

SOUTH SUBURBAN RENAISSANCE: FORGING NEW PATHS TO PROSPERITY

Federal Reserve Bank of Chicago
December 2, 2019



A Critical Part of the Region Offering Enormous Opportunity

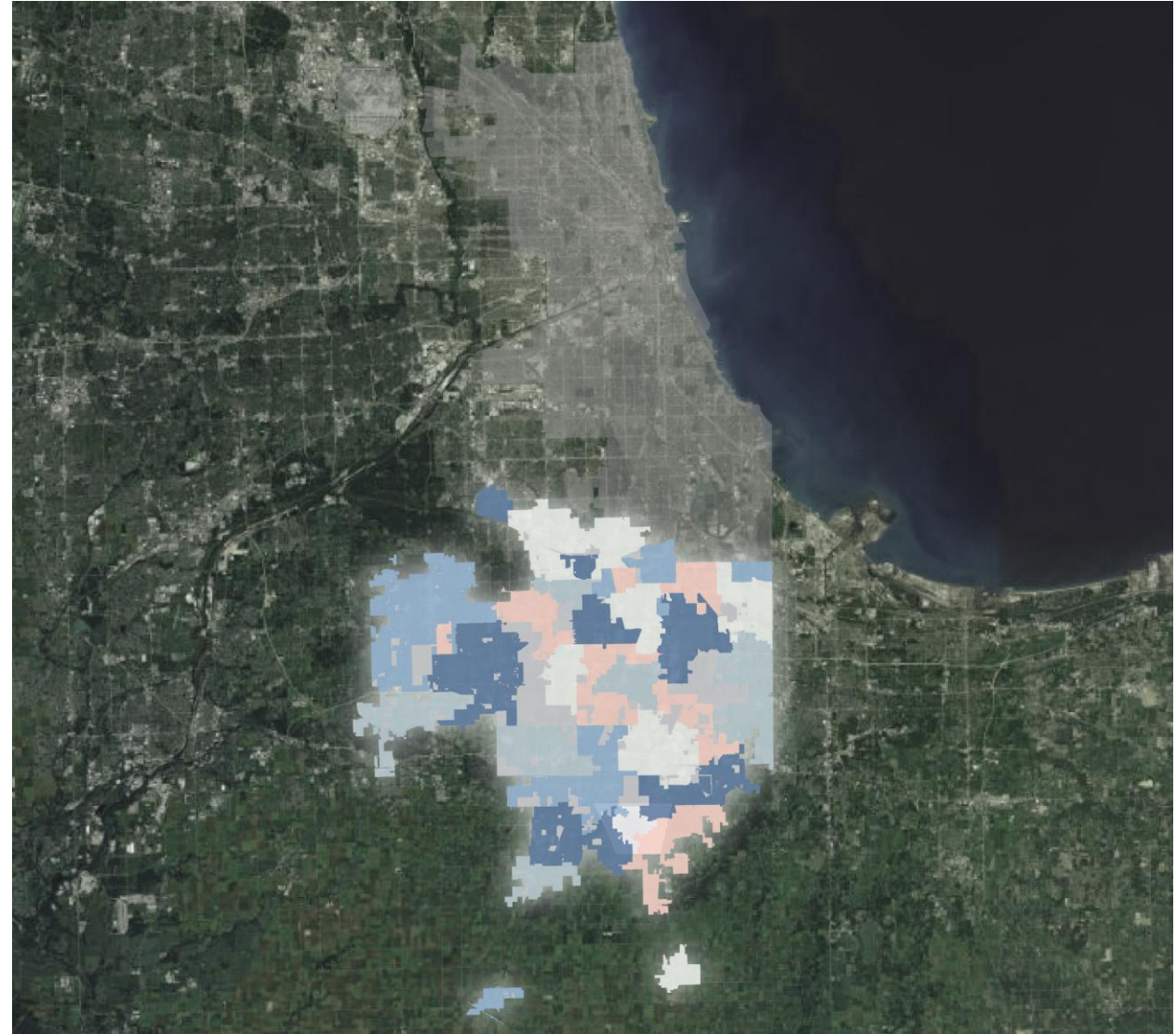
500K+
residents

20K+
businesses

\$16B
economic
output

130K+
jobs

74%
of residents work
elsewhere in region





Storied Past, Promising Future



The 20th Century Apex of Chicago's Manufacturing and Transportation Economy

- The South Suburbs drove Chicagoland's industrial base, and provided attractive places to live, work and play.

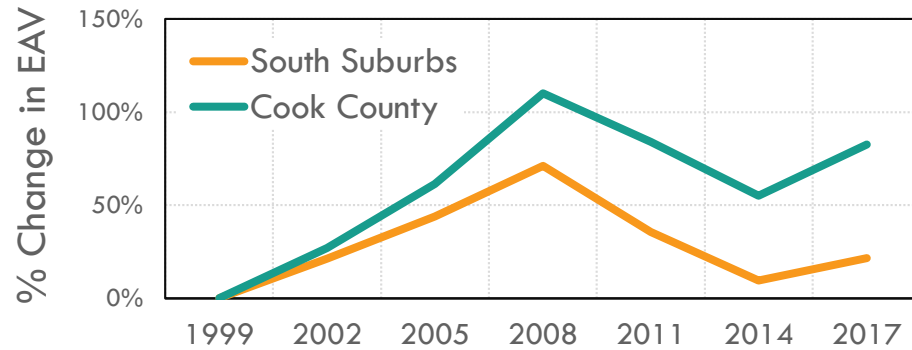


At the “crossroads” of rail and highway networks, waterways, and extensive infrastructure

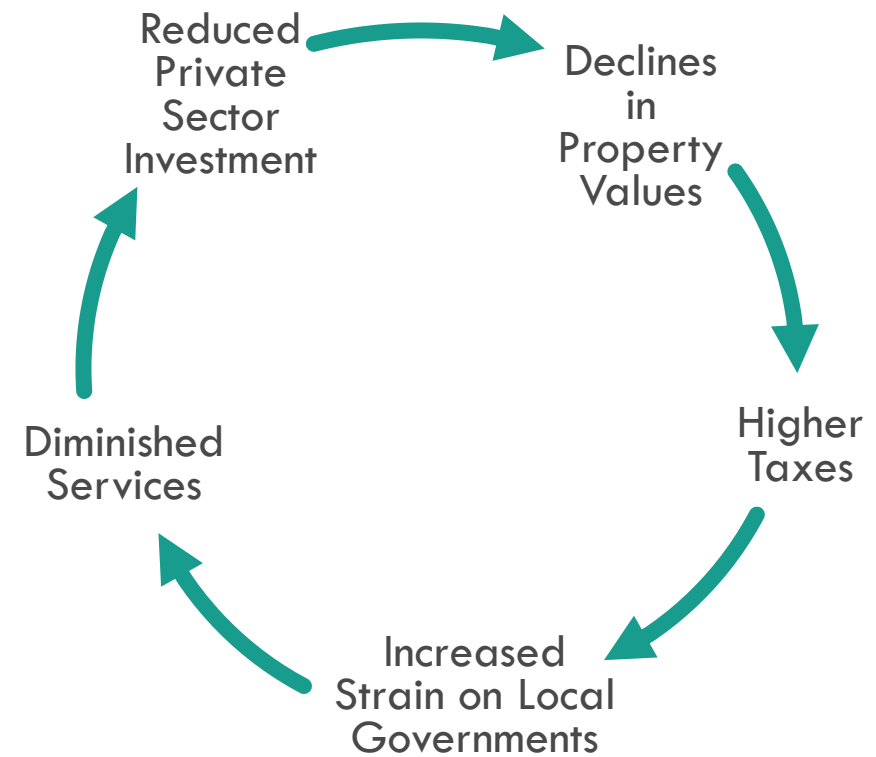


Deindustrialization & Disinvestment

Equalized Assessed Value in South Cook vs. Cook County Over Time



- High Unemployment & Poverty
- Highest Property Tax Burden in Region



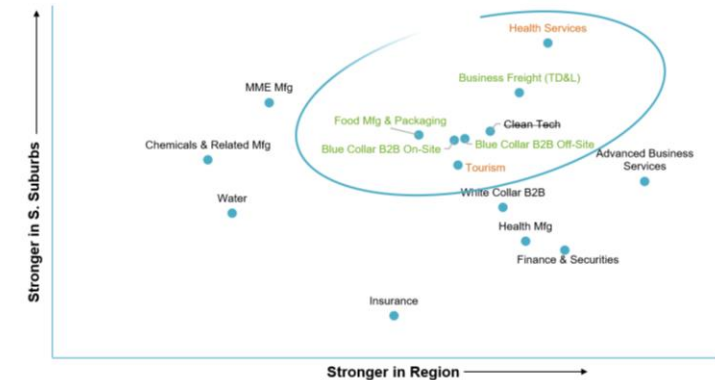
▶ Time to Disrupt the Cycles of Disinvestment & Fragmentation

South Suburbs Still Have Enormous Assets

- ▶ Regionally vital industries, workforce & communities
 - Concentrations in metals, food, TD&L and other growth industries
 - Skilled workforce (36% middle-skill, trending higher)
 - High quality, affordable housing + rich recreational amenities



Major Industry Concentrations in the South Suburbs



Sources: Mass Economics & RW Ventures Analysis



Seizing the Opportunities



▶ THE VISION:

- **Transformative change:** The Southland once again becomes economic powerhouse driving growth in the regional economy.

▶ GETTING THERE:

- **Comprehensive, mutually reinforcing industry, workforce, community and other strategies** which coordinate, build from and scale existing south suburban efforts
- Signature major **industrial development**
- New institutional **capacity and financial resources**

South suburbs offer the single most promising place-based development opportunity for the future of the region

Mutually Reinforcing Strategies



Drive Innovation
in Strong
Industrial Clusters



Create
Institutional
Infrastructure for
Transformative
Growth



Promote
Targeted,
Employer-Driven
Workforce
Development



Establish
Southland as
“Green
Playground”



Revitalize &
Develop Housing
and Consumer
Amenities to
Attract & Retain
Residents

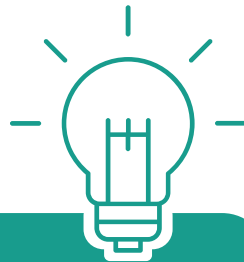
FOOD CO-PACKING INNOVATION PARK

OPPORTUNITY

- Major center of food manufacturing: scores of firms with employment in the thousands
- Industry restructuring: niche production, new technologies and standards
- Inclusive firm and job growth

BIG IDEA

A Food Innovation Park with co-packing, co-production and innovation spaces for growing firms, and warehousing, shipping and B2B services for SMEs.



DETAILS

Production spaces

- Co-packing operations
- 5,000 to 10,000 sq. ft. production spaces
- Shared tenant services

Business support services

- Innovation support
- Business services; logistics, warehousing
- Workforce development



CHICAGO SOUTHLAND CENTER FOR SMART LOGISTICS

OPPORTUNITY

- Intermodal freight digitalizing, but technologies not yet adapted to inland ports, other freight movement applications
- Southland has largest inland port; leading logistics firms

BIG IDEA



Southland becomes the nationwide hub for digital logistics innovation: testbed, product customization and integration facility

DETAILS

- Testing environment
- Software simulation
- Product and system development (both collaborative and proprietary)
- Engineering and logistics services -- customized applications and deployment
- Market research and development
- Workforce training



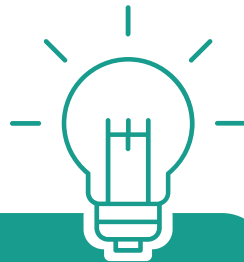
Building on the Southland's Assets

METALS HUB

OPPORTUNITY

- 600 firms; \$3B revenue; 20K employees – twice the density of MME firms than region
- Manufacturing at an inflection point: need for digitalization, supply chain integration and market development

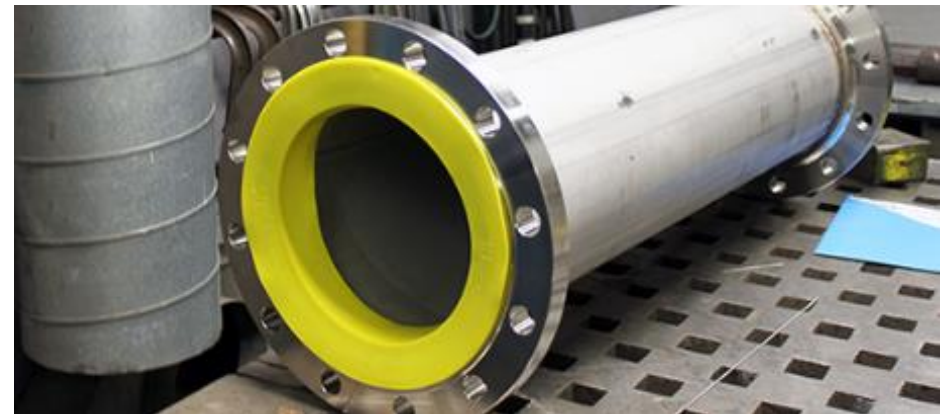
BIG IDEA



A “Hub” to provide tailored support for new digital, robotics, industry 4.0, joint business development and other tools to drive productivity and revenue increases

DETAILS

- Cluster strategy, branding, and digital supply chain development
- Digital manufacturing
- Reshoring, defense, and emerging markets
- Tailored, efficient business technical support



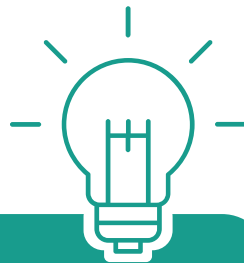
Building on the Southland's Assets

HOUSING FINANCE PRODUCTS

OPPORTUNITY

- Slow Southland housing market recovery, but:
- Markets accelerating and diverse Southland communities attractive to next generation home-seekers

BIG IDEA



Leverage a new suite of financial products and tools to aid existing homeowners, create new homeownership opportunities, and strengthen the rental housing stock.

DETAILS

- Down payment assistance for new homeowners in targeted areas
- Developer/rehabber incentives and finance to revitalize existing housing stock
- Soft home improvement loans of \$5000
- Employer-Assisted Housing Fund
- South Suburban Troubled Buildings Program



Building on the Southland's Assets

BUSINESS DEVELOPMENT

OPPORTUNITY

- Concentration of small and mid-size firms in growing but changing sectors
- Healthy entrepreneurial community needs support, particularly to scale up
- Large supply of available industrial sites with proximity to Chicago markets

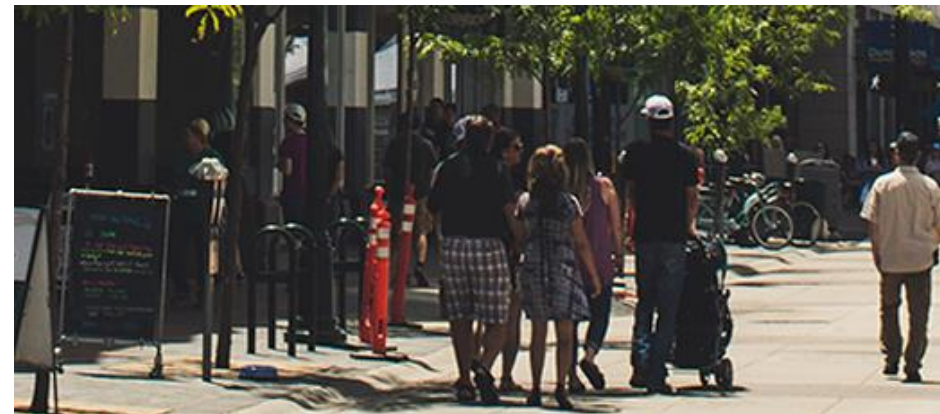
BIG IDEA

- Targeted innovation, business and finance support for key clusters (see other initiatives)
- NON-“generic” SBDC tailored to SSEGI market opportunities and strategies
- Become the place where new and expanding businesses come for growth



DETAILS

- Industrial Development Civic Working Group
- March 2019 Launch of Illinois SBDC @ SSEGI serving the Southland:
 - Business Plan Development
 - Marketing Plans
 - Access to Business Financing Programs
 - Financial Analysis and Planning



Building on the Southland's Assets

WORKFORCE DEVELOPMENT

OPPORTUNITY

- Under-employed middle skill workers
- Anticipated growing demand
- Shift towards sector and skills based, employer driven labor market and workforce systems

BIG IDEA

- Apprenticeships as pathways to prosperity in the trades
- Opportunity Youth: a regional plan for on-ramps to education and employment
- Industry tailored innovation plans in worker training, e.g. Logistics



DETAILS

Apprenticeships: Build pipeline of skilled workers

- Central hub for regional apprenticeship information
- Marketing strategy for earn-and-learn programs

Opportunity Youth:

- Create unified regional plan reflecting leading best practices and strategies

Logistics Workforce Innovation:

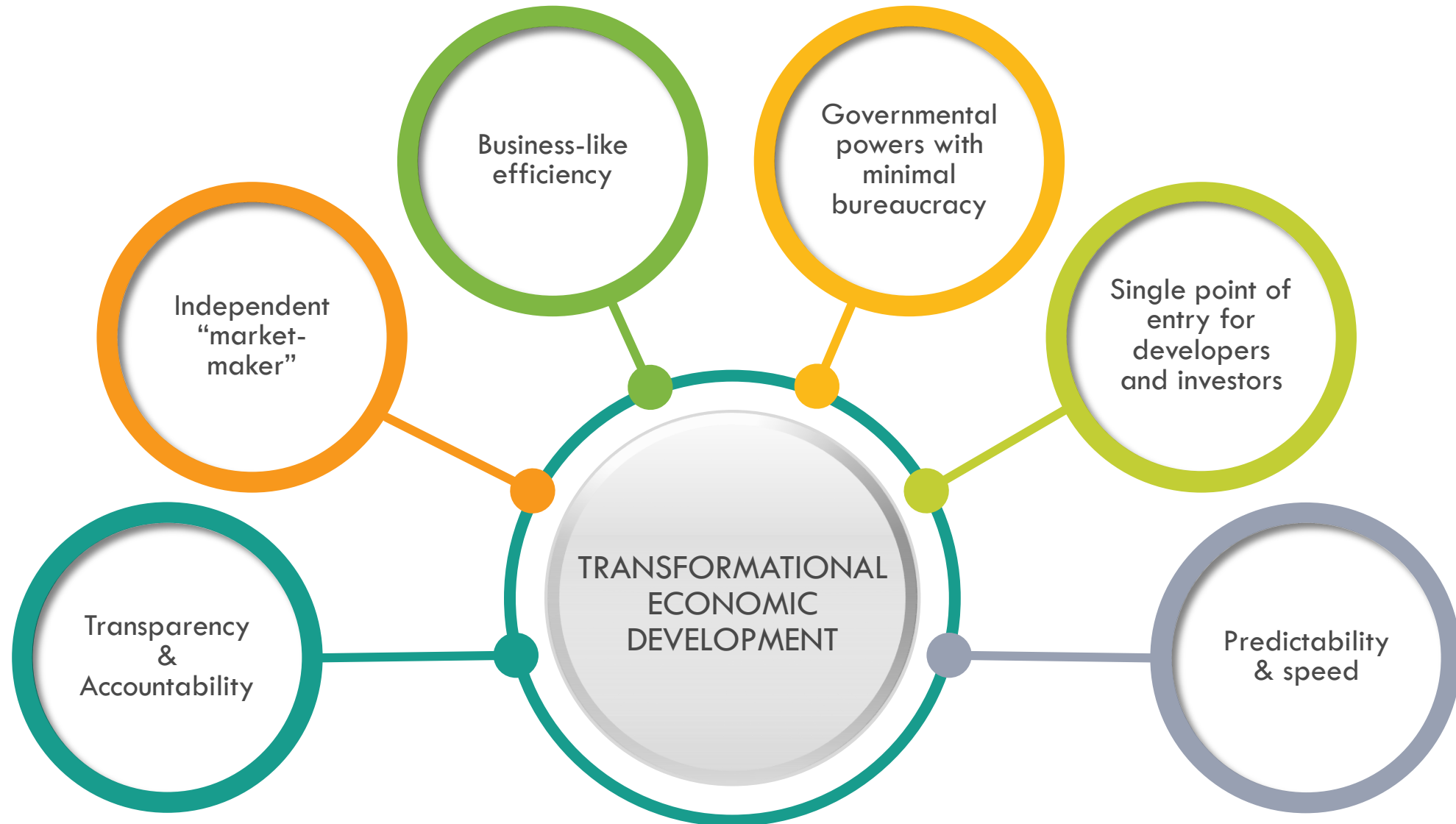
- Streamline regional connections and large-scale investments
 - Governors State Supply Chain Innovation Center
 - CSEDC: Center for Smart Logistics business plan





Building Institutional, Financial and Civic Capacity

Why Have a Southland Development Authority?

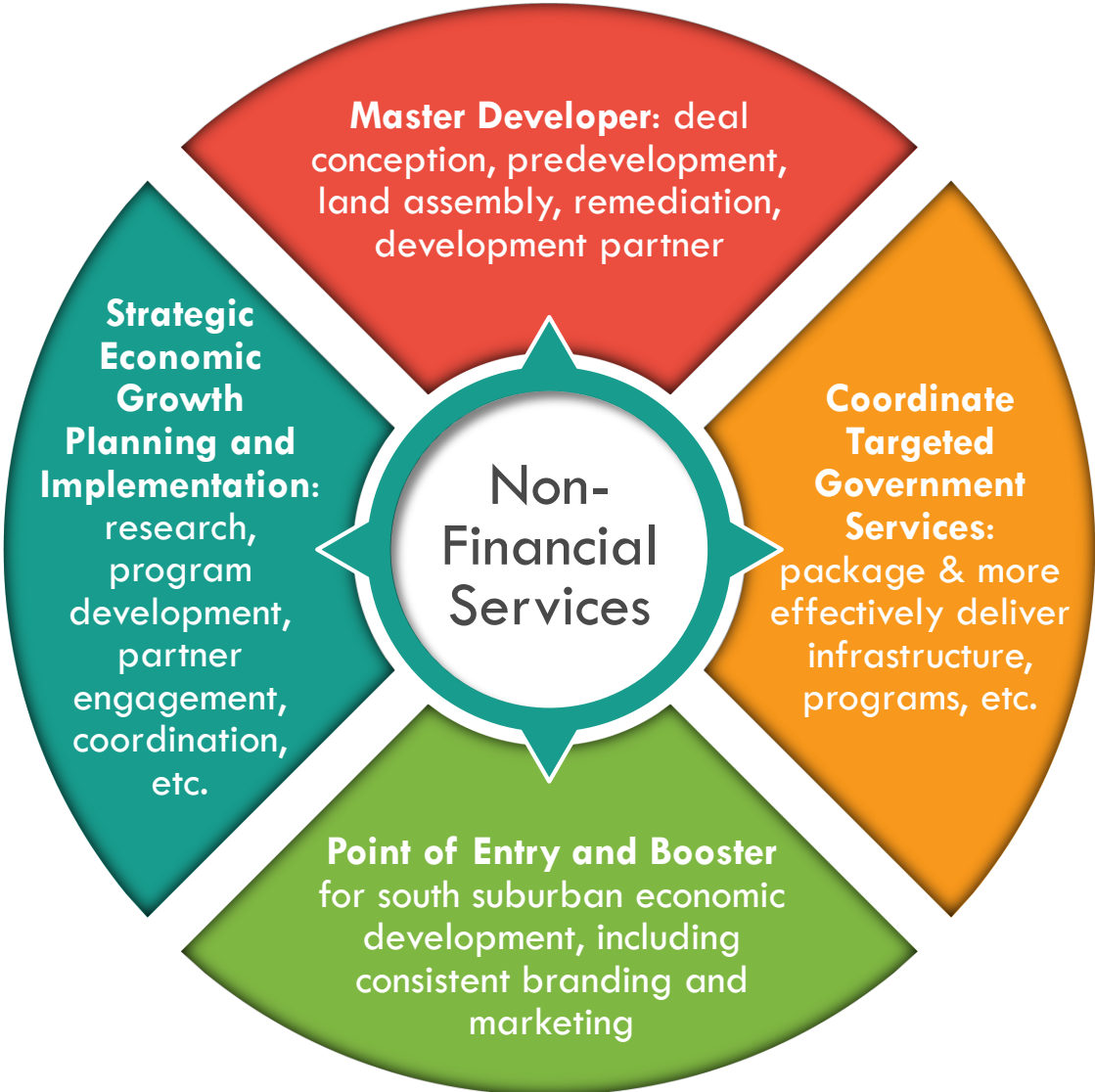


Development Authorities Represent a Powerful Tool

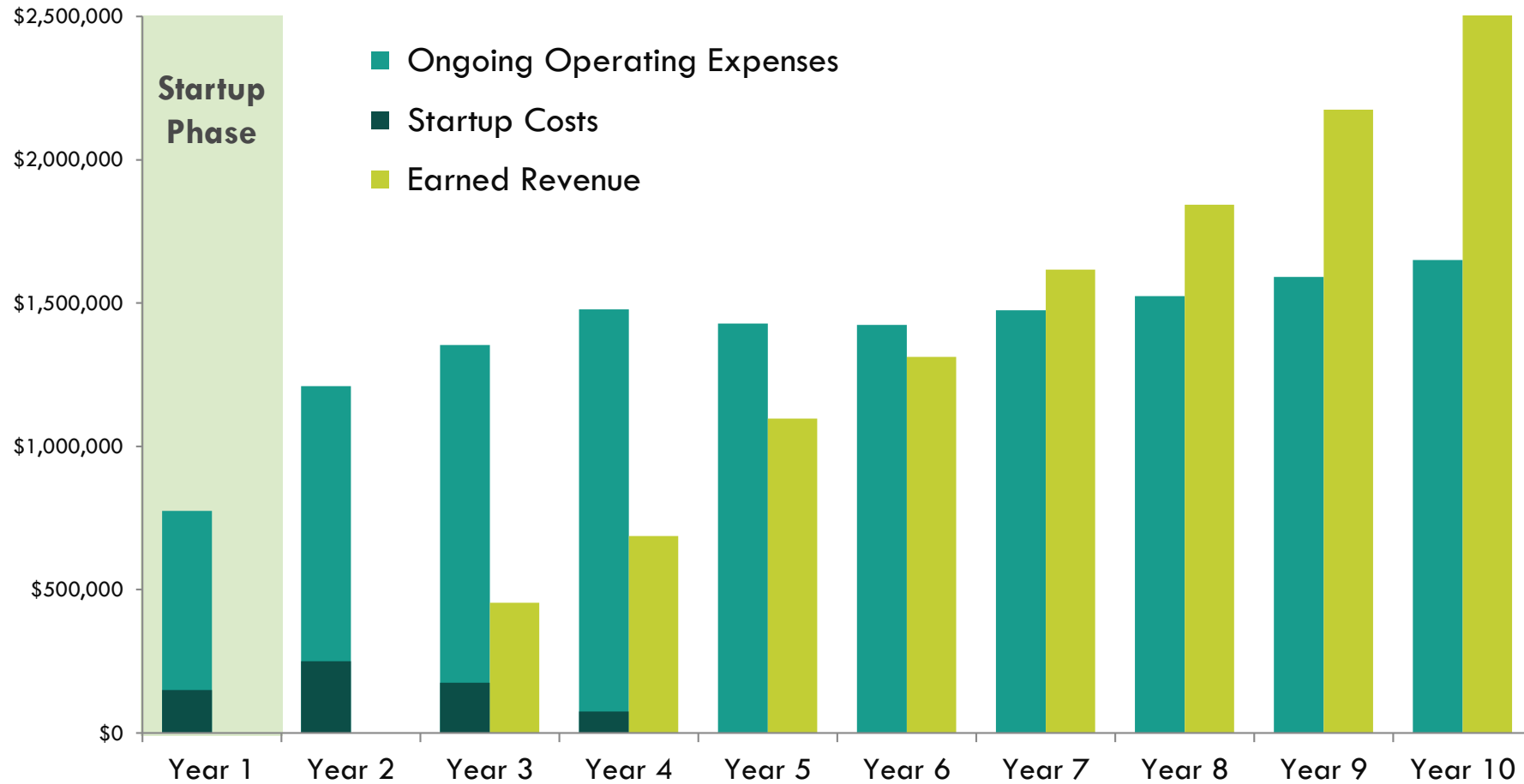


The Southland Development Authority (SDA) provides the institutional capacity to drive the strategic, large-scale investment that is necessary to propel Cook County's south suburbs forward.

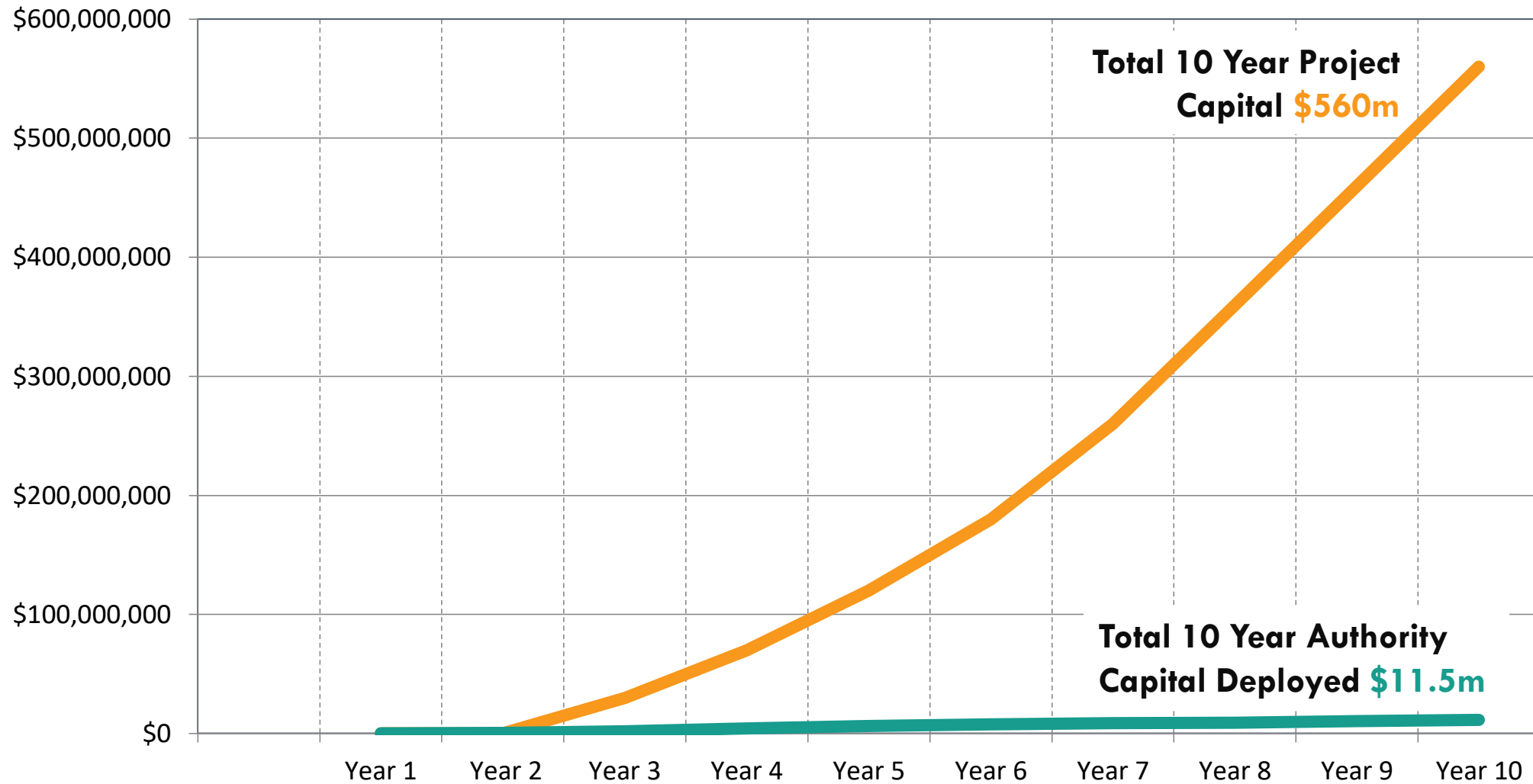
Products & Services



Getting to Break-Even



Growth in Capital Deployment




Financial Sources & Uses/Products

Sources	Uses
Philanthropic & Corporate Grants	Predevelopment funding
Philanthropic PRIs / Impact Investments	Equity investment in projects
Market Debt / Bonds	Site & Building Acquisition
Impact Equity	Bridge Loans
Public Grants (e.g. CDFI)	Mini-Perm Loans
Philanthropic Grants	Grants (workforce)
Tax Credits (NMTC, LIHTC) Private Activity Bonds (IRBs, other)	Housing finance programs

Partner and Leadership Network



 = Implementation Partners



Breaking Ground:
Driving the Next Economy

“Not Just Another Development Project”



South suburbs once drove the regional economy



Continue to have key assets presenting major development opportunities



Development efforts fragmented, not scaling

Opportunity for Comprehensive, Strategic, Transformative Investments

Inventing the next generation of inclusive economic development capacities and enterprises

Recreating a Vibrant Southland!



The Place to Be for Growing Businesses



National Model for Smart Logistics



Leader in Digital Industry 4.0



Innovation Center for Food Manufacturing



Home to 21st Century Neighborhoods
for Diversifying America



Unified Region Pulling Together

JOIN US!

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Southland Development Authority

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Draper & Kramer

David Doig

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Neighborhood Initiatives

Steve Koch

Managing Partner, Bowline
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