

RANCH Triangle Community Conservation Association

The Future of the Clybourn Corridor Planned Manufacturing District (PMD)



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Executive Summary

The Clybourn Corridor Planned Manufacturing District (PMD) was created in 1988 in an effort to preserve well-paying manufacturing jobs in Chicago.

Recently, the inherent limitations of the 115 acre Clybourn Corridor PMD have forced manufacturers and their employees to leave the area in search of more appropriate facilities. For example, the largest employer in the PDM, Finkl Steel, recently left the neighborhood for a new facility on the South Side due to the inherent limitations in the PMD.

Meanwhile, the employees that were to be protected by the PMD no longer live in the Clybourn neighborhood while other Chicago neighborhoods, desperate for well-paying jobs for their citizens - neighborhoods with access to appropriate infrastructure and a willing, able workforce - face hardship.

In addition, the city of Chicago foregoes approximately \$13 million of additional property taxes annually, taxes that would be generated if the Clybourn Corridor was made available for residential development.

Thus, the Clybourn Corridor PMD should be transferred to a neighborhood hungry for economic development, the area comprising the PMD should be opened to residential renewal and a portion of the additional property tax revenue used to train young Chicagoans in skilled manufacturing trades.

In addition, to foster growth in high technology jobs generated by the new Digital Manufacturing and Design Innovation Institute (DMDI, also known as the Digital Lab) recently created on Goose Island, a Technology Employment District (TED) should be created in the existing Clybourn Corridor PMD. Residential renewal and the TED would be interwoven to create a unique neighborhood with high technology; light, technology-intensive manufacturing; open space; access to the nearly one mile of river frontage; and a range of housing densities.

There are several excellent sites for the transferred PMD but an example would be the area roughly bounded by W. Exchange Avenue, S. Halsted Street, W. 45th Street, and Ashland Avenue. This neighborhood has existing industrial businesses, a railroad spur, easy access to I 90/94, and is close to several of the communities most troubled by joblessness and underemployment.

No social services program beats a well-paying job. Transferring the Clybourn Corridor PMD brings good jobs to the neighborhoods that need them, allows for business and job growth that is impossible in the Clybourn Corridor PMD, and more than pays for the training needed to help Chicagoans succeed in those jobs.

The new Goose Island Digital Lab offers a singular opportunity to create a Technology Employment District (TED) which will generate a center of excellence and a critical mass of high technology jobs in Chicago.

Background

In the 1980s, Chicago was losing well-paying industrial jobs, and the industrial jobs that existed in gentrifying neighborhoods were particularly threatened as manufacturers were pressured by a tight housing market and demand for housing and retail development on Chicago's near-north side as an influx of young professionals moved back into the city.

As a result, developers began to acquire and convert industrial space into residential and retail space. Piecemeal zoning changes to support these new uses on formerly industrial property increased tensions between traditional industrial users and new residential users, resulting in industrial users refusing to make necessary investment in plant and equipment.

When the Clybourn Lofts were converted into condominiums the move to protect the 1,700 industrial jobs paying approximately \$35 million in annual salaries¹ in the area bounded by Clybourn Avenue, the Chicago River, North Avenue and Southport Avenue, gained momentum.

The desire to support these jobs is understandable. Research at the time determined that 75 percent of industrial workers lived within the Chicago city limits and 50 percent of those workers lived within three miles of their place of employment². Research also found that these jobs were desirable "head of household" jobs, offering competitive wages and benefits, thus plant closings disproportionately impacted these neighborhoods.

In 1986, a task force was created to address the issues of industrial displacement in the North River Industrial Corridor, and in July 1986 the task force recommended the creation of a Planned Manufacturing District (PMD) for the "Clybourn Corridor" portion of the North River Industrial Corridor bordered by Clybourn Avenue, the Chicago River, North Avenue, and Southport Avenue.³ The Clybourn Corridor PMD was officially established in 1988. It was the first PMD created in the city and the Goose Island and Elston Corridor PMDs followed quickly. A map of these PMDs can be found on the following page.

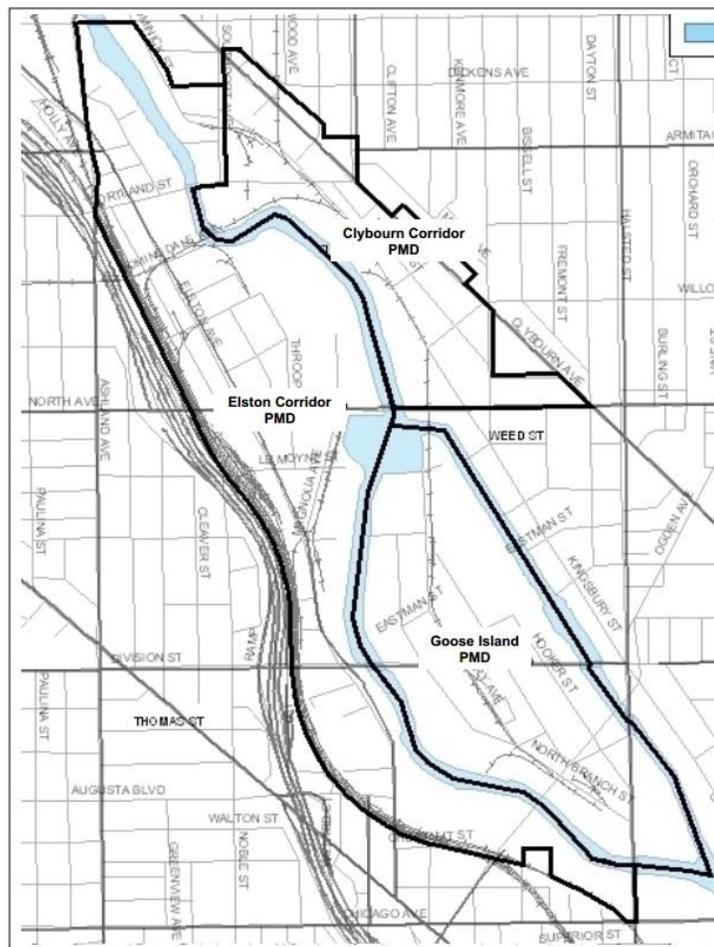
A PMD creates a zoning overlay that makes future zoning changes extremely cumbersome, preventing additional conversion of industrial and manufacturing properties to other use, including residential use. A PMD removes control of zoning changes from the Alderman of the ward in which the property exists and vests that control in the entire city council.

At the time the Clybourn Corridor PMD was created it was understood to be an accommodation in an effort to create and retain well-paying industrial jobs for Chicagoans. The city agreed to forego the higher property tax revenues that might be realized through rezoning for residential and retail development in order to preserve vanishing industrial job opportunities.⁴

The Chicago Zoning Ordinance states that the "PMD", planned manufacturing district zoning classification is intended to:

1. foster the city's industrial base;
2. maintain the city's diversified economy for the general welfare of its citizens;
3. strengthen existing manufacturing areas that are suitable in size, location and character and which the City Council deems may benefit from designation as a PMD;
4. encourage industrial investment, modernization, and expansion by providing for stable and predictable industrial environments; and
5. help plan and direct programs and initiatives to promote growth and development of the city's industrial employment base.⁵

Clybourn, Elston, and Goose Island PMDs



Performance of the Clybourn Corridor, Elston Corridor and Goose Island PMDs from 1988 to 2004

The number of businesses and jobs in these three PMDs grew from 255 and 6,588 respectively in 1988 to 356 businesses and 7,415 jobs in 2004.⁶

However, manufacturing employment in these PMDs fell substantially from 1988, when 3,088 jobs existed in the manufacturing sector, to 2004 when just 2,135 jobs existed in the manufacturing sector⁷, a decline of 31 percent. In 1988 nearly half of all jobs in these PMDs were manufacturing jobs. By 2004, that figure had fallen to 29 percent.⁸ All net growth in the number of businesses and jobs in the PMDs during this period occurred in non-manufacturing sectors, largely retail and hospitality, despite the stated purpose of the PMDs: to preserve manufacturing jobs.

The Clybourn Corridor PMD

The Clybourn Corridor PMD was the first PMD created in the city of Chicago and comprises 115 acres roughly bounded by Clybourn Avenue, the Chicago River, North Avenue, and Southport Avenue (see the map above). Proponents of the PMD feared that encroaching gentrification would overwhelm the extant industrial businesses bordering the Chicago River since there was no natural barrier to development from the east.

The Clybourn Corridor PMD was created with two sub districts: the core heavy industrial area along the western portion of the PMD, bordering the Chicago River, and a buffer area located in the eastern portion of the PMD on the western side of Clybourn Avenue (the PMD encompasses both sides of Clybourn Avenue west of Racine Street).

The core heavy industrial sub district is limited to heavy manufacturing. This is the area that Finkl recently vacated.

No additional residential development is permitted in either sub district although a variety of uses including retail and hospitality are permitted in the eastern sub district, the buffer area.

Performance of the Clybourn Corridor PMD from 1988 to 2004

The Clybourn Corridor PMD has performed poorly in terms of industrial business and job retention and has performed more poorly than the Elston Corridor and Goose Island PMDs.

In 1988, 24 manufacturing businesses in the Clybourn Corridor PMD had a total of 1,146 employees. By 2004 there were only 8 manufacturing business with 336 employees; the number of businesses had fallen by 67 percent and the number of employees had fallen by 71 percent. Now that Finkl Steel and other employers have vacated their locations the performance is drastically worse.

This poor performance is largely due to the existing nature of the neighborhood as industrial enterprises have left the area despite the PMD. For example, the *Chicago Tribune* recently reported that Finkl Steel chose to relocate because its

Clybourn Corridor facility had: poor access to electrical power (the facility lacked space for a dedicated electrical substation), buildings separated by city thoroughfares, lack of space for storage of ingots, and lack of adequate access to rail lines.⁹

While industrial jobs have fled the Clybourn Corridor PMD, the retail sector has flooded in, particularly in the eastern buffer zone, revitalizing the Clybourn Corridor. From 1988 to 2004 the number of businesses in retail trade grew from just 15 to 52 and the number of employees grew from 258 to 1,259, an increase of nearly 500 percent. Since 2004 the growth in businesses and employees has exploded from this already high level.

The Clybourn Corridor PMD Should Be Transferred

The Clybourn Corridor PMD has failed to save well-paying manufacturing jobs as intended and is currently keeping Chicago communities desperate for well-paying jobs and with the necessary infrastructure to attract employers from competing for the jobs that do exist. The anachronistic Clybourn Corridor PMD also guarantees that Chicagoans are denied access to nearly one mile of the eastern bank of the north branch of the Chicago River and squanders \$13 million of annual property tax revenue that could train the next generation of Chicagoans for high tech, high-paying manufacturing jobs.

The existing Clybourn Corridor PMD fails to achieve the intentions of the PMD zoning classification because:

1. The limitations inherent in the Clybourn Corridor PMD have forced the largest businesses to leave the PMD and prevent new industrial companies from moving to the PMD despite the protections provided. These limitations include lack of adequate electrical power and the lack of space for a dedicated electrical substation, lack of space for future expansion, lack of adequate access to rail lines, lack of adequate storage space, lack of appropriate access to other transportation and lack of large contiguous spaces appropriate for industrial use;
2. The Clybourn Corridor PMD fails to maintain the city's diversified economy because inherent limitations force existing manufacturing concerns to leave the PMD and prevent new companies from moving into the PMD resulting in huge portions of the PMD sitting vacant. Well over half of the acreage of the PMD is currently unused;
3. The existing manufacturing area encompassing the Clybourn Corridor PMD is weakened as the inherent limitations force businesses to relocate, as Finkl Steel did recently;
4. The Clybourn Corridor PMD certainly encourages industrial investment, modernization, and expansion but does so in locations outside the PMD

including some outside the city of Chicago and outside of the state of Illinois;

5. Growth and development of the city's industrial employment base is stunted as employers leave the city and as money that could be used to train Chicagoans in the skills necessary to succeed in manufacturing in the 21st century is lost.

The Clybourn Corridor PMD should be transferred to a Chicago neighborhood that desperately needs the well-paying jobs manufacturing can provide; the current PMD should be extinguished and the area opened to residential development, development that would generate an additional \$13 million in property tax each year; a new Technology Employment District (TED) should be established in the current PMD in a manner that would integrate it with the residential renewal; and a portion of the additional property tax generated should be used to train Chicagoans in the skills necessary to keep our city a leader in high tech manufacturing.

The New Clybourn Technology Employment District (TED)

The Clybourn Technology Employment District (TED) would satisfy the needs of digital and technology manufacturers growing out of the new Digital Manufacturing and Design Innovation Institute (DMDI) on Goose Island by setting aside a portion of the square footage developed after the Clybourn Corridor PMD is transferred. The square footage so designated would house a variety of high technology businesses and technology related light manufacturing growing out of the Goose Island Digital Lab.

On February 25, 2014, President Obama announced the selection of the winning team to lead the DMDI Institute, an Illinois consortium led by UI Labs and consisting of members throughout the Midwest and beyond.¹⁰ Construction of the Lab began in October at 1333 N. Hickory on Goose Island.¹¹

The \$330 million lab will spawn dozens of new technology companies that will need light manufacturing and technology space and the TED will offer a home to those firms while allowing them to remain near the Lab, creating a center of excellence in technology and technology-intensive manufacturing in the current Clybourn Corridor PMD location. The Clybourn TED will satisfy new goals, similar to those of the original PMD:

1. foster the city's new high technology base;
2. maintain the city's diversified economy for the general welfare of its citizens while focusing on new, well-paying industries with high growth potential;
3. strengthen areas that are suitable in size, location and character and which may benefit from creation of a TED;
4. encourage technology investment and expansion by creating a critical mass of firms and personnel; and

5. help plan and direct programs and initiatives to promote growth and development of the city's high technology employment base.

The Clybourn TED would house high technology and light, technology-intensive manufacturing facilities that would be integrated into the fabric of residential renewal of the Clybourn neighborhood rather than segregated as demanded by the current PMD ordinance. The range of uses would alleviate congestion caused by residential renewal. The resulting neighborhood would be a unique interwoven combination of residential, high technology, light manufacturing, and open space including access to the North Branch of the Chicago River.

¹ Initiative for a Competitive Inner City – Protecting Chicago’s Industrial through Planned Manufacturing Districts (ICIC)

² Ibid

³ Curbing Industrial Decline or Thwarting Redevelopment? An Evaluation of Chicago’s Clybourn Corridor, Goose Island, and Elston Corridor Planned Manufacturing Districts – The University of Wisconsin-Milwaukee Center for Economic Development (CIDoTR)

⁴ Ibid

⁵ City of Chicago Zoning Code §17-6-0401-A

⁶ CIDoTR

⁷ Ibid

⁸ Ibid

⁹ Chicago Tribune – Steel Company Forges Ahead With New South Side Plant, January 20, 2013

¹⁰ The White House – Office of the Press Secretary: <http://wh.gov/IEYpt>

¹¹ Chicago Tribune, October 30, 2014