

Advancing regional prosperity through economic inclusion: A brief conversation with Chicago planning agencies

by Robin Newberger and Jason Keller

For years, arguments on behalf of economic inclusion were built on the principles of equity and justice – the idea that everyone, including those with less income or fewer assets, should have access to resources and opportunities. But more recently, a growing number of entities, including metropolitan planning organizations, have broadened the motivation for inclusiveness to argue for the benefits that it bestows on all residents of a region, not just to those in economically marginalized neighborhoods. Two recent publications, "Inclusive Growth," by the Chicago Metropolitan Agency for Planning (CMAP),¹ and "The Cost of Segregation," by the Metropolitan Planning Council (MPC),² add to this newer thinking in the context of the greater Chicago metropolitan region. According to these reports, economic exclusion, if allowed to persist, depletes the economic and educational potential of a region, while burdening all residents with added costs to public safety and lower levels of growth.

This emergent perspective aligns closely with longstanding priorities of the community development advocates. While employment strategies that support the leveraging of industry clusters, employer-driven job training, and transit have traditionally fallen within the toolkits of economic developers, activities related to education and training, financial access, and wealth-building have typically been the province of the community development sector. The prospect that both sectors are prioritizing investments in lower-income areas signals potential new opportunities for idea-sharing and collaboration between regional planners, community development professionals, as well as the private sector including financial institutions, corporate foundations, and philanthropies.

Recognizing these shifts in thinking, the Federal Reserve Bank of Chicago's Community Development and Policy Studies (CDPS) division reached out to authors of CMAP's and MPC's recent publications on inclusion to talk about next steps in identifying their (respective) priorities for action. We highlight excerpts from these conversations below to bring attention to the progress each body has made in terms of addressing the economic inclusiveness of the Chicago region, and to give an overview of the follow-up work they hope will lead to meaningful changes on the ground.

FRBC: How does "inclusivity" fit within the overall goals of your project?

MPC: MPC released its report in March 2017 that answered the question of the costs of segregation. As early as 2014, when the city of Chicago was revisiting its inclusionary zoning ordinance (called the Affordable Requirements Ordinance), various builders had made the case that it was not feasible to include affordable units on the site of market-based developments. That's when it occurred to us that we don't know what it costs us to live so separately from each other. So MPC started asking if this was a question that was answerable, and if so, whether people in other cities have done this research. MPC found its way to the Urban Institute as a research partner to help us examine what changes we have seen across the 100 largest metros in the country with respect to per capita income, educational attainment, life expectancy, and homicide rates, when racial and economic segregation has changed over time. The MPC/Urban Institute study found that the Chicago region is the fifth most racially and economically segregated in the nation. Higher levels of economic

segregation in the Chicago region are associated with lower incomes for blacks, lower educational attainment for whites and blacks, and lower levels of safety for all area residents. Although segregation levels in Chicago have fallen since 2000, levels remain high for black and Latino residents. If *both* the economic and racial (black/white) segregation measures were at the median levels, the associated increase in black per capita income would be 15.1 percent or \$2,982, and the aggregate increase would be \$4.4 billion.

CMAP: The CMAP Inclusive Growth report is an interim step in the process of our putting together the next long-term plan, ON TO 2050.³ As a metropolitan planning organization (MPO), CMAP is responsible for making a new long-range transportation and economic development plan every ten years, and the plan needs to look forward for 30 years. When it came time for CMAP to begin the next comprehensive plan, the question was how we were going to acknowledge that this is ten years later from when we began our work for GO TO 2040, and the world is different in important ways and experiencing different trends. Our process for this update has been to revisit GO TO 2040, keep the things that did not need to be overhauled, and engage in an exploratory exercise where we asked whether CMAP's existing framework on these issues reflects our contemporary understanding of best practices and the state of the literature in the policy field.

This work led us to produce a series of strategy papers with teams of internal experts, connect them with external experts, and go through a policy-development process in which we explore ideas in ways that could lead to realistic, strategic recommendations. That was the process behind CMAP's Inclusive Growth strategy paper as well. That study reports that productivity (gross regional product) in the Chicago region is low compared to other large metros such as New York and Los Angeles, and that the Chicago region compares poorly to other large metros in terms of job growth, population growth, real median household income, economic inequality and economic mobility. The Inclusive Growth paper also includes findings from (other) emerging research on the negative relationship between persistent economic disparities among residents and a region's economic success.

FRBC: What is the process for choosing the issues that will become priorities for action?

MPC: Whereas phase one was the research question and report, phase two is deciding which issues will be the initial areas for action. Given the negative impacts of segregation on equity, what are the things that the city, county, or region could be doing better or more deliberately? MPC is working with the Urban Institute to move towards a set of recommendations by first quarter 2018, and to map population projections up to 2030, in order to inform priorities in terms of geographies and topics based on what the region will look like in the near future. In addition, MPC interviewed people around the region in policy, in government, and at the community level, about different interventions for different geographies – grouping strategies and ideas by type of geographic area they might best apply to. It is clear why housing issues would be thought of first when addressing segregation, but MPC has also coordinated working groups on other policy topics such as public safety, schools, public health, jobs, and economic development. Some of the ideas being discussed relate to where people live, but other ideas are a-spatial and relate more to addressing inequities no matter where people reside.

CMAP: CMAP and its advisory committees are going to look at all of the strategy papers and try to understand the most important things that rise to the top in all of them and how they can be threaded together into the final ON TO 2050 plan, which will be adopted in October 2018. As a starting point, inclusive growth has been established as one of the three core principles of the plan. That is, inclusive growth will be embedded across the recommendations of the final plan – from green infrastructure to housing. So for example, when CMAP evaluates transportation investments in the forthcoming plan, it will take into consideration the benefits to economically disconnected areas (i.e., census tracts with a concentration of either low-income and minority households, or low-income and limited English proficiency households).⁴ Another aspect of this work is a mapping exercise called the Layers Project, which is a geospatial analysis to help target recommendations in locally relevant ways. This is particularly important for economically disconnected places and how they overlap with other layers, such as flood-prone areas. CMAP has found that a third

of the region's population live in these areas. In addition, one of the things CMAP took care to do in the development of the plan was to create resource groups to vet the plan's ultimate recommendations. These are in addition to the committee structure that CMAP has convened for many years. The resource groups are meant to bring together experts in various economic development and policy areas to generate and then critique the ideas CMAP has recommended.

FRBC: Are there metrics for success? Is there an example of successful economic inclusion that you would point to/emulate?

MPC: We are learning from other places. When MPC looked at the results for other regions that are closer to the median levels of economic and racial segregation across the 100 that were studied, specifically those that have similar racial demographics as Chicago, we saw that over time the Chicago region moved from eighth most segregated place to tenth place in terms of African American segregation. As an example, Atlanta improved by 20 places in the same time period, from 21st to 41st. So we are planning to visit Atlanta and meet with key entities there to try to understand this dynamic. Did they improve based on a deliberate action plan? Was it based on a huge influx of population that allowed for creative planning? Was it a massive change in their public housing policy? Was it all of those things? That is what MPC is working on now to inform future recommendations.

CMAP: CMAP is still developing indicators regarding land use, the economy, and all other aspects of the plan, and is planning to develop a new set of inclusive growth indicators for ON TO 2050. These will help us measure our progress toward the goals that CMAP sets. In addition, many examples exist from around the country for how metropolitan planning organizations are partnering with entities in their communities to promote inclusive growth. One example that we share in the paper is from Minneapolis. The MPO there is a big part of a coalition that has come together to make more equitable outcomes in the Twin Cities. One of the roles they play is to prepare data for a "dashboard" of inclusive growth indicators. But each region is different. Because the civic and other stakeholders are different in every regional economy, there is not a one-to-one transferability of effective coalitions or partnerships.

Whatever comes together will have to be informed by the realities on the ground in the Chicago region.

FRBC: What steps are you taking so that the recommendations that are made can ultimately be implemented?

MPC: One of the most important motivators for MPC's Cost of Segregation Report was that a conversation about the real costs of the status quo was not taking place. When developers say it is not feasible to build affordable units within market-based developments, the assumption is that it is cost-neutral to live separately from each other by race and income. If that is the assumption, then anything to change the status quo will be viewed as cost-prohibitive. Going into this study, our argument was that parts of the city with lower property values should not be the only places where quality affordable housing is being built. Affordable units should be built city- and region-wide. That is something we have been deliberate about in the way we frame how we talk about this in the study. If we allow a huge part of our region to feel like segregation is not their problem, or that (there is a problem, but) they do not contribute to it, then they will have no real sense that they need to be part of the solution.

As follow-up work to our report, we identified the need for qualitative interviews to test policy ideas. It is important that people around the region have a chance to weigh in on whether they think an idea will work in their community. Is this a bad idea? Should we start over in another way? What is needed politically for this to fly? It's a step that we don't often do in the policy community. We often stop at 'this is a great idea that should work.' We interviewed about 25 people in total – some elected officials, some policy people, and some people at community based organizations. There was an interview protocol, and we spent about two hours with each person. We are analyzing all of those results now and looking at what can be learned from people on the ground. In addition to these interviews, we held four focus groups that were deliberately not policy-based and instead focused on the lived experience. These included young people, the aging population, and others. To be sure, there is also some room for new kinds of thinking about things that can only get done through elected bodies. The wish list coming out of these qualitative discussions may include federal or

statewide legislation. The results will depend largely on our partners who have the authority to implement policy changes, whether that is through the government, through privately-funded programs, or through dialogue and debate at the community level.

CMAP: CMAP recognizes that we do not have the capacity or authority to do all of the things that are going to be in the plan. In addition to our technical assistance and funding roles, we have to educate and persuade major implementers of inclusive growth initiatives, like municipalities. One of the ways we are approaching the adoption of an inclusive growth agenda is by talking about prosperity for everyone across the region. We are talking about making everyone's prosperity stronger and more assured by including more people in that prosperity. And a key way to talk about that is to show how we are lagging behind other regions, and this is holding us back as a region. We are also looking to incorporate stories from real residents as we launch the plan towards implementation. We want to include the success stories of people who are affected by this from all socioeconomic levels and have them help us advocate, along with the policy experts. There are many people who don't need to be convinced of the value of and necessity for "inclusive growth," but need to be made aware that CMAP is a new partner in this work. A big task for CMAP is to introduce ourselves to people who already care about this topic and let them know we want to work in partnership.

FRBC: Do you see investable opportunities for banks related to economic inclusion in connection to their Community Reinvestment Act (CRA) responsibilities?

MPC: That is what gets us to the third phase of this work, which has not been fully fleshed out or funded yet. We are interested in how we can take the recommendations in the different geographies that we are interviewing in and exploring, and try out pilot projects on the ground. We are thinking of doing partnerships with community based organizations so that we can craft what an initiative looks like based on the research. Projects could be things that groups are doing that they wanted to ramp up to a larger scale, or things that groups have long wanted to try out.

CMAP: That is a fertile ground for future work. There is not as much knowledge about the way

CRA can be used for community reinvestment among planning stakeholders, as compared, say, to community development and affordable housing stakeholders. There could be a good role to work with the Federal Reserve to help entities better understand that as a potential tool that is available for community investment.

Notes

1. CMAP is the official regional planning organization for the northeastern Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will. CMAP developed and guides implementation of the GO TO 2040 comprehensive regional plan, which establishes strategies to help the region's 284 communities address transportation, housing, economic development, open space, the environment, and other quality-of-life issues. The agency and its partners are developing ON TO 2050, a new comprehensive regional plan slated for adoption in October 2018. See <http://www.cmap.illinois.gov/about>.
2. MPC is an independent, nonprofit, nonpartisan organization that serves communities and residents by developing, promoting and implementing solutions for sound regional growth. See <http://www.metroplanning.org/about/index.html>.
3. See <http://www.cmap.illinois.gov/onto2050>.
4. A census tract with a concentration of low-income households is one with 5 percent or more households below 60 percent of Chicago MSA median income by household size. Thresholds for people of color and limited English speaking are tracts at or above the regional average of 47.5 percent for minorities and 12.1 percent for limited English.

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