multiple, sustained efforts to advance the region. Notable current efforts to advance inclusive growth include:

- **L-Evated Chicago**, a partnership between local philanthropies, non-profits, and the City of Chicago to make investments in the transit system in a way that promotes equity, health, cultural assets, and climate resilience.<sup>36</sup>
- **Partnering for Prosperity**, Cook County’s economic development strategy, identifies inclusive growth as one of five principles for promoting regional economic growth.<sup>37</sup>
- **Chicago Regional Growth Initiatives (CRGI)**, a collaboration between Cook, DuPage, Kane, Kendall, Lake, McHenry, Will counties and the City of Chicago to further the economic growth of the region.<sup>38</sup>
- **World Business Chicago**, the City of Chicago’s public-private economic development arm, recently added inclusive growth to its mission, committing to “equitably and innovatively grow Chicago’s economy for all”<sup>39,40</sup> through initiatives like Chicago Anchors for a Strong Economy, a network of regional anchor institutions committed to local purchasing, hiring, and investment to create opportunities for small and minority businesses.<sup>41</sup>
- **The Metropolitan Planning Council**, a regional planning non-profit, recently completed its two-year Cost of Segregation study, a comprehensive investigation of the costs of segregation in the Chicago region, and is convening follow-on conversations around strategies to decrease disparities.<sup>42</sup> CMAP is a participant in this initiative.

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<sup>36</sup> Sustainable, Prosperous, and Resilient Communities Challenge, “L-Evated Chicago,” 2017, <http://www.sparchub.org/communities/chicago/>.

<sup>37</sup> Cook County, “Partnering for Prosperity: An Economic Growth Action Agenda for Cook County” (2013):12. [https://www.cookcountyil.gov/sites/default/files/pfp\\_plan.pdf](https://www.cookcountyil.gov/sites/default/files/pfp_plan.pdf).

<sup>38</sup> Cook County, “Chicago Regional Growth Initiatives” (2103), <https://www.cookcountyil.gov/content/regional-initiatives>.

<sup>39</sup> World Business Chicago, “Mission: World Business Chicago is a public-private, non-profit partnership that drives inclusive economic growth and job creation, supports business, and promotes Chicago as a leading global city.” (2017), <http://www.worldbusinesschicago.com/>.

<sup>40</sup> World Business Chicago, “Driving Inclusive Growth in North America’s Global Business Center” (Presentation to CMAP economic development working committee, March 27, 2017), <http://www.cmap.illinois.gov/documents/10180/629910/5.0+WBC+presentation.pdf/0ac95c8a-5d04-4d00-86ff-d5def3345fbc>.

<sup>41</sup> “Chicago Anchors for a Strong Economy,” <http://www.chicagoanchors.com/>.

<sup>42</sup> Metropolitan Planning Council and the Urban Institute, “The Cost of Segregation: Lost income, Lost lives, Lost potential” (2017), <http://www.metroplanning.org/uploads/cms/documents/cost-of-segregation.pdf>.



These and more efforts will be required to meet the challenge of decreasing economic inequality and promoting regional growth. There are no “one-size-fits-all” solutions, which underscores the need for widespread, coordinated actions that find their appropriate expressions in individual places, rooted in the needs of particular communities and industries. Along with other subject matter experts in fields like health and education, CMAP should continue to share its expertise and wide knowledge of the region’s communities with these larger efforts where appropriate. At the same time, CMAP is committed to seeking opportunities to fully integrate inclusive growth into agency planning, policy, and programming in the future.

## **Measure regional progress toward inclusive growth**

Clear indicators are needed to measure progress toward building a more inclusive region. CMAP maintains indicators that monitor progress of GO TO 2040 implementation as well as a broader set of regularly updated regional economic indicators.<sup>43</sup> CMAP can apply this expertise to monitoring the region’s progress toward inclusive growth. On top of creating inclusive growth indicators for ON TO 2050, CMAP should seek opportunities to collaborate with regional actors to define a shared measurement system such as the Minneapolis-St. Paul region’s dashboard, Greater MSP, which tracks an array of inclusive growth indicators (Figure 16).<sup>44</sup>

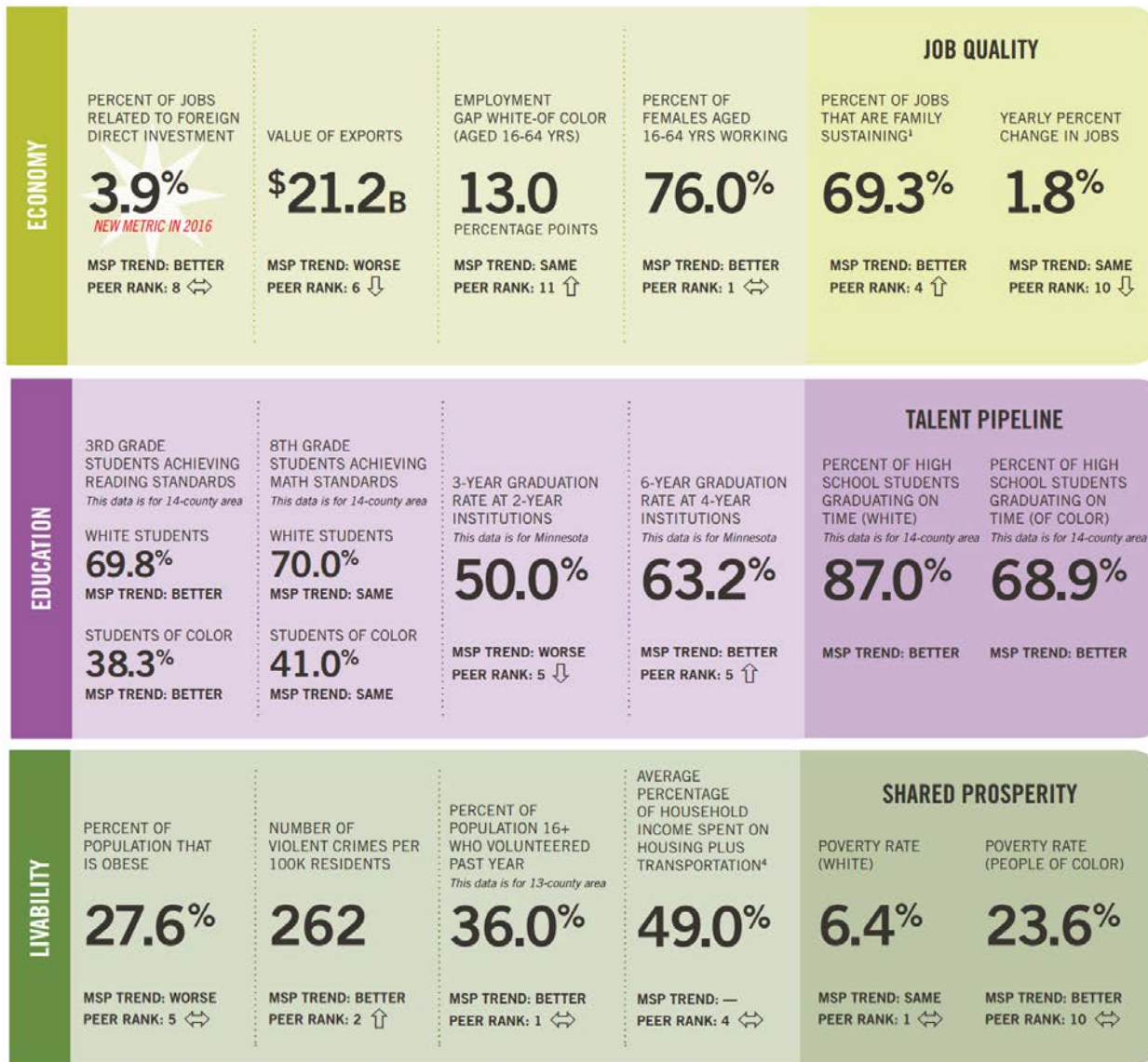
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<sup>43</sup> CMAP Regional Economic Indicators website, <http://www.cmap.illinois.gov/economy/regional-economic-indicators>.

<sup>44</sup> Greater Minneapolis Saint Paul Regional Economic Development Partnership, “Regional Indicators Dashboard,” 2016, <https://www.greatersp.org/regional-indicators/>.



Figure 16. Sample Greater MSP Dashboard Inclusive Growth Indicators, 2016<sup>45</sup>



## Fully Integrate Inclusive Growth into CMAP’s Decision-Making Structure

CMAP should take steps to formalize a mechanism for comprehensively incorporating inclusive growth strategies into future agency work. These steps should seek to incorporate inclusive growth concerns into CMAP’s existing committee structure and internal working groups. In addition, CMAP should explore options for systematically evaluating the impact of potential policies, programs, or proposals on economically disconnected areas -- for instance, whether a

<sup>45</sup> Greater MSP, “Regional Indicators Dashboard 2016,” <https://www.greatersp.org/clientuploads/Publications/GMSP%20Dashboard%202016%20Final.pdf>.





particular policy is likely to have a disparate impact on minorities. Formally integrating inclusive growth will ensure that CMAP takes intentional steps to reduce inequality and promote regional growth in its own work.

## **Build local capacity for inclusive growth**

Fostering inclusive growth requires a proactive and concerted approach to reduce disparities in communities across the region. Through its capacity-building work, CMAP should participate with the Metropolitan Mayors Caucus, Metropolitan Planning Council, and other partners in improving local stakeholders' knowledge and ability to create more inclusive governments and communities, both through local capacity building and general education

In term of municipal capacity building, CMAP can bring training on equitable government to local municipalities as part of broader technical assistance efforts, for instance through the Government Alliance on Race and Equity (GARE) model.<sup>46</sup> GARE has worked with communities across the country to operationalize inclusion in government policy and programs. Their toolkit outlines a straightforward approach to ensuring inclusionary outcomes -- analyzing who benefits or is burdened from a given policy, plan, or program and whether it advances inclusion or mitigates unintended consequences.<sup>47</sup> The National League of Cities Race, Equity, and Leadership (REAL) initiative also provides useful perspectives for helping local governments build communities where people from all backgrounds thrive.<sup>48</sup>

Finally, CMAP should seek opportunities to educate leaders on the local and regional benefits of increasing inclusion as a part of the planning process. This could be achieved through white papers, toolkits, and other general-purpose educational resources that help to articulate the local benefits of inclusive growth.

## **Develop strategies for improving municipal capacity**

The barriers to implementing planning recommendations can range from a lack of technical knowledge among staff or elected officials, to low staffing levels, to constituent opposition to plans and projects. CMAP is embarking on an effort to explore how to assist municipalities in overcoming some of the staff capacity, technical knowledge, and similar barriers to overall municipal capacity. This effort also will include working with partners that can assist communities in improving capacity. As new technical assistance programs are developed and implemented, CMAP should continue to give priority to low capacity communities that contain EDAs.

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<sup>46</sup> Government Alliance on Race and Equity (GARE), "Racial Equity Toolkit: An Opportunity to Operationalize Equity," <http://www.racialequityalliance.org/>.

<sup>47</sup> GARE toolkits, <http://www.racialequityalliance.org/tools-resources/>.

<sup>48</sup> National League of Cities, "Race, Equity, and Leadership (REAL)," <http://www.nlc.org/program-initiative/race-equity-and-leadership-real>.



# Transportation

Connecting residents to opportunities is a primary role of the region's transportation system. For this reason, investments in the transportation system -- including those planned and programmed by CMAP -- can be a key driver of inclusive growth. However, achieving the goals of a transportation system that connects low-income individuals and communities to opportunities and revitalizes disinvested areas may require some retooling of the existing policies, programming decisions, and analysis.

## **Link economically disconnected areas to jobs, training, and education**

Minority residents, particularly African Americans, have longer commute times in the Chicago region.<sup>49</sup> This disparity highlights another drag on the productivity of workers living in EDAs.<sup>50</sup> In order for these workers to advance economically, EDAs need high-quality transportation options that connect them to available, attainable jobs that provide economic mobility. Job growth primarily at the urban edge and movement of some forms of employment to areas with limited transit access undermine this goal.<sup>51</sup> Transportation partners should place special emphasis on making these connections because of the individual and regional growth benefits they provide.

CMAP should create guidance for how best to make these connections by identifying job centers and working to determine which ones can provide economic mobility benefits to residents of EDAs. In programming decisions, CMAP should add an additional metric that rates investments based on their anticipated benefit to EDAs.

## ***Expand high-quality transportation options in excluded communities***

Many residents in EDAs rely on methods other than driving alone to get around. For example, 13 percent of EDA commuters carpool, compared with 7 percent of the rest of the region's commuters, and 17 percent rely on public transit, compared with 12 percent of the rest of the region's commuters. While residents may have transit access in their neighborhoods, this transit may not adequately connect residents to desired destinations. As an example, Map 3 compares commute destinations for workers living in EDAs in the South and West sides of the city of Chicago and commute destinations for workers living in some high-income Chicago lakefront communities. Commuters coming from South and West side EDAs tend to travel to a wider variety of tracts and more often to areas around I-55 and O'Hare airport.

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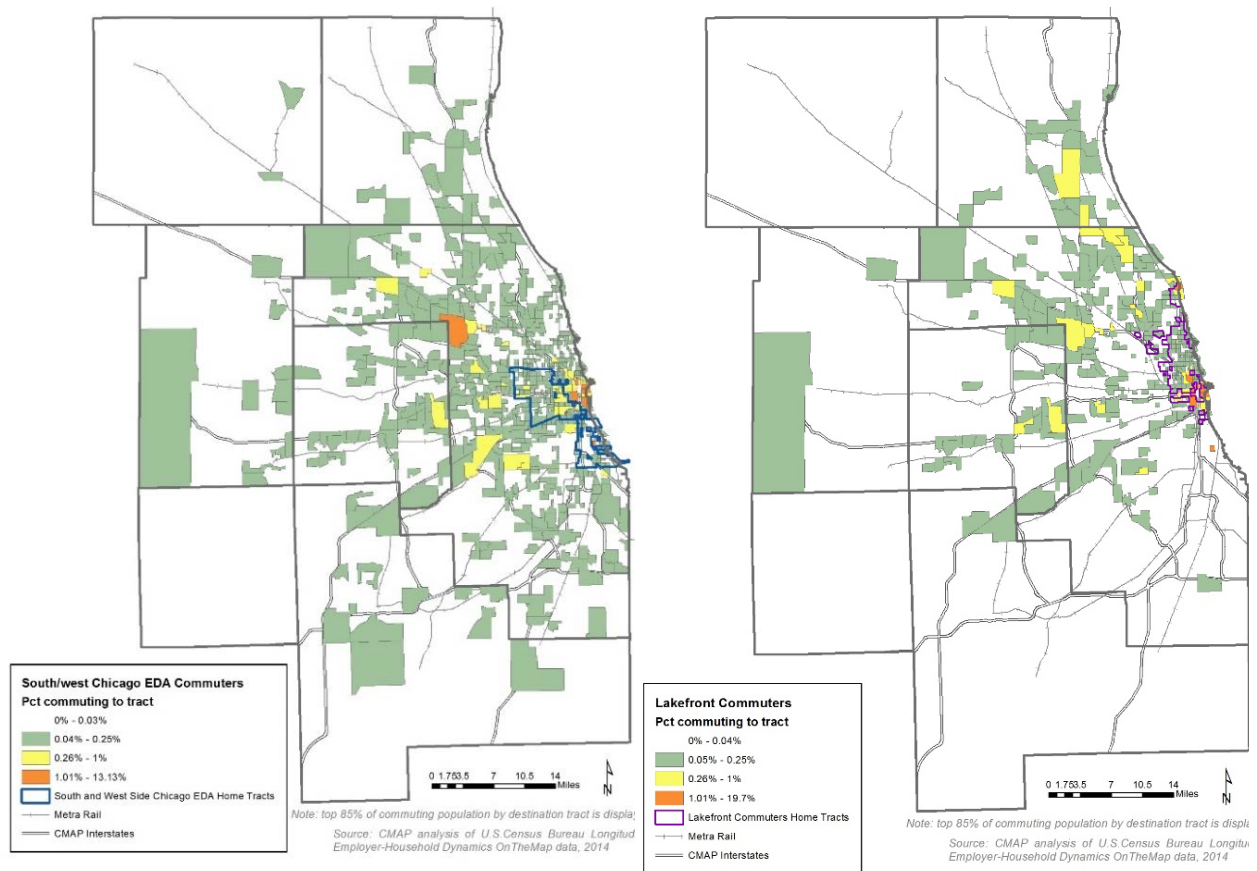
<sup>49</sup> CMAP snapshot, "Travel Trends," 2017. <http://www.cmap.illinois.gov/documents/10180/517201/FY17-0012+Travel+Trends+Snapshot/340ac516-6fc7-4f0e-964e-40d84161c034> See also Figure 6 above.

<sup>50</sup> Ingraham, C., "The astonishing human potential wasted on commutes," *Washington Post*, February 25, 2016, [https://www.washingtonpost.com/news/wonk/wp/2016/02/25/how-much-of-your-life-youre-wasting-on-your-commute/?utm\\_term=.4aab4a401478](https://www.washingtonpost.com/news/wonk/wp/2016/02/25/how-much-of-your-life-youre-wasting-on-your-commute/?utm_term=.4aab4a401478).

<sup>51</sup> Elizabeth Kneebone and Natalie Holmes, "The growing distance between people and jobs in metropolitan America," *Brookings Institution* (2015), <https://www.brookings.edu/research/the-growing-distance-between-people-and-jobs-in-metropolitan-america/>.



**Maps 3 and 4. Commute destinations for workers living in selected Chicago Economically Disconnected Areas compared with selected lakefront commuters<sup>52</sup>**



Note: Each map shows destinations for 85 percent of workers commuting from the outlined area. South and West side Chicago commuters are located within a subset of EDAs in the city of Chicago, equaling approximately 175,000 workers. Lakefront commuters are located within a “submarket 3” area in the joint Chicago Metropolitan Agency for Planning and DePaul Institute for Housing Studies analysis of regional housing markets, equaling approximately 273,000 workers. This submarket type is characterized by higher incomes and densities, younger residents, and higher cost housing.

Source: Chicago Metropolitan Agency for Planning analysis of Longitudinal Employer-Household Dynamics OnTheMap data, 2014.

<sup>52</sup> These areas are defined by CMAP’s Housing Submarket 3 and includes parts of Evanston. See Map 6 below for more information.

Providing transit service that runs frequently, has longer hours of service over night, and connects to major job centers is a key strategy for connecting excluded residents to opportunity. CMAP should evaluate the existing level and quality of transit service -- and how well it supports access to the region's employment centers from EDAs and provide guidance on changes or additions to available transportation resources that would improve mobility options in EDAs, including possible roles for ride sharing companies. Additionally, CMAP should evaluate the job opportunities that are accessible using the existing transit options available during various time periods (i.e., using peak hour service vs. off-peak service).

### ***Expand evaluation metrics to highlight benefits to economically disconnected areas***

In programming Congestion Mitigation and Air Quality (CMAQ) funds, CMAP calculates a metric to evaluate the potential benefits of air quality improvements to large minority and low-income populations. Along with age, these are significant predictors of sensitivity to air pollution and therefore indicate where health might improve most by making emissions reductions. In the next selection cycle, CMAP is including existing air pollution in the CMAQ analysis and is seeking the most comprehensive air quality data available. This will enable further targeting of investments in a way that benefits sensitive populations as well as regional air quality.

CMAP should consider straightforward measures of travel benefits to EDAs. The regionally significant project evaluation for ON TO 2050 can estimate the proportion of users on a proposed project that would come from or go to an EDA. It can also show the degree to which a project helps communities in EDAs access jobs. In programming, CMAP and partners should strongly consider explicit equity measures for all project types and fund sources, including the Transportation Alternatives Program (TAP) and the Surface Transportation Program (STP). These criteria should be transparent in the evaluation and programming process. In particular, in CMAQ, TAP, and STP, programmers should also consider first-and-last mile connections to EDAs and work with partner agencies to identify and evaluate projects for their ability to close these first-and-last-mile gaps.

CMAP should encourage municipalities, counties, councils of government, and other transportation funding bodies to evaluate potential projects for their benefits and impacts on economically disconnected areas. In doing so, it will be important to highlight how a more robust network would enhance existing and create new economic opportunity.

### ***Build capacity for economically disconnected areas to compete for transportation infrastructure investments***

Lack of existing or adequate infrastructure necessary to support development is a significant barrier to reinvestment. However, EDAs are frequently located within municipalities with limited financial capacity, which impairs their ability to access regional and federal transportation resources. Accessing these resources requires not only matching local funds, but



also significant and costly predevelopment investments (e.g., feasibility studies, engineering designs) that may make projects infeasible for some low capacity municipalities.

One way to address the lack of matching funds for federal grants is to utilize a “soft match.” In particular, federal law allows states with toll highways to count the toll revenue they collect toward the required local or state cost-share (a “transportation development credit”).<sup>53</sup> The Illinois Tollway generates a great deal of these credits, considerably more than are used in a given year, and current Illinois Department of Transportation (IDOT) policy is to direct them to transit agency projects. IDOT should explore broadening the transportation development credit program to apply to Federal aid projects for roads, bridges, bicycle/pedestrian, and transit infrastructure owned by municipalities representing EDAs.

Still, other predevelopment challenges remain. Engineering is generally needed before a project can be constructed, and local agencies are typically responsible for hiring and paying the firm to conduct the first phase of engineering (though federal projects may ultimately be reimbursed from federal funding). One approach to addressing this could be to set aside funding for a region-wide contract, perhaps administered by IDOT, for carrying out preliminary engineering for priority projects identified in LTA or other planning studies for economically disconnected or low-capacity communities. Such an approach would address both the need for funding for engineering and the difficulty low-capacity communities have in entering and staying in the “pipeline” to build needed transportation projects.

For example, Cook County’s long-range transportation plan, *Connecting Cook County*, established five priorities for the County’s future transportation investments, including promoting “equal access to opportunity.”<sup>54</sup> In an effort to fill capacity gaps that would prevent the implementation of the plan’s priorities, Cook County also established *Invest in Cook*, an \$8.5 million program to cover the cost of planning and feasibility studies, engineering, right-of-way acquisition, and construction associated with transportation improvements sponsored by local and regional governments and private partners.<sup>55</sup>

Local governments and transportation agencies should continue to explore opportunities to align goals and coordinate investment priorities to the benefit of low capacity communities and EDAs. Through LTA projects, CMAP should also continue to help low capacity communities identify and secure funding for transportation improvements that can improve local reinvestment potential and residents’ access to jobs.

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<sup>53</sup> 23 U.S. Code § 120 - Federal share payable, <https://www.law.cornell.edu/uscode/text/23/120>.

<sup>54</sup> Cook County, “Connecting Cook County” (2016), <https://www.cookcountyil.gov/news/cook-county-releases-long-range-transportation-plan>.

<sup>55</sup> Cook County Department of Transportation and Highways, “Invest in Cook FY2017 Call for Projects,” (2017), <https://www.cookcountyil.gov/investincook>.



## **Consider environmental justice in freight planning**

Freight plays an important role in the Chicago region in supporting both the regional and national economy. Within the region, the negative externalities of goods movement are disproportionately borne by certain communities. Indeed, the region's most concentrated freight and industrial areas are often proximate to EDAs. As such, freight activity in northeastern Illinois raises environmental justice concerns.

CMAP is developing a Regional Strategic Freight Direction that will address freight impacts in EDAs. It will identify broad strategies for local jurisdictions to address environmental justice through additional outreach, strong assessment of negative impacts and mitigation, and innovative approaches like health impact assessments. Regional implementers could also prioritize funds for low-cost mitigation activities like cleaner or quieter trucks and locomotives, noise walls, and landscaping. CMAP should also evaluate whether new evaluation metrics for programs like TAP or CMAQ could better target these funds toward mitigation efforts in EDAs. Finally, CMAP should continue to research and provide best practices for local environmental justice planning.

## **Increase funding for transit and explore emerging options for economically disconnected areas**

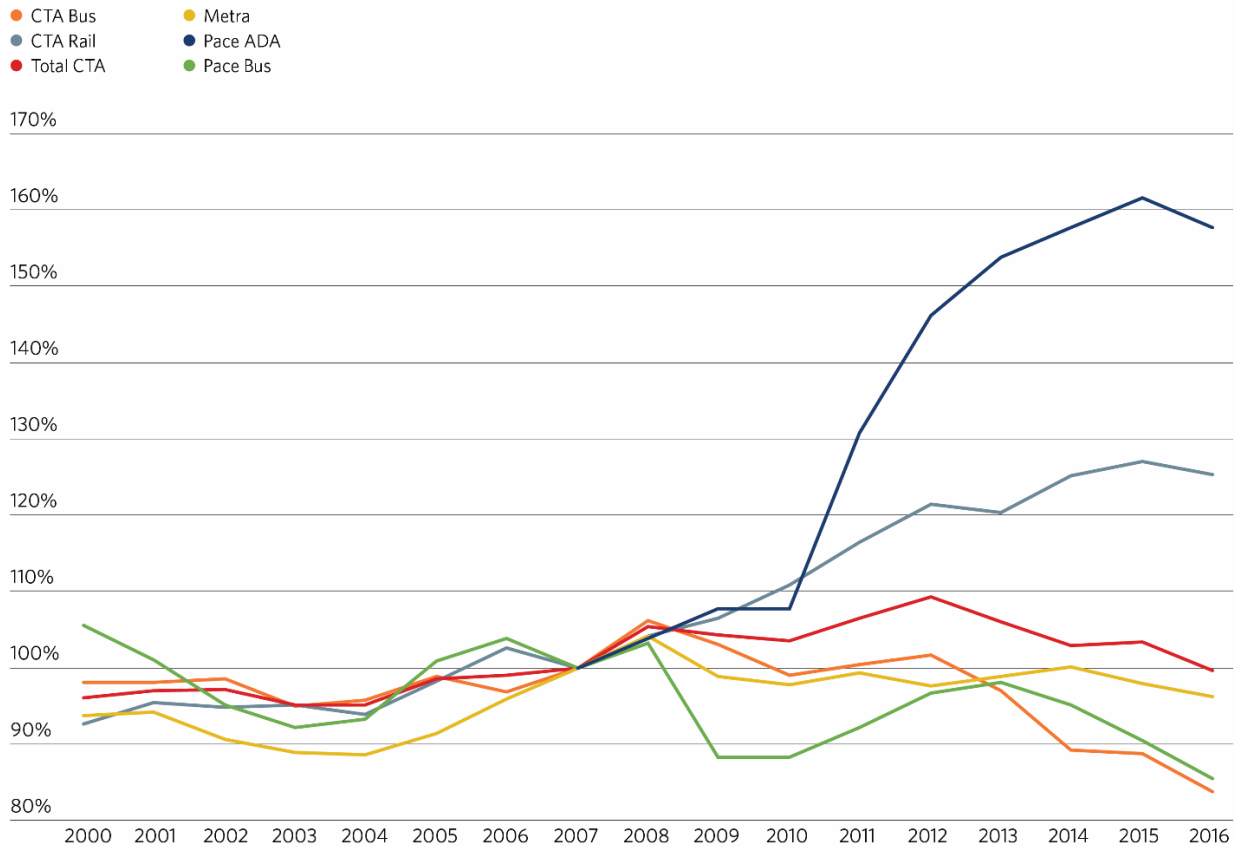
The region's transit agencies have limited resources to provide current service, address state of good repair backlogs, and modernize their systems. While CTA rail ridership and Pace ADA ridership are both growing, other forms of transit in the region are stable or experiencing declines. Growing services, such as Divvy and transportation network companies (Uber or Lyft), depend on transit to provide the core component of a full suite of car-free options for any particular trip and promote the success of their services. Yet growth in these services may also replace transit trips. Transit funding has also been constrained, with insufficient revenues available to meet operating costs and capital needs. In the last decade, the region's transit implementers have cut or constrained service in response to this changing environment. These service cuts may negatively affect transit-dependent residents, many of which reside in EDAs. In particular, CTA bus service and ridership have suffered. To make the best use of limited revenues, ON TO 2050 is exploring further options to prioritize service in areas with the strongest ridership or potential to grow. This approach can, however, have the unintended effect of minimizing transit options in EDAs.



Figure 17.

Change in ridership by mode since 2007

Source: Regional Transportation Authority Mapping and Statistics (RTAMS) <http://www.rtams.org/rtams/systemRidership.jsp>



Public transportation plays an important role in providing access and mobility to EDA and non-EDA populations that are not well served by automobiles, due to various factors including income, age, and physical or mental ability. ON TO 2050 could recommend various strategies to increase transit availability within EDAs, such as incentives or requirements to provide services in low-income areas or to the disabled. CMAP will also consider equity and benefits to EDAs as a factor in ON TO 2050 regionally significant project evaluation. CMAP and transportation implementers should continue to place a strong priority on expanding or retaining service to EDAs. Service providers could also evaluate alternatives to fixed route services, such as vanpools, on-demand service, or partnerships with transportation network companies.

## Land Use and Housing

Research amply demonstrates the impact of home on individuals' current well-being and future prospects.<sup>56</sup> Living in a community with multiple challenges (e.g., high rates of poverty, lack of accessible jobs, poor quality housing) can have an adverse effect on the health and future earnings of residents -- especially children.<sup>57</sup> Economically disconnected areas often overlap with areas that face land use and housing challenges, such as high vacancies or low property values. Many EDAs have strong transit access, but may not have the capacity or funds to promote TOD, or transit service may not link to jobs.

Regional actors have a strong role to play in helping to create and sustain places that connect residents to economic opportunity. On top of ensuring access to transportation options, local actors also make numerous decisions about land use and housing that affect options for residents. Below are recommendations for how CMAP and its partners can incorporate policies that promote inclusive growth into future housing and land use work.

### Designate Focus Areas

Actions and investments to promote inclusion are stronger when coordinated and focused on specific geographic areas. CMAP should work with local governments and regional stakeholders to designate infill and reinvestment focus areas to make efficient use of limited resources for infrastructure and community reinvestment. CMAP's Reinvestment and Infill Strategy Paper offers four potential reinvestment area types that, along with local priorities, could guide investment decisions: mixed-use and transit-served areas, economic activity areas, transitioning existing neighborhoods, and disinvested areas.<sup>58</sup> The EDA geography established in this paper should be used to add nuance to these focus areas, especially disinvested areas.

CMAP should use these focus areas to guide and inform its future policy and planning work, for example, to add additional detail to the selection of LTA projects. Although CMAP already prioritizes assistance to high-need communities, adding EDA considerations could help focus thinking on what type of assistance has the highest potential for positive impact. CMAP should also explore a supplementary set of population characteristics, such as age, that could make these focus areas functional for other CMAP policy areas like climate resilience. This mapping effort should be coordinated with other pertinent CMAP initiatives like the layers project that will provide geographic specificity to the recommendations in ON TO 2050.

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<sup>56</sup> MacArthur Foundation, "How Housing Matters Research Briefs," 2014, <https://www.macfound.org/press/article/how-housing-matters-research-briefs/>.

<sup>57</sup> Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz, "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment" *NBER*, August 2015, [http://www.equality-of-opportunity.org/assets/documents/mto\\_paper.pdf](http://www.equality-of-opportunity.org/assets/documents/mto_paper.pdf).

<sup>58</sup> CMAP ON TO 2050 Strategy Paper, "Reinvestment and Infill" (2017), <http://www.cmap.illinois.gov/documents/10180/470714/Reinvestment%20and%20Infill%20Strategy%20Paper/f075aca4-49d1-450a-9af5-097b12ac4>.





## Reinvest in Disinvested Areas

Economically disconnected areas strongly overlap with disinvested areas: communities that experience a persistent, long term lack of market investment, leading to declining property values, taxes, employment, and, frequently, population. This disinvestment often constrains the ability of any individual community to respond effectively, and high tax rates and low market potential limit private investment. Solutions for disinvested areas will differ substantially from typical, market-based planning and investment practices.

The CMAP strategy paper on Reinvestment and Infill covers a wide range of recommendations to encourage reinvestment specifically in disinvested areas, including regulatory approaches to blight reduction, ways to increase municipal capacity, and best practices for the use of incentives. The paper builds on the concept that markets within disinvested areas cannot function normally and, at base, disinvested areas require outside investment and unique approaches to foster new development and capacity. Strategies such as Tax Increment Finance and similar efforts often depend upon the limited resources within disinvested areas. These places have many assets, but they also require additional investment, assistance, and capacity to thrive.

Map 5 shows the coincidence of EDAs and subzones with exceptionally low real estate value per capita, based on CMAP analysis of data from the various county assessors. Lowest market value parts of the region are either coincident with or adjacent to EDAs, or they meet at least one of the EDA defining factors (e.g., low-income, high-minority, or limited-English proficiency) (Appendix D). This correlation underscores the pervasive relationship in EDAs between household status and local market values.

Another lens through which to view this relationship is to compare CMAP's regional housing submarket types with EDA boundaries (Map 6). The regional housing submarkets were constructed using more than 40 indicators, including many related to the age and condition of the local housing stock, mortgage volume, housing values, rates of foreclosures and distressed sales, tenure divisions, cost-burden rates, and more. The majority of the region's economically disconnected areas fall within submarkets with the oldest housing stock and weakest market potential. These submarkets include not only inner-city neighborhoods, but also auto-oriented suburban and postwar suburbs.<sup>59</sup>

These variations highlight the fact that EDAs do not have identical challenges. However, the Reinvestment and Infill paper highlighted that these areas are often united by weak real estate markets, and -- to a greater or lesser degree -- are struggling with disinvestment. Among other solutions, CMAP and partners should build on existing community assets, identify unique regulatory and tax solutions to persistent vacancy and abandonment, build municipal and

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<sup>59</sup> For more information on these housing submarkets, see <http://www.regionalhousingsolutions.org> and the CMAP Regional Housing Supply and Affordability strategy paper, <http://cmap.is/2pRCB5L>.



private sector capacity, and help communities establish strong partnerships with lending institutions.

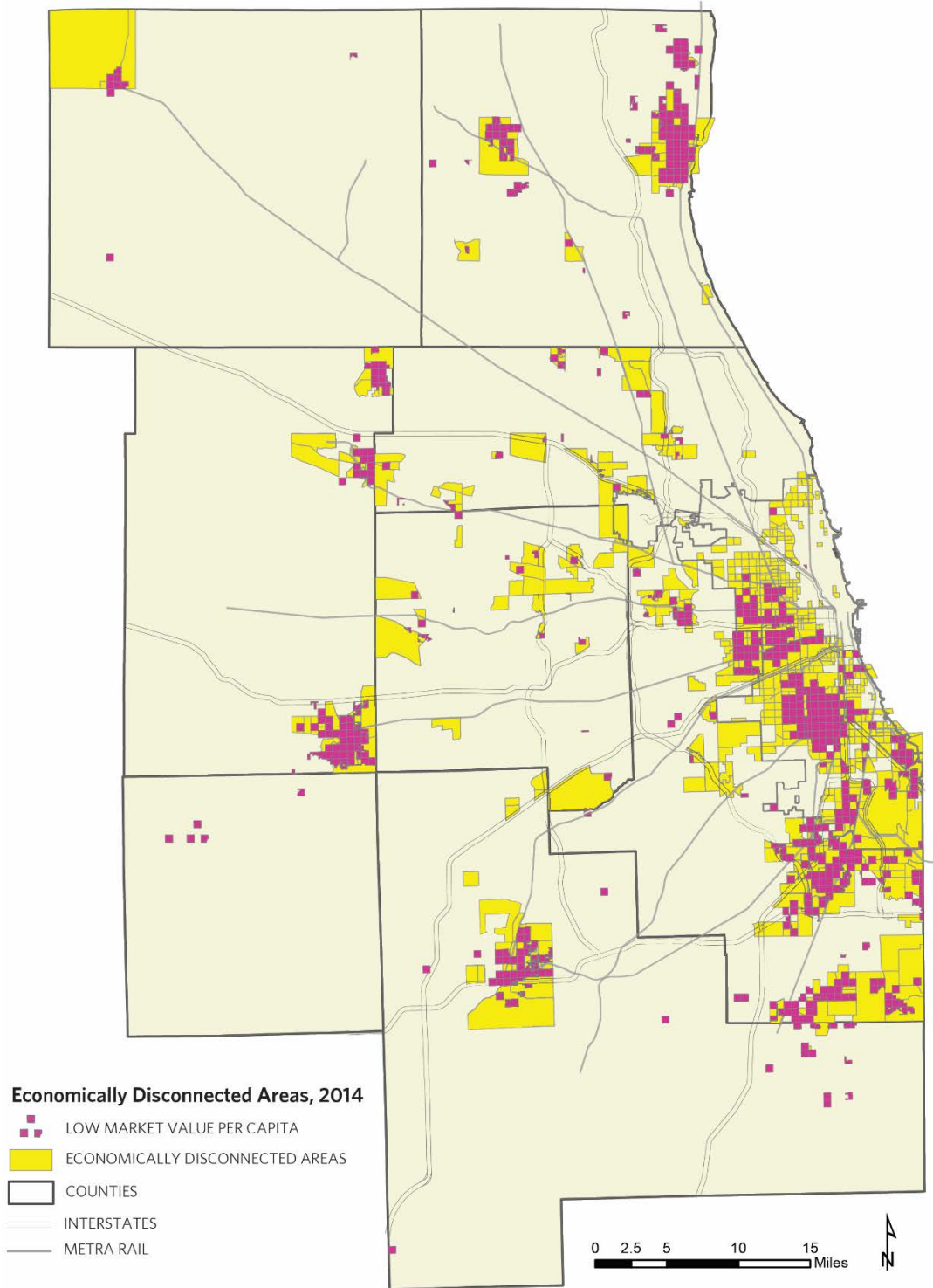
As a next step, CMAP will evaluate the EDAs, disinvested area factors, and housing market areas to develop a unified spatial understanding of the individual, housing, and business components of disinvestment. CMAP should also continue to evaluate funding, assistance, and planning strategies to promote renewed vitality in disinvested areas.

### **Leverage Regional Land Banks**

The 2007-09 recession left many communities with a large inventory of vacant housing. In 2012 and 2013 respectively, the South Suburban Land Bank Development Authority (SSLBDA) and the Cook County Land Bank Development Authority (CCLBDA) and were formed to mitigate the effects of concentrated vacancies of residential, commercial, and industrial property. Both authorities have tremendous potential to affect change in communities and encourage reinvestment. However, the land banks also face capacity constraints due to their limited budgets and staff sizes. CMAP should collaborate with both regional land banks to promote thinking on new ways to leverage their regulatory authority to improve EDAs, as well as include them as key partners in any inclusive growth initiatives.



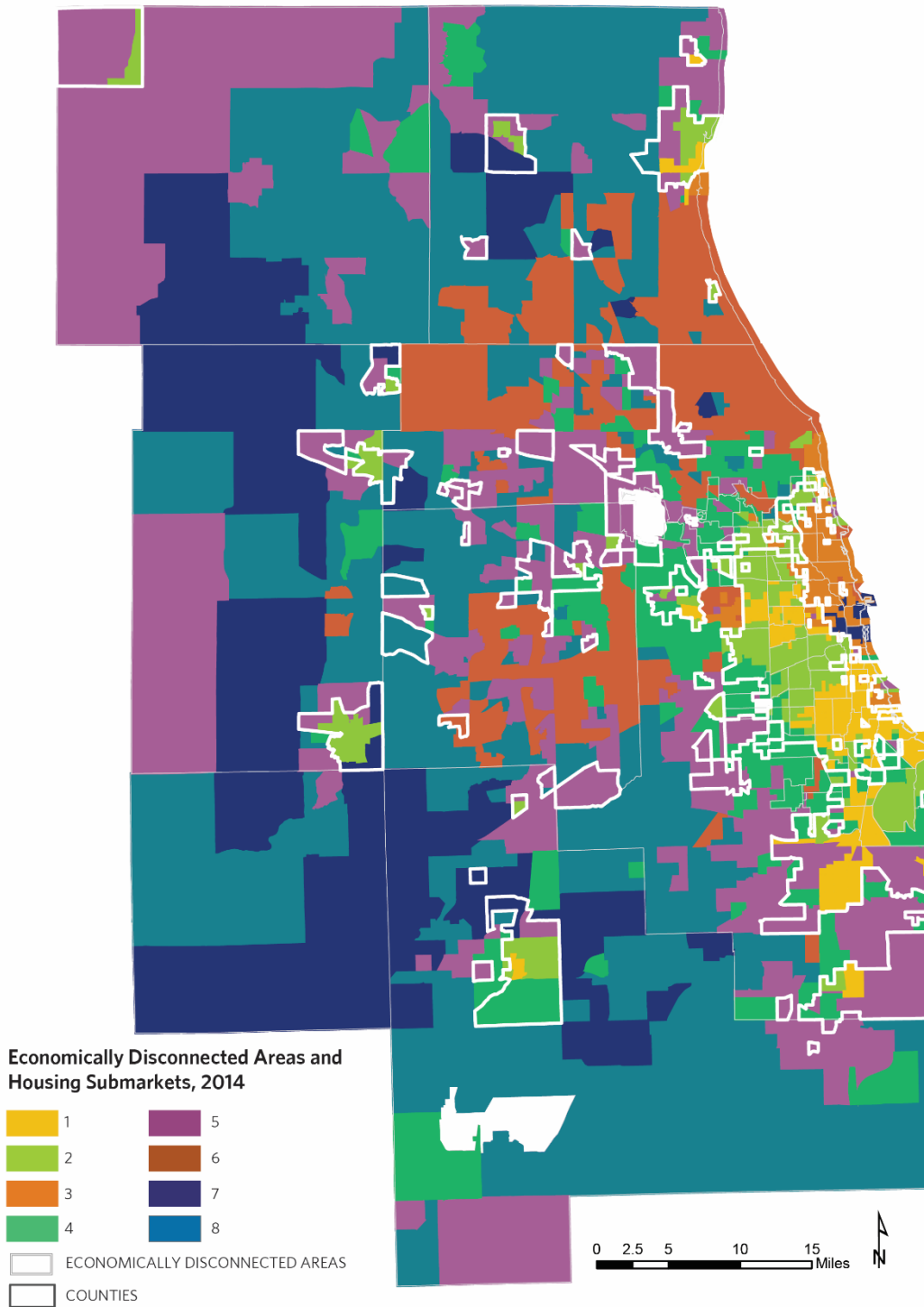
**Map 5. Economically Disconnected Areas and low property value areas, 2014**



Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, 5-year estimates, 2010-14 and regional assessor data, 2014. Low market value per capita subzones represent the bottom 10 percent of residential real estate values per capita in the CMAP region.



**Map 6. Economically Disconnected Areas and regional housing submarkets, 2014**



Source: Chicago Metropolitan Agency for Planning analysis of *Homes for a Changing Region* housing submarkets developed by DePaul Institute for Housing Studies, 2017.



## **Promote compact development and affordable housing near transit**

Compact development is more transit-supportive and facilitates access between home, work, and other resources, making opportunities more available to transit-dependent populations. Compact development is also critical to supporting a range of housing choices, as recommended in GO TO 2040. However, achieving both compact development and affordable housing at the same time is difficult, particularly in transit supportive areas. Housing near transit stations is often a desirable location for residents and developers, and subsequently carries a high price. For this reason, without adequate public sources of equity to bridge gaps in development cost, building or preserving affordable housing near transit stations can be unfeasible. Through its local planning work, CMAP should continue to encourage municipalities to support compact land use patterns and allow affordable housing in areas near transit. CMAP should also continue to support local efforts to preserve affordable housing where it already exists near transit stations and provide guidance to developers and municipalities to do so as well.

## **Sustain and strengthen the Regional Housing Initiative**

Inclusive growth strategies must both work to strengthen EDAs and create avenues for low-income families and individuals to move to amenity-rich communities that may better serve their current needs. To support the ability of public housing tenants to access housing options, CMAP and partners should strengthen the Regional Housing Initiative (RHI). The RHI is a partnership between the Metropolitan Planning Council, BRicK Partners, the Illinois Housing Development Authority, ten regional public housing authorities and CMAP. Created in 2002, the RHI allows regional housing authorities to pool and convert a small portion of their Housing Choice Voucher allocations to project-based vouchers, which can help facilitate the development of affordable housing. This resource allows mixed-income housing to be built or rehabilitated in low-poverty communities with good schools, transportation, and access to jobs. Since 2002, RHI has enabled the development of more than 500 apartments in 33 buildings across 22 communities in the region.

This high-functioning, effective example of regional coordination needs a permanent source of funding to ensure its long-term sustainability. Project partners should seek permanent funding for the program, as well as additional resources to provide housing counseling to voucher tenants seeking to access RHI-subsidized affordable housing in amenity-rich locations.



## Explore and incorporate public health best practices for planning

Negative health outcomes associated with living in low-income communities have been well documented.<sup>60</sup> CMAP should seek guidance from regional public health partners on ways in which transportation and land use planning decisions affect community health outcomes, especially in economically disconnected or disinvested areas. Benefits to these communities should be thoroughly explored and documented in CMAP's forthcoming Public Health strategy paper as well. CMAP should then incorporate best practices into programming and planning considerations, including within the LTA program.

## Governance

Many initiatives to advance inclusive growth will rely on the ability of municipalities to implement local and regional goals. However, many communities -- particularly those with EDAs -- struggle with capacity challenges. Map 5, for instance, shows that many EDAs are located within municipalities with low per capita tax bases. Low tax capacity can result in difficulty funding municipal operations and capital improvements due to fiscal challenges, which constrains their ability to provide optimal services and amenities for residents. CMAP's existing tax policy recommendations well as new directions highlighted in ON TO 2050 strategy papers recommend steps toward creating a more equitable tax structure and improving outcomes for communities with lower capacity.<sup>61</sup>

## Foster sustainable local revenues

In Illinois, state sales tax is disbursed to municipalities and counties based on where sales are generated. Communities with low retail sales may institute high property tax rates to meet basic service and infrastructure costs, discouraging investment from the private sector. CMAP should promote an equitable tax structure that ensures all communities -- especially low capacity or economically disconnected communities -- are able to invest in their infrastructure. One approach supported by CMAP to strengthen sustainable local revenues is to expand the sales tax to additional services.<sup>62</sup> Within ON TO 2050 development, the Tax Policy and Land Use strategy paper recommends evaluating new revenue options to support industrial, residential and other land uses that may better fit with a community's quality of life, economic, and other planning goals.

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<sup>60</sup> See, for instance, City of Chicago Department of Public Health, "Healthy Chicago 2.0" (2016). [https://www.cityofchicago.org/content/dam/city/depts/cdph/CDPH/HC2.0Plan\\_3252016.pdf](https://www.cityofchicago.org/content/dam/city/depts/cdph/CDPH/HC2.0Plan_3252016.pdf) or the Robert Wood Johnson Foundation Commission to Build a Healthier America, "Where we live matters for our health: Neighborhoods and Health" (2008), <http://www.commissiononhealth.org/PDF/888f4a18-eb90-45be-a2f8-159e84a55a4c/Issue%20Brief%203%20Sept%2008%20-%20Neighborhoods%20and%20Health.pdf>.

<sup>61</sup> CMAP ON TO 2050 Strategy Paper, "Tax Policy and Land Use Trends" (2017), <http://www.cmap.illinois.gov/onto2050/strategy-papers/tax-policy-land-use>; CMAP ON TO 2050 Strategy Paper, "Municipal Capacity" (forthcoming).

<sup>62</sup> CMAP ON TO 2050 Strategy Paper, "Transportation System Funding Concepts" (2017), <http://www.cmap.illinois.gov/documents/10180/470714/Transportation%20System%20Funding%20Concepts/a40cfa4a-4743-4cfb-83c3-44f1d1d0ef02>.



## Phase out classification

The Cook County property tax system makes it difficult to strengthen and encourage economic development in existing communities. Cook County is the only county in Illinois that assesses commercial and industrial properties at a percentage of market value higher than residential properties. As a result, businesses in Cook shoulder more of the property tax burden than residents do (although the magnitude of this impact varies from place to place).<sup>63</sup> This system can increase the tax burden on industrial and commercial properties in low capacity communities that may already have a hefty tax burden, further limiting development potential. For a number of Cook County communities, particularly in the southern suburbs, that have high property tax rates, elimination of Cook's classification system could help encourage redevelopment.

Phasing out classification could reduce commercial and industrial tax rates and remove a substantial barrier to redevelopment in many EDAs -- particularly South Suburban Cook. New development would also expand the tax base of local communities and may reduce property tax rates. CMAP should continue to provide analysis of how classification affects local economic development and continue to support the phasing out of classification.

## Develop strategies for improving municipal capacity

In addition to low tax capacity, many communities in the Chicago region have barriers to implementing local and regional priorities ranging from a lack of technical knowledge among staff or elected officials, to low staffing levels, to constituent opposition to plans and projects. CMAP is embarking on an effort to explore how to assist municipalities in overcoming some of the staff capacity, technical knowledge, and similar barriers to overall municipal capacity.<sup>64</sup> This effort also will include working with partners that can assist communities in improving capacity. As new technical assistance programs are developed and implemented, CMAP should continue to give priority to low capacity communities that contain EDAs.

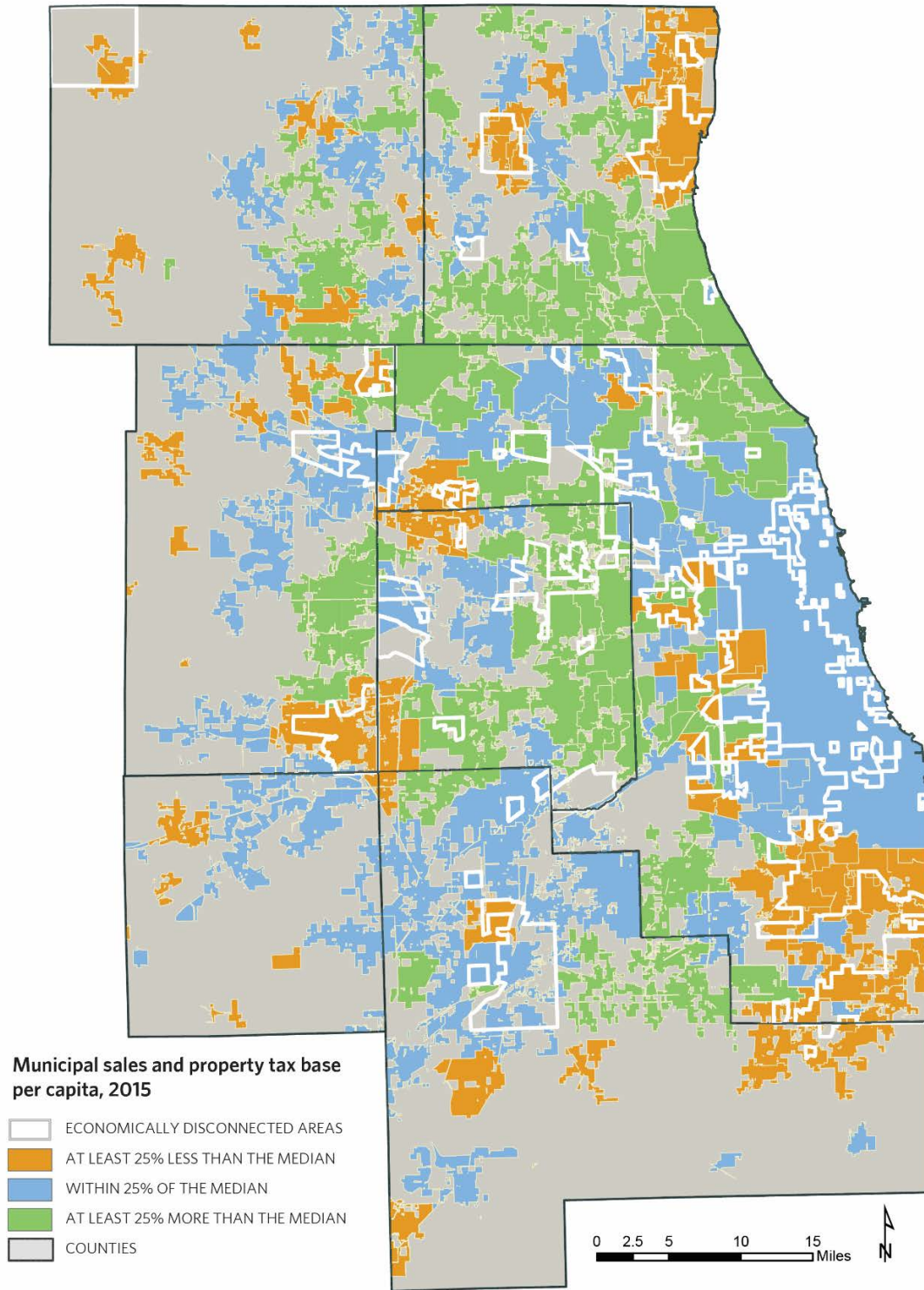
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<sup>63</sup> CMAP Policy Update: "Sales tax rebates remain prevalent in northeastern Illinois" (2016), [http://www.cmap.illinois.gov/about/updates/policy/-/asset\\_publisher/U9jFxa68cnNA/content/sales-tax-rebates-remain-prevalent-in-northeastern-illinois](http://www.cmap.illinois.gov/about/updates/policy/-/asset_publisher/U9jFxa68cnNA/content/sales-tax-rebates-remain-prevalent-in-northeastern-illinois).

<sup>64</sup> CMAP ON TO 2050 Strategy Paper, "Municipal Capacity" (forthcoming).



**Map 7. Municipal sales and property tax base per capita, difference from the median, 2015**



Source: Chicago Metropolitan Agency for Planning analysis of Illinois Department of Revenue data and U.S. Census, 2010 decennial Census data.





# Regional Economy

Approximately 1.7 million working age adults live in the Chicago region’s EDAs, but only 1.3 million are currently in the labor force. That means that nearly 500,000 people over the age of 16 living within EDAs are not employed and not looking for work. While a large portion of this group is likely to be those in school, retirees, or people who are unable to work, it still represents thousands of discouraged workers. On top of large numbers of discouraged workers, there are also more than 200,000 unemployed workers, and unknown numbers of underemployed workers in EDAs today. These residents are not currently well connected to opportunities provided by the region’s economy, and -- as a result -- a substantial portion of the region’s human capital is being wasted. Creating pathways for these workers to fully contribute to and benefit from the regional economy will help it to grow to the benefit of everyone.

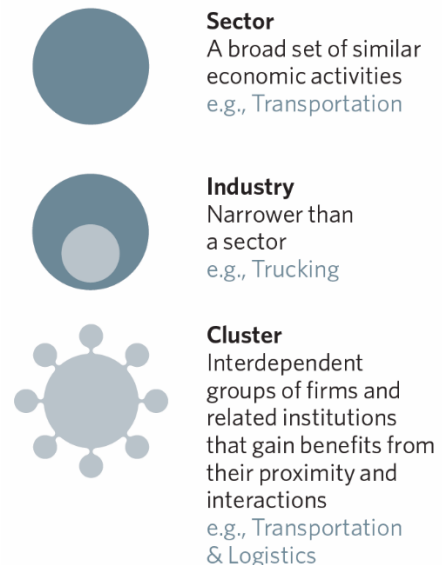
## Pursue a regional approach to economic development focused on traded clusters

Research shows that broadly growing the regional economy is key to creating opportunities for inclusive growth strategies to take root. Economic development efforts achieve the most when municipalities, counties, and other economic development agencies work together across jurisdictional borders. As outlined in GO TO 2040, a regional approach to economic development is critical to ensuring increased efficiencies and business development.<sup>65</sup> Greater coordination on economic development across the region, focusing on supporting the region’s industry clusters, especially the traded (export-oriented) clusters, is necessary to help create more economic opportunities for the region’s firms and workers. Traded cluster industries pay higher wages than their local-serving counterparts.<sup>66</sup>

The Chicago Regional Growth Initiatives (CRGI) is an important first step toward greater coordination, but remains short of an independently staffed and stably funded agency with a mandate to speak for the region.

Figure 18.

### What is a cluster?



<sup>65</sup> CMAP report: “Reorienting State and Regional Economic Development: Challenges and Opportunities for Metropolitan Chicago” (2014). <http://www.cmap.illinois.gov/documents/10180/229846/FY14-0061%20Economic%20Development%20Report.pdf/d5609fbc-5561-4ea9-a1c2-fb3dbbc8d74c>

<sup>66</sup> CMAP ON TO 2050 Snapshot, “Regional Economy and Clusters: Building on Our Strengths” (2017). <http://www.cmap.illinois.gov/documents/10180/477400/Regional%20Economy%20and%20Clusters%20snapshot/6b541861-77b0-42ad-9438-1428d1d6ea3e>



CMAP should continue to convene and support coordination, such as CRGI, Metro Chicago Exports, and the Metro Metals Consortium, and articulate the benefits of closer collaboration.

## **Focus economic development and workforce training on industries and occupations that offer pathways for upward mobility**

All jobs are not created equal. While some low-wage jobs offer entry-level opportunities for increasing skills and wages, many do not open the door to upward mobility. Other jobs may pay well but erect high barriers, such as an advanced degree, to entry. To support upward mobility among residents of EDAs, CMAP should enhance tracking and analysis of industry clusters that provide middle- and high-wage jobs as well as clusters that are growing or shrinking. CMAP should also analyze middle- and high-wage job industry clusters and work with partners to coordinate investment and retention efforts in those clusters.

The region's Workforce Investment Boards (WIBs) represent one promising avenue for implementing a regional focus on jobs that offer pathways to upward mobility. Businesses also often train internally for unique skills to customize the skillset required for that position. Strong partnerships between job training programs and the business community can target training to private sector needs. Many of the region's community colleges and WIBs are working with businesses to make sure the skills the colleges are teaching are applicable and the credentials provided are appropriate.

CMAP should continue to provide data analysis to educate and inform stakeholders on workforce, cluster, and other relevant economic topics, especially those that can strengthen the work of workforce investment partners. CMAP should also examine the demographic makeup of the region's workforce to identify which clusters the region's low-income workers are concentrated within, and which clusters may present stronger opportunities for economic advancement. Implementation indicators for ON TO 2050 should also track this information in order to help gauge the region's progress on inclusive growth.

## **Enhance coordination among industry and workforce training providers**

The pace of change in many jobs and industries is accelerating. As new occupations emerge and minimum training requirements for employment evolve, educational and training institutions will need to develop new and better means for information sharing and collaboration with industries. Efforts to build in-depth knowledge and design solutions could take numerous forms. For example, sector initiatives that integrate workforce and economic development strategies can focus attention on the needs of multiple employers via specific initiatives. Effective coordination and partnership can ensure that educators and training providers deliver relevant curricula, develop pathways for professional development, and build a pipeline for employers to recruit and retain workers. Regional examples to build on include the Chicago Metro Metals Consortium and recently established Chicagoland Food and Beverage Network.



## **Improve workforce and educational data systems**

Educators and training providers are often limited in their abilities to assess the efficacy or illustrate the long-term value of investments because of significant gaps in data. Numerous state and local systems capture data about training programs, educational outcomes, and employment status, however these data systems remain disconnected. By connecting some of these datasets, educators and training providers would enhance their ability to make timely and informed adjustments to curricula and programming. Moreover, enhanced data systems would provide better insight into the economic outcomes for students and trainees. This would enable policy makers to make necessary reforms that ensure investments are made in training and education offerings that provide pathways to upward mobility. For workforce training data, metropolitan Chicago could apply lessons learned from the development of the Chicago Cook Workforce Partnership's Career Connect system that integrated information to improve service to job seekers, employers, and public and private workforce funders.

## **Next Steps**

The policy framework and strategies presented in this report set the direction for inclusive growth in CMAP's future work, including ON TO 2050. Rather than constituting a single chapter or section in the plan, inclusive growth should be integrated into all agency activities and promoted as a principle of ON TO 2050. Strategies laid out in this report offer guidance on how inclusive growth approaches could be incorporated under various umbrellas -- such as housing or regional economic development -- although it is not intended to constitute an exhaustive list.

Moving forward, CMAP will begin integrating inclusive growth into CMAP decision-making process, and continue work integrating economically disconnected areas into analysis such as the layers project underway for ON TO 2050.



# Appendix A: Resource Group Members

To evaluate the potential for inclusive growth strategies to benefit the Chicago region specifically and to initiate a broader conversation about the best ways to achieve those ends in ON TO 2050, CMAP convened a resource group of subject matter experts. These experts included representatives from economic development, real estate, banking, housing, philanthropy, transportation, and health and human services sectors who met ten times in 2015 and 2016 to help evaluate and give feedback on developing agency thinking on inclusive growth.

## Inclusive Growth Resource Group

Jody Adler	The Law Project
Oswaldo Alvarez	Chicago Cook Workforce Partnership
John Donovan	FHWA
Deanna Durica	Cook County Department of Public Health
Kendra Freeman	Metropolitan Planning Council
Patricia Fron	Chicago Area Fair Housing Alliance
Gretchen Kosarko	RW Ventures
Gina Massuda-Barnett	Cook County Department of Public Health
Marisa Novara	Metropolitan Planning Council
Jay Ready	The MetroAlliance
Robin Schabes	IFF
Betsy Schuman-Moore	Chicago Lawyers' Committee for Civil Rights Under Law
Joanna Trotter	Chicago Community Trust
Laura Williams	World Business Chicago



# Appendix B: Ranking the Chicago Region on Economic Mobility and Inequality

Studies have found generally that children who grew up in communities where the distribution of family income was more polarized -- that had more income inequality -- also had a harder time climbing the economic ladder as adults. Figure B-1 comes from the [2016 Economic Report of the President](#), which highlights the need for inclusive growth policies that address the unequal distribution of opportunity in the economy. This report relies on [research from Raj Chetty and colleagues](#) that uses 40 million paired parent and child tax records to estimate how well children born in the early 1980s were doing economically at roughly age 30. This relationship held for roughly 700 urban and rural regions across the country.

Chicago would be in the bottom right section of Figure B-1, with greater income inequality and lower absolute upward mobility relative to some other parts of the country. Figure B-2 shows where Chicago and other large commuting zones rank along these same measures. By grouping regions, Figure B-1 illustrates the general dynamic that areas with more income inequality also tend to have less mobility for children from lower income families. The data from Chetty and colleagues identifies where the Chicago region would rank if the chart presented individual regions.

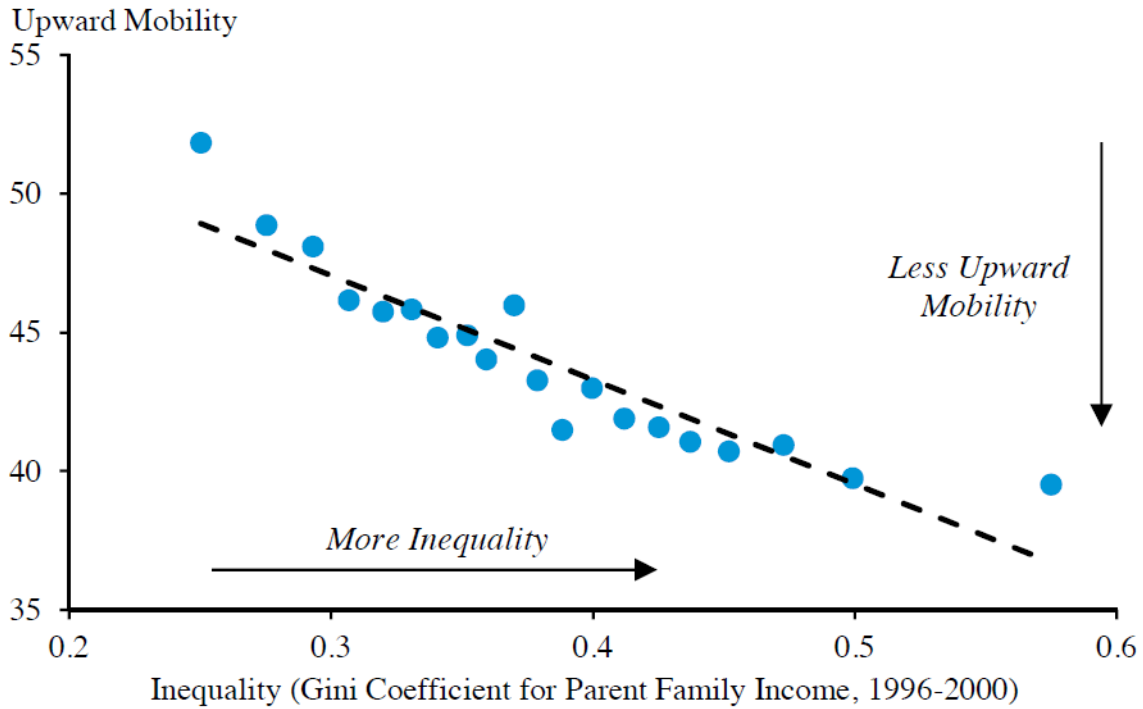
## Methodology

To express this relationship between income inequality and economic mobility in regions across the country, the Council of Economic Advisors grouped the results for the national commuting zones -- roughly equivalent to Metropolitan Statistical Areas (MSAs) but including rural areas -- into 20 buckets based on levels of income inequality. They then plotted these buckets across two factors from the Chetty study:

1. **Income inequality** as measured by the distribution of income levels among parents in the communities where the study's children grew up. The technical term is "Gini coefficient," where 0.0 describes a community with equal income among all families, and 1.0 describes all income concentrated in a single family. The Chicago commuting zone show in Figure B-2 has a Gini coefficient of .521.
2. **Absolute upward mobility** is an estimate of future adult income expected for children raised in a family earning approximately \$30,000 per year (the 25th percentile of the national income distribution) across various commuting zones. Among larger regions, these values range from 35.8 in Charlotte, NC to 46.2 in Salt Lake City, UT. This means that in Charlotte a child raised in the 25<sup>th</sup> percentile of the national income distribution is likely to earn in the 36<sup>th</sup> percentile as an adult, while that same child is likely to earn in the 46<sup>th</sup> percentile if raised in Salt Lake City. The Chicago commuting zone illustrated in Figures B-2 and B-3 has an absolute upward mobility score of 39.4.



**Figure B-1. Economic mobility and inequality within groups of U.S. commuting zones**

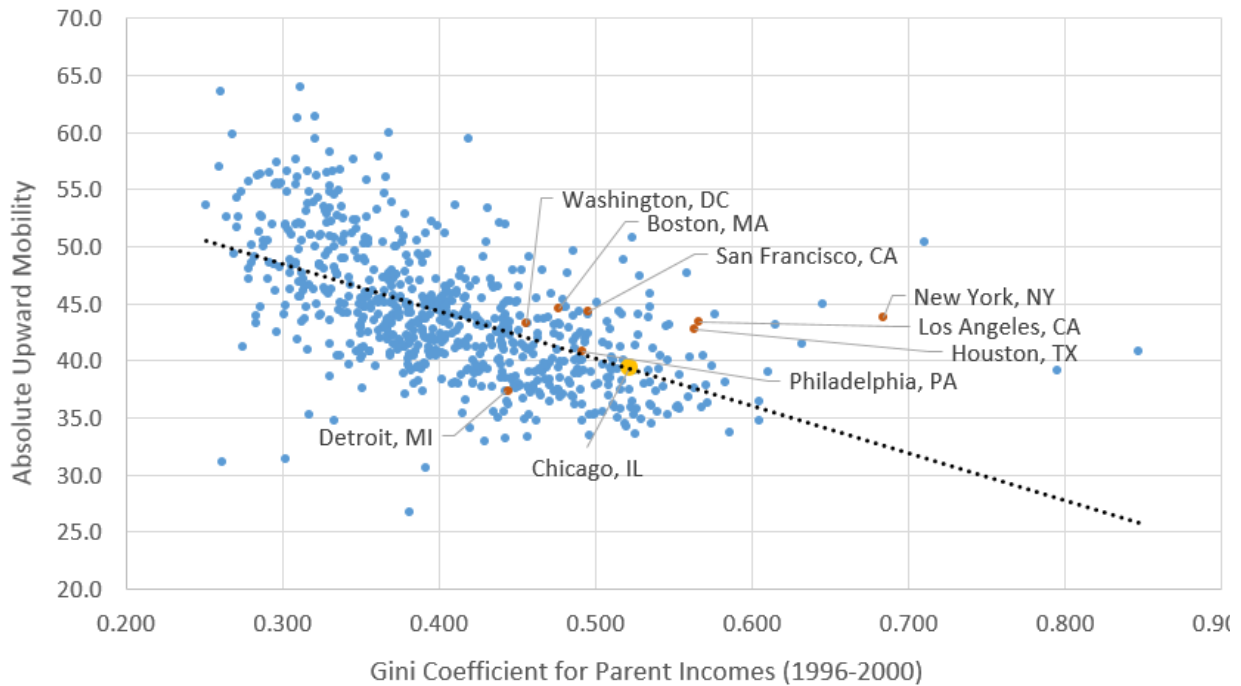


Note: This chart is often called the “Great Gatsby Curve” because it describes the potential of children coming from modest backgrounds to attain success in America, as is the goal of Nick Carraway in the eponymous novel. Note: U.S. Commuting zones were ordered by Gini coefficients and divided into 20 equally sized bins. Each blue dot represents a single bin. Upward mobility reflects the mean percentile in the 2011-12 national income distribution from those individuals in each bin whose parents were at the 25th percentile of the national income distribution between 1996 and 2000.

Source: Council of Economic Advisors (2016) calculations based on Chetty (2014).



**Figure B-2. Economic mobility and inequality in U.S. commuting zones<sup>67</sup>**

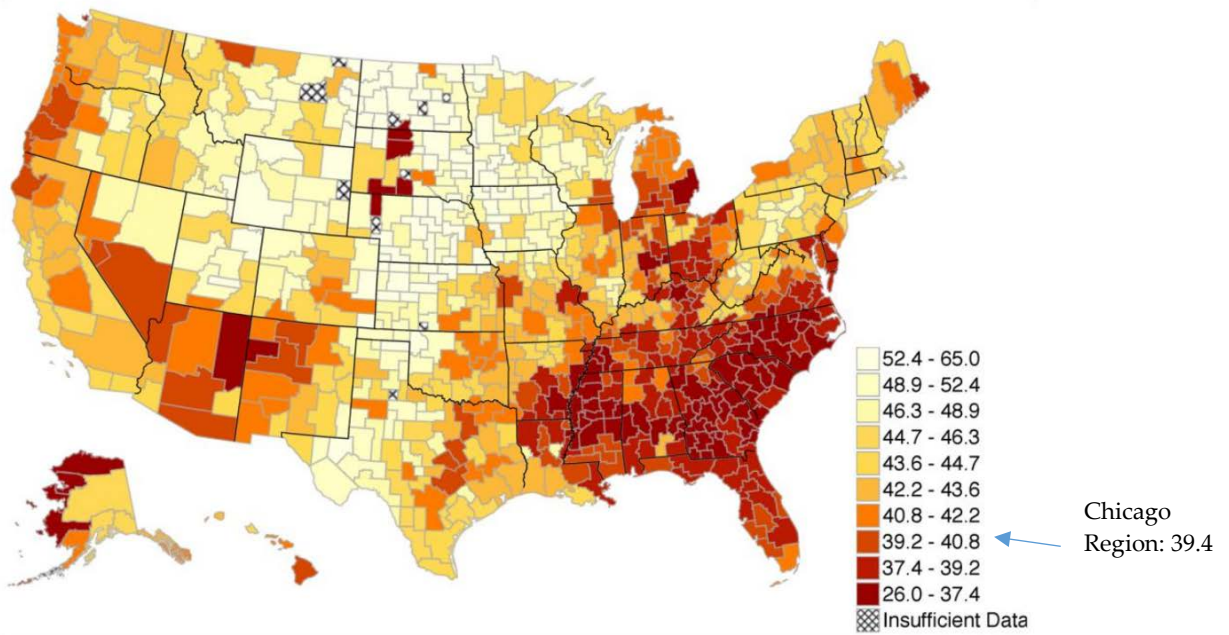


Expressed in a map, the same findings show absolute upward mobility in the Chicago region to be relatively poor compared with the rest of the nation. Figure B-3 places Chicago as offering more absolute mobility than southern regions like Atlanta or Charlotte, but still less than parts of California and substantially less than communities in the central part of the country.

<sup>67</sup> Chetty, Hendren, Kline and Saez (2014), "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States" online data table 8 "Commuting Zone Characteristics," <http://www.equality-of-opportunity.org/data/>.



**Figure B-3. Absolute upward mobility among U.S. commuting zones**



Note: Lighter color indicates more upward mobility.

Source: Chetty, Hendren, Kline and Saez, "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States" Executive Summary, 2014, <http://cmap.is/2tSgHVH>.





# Appendix C: Economically Disconnected Areas Poverty Threshold

The following table displays the income thresholds used in this analysis versus Chicago metropolitan statistical area median incomes, by household size.

**Table C-1. Low-income thresholds for economically disconnected areas analysis**

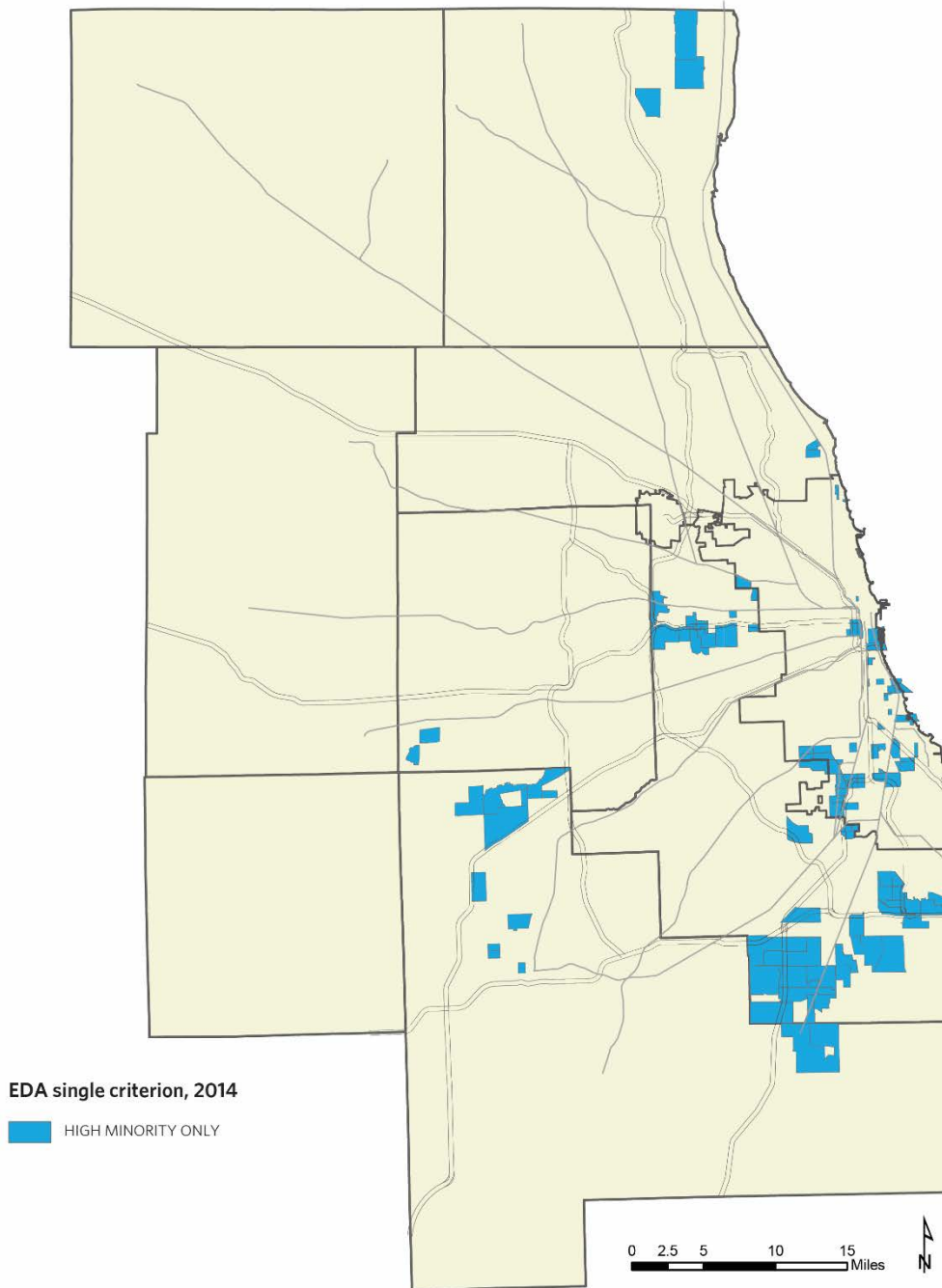
Household size	MSA Median Income	60% of MSA Median Income
1	\$33,129	\$19,877
2	\$67,102	\$40,261
3	\$76,208	\$45,725
4	\$90,661	\$54,397
5	\$84,945	\$50,967
6	\$72,668	\$43,601
7	\$75,811	\$45,487

Source: Chicago Metropolitan Agency for Planning analysis of U.S. Census Bureau 2014 American Community Survey one-year estimates.



# Appendix D: Additional Economically Disconnected Areas Maps

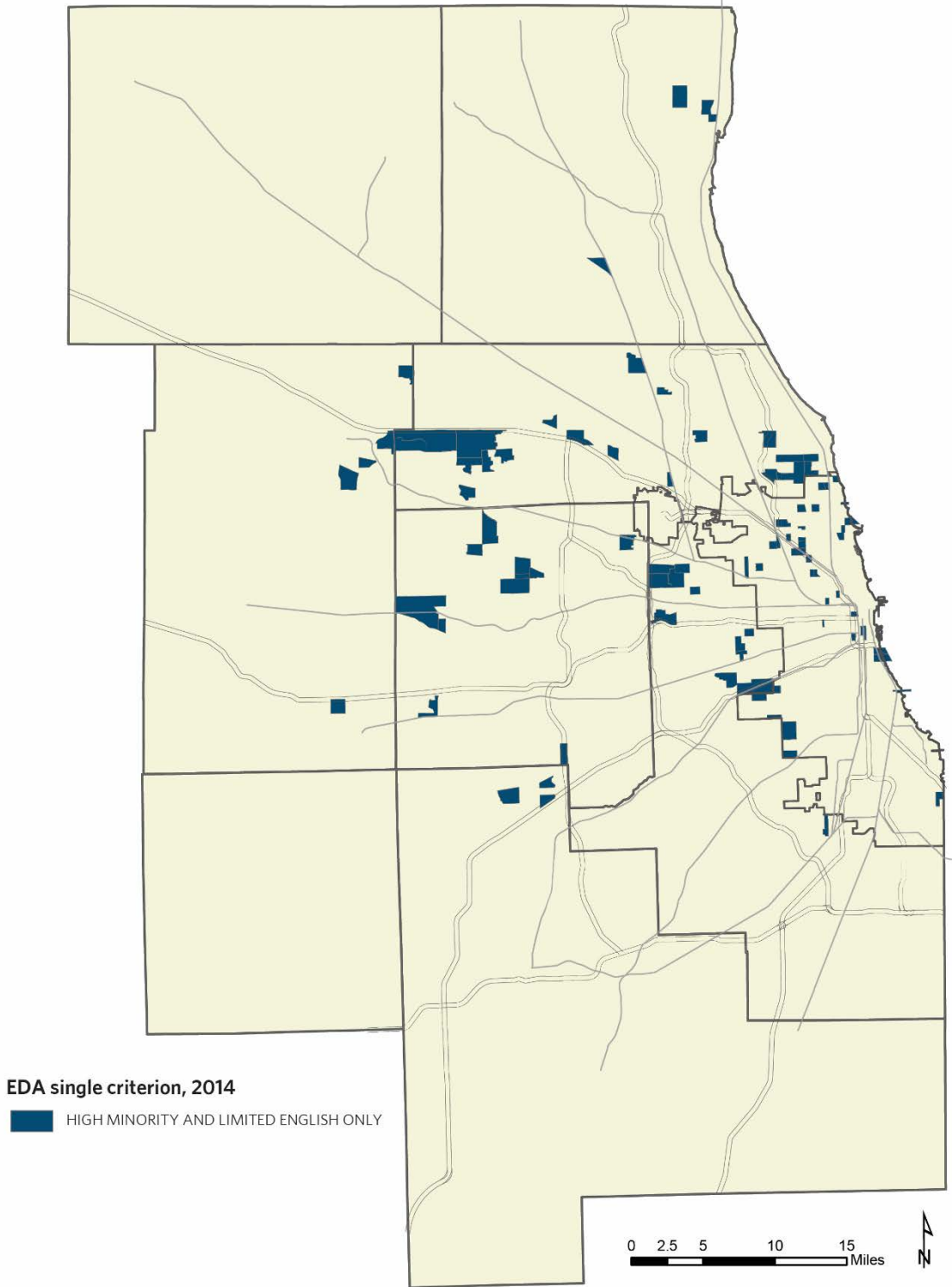
Map D-1. EDA-associated criteria: High minority tracts that are not low-income



Source: CMAP Analysis of American Community Survey 2010-14

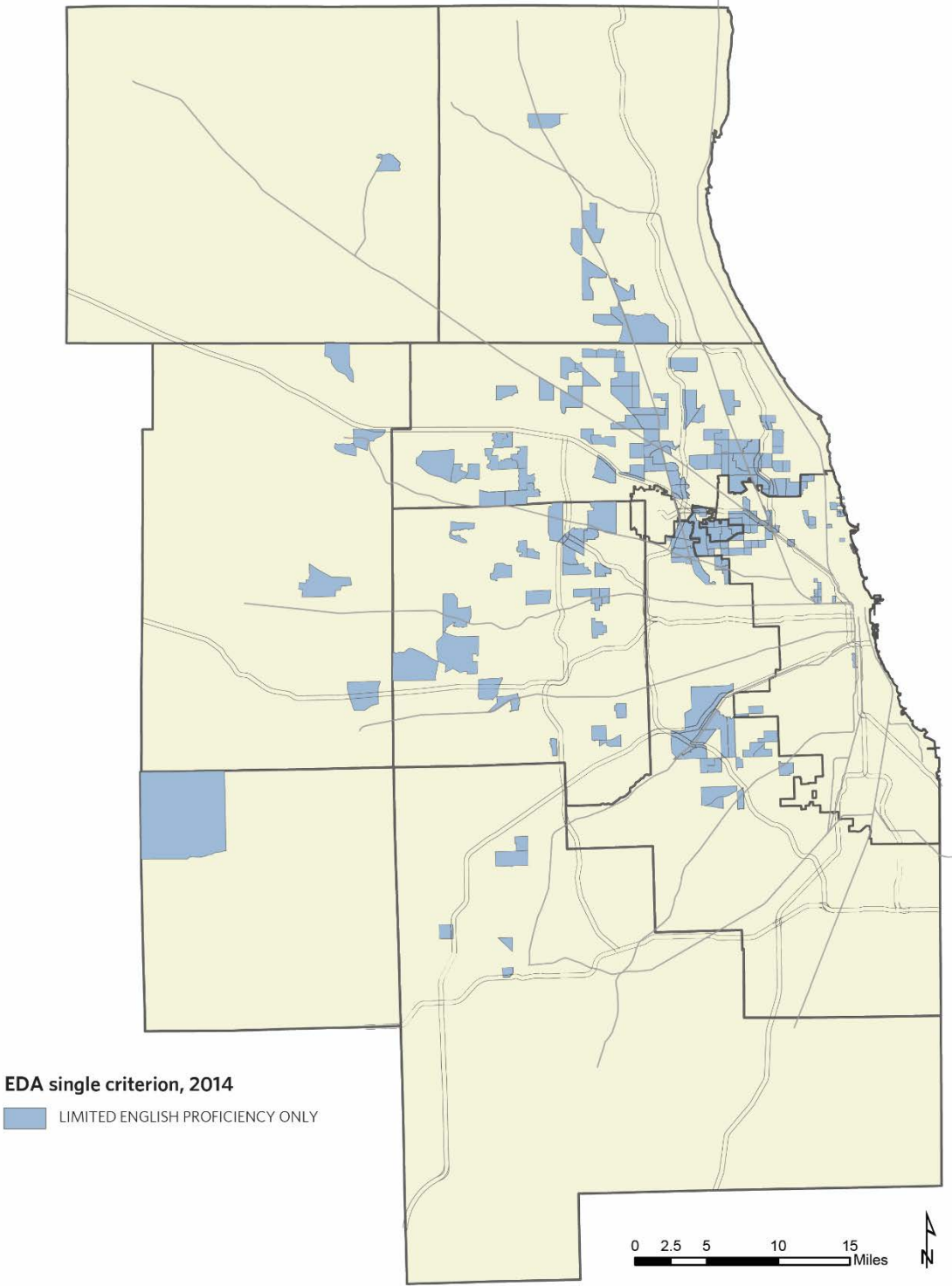


**Map D-2. EDA-associated criteria: high-minority and high limited English proficiency tracts that are not low-income**



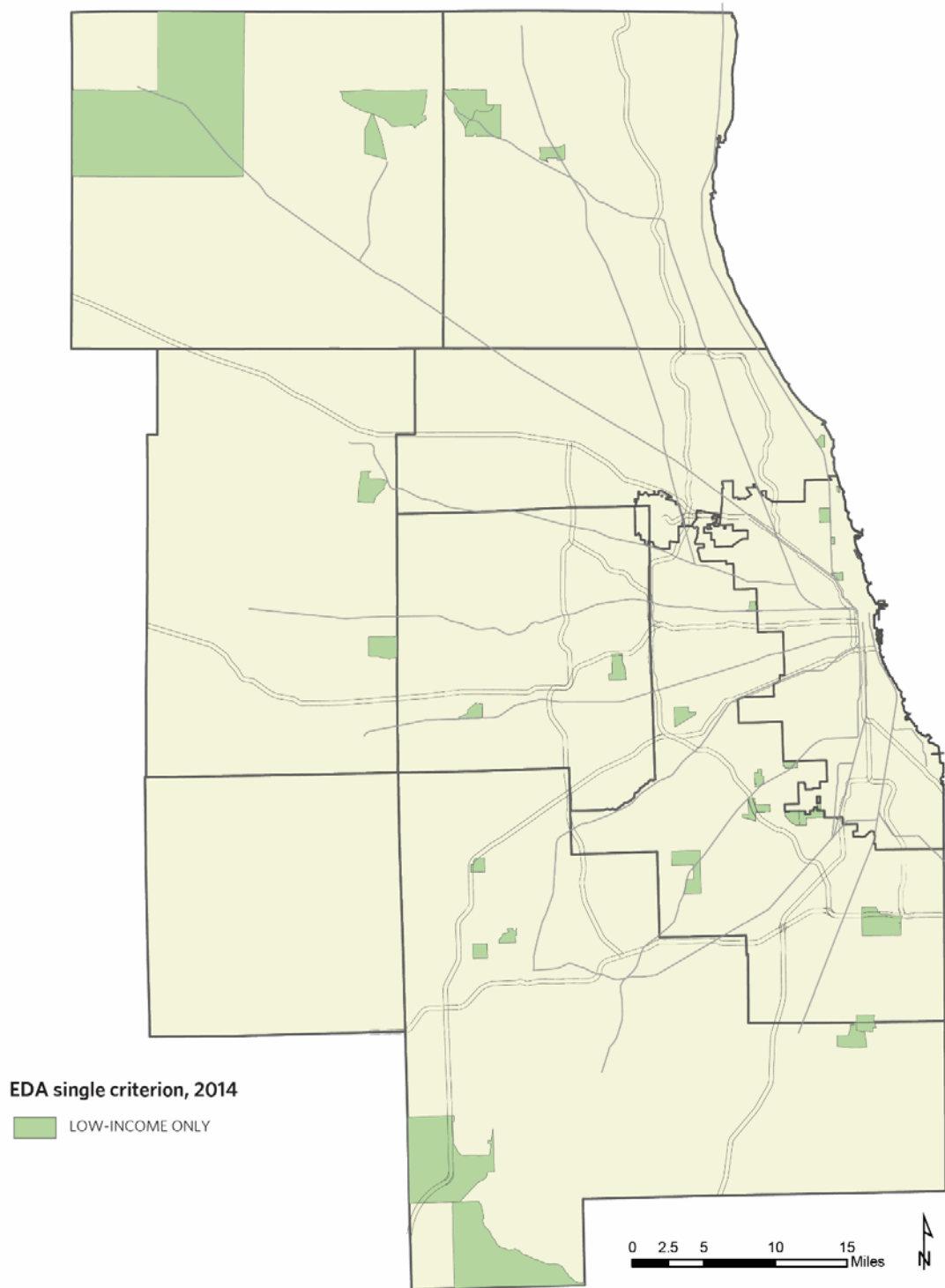
Source: CMAP Analysis of American Community Survey 2010-14.

**Map D-3. EDA-associated criteria: High limited English proficiency tracts that are not low-income**



Source: CMAP Analysis of American Community Survey 2010-14.

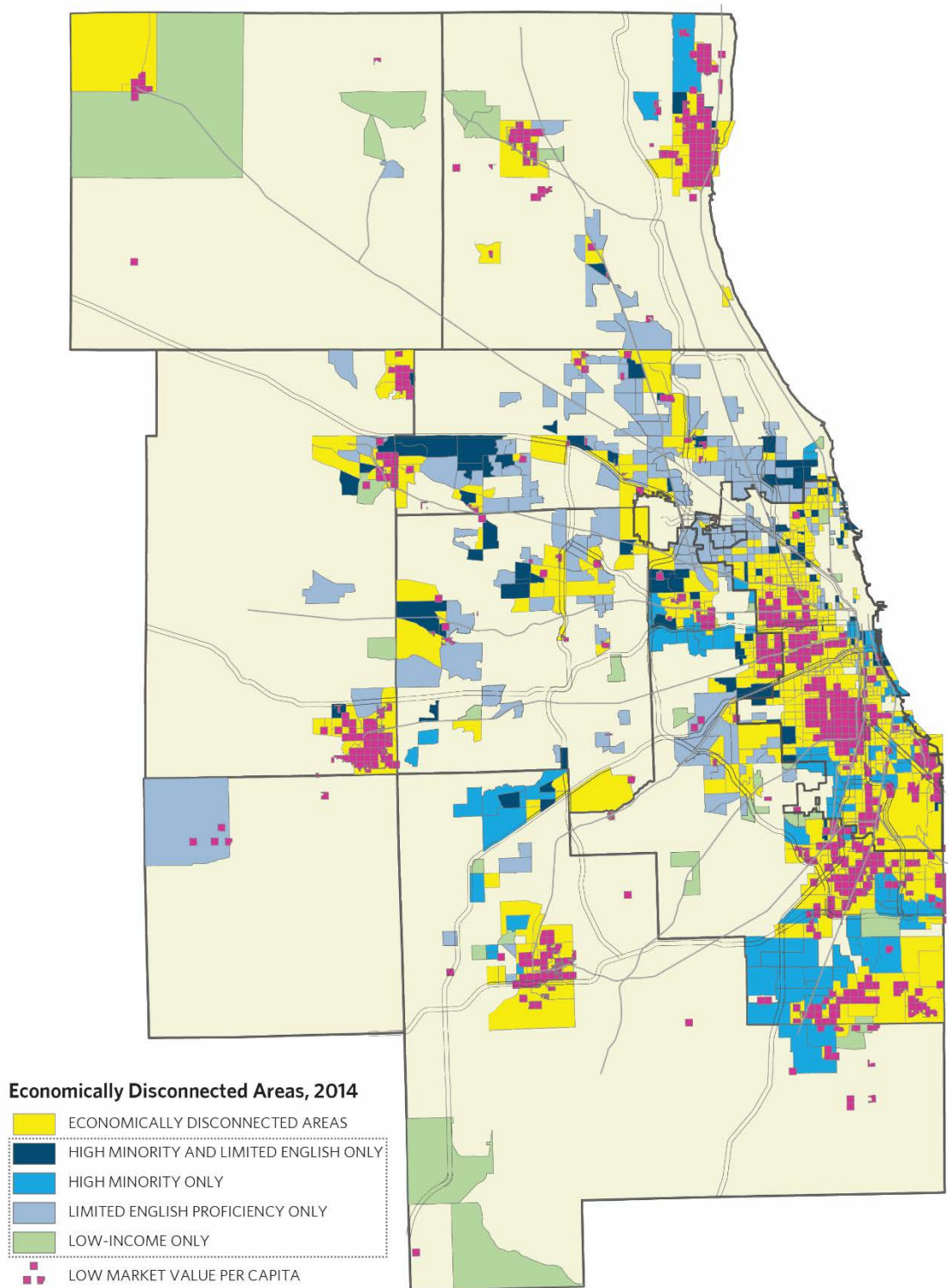
**Map D-4. EDA-associated criteria: high low-income tracts that are not high minority or high limited English proficiency**



Source: CMAP Analysis of American Community Survey 2010-14.



**Map D-5. Low Real Estate Market Value Per Capita compared with Single EDA Criteria**



Source: CMAP Analysis of American Community Survey 2010-14 and regional assessor data, 2014.



# Appendix E: Dashboard Indicators for the Northeast Ohio Economy – Factor Components

On interpreting the factors (Table E-1), the authors note, “the coefficients can be interpreted as the percentage change in a growth measure that is associated with a change in the factor score of one standard deviation. For instance, a one standard deviation change in the factor score related to a skilled workforce results in a 0.019 percentage point change in employment growth during the decade. The eight factors together explain almost two-thirds of the variation in employment, output, and productivity growth among the 118 metro areas and over 45 percent of the change in per capita income, as indicated by the adjusted R-squared shown in the table” (Table E-2).

**Table E-1. Components of the Eight Dashboard Indicators**

<b>Skilled Workforce</b>	<b>Legacy of Place</b>
• Productivity in information sector	• Number of governmental units
• Number of patents per employee	• Climate index
• Graduate degree	• Gross change in employment due to business churning
• Bachelor’s degree	• Crime index
• Skill differences	• Percent of houses built before 1940
• Professional occupation	<b>Income Equality</b>
• Percent of population between 16 and 64	• Ratio of income of top 10 to bottom 10
<b>Urban Assimilation</b>	• Percent of children living in high-poverty neighborhoods
• Percent Asian	<b>Locational Amenities</b>
• Percent minority business employment	• Major university presence
• Percent foreign born	• Transportation index
• Percent homeownership	• Arts index
• Commuter time	• Health index
• Cost-of-living index	• Recreation index
• Percent Hispanic	<b>Business Dynamics</b>
<b>Racial Inclusion</b>	• Percent of businesses employing fewer than 20 workers
• Percent Black	• Gross change in employment due to business churning
• Isolation index	• Concentration in manufacturing employment
• Dissimilarity index	<b>Urban/Metro Structure</b>
	• Percent of metro population in core city
	• Concentration of poverty in core city



**Table E-2. Contribution of Factors to Growth Measures**

<b>Factors</b>	<b>Output</b>	<b>Employment</b>	<b>Per Capita Income</b>	<b>Productivity</b>
Skilled Workforce	0.119	0.019	0.039	0.081
Urban Assimilation	0.083	0.019		0.056
Racial Inclusion	0.081	0.033		0.034
Income Equality	0.049	0.025	0.013	
Business Dynamics	0.041	0.054		-0.022
Urban/Metro Structure	0.041		0.015	
Legacy of Place	-0.077	-0.065	-0.017	
Locational Amenities			0.011	
<i>Adjusted R-Squared</i>	<i>0.64</i>	<i>0.66</i>	<i>0.46</i>	<i>0.62</i>

Note: Factors highlighted most closely related to Inclusive Growth.  
 Source: Eberts, Erickcek, and Kleinhenz, "Dashboard Indicators," 20.





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The Chicago Metropolitan Agency for Planning (CMAP) is our region's comprehensive planning organization. The agency and its partners are developing ON TO 2050, a new comprehensive regional plan to help the seven counties and 284 communities of northeastern Illinois implement strategies that address transportation, housing, economic development, open space, the environment, and other quality-of-life issues. See [www.cmap.illinois.gov](http://www.cmap.illinois.gov) for more information.

ON TO 2050 strategy papers will explore potential new topics or refinements to existing GO TO 2040 recommendations. These documents and data-driven snapshot reports will define further research needs as the plan is being developed prior to adoption in October 2018.

