

**Strategies for Improving  
Economic Mobility of Workers**

**Spatial Mismatch:  
The Chicago Story**

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**Frank Beal  
Executive Director**

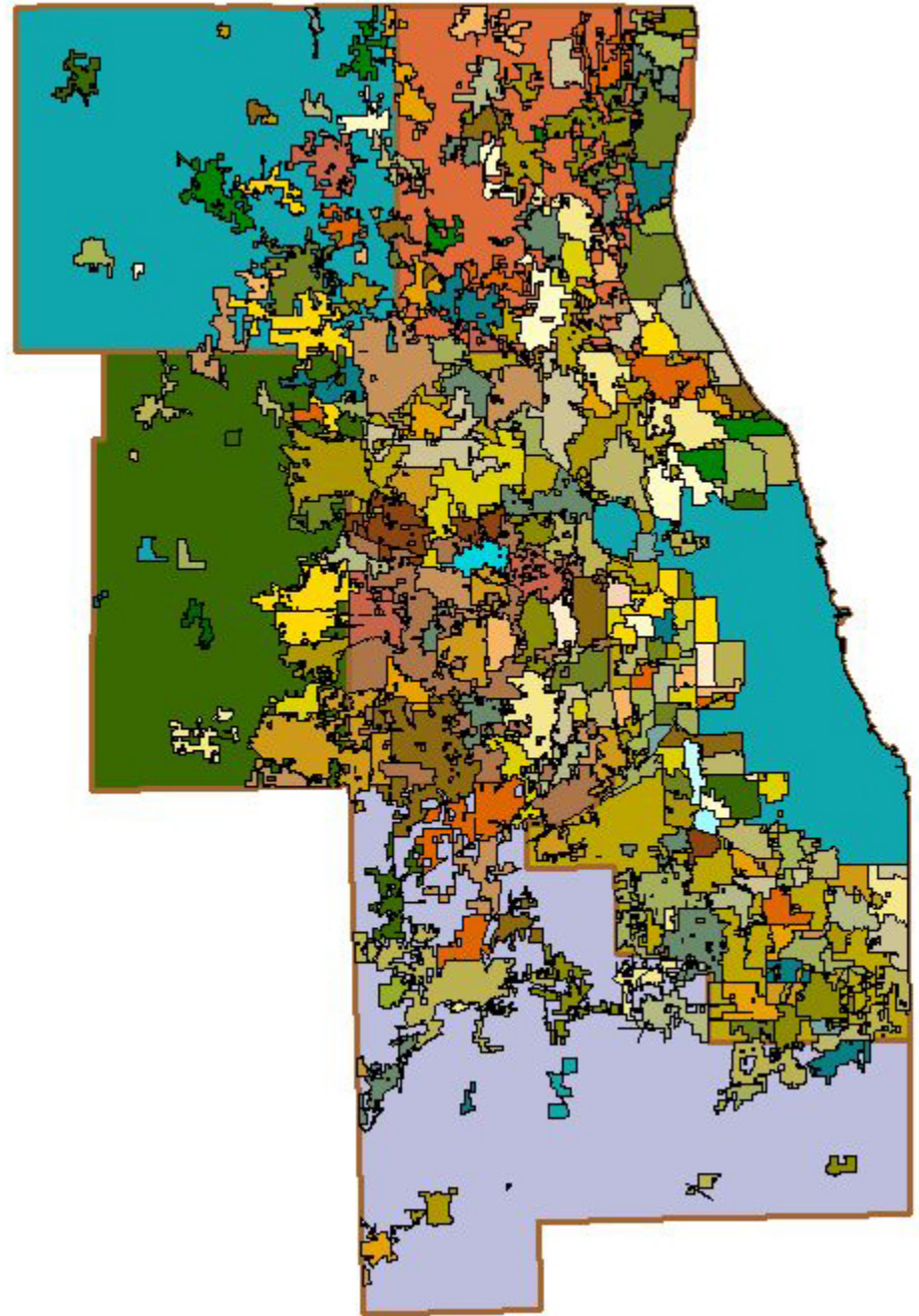
# Program

- I. The Chicago Region
- II. Chicago Metropolis 2020
- III. "The Jobs Housing Mismatch"
  - A. Framing the Issue
  - B. Analyses
  - C. Action:
    - The Metropolis Principles
    - State Housing Plan
    - A New Regional Planning Agency
    - Location Matters Legislation

# I. The Chicago Region



# Cities and Villages of the Region



## II. Chicago Metropolis 2020

Created by The Commercial Club of Chicago

- Four central ideas:
  - It's the region that matters
  - We want to attract investment
  - We want to attract people
  - Everyone must benefit
- We are a project, not an institution

# Chicago Metropolis 2020

## What inspires us to act?

- The European Union
- Bill Gates
- Detroit
- The world is FLAT
- INTEL

# What Inspires Us to Act?



# III. “The Jobs Housing Mismatch”

What is it?

Unequal access to jobs, retail services, good schools, and public services.

“Location is destiny”

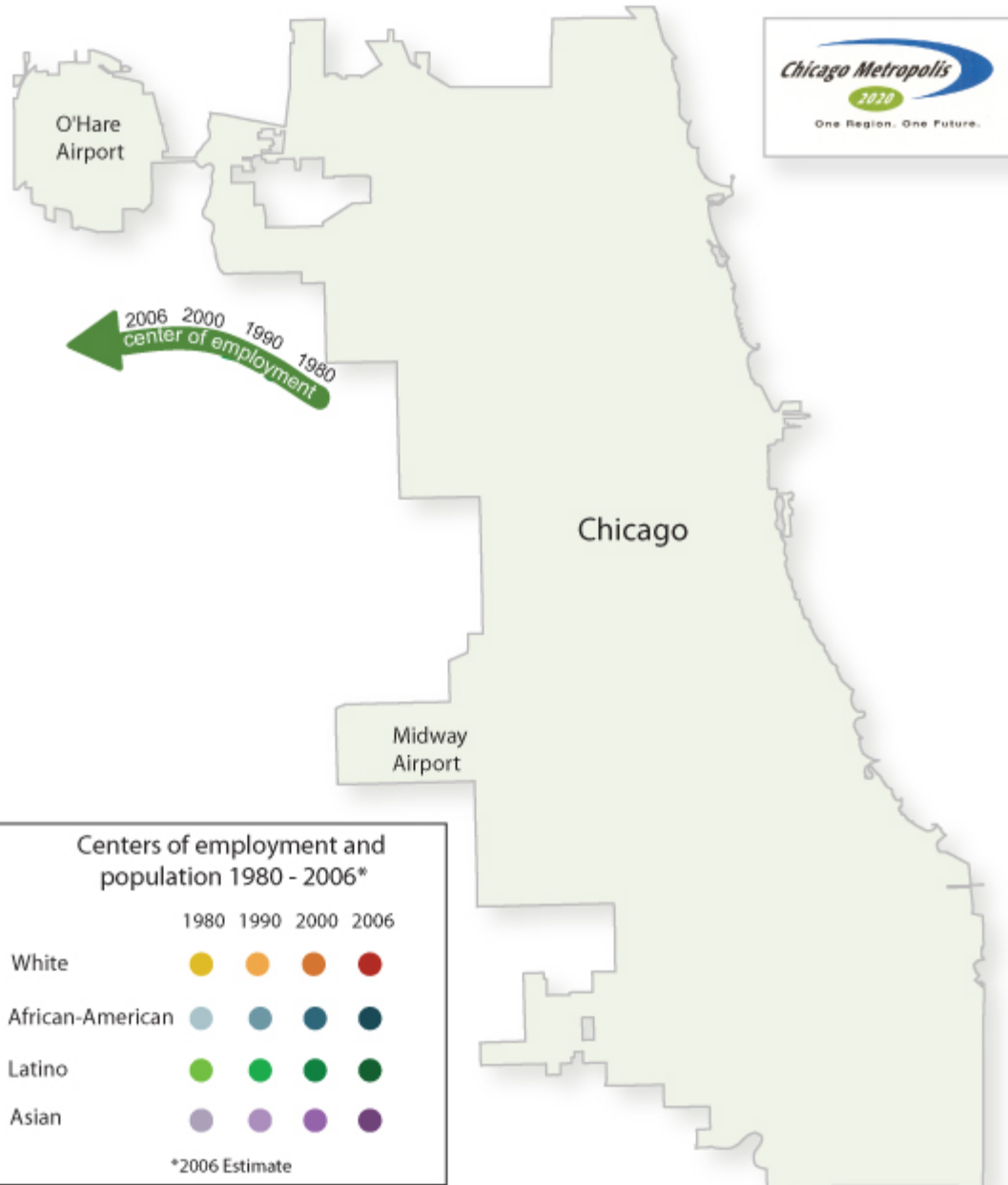
A more polite way to describe segregation

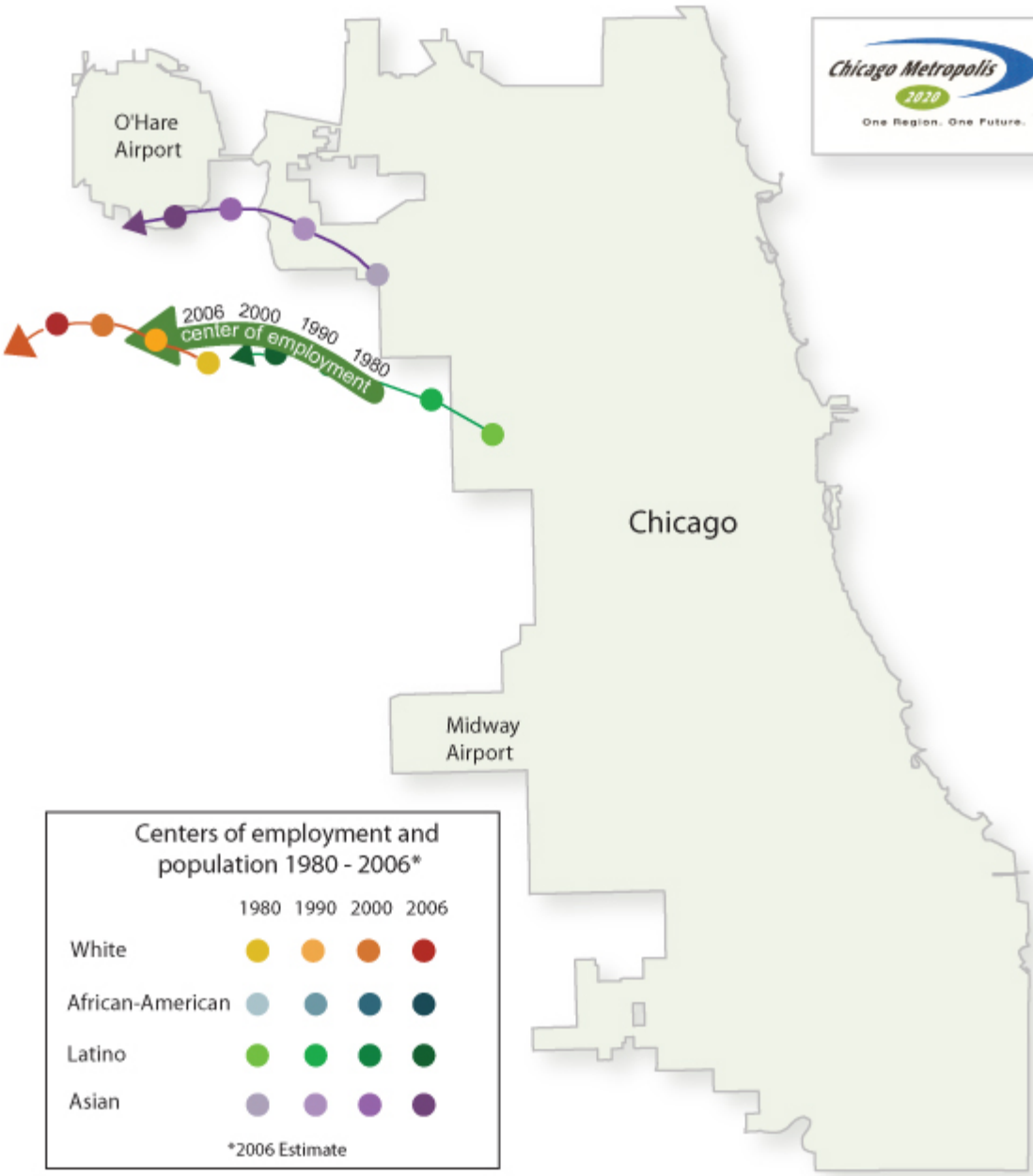


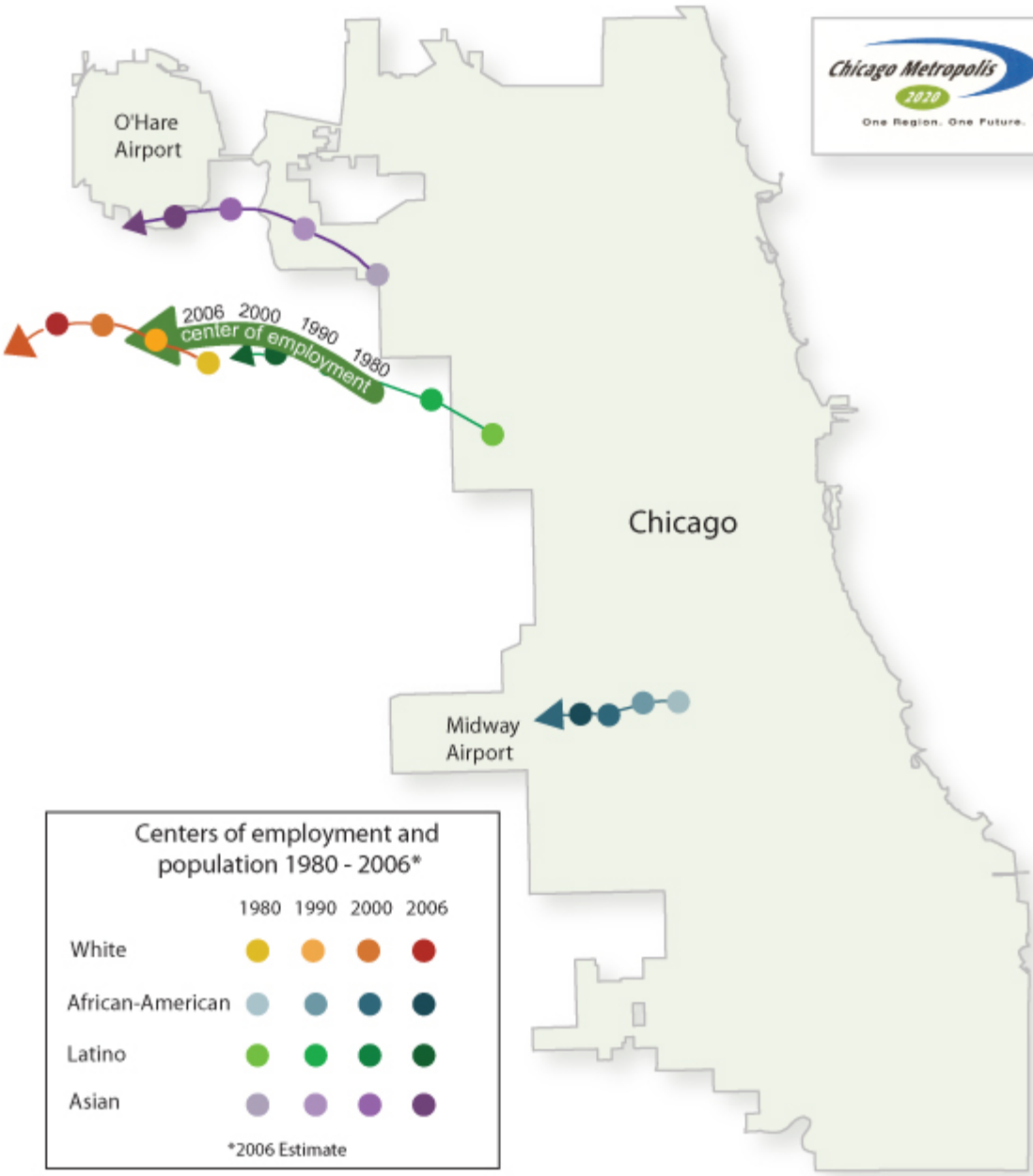
# III. “The Jobs Housing Mismatch”

## A. Framing the Issue

- A social equity issue
- A transportation issue
- A business/regional economy issue







O'Hare Airport

Chicago

Midway Airport

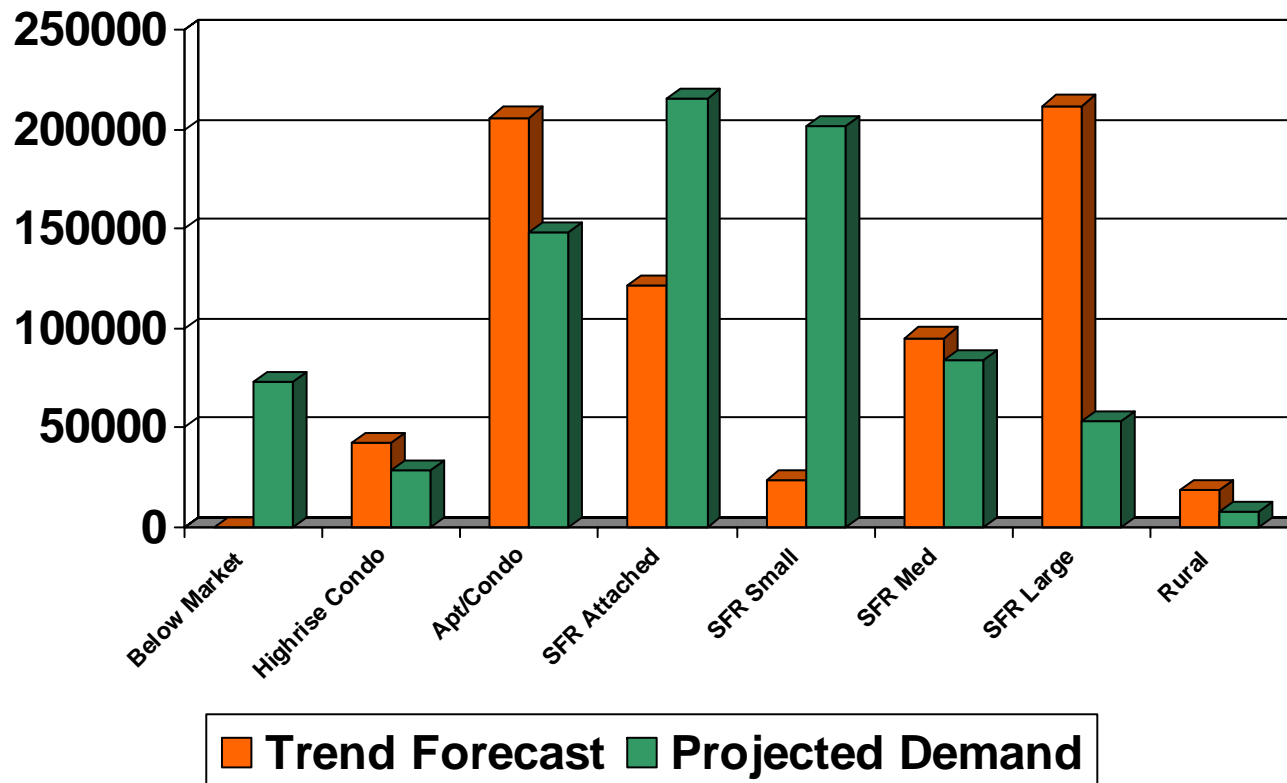
2006 2000 1990 1980  
center of employment



# The Metropolis Plan:

# Region

## 2000-2030 Incremental Housing Mix + Below Market Units



# REGION AND BUSINESSES ARE ECONOMICALLY IMPACTED BY CONCENTRATED POVERTY AND JOBS-HOUSING MISMATCH

**Business/  
direct  
costs**

Higher recruiting, turnover and training costs

Lower productivity

- Absenteeism
- Distractions

Higher wages and subsidies

- To compensate for opportunity costs/actual costs of transportation / commuting

**Societal/  
indirect  
costs**

Societal costs

- Distressed communities have increased social services needs
- Infrastructure
- Transportation/congestion

Region's economic interdependence: underdeveloped economic potential

- Distressed area impact
- Income multiplier effect throughout overall region
- Slowing overall regional growth

Impact on  
region

Low

High

**Impact of and concern about mismatch varies by industry, job type and location within region**

# FOR IMPACTED COMPANIES, MISMATCH COSTS ~\$200-\$300M ANNUALLY IN TURNOVER, PRODUCTIVITY AND WAGE IMPACT

## South/West Side and Local Lake County Mismatch Costs Are Not Insignificant

Increased turnover will affect employers' bottom line	Companies will be hampered by decreased productivity	Employers will ultimately pay for commuting difficulties
<p>In addition to traditional instigators, some turnover is prompted by lengthy commutes, poor/unreliable transportation alternatives and associated problems (e.g., childcare)</p> <p>Low wages are not enough to induce employees to stay despite obstacles</p> <p>Estimated cost of turnover is ~\$50-100M annually</p>	<p>Productivity of long-commute employees is reduced by personal issues and commuting-related distractions that are exacerbated by mismatch</p> <p>Estimated cost of reduced productivity is ~\$20-50M annually</p>	<p>Some employees must shoulder expenses associated with commuting: cost of time, transit costs, additional childcare, etc. In order to attract workers, companies must compensate them for these costs</p> <p>Estimated annual wage increase is ~\$130-150M or ~\$0.50-0.60/hour</p>

- “At least half of our turnover is caused by the long commute.”
- “A regular comment during exit interviews is ‘I found a job closer to home’ or ‘The commute was too bad.’”
- “Most of our turnover occurs during the probationary period. Attendance is the biggest issue.”

- “Some of our attendance problems are due to personal health, childcare issues or their child’s health.”
- “All the stress of commuting does impact productivity.”
- “My workers are more willing to give me extra time on the weekends because they are 15 minutes away instead of one hour.”

- “Branches that have a harder time finding workers pay an additional \$0.50/hour.”
- “We can’t pool from the city, where they’re available and cheaper, because they can’t get here. So, we pay a premium.”
- “We pay \$2.00/hour extra to get people from city to commute out here to cover their additional costs.”



# III. “The Jobs Housing Mismatch”

## C. Action

- The Metropolis Principles
- State Housing Plan
- New Regional Planning Agency
- Location Matters

# The Metropolis Principles

In making decisions relating to the expansion of an existing facility or the location of a new facility in a given community, an employer will give substantial weight to:

Whether a community has zoning, building and land use policies that allow the construction of housing which is affordable to working people.

Whether a community is served by reliable and accessible mass transit, especially mass transit near work sites.

# The Metropolis Principles

“Thinking regionally is  
good business”

Chicago Sun-Times

“Employers putting premium  
on housing and transit for their  
employees is welcome.”

Daily Southtown

“Firms say housing a priority:  
Business group to tackle lack  
of affordable homes”

Chicago Tribune

# State Housing Plan

- First housing plan in the State's history
- The State Senate and House have, for the first time, established permanent committees
- State's housing finance authority has gone from a passive bank to an agency with an agenda

# New Regional Planning Agency

- New agency called Chicago Metropolitan Agency for Planning, combines the region's MPO with its planning agency
- A contentious battle
- Finally a public agency that may be able to deal with the “jobs-housing mismatch”

# Location Matters

- State's Department of Commerce & Economic Opportunity authorized to give additional tax credits to firms that invest near affordable housing and mass transit
- The State is following "The Metropolis Principles"

The logo for Chicago Metropolis 2020 features the text "Chicago Metropolis" in a bold, italicized black font. Below it, the year "2020" is written in white inside a green oval. A large blue swoosh graphic arches over the text from the left and tapers to the right.

*Chicago Metropolis*

2020

One Region. One Future.

[www.chicagometropolis2020.org](http://www.chicagometropolis2020.org)