



# South Suburban Economic Growth Initiative Phase 1 Report



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OFFICE OF THE PRESIDENT  
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TONI PRECKWINKLE  
PRESIDENT

May 2017

To the residents of Cook County,

I have made the economic health of Cook County's 132 municipalities a priority since I assumed office.

Municipalities are our partners in growing our region's economy. Some are job centers, while others provide recreational opportunities or serve as retail centers. Some face fiscal challenges and others do not. No matter: they are all part of the economic fabric of metropolitan Chicago.

A headline about problems in one of our communities should concern us all. We can only have success as a region if we ensure that everyone contributes to, and benefits from, our economic growth. Regions that capture the varied contributions from all municipal partners are the ones that thrive. Communities that turn their backs on their struggling neighbors will not. Since we know the economy is an integrated whole, we can't afford to waste any of its parts.

Cook County's South Suburbs are asset-rich with people, infrastructure, businesses and real estate critical to the health of the regional economy. However, in recent decades, parts of the South Suburbs have struggled as they have become increasingly disconnected from the regional economic trajectory. This growing exclusion heightens the social and economic challenges these communities face and undermines the long-term growth of the entire metropolitan region.

As a result, the Cook County Bureau of Economic Development, with significant assistance from the Chicago Metropolitan Agency for Planning, Civic Consulting Alliance, Mass Economics and RW Ventures, LLC, initiated the South Suburban Economic Growth Initiative. The Chicago Community Trust and the MacArthur Foundation have provided generous financial support and guidance for this initiative.

This report presents the findings from Phase 1 of the initiative – a preliminary, fact-gathering stage, with interviews with more than 70 stakeholders to develop a baseline understanding of the South Suburbs' core economic dynamics, current activities and leadership. It is important to recognize that this is a **preliminary phase**, mostly to get grounded, generate ideas, begin to engage potential partners and lay the foundation for a much more substantial Phase 2. Even this preliminary work, however, reveals major challenges and priority opportunities for the South Suburbs.

Building from the findings reflected in this report, we aspire in the next phase to engage a broad set of stakeholders and partners in developing a comprehensive set of initiatives that will build from current activities to restore the South Suburbs as key communities of choice and hubs of economic activity. The goal is to drive prosperity in the South Suburbs and the region, which deserve no less.

Sincerely,

A handwritten signature in blue ink that reads "Toni Preckwinkle".

Toni Preckwinkle  
President





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\*An executive summary of this report is available upon request from the Bureau of Economic Development

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# Report Overview

Cook County's South Suburbs house more than 20% of the County's suburban population and nearly 15% of suburban businesses and employment.<sup>1</sup> This report examines the changing role of the South Suburbs in the region, their current market challenges and opportunities, and begins to specify preliminary strategies to reestablish the South Suburbs as thriving communities of opportunity and choice (see "Economic Framing" for more detail) that are participating and driving growth in the regional economy.

Phase 1 would not have been possible without the extensive expert advice, local insights and ongoing feedback of a wide array of local and regional stakeholders. These include key leaders from the public, private and civic sectors who contributed their time and talents via individual interviews, group working sessions and participation in the project's Phase 1 Sounding Board. See Appendix A for a list of Phase 1 participants and members of the project team.

**Section 1** provides an overview of the economic foundations of the initiative. It describes the changing dynamics of growth in the next economy and the two primary roles that sub-regions play in regional economic growth: as communities of opportunity connecting their residents, businesses and real estate to regional markets; and as communities of choice offering differentiated packages of housing and amenities to attract and serve different segments of the regional population. This economic framing translates into four topics that serve as the structure for the report's market analysis in Section III:

- (1) How the sub-region's economic activities and assets participate in and drive the future regional economy;
- (2) How its workforce participates in and drives the future regional economy;
- (3) How its community characteristics are evolving and what residents they have the potential to retain and attract; and
- (4) What institutional capacity – public, private and civic capabilities – is necessary for implementation of an integrated set of growth strategies?

**Section 2** provides an overview of the historical roles the South Suburbs has played in the context of the region, as a place of both opportunity and choice: its long-held status as a hub of manufacturing and transportation, intermingled with a diverse set of middle- and working-class bedroom communities. It also summarizes the economic and community conditions in the South Suburbs today, including the challenges and opportunities that its industries, workforce and residential communities face in transitioning to the next economy. Finally, it begins to articulate a very preliminary, high-level vision for the sub-region's future, in which it more fully participates in and drives regional growth.



**Section 3** examines key market facts about the South Suburbs, framed by the four questions outlined in Section I, to surface a set of priority challenges and opportunities.

- (1) Economic Activities – Six priority traded clusters present opportunities to improve companies’ productivity and efficiency and better connect and contribute to growth in high-potential regional clusters, while two priority local-/regional-serving clusters present significant job creation opportunities. Existing concentrations of industrial activity and land suggest three sub-geographies in which to focus business and real estate development efforts.
- (2) Workforce – Residents are relatively skilled, but increasingly disconnected from the trajectory of the regional labor market due to skills barriers and poor physical access to jobs. Three workforce segments appear most strategically important for economic growth: un- and under-employed, middle-skill residents displaced from (a) industrial jobs and (b) management and administrative jobs, and (c) “Opportunity Youth,” young, low-skilled adults who are not working or in school.
- (3) Community Characteristics – The South Suburbs largely remain solid upper middle-, middle- and working-class bedroom communities with affordable housing and attractive amenities. Many communities are experiencing racial transition. Some communities are experiencing economic changes – including loss of middle-income households and declining tax base – that challenge their stability. The area’s thirty-four municipalities constitute approximately six sub-markets with distinct challenges and opportunities, and offering different ways to leverage their assets and amenities to attract and retain a varied next generation of residents.
- (4) Institutional Capacity – Many local governments and civic, educational and business leaders and organizations are engaged in a wide array of promising development activity in the South Suburbs. These efforts do not currently have the integrated, large-scale capacity and resources needed to undertake a transformative, long-term, interjurisdictional economic growth effort.

### ***Existing South Suburban Economic Growth Efforts***

The South Suburban Economic Growth Initiative builds upon existing plans already in place. These include:

- Cook County’s *Partnering for Prosperity*<sup>2</sup>
- Cook County’s *Planning for Progress*<sup>3</sup>
- World Business Chicago’s *Plan for Economic Growth and Jobs*<sup>4</sup>

It also reflects, aligns with and builds from plans developed and programs underway by numerous other entities, including individual municipalities<sup>5</sup> and a range of non-profit, industry and civic organizations, including the Calumet Collaborative (formerly the Millennium Reserve), Calumet Green Manufacturing Partnership, Center for Neighborhood Technology, Chicago Southland Economic Development Corporation, Metropolitan Planning Council, OAI, South Suburban Land Bank and Development Authority, South Suburban Mayors and Managers Association and many others.

**Section 4** articulates seven first-cut, mutually-reinforcing, high-level strategies for growth, derived from the market assessment laid out in Section III. These strategies aim to enhance the South Suburbs as communities of opportunity by better connecting the sub-region’s businesses and workers to regional resources and opportunities; capitalizing on existing businesses and expertise to drive regional innovation; supporting growth and supply chain connections for small and medium-sized businesses; leveraging the area’s natural and recreational amenities; and upskilling workers for next-economy jobs. They also aim to enhance the South Suburbs as communities of choice by tailoring and targeting development of housing, retail and other amenities to attract and retain a next generation of residents. These strategies are the foundation for a much deeper, more focused analysis and identification of a potential first wave of pilot projects in Phase 2.

**Section 5** outlines the next steps for the South Suburban Economic Growth Initiative, highlighting the major focus areas for Phase 2.

# Section 1: Economic Framing

In recent years, researchers and practitioners have learned a great deal about the dynamics that drive economic growth in the “next economy.”<sup>6</sup> They have paid particular attention to enhancing economic growth at the regional level, since metropolitan regions are now the primary geographic unit at which economies function.

To bring this work even closer to ground, the logical next step is a more nuanced understanding of how the component parts of the regional economic geography – its distinct sub-regions, communities and neighborhoods – define, participate in and contribute to regional economic performance, and vice-versa. In the long run, a region and its sub-parts thrive or fail together.

This section of the Phase 1 report for SSEGI outlines the economic foundations for sub-regional economic growth planning. It briefly reviews the nature of the next economy; describes the roles of communities in a regional economy; outlines the regional market levers and community-level factors that interact to define community success; and derives a set of community growth planning principles.

## Growth in the Next Economy

This report is grounded in the same framework for understanding economic growth and its drivers used in two key economic growth plans currently in place for metropolitan Chicago: World Business Chicago’s *Plan for Economic Growth and Jobs* and Cook County’s *Partnering for Prosperity*.<sup>7</sup> According to this framework, the global economy is now undergoing a fundamental transformation<sup>8</sup>:

- **Knowledge fuels the world’s economies.** Knowledge-based products and processes are proliferating across all industries, and entirely new sectors are emerging. Continuous innovation, assisted by flexible, responsive networks, has become the hallmark of economic growth in the new global economy.
- **Metropolitan regions are key.** Metropolitan regions concentrate assets, including human, business, real estate, and institutional assets, and allow them to interact continually to create economic value. As a result, metropolitan regions are now the global economy’s primary competitive units. Growth strategies need to be tailored to each region’s unique assets, and integrated, not fragmented—a regional economy’s whole is greater than the sum of its parts, and each piece (such as workforce training, infrastructure, and business development) succeeds or fails in context of the others.
- **Inclusiveness is good for growth.** All parts of the region’s economy are inextricably linked. Regions that develop and deploy more of their human, real estate, and business assets do better in the long run because they create greater efficiency and productivity, and reduce the costs of poverty.<sup>9</sup>



- **Regional strategies pay off.** In the past, underperforming regions tended to “catch up” with their higher-performing peers over time. This dynamic has changed. High-performing regions tend to continue pulling ahead of their competitors. In this context, being deliberate and intentional can make a big difference.

The great paradox – and challenge – of the next economy is that it exacerbates inequality (primarily by increasing returns to capital compared to labor), but requires inclusion for sustainable growth. The next economy is propelling shifts to new industries, demanding new labor force skills and reshaping urban form through greater emphasis on density and mixed uses – and, as a result, people and places in legacy or disconnected businesses, jobs and communities are easily left behind. At the same time, all of these changes create new opportunities for inclusion – for aligning poverty alleviation with economic growth. Indeed, achieving inclusive economic growth has become an economic imperative for the sustainable success of both poverty alleviation and growth.

As a result, the necessary next step for inclusive regional growth planning is to encompass sub-regional growth planning as well. Regional economies rely on their constituent communities for critical human, physical, financial and institutional capital. At the same time, communities don’t have economies: their assets get deployed into larger, mostly regional, marketplaces. Comprehensive community growth planning tailors market analysis, strategy development and initiatives to the challenges and opportunities of particular sub-regional geographies. It deliberately and strategically links communities’ assets (e.g., workers, businesses, land, etc.) to opportunities throughout the region (e.g., cluster supply chains, high-growth occupations, resources for innovation and entrepreneurs, etc.) so the community participates in driving the entire region along a prosperous next-economy trajectory.

## Communities of Opportunity and Choice

Communities serve two key economic functions in the context of the region. They serve as communities of opportunity by developing and deploying their economic assets – workers, businesses, real estate and so on – into regional economic opportunities. They also serve as communities of choice, attracting and serving as places of residence for particular segments of the regional population. These roles necessarily are mutually reinforcing.

### Communities of Opportunity

Sub-regions do not have economies of their own. Instead, the communities that make up each region play the crucial role of nurturing and connecting the inputs required for regional growth. As communities of opportunity, they foster businesses and enable their participation in the supply chains of regional industry clusters. They support residents in developing their skills and connecting to opportunities in the occupations demanded by regional employers. They also cultivate connections between entrepreneurs and small businesses and the regional resources and networks that can enable and catalyze their growth. Communities support unique mixes of

economic uses (both business-to-business and business-to-consumer) that derive benefits from locating in close proximity to one another, and to the community's human capital and physical assets (e.g., transportation and other infrastructure).

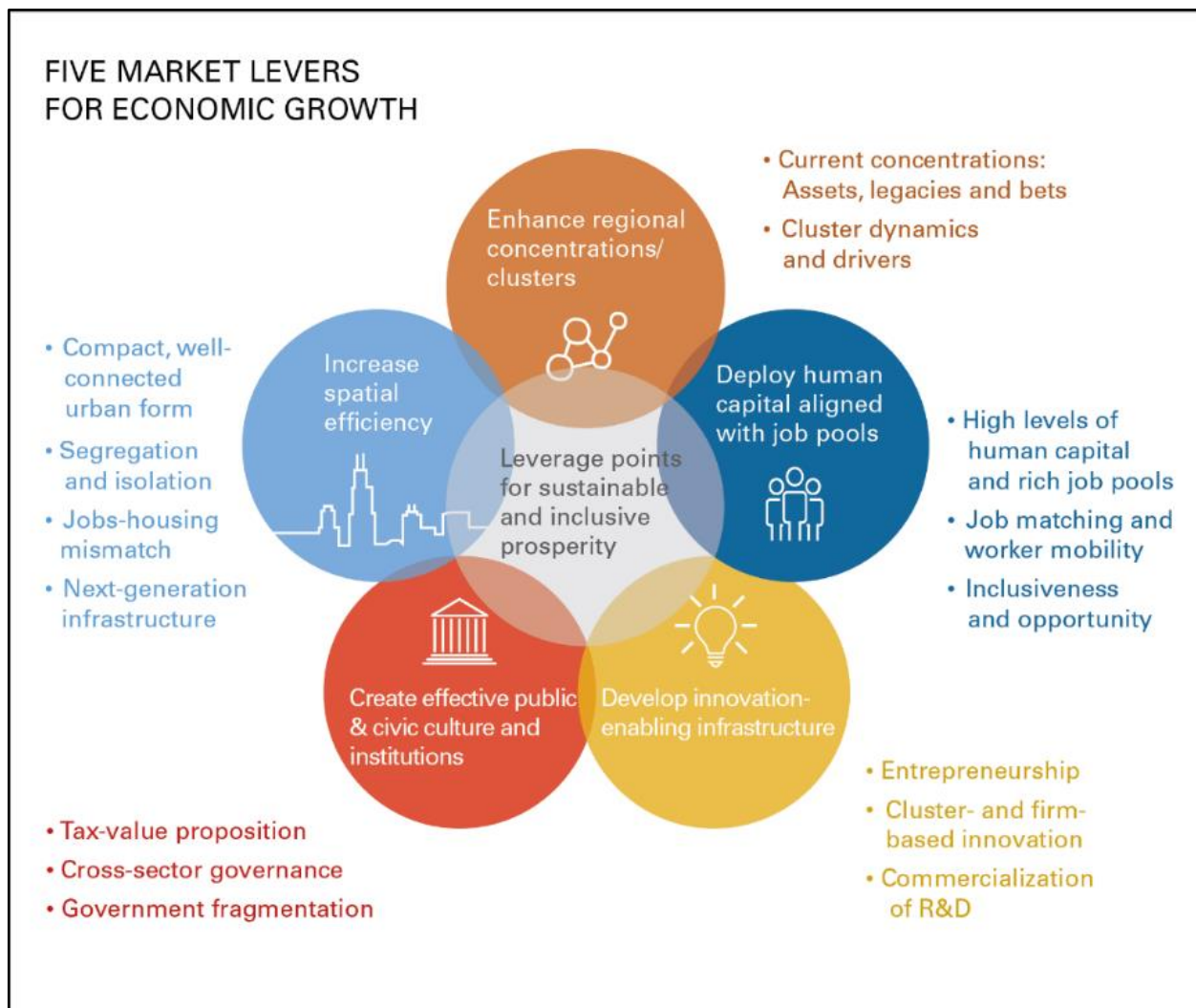
Understanding and enhancing a sub-region with respect to the community of opportunity (or "connectedness") function requires an understanding of the growth trajectory of the regional economy, the levers driving its growth and the ways that community assets can participate in regional economic prosperity. Metropolitan economies, by definition, grow by increasing the total value of goods and services produced by local firms. Firm creation and growth, as well as businesses' movement into and out of the region, are determined by regional characteristics that affect the efficiency and productivity of various types of firms and markets.

In the next economy, five market levers account for the increased efficiency and productivity that flow from the synergies of concentrating firms and other economic assets in regional economies (See Figure 1). Together, they provide a framework for understanding a region's economic assets, challenges and opportunities, and the ways a given community's assets can contribute to regional growth.

- **Clusters:** Industry-based concentrations of closely interacting firms<sup>10</sup> and related institutions (e.g., Transportation, Distribution and Logistics cluster). Members of a cluster enjoy synergies that improve efficiency and productivity by reducing transaction costs among buyers, suppliers and customers; enabling shared labor and other inputs across firms; facilitating the exchange of knowledge; and enhancing the cluster's innovative capacity. The prospects of neighborhood (non-retail) businesses depend on the extent of their participation in high-growth regional clusters, enabling wealth and job creation for local residents.
- **Human capital development and deployment:** Human capital is the single most important input for economic growth, particularly in the knowledge economy. To have an impact, however, workers' skills must be properly developed to best match emerging jobs, and workers must be efficiently deployed into these jobs. Getting this right requires attention to tailoring education and training to job demand in growing clusters, and enhanced labor market efficiency through better mechanisms for matching workers with firms.

At a community level, human capital can be productively deployed by ensuring residents have ready access to education and training resources for in-demand occupations, as well as direct access to employers that are participating in high-growth regional clusters. Effectively deploying human capital into the regional economy brings assets (i.e., income) into the neighborhood (creating demand for amenities), and creates networks supporting further deployment and attracting new residents.

**Figure 1. Market Levers for Economic Growth**



Source: RW Ventures, LLC

- **Innovation and entrepreneurship:** The ability to innovate is the core driver of increasing productivity. A knowledge-based economy, heightened competition in globalized markets and the quickening pace of change make continual innovation, commercialization and business creation imperative for economic success.

Communities can enhance their innovation and entrepreneurial environments by connecting to regional networks and resources, and reducing barriers to small business creation and growth – particularly in the supply chains of high-growth regional clusters. Communities benefit through increased income via business ownership, job creation opportunities and improved resident access to new products and services.



- **Spatial efficiency:** The relative location of businesses, suppliers, workers and consumers within a region (and the physical and virtual infrastructure that connects them) is a key determinant of efficiency and productivity. These two features of the built environment – co-location and connecting infrastructure – determine transportation and transaction costs for the movement of goods, people and ideas, magnifying or diminishing many economic benefits of agglomeration (such as shared labor pools and knowledge spillovers). Mixed-use communities with excellent transportation connections are best positioned to flourish in the next economy.

Within communities, spatial efficiency determines the most appropriate mix of economic uses and associated infrastructure. This will vary from one community type to another depending on the characteristics of each one's assets, proximity to other uses, transportation connections and other elements of the built environment.

- **Governance:** Government shapes and enables market activity and provides critical public goods, from roads to education, which enhance firms' productivity and efficiency. Civic, private-sector and cross-sector institutions constitute the institutional environment (i.e., governance) that fosters economic networks, innovation and other activity.

At a community level, new forms of governance need to be developed that can simultaneously represent local stakeholders' interests, engage regional stakeholders, foster market connections between local assets and regional economic opportunities and coordinate implementation of an integrated set of strategic activities to drive growth.

## Communities of Choice

In addition to this role related to opportunity and connectedness, communities also function as places of residence – communities of choice – attracting distinct segments of the region's population. They offer unique combinations of goods, services and other amenities that attract and retain the individuals and households that most value that specific bundle of characteristics. A place's status as a community of choice for a given population is also affected by its connectivity (both physically and through market activity) to economic opportunities. In well-functioning, connected communities, opportunity and choice go hand-in-hand.

The community of choice function requires an understanding of the type of community, how well it is meeting the needs of particular segments of the regional population, its trajectory for the future and the ways its position might be improved.

- **Housing:** Local housing markets (each of which is a sub-market within the broader regional market) affect and reflect a community's position as a community of choice for particular populations within the region. The characteristics of the housing stock (including size, quality, amenities and cost) and its potential to appreciate make a given

community more or less attractive to specific segments of the regional population, affecting individuals' and households' decisions to stay in place, move in or move out.

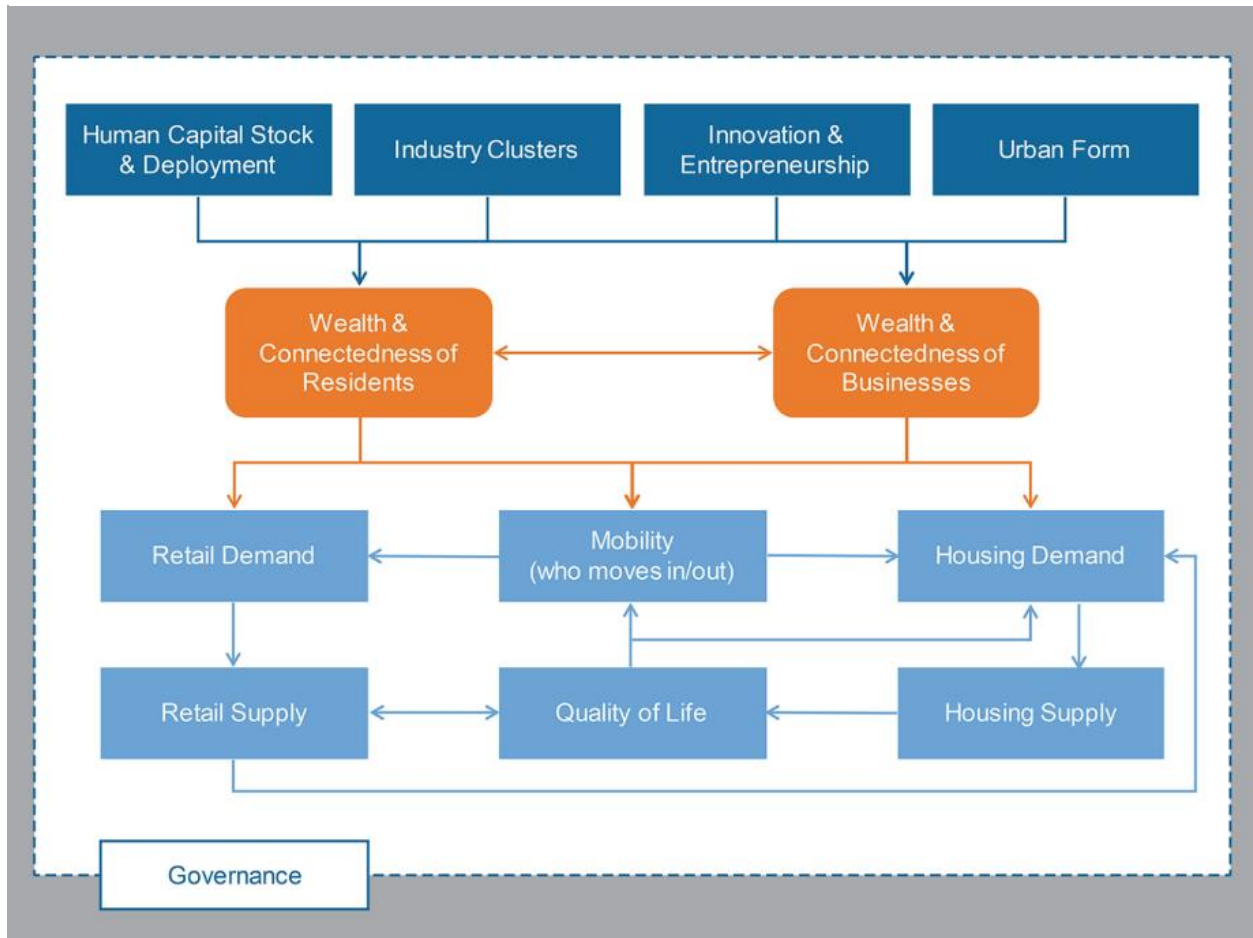
- **Consumer amenities:** A community's commercial environment (i.e., retail, entertainment, restaurants and personal services) serves as an amenity for local residents, interacting closely with housing market dynamics to make a community more or less attractive. These businesses offer further benefits for community residents by creating accessible jobs and providing wealth-creation opportunities through entrepreneurship and small business development.
- **Other amenities and support services:** A host of other local amenities influence the attractiveness of a community, and have to be tailored to the needs of present and desired residents. These include public, civic and private services such as libraries, schools, parks and public safety; recreational facilities; community centers; support services for youth, seniors and the formerly incarcerated; health services; and social and cultural institutions.

These two sets of factors – local amenities and regional economic connectedness – interact iteratively with one another in a cycle that can be virtuous or vicious (see Figure 2). In general, a community's degree of connectivity to regional economic opportunities is a primary driver in the cycle. A place that offers good job access, strong connections to suppliers and customers, and other factors that enable the creation of income and wealth will attract new residents. The resulting inflow of residents, income and wealth triggers public and market-based investments in local amenities, goods and services to meet resident-generated demand (e.g., particular types of housing and retail, parks and libraries, etc.).

At the same time, where people choose to live is also partially a function of the extent to which those same local amenities are already present in a given community. Young professionals, for example, might choose a community not only because of its proximity to downtown jobs, but also because it already has some of the amenities they most value (e.g., reasonably-priced apartments, a fitness center, coffee shops, casual restaurants or trendy clothing stores). The same holds true for businesses, which choose to locate in places that provide access to their customers and suppliers, but also to other factors that contribute to their success (e.g., transit access for workers, high-speed broadband service and other specialized infrastructure).

At particular points in a given community’s life cycle, local amenities can have a particularly high impact on which residents and businesses decide to stay, move in or move out. The goal of comprehensive community growth planning is to propagate a cycle of positive change through the interaction and iteration of characteristics of place and connectedness to the broader regional economy.

**Figure 2. The Dynamic Relationships Between Local Amenities and Participation in the Regional Economy**



Source: RW Ventures, LLC

## Principles for Sub-regional Growth Planning

Economic growth planning requires a different approach in the next economy than it did in the “old economy,” at both regional and community levels. At the regional level, next-economy realities imply several principles to guide effective practice, which have application at the community level as well:

- **Focus on creating and capturing value.** Focus on opportunities (specific assets, markets and growth drivers) to leverage (not supplant) markets to create value.



- **Leverage regional assets.** Focus, at the system level, on building from existing assets and becoming a place where people and firms can be most productive and efficient.<sup>11</sup>
- **Compete on value-added, not low-cost.** Make the region an attractive and “sticky” place for the most productive firms – through investments in infrastructure, workforce, technology, innovation, entrepreneurship, etc. – rather than competing on low costs (e.g., lax zoning or labor regulations).
- **Align poverty alleviation with economic growth.** Practice inclusive growth that moves people and places into the economic mainstream<sup>12</sup>, rather than creating alternative poverty programs.
- **Design for synergies.** Integrate and tailor programs – in housing, workforce development, infrastructure, industry cluster, innovation and other activities – to deliberately reinforce each other. Each succeeds or fails in context of the others.
- **Create collaborations based on economic – not political – geography.** Recognize and collaborate across the true market geography of a given economic activity, rather than competing across jurisdictional borders.
- **Act through public-private partnerships.** Emphasize a market-based orientation that creates new cross-sector networks and leverages private resources, rather than a top-down, government-driven approach.

A few additional growth planning principles, specific to the sub-regional or community level, are implied by the two functions of communities in the regional context, and by the inherently place specific nature of communities’ assets, challenges and opportunities.

- **Engage a broad, inclusive set of local AND regional stakeholders.** For both planning and implementation, ensure that the work is of, by and for the community. At the same time, since a key goal is to connect community assets with regional economic opportunities – for the benefit of the community and the region – regional stakeholders also must be at the table. Include employers, developers, firms whose suppliers are in the community, regional growth institutions, program partners, government and others who invest in, hire or buy from, or otherwise have – or will have – a stake in the community.
- **Coordinate and integrate programs in place.** Designing for synergies (a regional principle mentioned above) particularly applies and is especially fruitful at the sub-regional level. Organizations can work together to tailor their respective programs to community conditions and to the mix of other programs present within a local geography.

# Translating Theory to Practice

The integrated economic framework laid out in the sections above translates into a set of four questions, around which the market analysis in Section III of this report is structured.

Assessing the “community of opportunity” potential entails understanding<sup>13</sup>:

- How the sub-region’s **(1) economic activities** and assets – its firms, real estate and infrastructure – participate in and drive the future regional economy. What types of activities are located there, how innovative are they, and how can they be better aligned with and connected to the regional economic trajectory? What economic activities and assets will the sub-region be good at and known for?
- How the sub-region’s **(2) workforce** participates in and drives the future regional economy. In which occupations will the sub-region’s residents work in the future, in what parts of the region? What kinds of skills do workers have today, and how does that relate to what they will need to continue to compete and contribute?

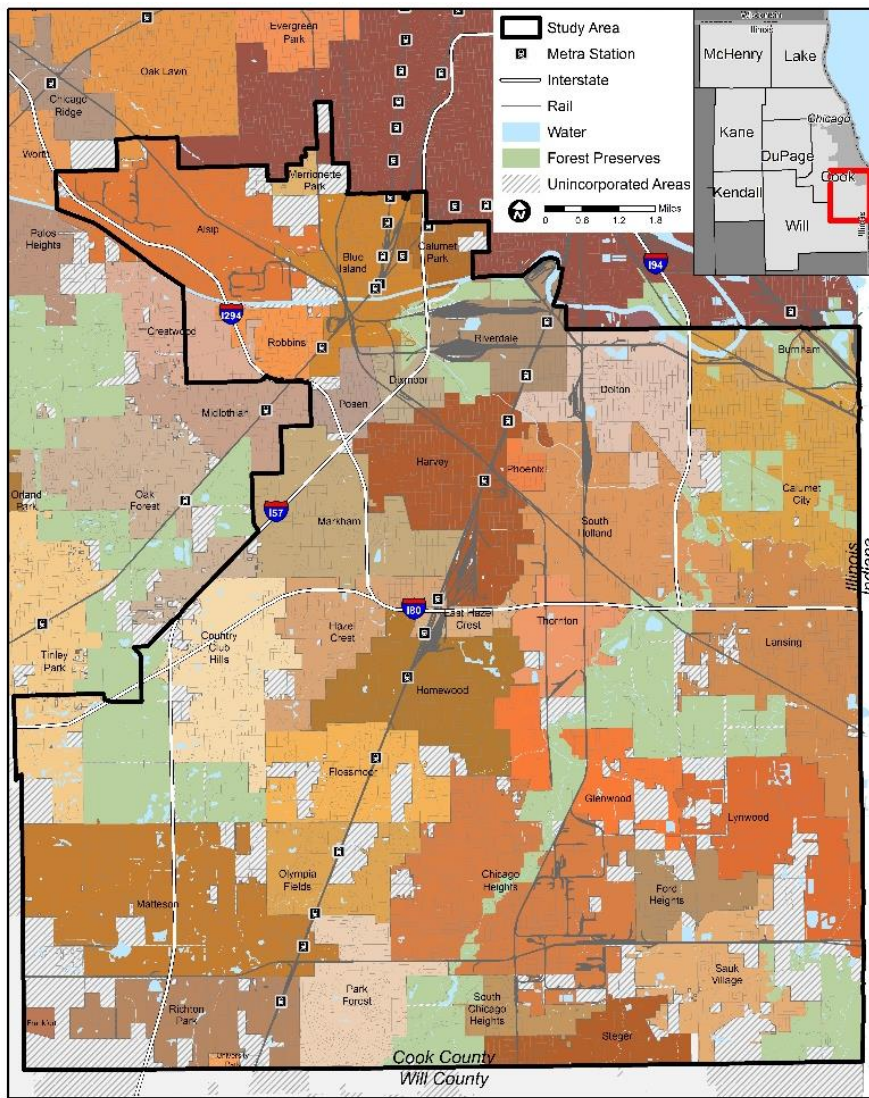
Developing attractive communities – the “choice” role – entails understanding current **(3) community characteristics** of the sub-region’s primarily residential sub-areas, how they are evolving and what they have the potential to become. Who will live in the sub-region? What housing and amenities are needed to create vibrant communities to attract and retain them?

Finally, while the governance market lever addresses institutional infrastructure to support economic growth very broadly, this Phase 1 report is focused on a narrow subset of this topic: the capacity for stakeholders to develop and implement SSEGI going forward. Specifically, what **(4) institutional capacity** is necessary for implementation of an integrated set of growth strategies? What public, private and civic capabilities are already in place, which need to be strengthened and where is there need for new stakeholders and leadership? What is the nature of the institutional infrastructure for cross-sector, interdisciplinary collaboration and action?

The functions and factors that define communities and influence their well-being are undeniably complex – but an understanding of them lays a solid groundwork for analyzing the present and future trajectories of Cook County’s South Suburbs, and for designing linked strategies that will make it a vital community of opportunity and choice in metropolitan Chicago.

## A Note on Economic Geography

Figure 3. Phase 1 Primary Geography



For the purposes of this report, the “South Suburbs” geography encompasses all or part of 34 municipalities roughly bounded by the Chicago city limits to the north; Will County to the south; the Indiana state line on the east; and I-57 on the west. It reflects a set of similar, interconnected activities and markets, both economically and as places of residence, and was selected to provide concrete boundaries within which to undertake data collection and market analysis.<sup>14</sup>

This definition, while not arbitrary, is neither perfect nor rigid. It is imperfect because economic activities are not constrained by jurisdictional or other “man-made” boundaries.

Labor markets, business supply chains, housing sub-markets and other types of economic activity take place at varying levels of geography, nearly always crossing over administrative boundaries. It is flexible in that it will in no way constrain the geography to which the strategies or initiatives arising from this effort will be applied. They will follow the geographies of relevant market activities.

This point holds true *within* the South Suburbs geography, as well. Market activity occurs across municipal boundaries, and so strategies and initiatives should be targeted to conform to the true market geographies of the activities that they aim to influence.

## Section 2: Overview - South Suburbs' Opportunities and Challenges

Cook County's South Suburbs have historically provided both a vibrant hub for the Chicago region's industrial base, and an attractive set of bedroom communities for its residents. Today, the South Suburbs are in transition, as changes in the economy dictate that they find new economic and community roles.

### Historical Overview – Hub of Heavy Industry<sup>15</sup>

The South Suburbs emerged in the mid-1800s as a center for steel manufacturing, becoming one of the world's top steel producers and fabricators by the late 19th century. The steel and rail freight industries grew hand in hand, as the first major milling operations located in the area to facilitate construction of the railroads. Notable among the major local steel facilities were US Steel's South Works facility, Inland Steel and Gary Works, which was the largest steel producer in the country by the 1920s. Other types of heavy industry grew in the area, building from the strength in steel as well as transcontinental rail access, including agricultural processing (particularly with the advent of refrigerated rail cars), distilling operations and building materials like lumber and stone.

The South Suburbs' industrial rise was catalyzed by three important factors:

- **Location.** As the “crossroads” between the East and West coasts, the Chicago region was ideally located to support the growth of the manufacturing and freight industries. Moreover, the South Suburbs' important waterways provided access to plentiful shipping routes.
- **Transportation Infrastructure.** The concentration of the steel industry supported the growth of the inter-state and intra-regional rail networks in the South Suburbs. The area became a critical node for cross-country freight rail – investments in intermodal assets soon followed – allowing farmers in and beyond the south suburbs to ship produce into the city for processing and sale, and linking local businesses to customers and suppliers throughout the Midwest. Intra-regional commuter rail emerged soon after, connecting South Suburban businesses to workers across the metropolitan area and bringing new residents to the sub-region (discussed further below). Construction of the Lincoln<sup>16</sup> (1913) and Dixie Highways (1915) further bolstered this extensive transit network, earning Chicago Heights the nickname “Crossroads of the Nation” during the early 20th century.
- **Ample, Affordable Land.** In contrast to Chicago's increasingly expensive and dense north side, the South Suburbs offered large tracts of land at an affordable cost.

These factors positioned the South Suburbs as an ideal location for industrial facilities within the region and continued to drive concentrated industrial and rail-dependent development. The area played a leading industrial role for much of the twentieth century, flourishing during the several decades following World War II (e.g., production of chemicals and war materiel; the Ford stamping plant established in Chicago Heights in 1956; etc.).

Reflecting national trends – including a decline in demand and a rise in international competition – steel and related manufacturing activities in the South Suburbs began to decline beginning in the 1970s. Over time, flourishing industrial areas became blighted, replaced by deteriorating industrial properties and infrastructure, vacant and abandoned buildings and environmental contamination. Physical blight generated a perception of disinvestment in the sub-region, which further exacerbated the decline of local industry.

## Historical Overview – Suburban Living

The South Suburbs also grew as an attractive place to live in the late 19th and early 20th centuries. In parallel to its industrial rise, many blue-collar residential communities took shape around growing centers of industrial employment. In addition, a first wave of urban dwellers seeking less congested communities gave rise to a set of “bedroom communities” for those working in the Loop. The majority of South Suburban communities were established between the 1890s and 1920s, with an additional wave of incorporation following World War II.<sup>17</sup>

These new suburbanites could maintain proximity and easy transit access to employment opportunities downtown, while also gaining distinctly non-urban amenities, particularly including open space, parks, forest preserves and other recreational assets. These amenities, more available and affordable outside of the urban core, encouraged many Chicago families to relocate to the South Suburbs.

Alongside flourishing local blue-collar communities, middle-class bedroom communities continued to grow and prosper. A number of relatively small municipalities incorporated around country clubs (e.g., Homewood, Flossmoor, Olympia Fields) or discrete housing developments (e.g., Merrionette Park, Country Club Hills, Hometown and others), creating a patchwork of primarily residential communities. This residential patchwork, of course, was influenced by and interspersed with the industrial sub-areas. This development pattern is still apparent in the South Suburbs today.

As industrial activity began to decline in the 1970s, the character of many South Suburban communities changed significantly. Unemployment and poverty rates rose in a number of communities, with accompanying declines in retail and housing stock, making them less attractive places to live. At the same time, emerging suburbs and exurbs in the collar counties (e.g., Will, DuPage) lured residents with newer housing stock and more modern amenities, combined with major highway construction and cheap gas. A substantial number of middle-class households migrated away from the South Suburbs.

This wave of out-migration was predominantly white, and coincided with a wave of African American households moving to the area from Chicago and outside the region. This began a period of notable racial transition for large swaths of the South Suburbs. Some municipalities, however, have remained predominantly white, while some others have always been predominantly African American. For example, Robbins and Phoenix (90%+ African American today) were established during the Great Migration primarily in response to racial tensions, discrimination and violence in other nearby suburbs that kept African Americans out.

A second, smaller wave of primarily African American in-migration followed in the 1990s and 2000s, comprised of new households spanning the socioeconomic spectrum. Some middle- and upper-income households relocated to the South Suburbs from distressed neighborhoods on the city of Chicago's west and south sides.<sup>18</sup> In addition, Housing Choice Vouchers (HCVs) provided to public housing residents as part of the Chicago Housing Authority's (CHA) Plan for Transformation brought an influx of new, economically challenged residents in a number of South Suburban communities.<sup>19</sup>

Coupled with industrial decline, the outmigration of middle-class families eroded many municipalities' tax bases. Both slow growth in the property tax base and outflow of household wealth exacerbated the effects of economic decline and created a diminishing tax-value proposition, as many municipalities struggled to provide the same level of services. Moreover, industrial decline and population loss aggravated problems arising from municipal fragmentation. In the light of economic distress, many south suburban municipalities turned inward, as each community competed to preserve its own share of economic activity.

## South Suburbs Today

Today, the South Suburbs are a sub-region in transition. While the area faces a number of challenges, its rich history endows it with a foundation of assets that can be leveraged and repositioned to drive economic and community growth.

With respect to its core **economic activities**, the South Suburbs needs to build from its assets to find its niche and define what its economic role will be in the region, given next-economy dynamics.

- Opportunities exist to leverage existing assets in alignment with the region's economic trajectory, including retooling, enhancing innovation and rebuilding supply chains among existing industrial firms with next-economy potential – particularly in transportation, distribution and logistics, and in food, metals and chemicals manufacturing; and exploring new business models for business-to-business service firms, while strengthening their connections to the region's significant cluster of headquarters, anchor institutions and advanced business services.
- The South Suburbs' rich network of transportation infrastructure, the geographic concentration of industrial activities in a few sub-areas of the South Suburbs, and the



availability of vacant industrial land, suggest opportunities to reinvigorate these hubs of activity through new, complementary industrial investments.

The South Suburban **workforce** encompasses residents with a wide range of skills and occupations, many of which can be better connected to the regional labor market.

- While evidence suggests that many middle- and high-skilled workers are productively employed, a sizable portion of the middle-skilled workforce appears to be un- and under-employed. This includes:
  - Blue-collar workers displaced from declining manufacturing segments, lacking appropriate skills to secure higher-skilled, next-economy manufacturing occupations
  - Mid-level white-collar workers (e.g., managers, administrators, government workers, etc.) whose positions have been eliminated and are unable to find comparable re-employment
- Targeted retraining can realign currently un- and under-employed workers with demand in the regional labor market, and improve both their near-term wages and long-term prospects for advancement
- Young adults – likely including many newer residents of the sub-region – are increasingly struggling to find and maintain stable employment due to relatively low skill levels and other barriers to work (e.g., criminal records, substance abuse, etc.). The South Suburbs need to capitalize on the human capital potential of these “Opportunity Youth” through industry-driven education (including in high schools), training, workforce “on-ramps” (e.g., internships, apprenticeships) and supportive services.

**Community characteristics** in the South Suburbs reflect their status as primarily working- and middle-class bedroom communities. While these 34 municipalities share many common challenges and opportunities, they also differ in meaningful ways. The health of the sub-region’s communities is uneven, as some are stable, while others have experienced disinvestment and are in a state of transition. South Suburban communities can be divided into several zones (discussed in more detail in the Community Characteristics portion of the market analysis), each of which offers a unique package of housing and amenities, and faces particular types of challenges and opportunities.

- Communities in the southwestern portion of the sub-region tend to be the most affluent and stable (middle-class and upper-middle class). At the same time, other communities – particularly in the eastern portions of the sub-region and areas adjacent to concentrations of industrial land uses – are experiencing significant demographic change. This includes:
  - Increasing shares of African American and Hispanic/Latino populations
  - Higher poverty rates and unemployment
  - Lower incomes

- These changes are likely attributable to a combination of (a) declining economic outcomes for existing residents, as the economy changes; and (b) in-migration of new household that are more economically distressed than those that have moved away.
- The South Suburbs’ housing market has struggled to recover from the housing crisis, with slow price recovery area-wide (some markets are rebounding more rapidly than others), pockets of foreclosures and only modest new residential construction activity.
- Vacant land and buildings (both residential and industrial) in some communities contribute to visual blight that diminishes attractiveness for new residents, as well as retailers and other amenities.
- Primary assets to continue attracting and retaining working- and middle-income households include:
  - Relatively low-cost housing, with “good bones”
  - Generally good access to downtown employment via highway and Metra (varies by sub-area)
  - Ample outdoor recreational amenities

The South Suburbs currently have insufficient **institutional capacity** and resources to systematically address multifaceted challenges or capture large-scale transformative opportunities related to economic growth.

- Municipalities are challenged by small, slow-growth tax bases, limiting their capacity to generate revenue and making it difficult to maintain quality public services (e.g., schools, safety, etc.) and infrastructure, let alone upgrade facilities and programming, or make new investments.
- Many non-profit and civic organizations are active in economic and community development in the South Suburbs, developing projects and delivering programs that are growing the Southland. Their organizational and resource capacities, however, are uneven and could be scaled up to achieve greater impact.
- Local government fragmentation and modest – though growing – levels of coordination across public, private and civic actors hinder the sub-region’s ability to efficiently pool its resources and effectively deploy them in ways that deliver shared, broad-based benefits (e.g., across jurisdictional boundaries).

More specific exploration of the challenges and opportunities related to and arising from the intersection of these dynamics – including how they vary across the South Suburbs – is provided in the market analysis that makes up the remainder of this section.

The economic and community assets of the South Suburbs – its firms, institutions, residents, infrastructure and amenities – are critical parts of the metropolitan Chicago economy. The sub-region can thrive and play a significant role in building a prosperous region, by finding ways to better align its unique resources with the region’s next-economy trajectory.

# Section 3: Market Analysis

## Market Analysis: Economic Activities

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### *Highlights*

Six priority **traded** clusters present opportunities to improve companies' productivity and efficiency and better connect and contribute to growth in high-potential regional clusters:

- Industrial clusters: TD&L; Metals, Machinery and Equipment; Food; Chemicals and Related
- Business-to-Business Services: Blue-Collar/On-Site, Blue-Collar/ Off-Site
- Several priority clusters have the potential to drive regional innovation

Two priority **local/regional-serving** clusters presenting significant job creation opportunities

- Health Services
- Outdoor Recreational Tourism

Concentrations of industrial activity and land suggest three sub-areas in which to focus business and real estate development efforts.

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The South Suburbs have a unique array of assets in their firms, workers and land which define the sub-region's economic performance, opportunity and role in the metropolitan Chicago economy. Identifying how these assets can best participate in and drive regional economic growth reveals how the South Suburbs can reposition themselves to find their place and grow in the next economy.

Clusters in the South Suburbs with a strong potential to participate in and help drive regional growth are those that are:

- Specialized or concentrated in the metropolitan region and in the South Suburbs
- Growing or projected to grow regionally and nationally
- Accessible to South Suburban residents based on their mix of skills and education (see Workforce section) and offer quality wages
- Participating in and well-connected to the regional innovation ecosystem (or have the potential to do so)

Secondarily, local clusters with significant job creation opportunities for South Suburban residents may be viable avenues for localized economic growth. These industries do not have as much potential to increase the region's overall economic activity (because their market is limited to local consumers), but they can provide employment opportunities that align with residents' skill sets and offer key services and amenities necessary to attract and retain future residents (see Workforce and Community Characteristics sections).<sup>20</sup>

The South Suburbs' physical assets – primarily land and infrastructure – also have implications for the types of activities most likely to thrive in the area, and in which specific locations. The size, geographic distribution, development-readiness and other attributes of land assets will impact where companies in priority clusters seek to develop new facilities or uses. Similarly, the configuration and quality of existing infrastructure – e.g., freight transportation (rail, road, port, air, intermodal), utilities (water, energy, sewer, broadband), etc. – will make some sites or sub-areas of the South Suburbs more or less attractive to priority cluster firms.

## Connecting South Suburbs' Economic Activities to Regional<sup>21</sup> Opportunities

Economic development plans for Chicago and Cook County have identified a set of clusters with strong growth opportunities for the Chicago region.<sup>22</sup> These 14 regional priority clusters<sup>23</sup> comprise large portions of the regional economy, are particularly concentrated in the region and are growing locally and nationally:

- **Industrial Clusters** – Transportation, Distribution & Logistics (TD&L); Metals, Machinery and Equipment Manufacturing (MME); Food and Beverage Manufacturing and Packaging; Chemicals and Related Materials Manufacturing; Pharmaceutical and Medical Devices (“Medical Manufacturing”)
- **Services<sup>24</sup>** – Health Services, Advanced Business Services, Finance and Securities, Insurance, White-Collar Business-to-Business (B2B) Services, Off-Site and On-Site Blue-Collar B2B Services
- **Other** – Clean Tech, Water, Tourism

Determining the economic growth opportunities in the South Suburbs requires considering, in addition, in which of these promising regional clusters the South Suburbs has a concentration of firms; which are projected to grow in the sub-region; and which are most accessible to local workers based on their skills and education and provide quality wages (see Appendix D for all variables, data sources, and methodology for evaluating cluster opportunities). Applying these South Suburbs criteria to the regional priority clusters suggests growth opportunities that lie at the intersection of regional and local strengths (see Figure 4).<sup>25, 26</sup>

Figure 4. Comparison of Regional/South Suburban Cluster Performance (Equal Factor Weights)

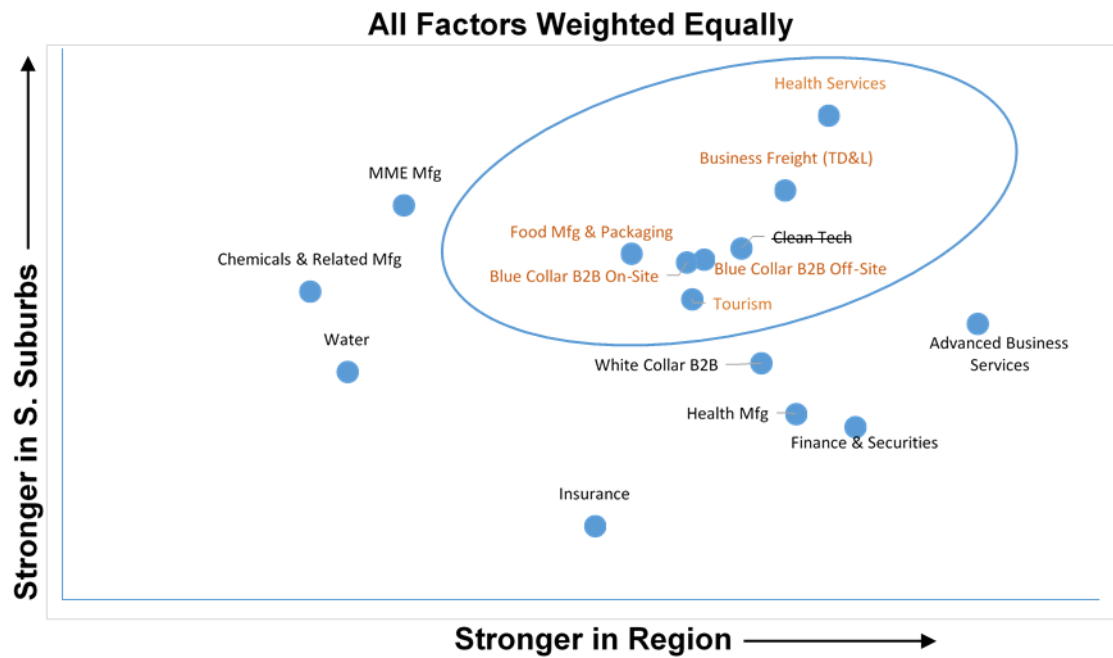
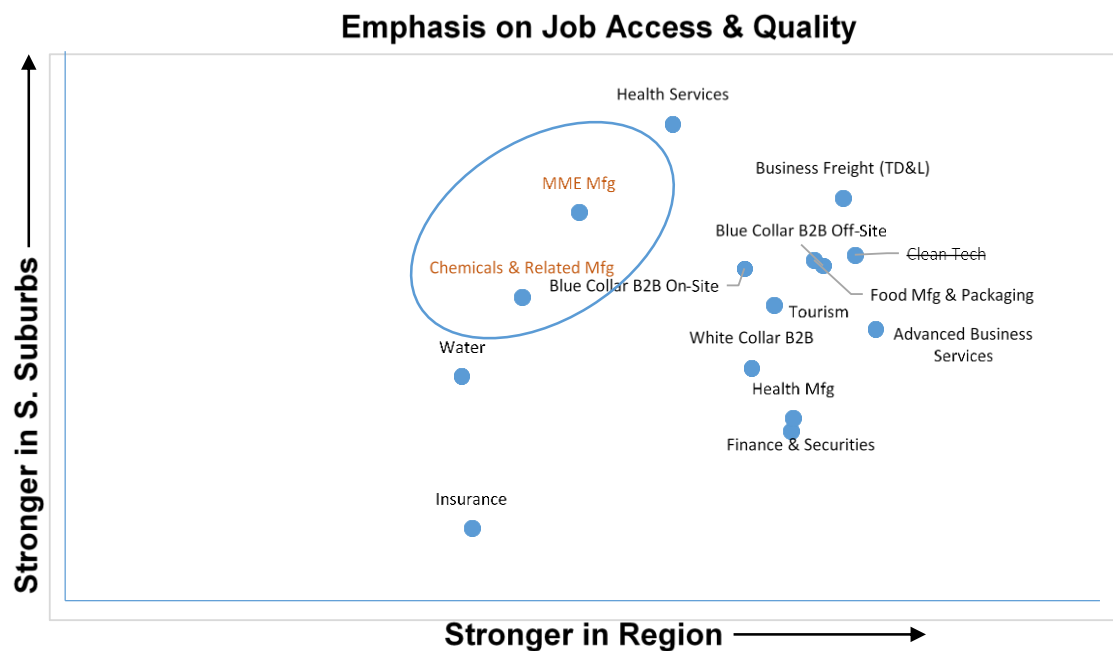


Figure 5. Comparison of Regional/South Suburban Cluster Performance (Higher Weighting of Job Access and Quality)



Sources: Mass Economics and RW Ventures, LLC analysis of U.S. Census Bureau, County Business Patterns; Bureau of Labor Statistics, Employment Projections program; Bureau of Economic Analysis, Input-Output Accounts Data

Figure 4 and Figure 5 show that when all factors are weighted equally, six priority regional clusters appear well aligned with South Suburban strengths. More heavily weighting consideration of job accessibility and wage quality factors surfaces two additional clusters as areas in which the South Suburbs can compete and grow. This group of eight South Suburban priority clusters is comprised of six traded clusters and two local clusters,<sup>27</sup> each of which is described further on the following pages.<sup>28, 29</sup>

## Priority Traded Clusters – Industrial Clusters

### *Transportation, Distribution & Logistics (TD&L)*

**Table 1. TD&L Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	401,620	3%	3%
LQ	1.26	4%	n/a
Output (\$ Billions)	\$84.11	32%	32%
Output per Employee	\$209,439	29%	n/a
Average Wage	\$66,893	n/a	n/a
% Jobs Accessible with HS degree or less	38%	n/a	n/a
<b>South Suburbs</b>			
Employment	20,080	8%	4%
LQ	1.61	20%	n/a
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

The TD&L cluster may be the South Suburbs’ strongest opportunity for stimulating economic growth, in direct alignment with regional assets. For the region as a whole, TD&L shows obvious strengths in job presence, growth, accessibility and quality. Among traded regional priority clusters, TD&L has the second most employees in the region, and it experienced solid job growth from 2004-14, with further increases projected in the coming decade. While TD&L does have the disadvantage of relatively low output per employee, particularly when compared to manufacturing clusters, it has good average wages and is reasonably accessible to workers with a high school diploma or less.

Within the Chicagoland region, the South Suburbs stand out as an attractive location for TD&L activities. There are more TD&L jobs in the South Suburbs than there are in any other traded regional priority cluster. Job concentration (as measured by LQ) and job growth over the past decade have both been higher in the sub-region than for the region overall. These trends are likely due in part to the South Suburbs’ rich rail and highway infrastructure (see Infrastructure discussion below). Some of the sub-region’s largest employers, including the Illinois Central Railroad and Wisconsin Central Limited, are part of this cluster. Recent investments by TD&L



companies reflect the locational advantages the South Suburbs provide; over the last three years, developments worth \$150 million have been completed or started, with several more TD&L projects in the pre-development phase.

At a high level, South Suburban TD&L shows promising trends across various segments of the cluster. Freight and wholesaling activities make up almost 85% of the sub-region’s TD&L jobs, and freight support services, such as logistics and freight arrangement, have grown by over 40% in the last decade. With online retailing and its associated shipping services projected to grow over the coming years, the region can count on sustained demand for TD&L services, and could position itself to leverage emerging technologies (e.g., driverless trucks, automated intermodal facilities and equipment) to boost productivity and competitiveness.

Clarifying the nature of what is most often transported into, out of and through the sub-region (e.g., various types of consumer goods, industrial goods, agricultural goods and other perishables, etc.) will further distinguish the South Suburbs’ competitive advantages in the cluster relative to other parts of the region, particularly from the substantial TD&L activity in neighboring Will County. These and other topics will be the subject of further research and analysis in Phase 2 of SSEGI.

***Metal, Machinery & Equipment Manufacturing (MME)***

**Table 2. MME Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	186,922	-21%	-5%
LQ	1.02	-6%	n/a
Output (\$ Billions)	\$64.09	8%	31%
Output per Employee	\$342,889	37%	n/a
Average Wage	\$61,652	n/a	n/a
% Jobs Accessible with HS degree or less	41%	n/a	n/a
<b>South Suburbs</b>			
Employment	14,554	5%	-4%
LQ	2.03	38%	n/a
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

Understanding the output and employment growth potential of manufacturing clusters is a complex task, given the interactions of global economic and demographic dynamics. In recent years, off-shoring and automation – among other factors – have resulted in job losses for domestic manufacturing. As that decline has likely tapered off in some segments, and is continuing to slow in others, these segments should begin seeing net job gains in the years ahead. Across all manufacturing segments – even those still in a state of net job loss – job

openings are expected to be plentiful, due to the aging of the industrial workforce.<sup>30</sup> The MME, Chemicals and Food clusters are all affected by these macro trends to varying degrees.

Despite some declining indicators, MME remains a vital part of the Chicagoland economy, and has shown strong growth in the South Suburbs. Region-wide, MME showed increases in productivity from 2004-14 coupled with a more than 20% decrease in employment. Recognizing the importance of the cluster to metro Chicago's economy, including its strong average wages and highly accessible positions, regional efforts are underway to bolster the performance and growth of the cluster. This includes the formation of the Chicago Metro Metals Consortium (CMMC), a cluster organization dedicated to enhancing the cluster's workforce, stimulating innovation and encouraging investment and trade.

At the regional level, MME has recently had a mixed performance, while it has been notably strong in the South Suburbs. Regional MME employment contracted over the past decade, but increased in the South Suburbs, contributing to the MME cluster having the sub-region's second-highest job concentration among all regional priority clusters. South Suburban firms also employed significant proportions of workers in innovation-related positions; specifically, preliminary analysis suggests the sub-region's companies may have strengths in prototyping, commercializing and scaling new products.<sup>31</sup>

The metals (primary and fabricated) and vehicle manufacturing sub-clusters represent over 85% of the South Suburbs' MME cluster jobs. Major employers include Ford, with their stamping plant in Chicago Heights, Allied Tube and Conduit, and MI-JACK Products (which recently spent \$10 million to acquire new equipment for their facility).<sup>32</sup>

**Chemicals and Related Materials Manufacturing**

**Table 3. Chemicals and Related Materials Mfg. Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change 2004-2014	% Change 2014-2024 (projected)
Employment	67,224	-24%	-9%
LQ	1.11	-5%	n/a
Output (\$ Billions)	\$31.86	2%	23%
Output per Employee	\$473,951	35%	n/a
Average Wage	\$60,528	n/a	n/a
% Jobs Accessible with HS degree or less	42%	n/a	n/a
<b>South Suburbs</b>			
Employment	6,219	-15%	-10%
LQ	2.63	17%	n/a
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

One-third the size of the MME cluster, Chemicals and Related Materials Manufacturing is also a traditional manufacturing cluster that continues to be a regional strength while coping with industry-wide job losses. It, too, experienced a regional decrease in employment and growth in productivity from 2004-14. Chemicals Manufacturing’s average wages and accessibility are comparable to the MME cluster, and it had the second most output per employee of all regional priority clusters.

Though this cluster’s recent performance in the South Suburbs has not been as strong as MME, it is still evident that the sub-region has strong assets in Chemical Manufacturing. The sub-region experienced a decline in employment from 2010-14, but to a lesser extent than the rest of region. The result is that this is the most concentrated cluster in the South Suburbs out of all regional priority clusters, with an LQ over 2.6. Almost 10% of the Chicago region’s jobs in this cluster are in the South Suburbs.

Many of these jobs include innovation-driving roles; for example, the sub-region’s firms show a strong concentration of positions that tend to contribute to ideation (the earliest stage of innovation), suggesting that the South Suburbs could play a leading role in creating new chemical products and processes. The cluster’s growth potential is further evidenced by \$25 million worth of new investments that companies have made at South Suburban locations over the last three years, supporting the creation of over 100 new jobs.<sup>33</sup>

Almost three quarters of South Suburban jobs in this cluster are in the chemical manufacturing and plastics production sub-clusters. While plastics represents almost a third of sub-regional jobs in this cluster, those employment figures have declined by 26%. Repositioning this significant portion of South Suburban economic activity for success in the next economy may require new strategies to leverage these firms and their products, including exploring new

products and markets that build from their human capital, technology and production capabilities.

### ***Food and Beverage Manufacturing and Packaging***

**Table 4. Food & Beverage Manufacturing & Packaging Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	109,420	-5%	0%
LQ	1.07	-1%	n/a
Output (\$ Billions)	\$32.84	23%	29%
Output per Employee	\$300,106	30%	n/a
Average Wage	\$55,020	n/a	n/a
% Jobs Accessible with HS degree or less	44%	n/a	n/a
<b>South Suburbs</b>			
Employment	6,619	11%	-1%
LQ	1.65	27%	n/a
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

Chicagoland has long been a center for food and beverage manufacturing and packaging, and with the country’s second largest Food and Beverage cluster, this industry continues to be a significant strength for the region. Food and Beverage employment in the Chicago region contracted to a lesser extent than many other manufacturing clusters from 2004-14, and its concentration remained virtually unchanged. Though output and wages are slightly lower in this type of manufacturing relative to MME and Chemicals, the jobs are even more accessible, with 44% available to applicants with a high school diploma or less, the highest figure of any of the region’s priority clusters.

Similar to MME and Chemicals Manufacturing, Food and Beverage is a cluster in which the South Suburbs have recently outperformed the Chicago region. While the Chicago MSA’s Food and Beverage workforce has contracted slightly, the sub-region had an 11% increase in employment. A portion of this employment increase has bolstered the cluster’s innovation potential, with notable increases in the concentration of jobs that contribute to commercialization and scaling of new products and processes. These job trends may have been supported in part by recent local food industry investments; \$86 million worth of completed or in-process projects have taken place in the South Suburbs in the last three years.<sup>34</sup>

Nearly 75% of the cluster’s jobs in the sub-region are accounted for in three segments: packaging, wholesaling and meat, poultry and seafood processing. Another 15% of the jobs are found in baked goods and specialty foods and ingredients. Wholesaling has shown particularly strong growth, with employment increasing by 66% from 2004-14.

While Griffith Laboratories and Coca-Cola have significant facilities in the sub-region, most of the employment is represented by SMEs of 100 employees or fewer. These smaller companies have unique opportunities to leverage the substantial change occurring in the food and beverage industry, driven by increased automation and new packaging technologies; changing consumer demands for local, organic, convenient, indulgent and niche products; and increased food safety demands. This disruption is opening up the market to SMEs to compete with larger food and beverage corporations, creating an opportune moment for the South Suburbs to build on their strengths in this cluster and capitalize on emerging growth trends.<sup>35</sup>

## **Priority Traded Clusters – Business Services-Related Clusters**

The Chicago region is home to a functional cluster<sup>36</sup> of headquarters (including anchor institutions like hospitals, universities and government) and business services, the sub-parts of which are mutually reinforcing. Headquarters and anchors outsource many operational services, generating demand that supports extensive supply chains of business-to-business (B2B) services firms across the region. At the same time, having a large existing base of high-quality B2B firms continues to strengthen the Chicago region as an attractive location for additional headquarters and institutions.

B2B services demanded by headquarters and anchors include advanced business services like legal, finance, accounting and advertising, as well as less advanced white-collar business-to-business (B2B) services like payroll processing, call centers and other administrative functions. They also include blue-collar B2B services, which can be designated – from the perspective of the B2B firm – as either “off-site” (i.e., services provided at the client’s place of business such as security, landscaping, building maintenance) or “on-site” (i.e., services delivered at the B2B firm’s place of business, primarily related to wholesaling and distribution). Growing and supporting a range of B2B services across the region will help it maintain its status as a desirable location for headquarters and anchors.

The South Suburbs have growth potential in both on- and off-site blue-collar B2B activities, as detailed below. Though only a small portion of the region’s headquarters and anchor institutions are located in or near the South Suburbs, many B2B services do not need to be co-located with their customers. The skills of the sub-region’s workforce appear to align well with blue-collar B2B opportunities, and there is available industrial and commercial land suitable for both on- and off-site B2B services, making these clusters strong growth prospects for the South Suburbs.

**Blue-Collar B2B On-Site**

**Table 5. Blue-Collar B2B On-Site Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	276,119	-1%	2%
LQ	1.19	-1%	n/a
Output (\$ Billions)	\$63.12	32%	36%
Output per Employee	\$228,600	33%	n/a
Average Wage	\$73,338	n/a	n/a
% Jobs Accessible with HS degree or less	37%	n/a	n/a
<b>South Suburbs</b>			
Employment	10,712	5%	5%
LQ	1.18	15%	n/a
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

With a few modest exceptions, the Blue-Collar B2B On-Site cluster consists of wholesaling businesses, and thus it relates to and builds from the TD&L cluster. Though regional employment contracted slightly from 2004-14, job growth is projected to pick up again in the coming decade, adding 4,300 jobs in Cook County and an additional 2,000 elsewhere in the region.<sup>37</sup> Given the local industry mix, about 500 of these jobs are estimated to be added in the South Suburbs. Average wages in the cluster overall are high, but it is less accessible than the other regional priority clusters for those with lower levels of education.<sup>38</sup> As with several of the other clusters examined above, the South Suburbs have shown stronger recent growth in employment and concentration than the region in Blue-Collar B2B On-Site, and have more optimistic job growth projections.

Details on this cluster’s segments align with the competitive advantages that the sub-region has in TD&L, as discussed above. Most sub-regional employment in this cluster is within a few wholesaling segments: food, construction materials and “other industrial,” which includes furniture, office equipment, industrial machinery and farm supplies. Food wholesaling’s recent growth stands out, with a 42% increase in employment from 2004-14. Further analysis is necessary in Phase 2 to determine why these sets of goods are disproportionately wholesaled in the sub-region, how that activity may interact with the TD&L cluster, and what this information suggests for further developing this cluster.



**Blue-Collar B2B Off-Site**

**Table 6. Blue-Collar B2B Off-Site Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	228,772	3%	5%
LQ	1.17	2%	n/a
Output (\$ Billions)	\$22.05	29%	32%
Output per Employee	\$96,393	25%	n/a
Average Wage	\$34,891	n/a	n/a
% Jobs Accessible with HS degree or less	43%	n/a	n/a
<b>South Suburbs</b>			
Employment	11,671	-2%	5%
LQ	1.53	7%	n/a
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

The Off-Site Blue-Collar B2B cluster appears to provide the South Suburbs with opportunities to connect to and provide employment on-ramps for the lower-skilled segment of the sub-region’s workforce. While this cluster is of a similar size and concentration as Blue-Collar B2B On-Site, its output and wages are considerably lower, reflecting the more labor-intensive nature of its occupations. Average wages are the second lowest of the region’s priority clusters, while job accessibility is second highest.

In several respects, the South Suburbs’ Blue-Collar B2B Off-Site cluster appears to have an even stronger set of assets than its On-Site counterpart. The cluster is projected to grow by more than 12,200 jobs regionally, with 5,500 of those jobs in Cook County. Though the South Suburbs saw a modest decline in employment in this cluster, it is still more concentrated in these types of firms than the region overall, and nearly 650 jobs are projected to be added in the next decade.

Almost half of the sub-region’s jobs in this cluster are in facilities management, which includes janitorial, security, landscaping and cleaning services. An additional quarter of South Suburban jobs are in local transportation and logistics – while this includes some overlap with TD&L, it also includes additional transportation services that are local-serving and unrelated to freight movement, such as livery services, bus transportation and towing.

**Priority Local/Regional-Serving Clusters**

Two additional clusters warrant prioritization in the South Suburbs, largely for reasons other than their potential impact on regional economic growth. While Health Services and Tourism primarily serve the region rather than being “traded” through exporting their services beyond the region, they both have characteristics that could support the development of the South Suburbs as an attractive place to live and work (see also the Community Characteristics

section). Tourism also has the potential to attract “customers” (visitors) from throughout the Chicago and northwest Indiana area, making it “traded,” in a sense, for the South Suburbs geography.

**Health Services**

**Table 7. Health Services Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	522,860	16%	22%
Average Wage	\$48,852	n/a	n/a
% Jobs Accessible with HS degree or less	29%	n/a	n/a
South Suburbs			
Employment	25,690	16%	22%
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

The Health Services cluster provides possibly the strongest job growth opportunity of all regional priority clusters, both for the region and for the South Suburbs. It employs the second most people in the region (among regional priority clusters), and is the largest employer in the South Suburbs. As a reflection of the region’s aging population and their heightened health care needs (in line with national trends), the cluster has experienced the largest increase in employment from 2004-14 of any regional cluster. Projections suggest this substantial expansion will continue, with forecasts predicting this will be the fastest-growing cluster at the regional and sub-regional levels over the coming decade.

The expertise necessary to work in the medical field makes it slightly less accessible than other clusters, though many positions, such as registered nurses and numerous support and technical occupations, require less than a four-year degree. Average wages are somewhat lower than most traded clusters (with the exception of physicians and other highly skilled practitioners).

With rare exceptions (such as the Mayo Clinic or Johns Hopkins), Health Services clusters almost exclusively serve local residents, and as such have limited potential for driving regional economic growth. One option for increasing the economic impact of the cluster is through partnerships in medical research that drive innovation and help develop new treatments, drugs, or medical products (see Innovation section below).

**Tourism**

**Table 8. Tourism Cluster Statistics for Chicago Region and South Suburbs**

Chicago MSA	2014	% Change, 2004-2014	% Change, 2014-2024 (projected)
Employment	512,280	12%	5%
Average Wage	\$25,198	n/a	n/a
% Jobs Accessible with HS degree or less	42%	n/a	n/a
South Suburbs			
Employment	17,134	-8%	5%
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

Tourism is considered a traded cluster for the Chicago region because the majority of its customers are located outside the region – i.e., visitors are attracted from beyond the metropolitan area to visit the region’s museums, cultural and entertainment events and other attractions. These travelers also support the hospitality portion of the cluster, including restaurants and hotels. The Chicagoland region has shown strong growth in Tourism, and is projected to expand further.

The South Suburbs has amenities that appear to make the outdoor recreation segment of the Tourism cluster worth pursuing as a growth opportunity, though perhaps with a more regional scope, at least in the near term. The sub-region’s abundance of open space and outdoor recreation assets, with considerable land devoted to forest preserves, access to waterways and expanding trail networks can make it a destination for outdoor recreational tourists. Given the current scale of activities, it has the potential to attract residents from across the region and nearby northwest Indiana for day or weekend trips to enjoy the area’s outdoor amenities. Projects such as the Calumet Collaborative, the Cal-Sag Trail and the proposed Calumet National Heritage Area<sup>39</sup> will build on and further supplement existing recreational assets to make the sub-region a draw for outdoor enthusiasts across metro Chicago. These efforts can also serve to attract residents to live in the area for regular, convenient access to these amenities (see the Community Characteristics section).

It is worth noting two additional facts about the Tourism cluster overall:

- Tourism employment has declined in the South Suburbs over the past decade, and it is less concentrated in the sub-region than in the metropolitan area overall. This suggests that realizing the potential of the outdoor recreation segment of the cluster may also require efforts to grow sub-parts of the cluster – e.g., restaurants, lodging and specialty retail – that complement its recreational assets and enhance visitors’ experience.
- While Tourism can create a large number of jobs accessible to lower-skilled workers, they tend to pay considerably lower wages than the other regional priority clusters. At

the same time, positions in the Tourism cluster can be valuable on-ramps to the work force for young workers.

## **Innovation Connections and Assets**

As referenced above, there are early indications of South Suburban priority clusters with notable innovation-related assets. Employment occupations associated with ideation, prototyping, commercialization and scaling suggest that certain sub-regional clusters play a relatively large role in the region's innovation ecosystem and have the potential to capture value from new products and processes in the future. More work is necessary to identify which firms may be at the forefront of this activity, and which growth opportunities best align with the strengths of South Suburban firms (e.g., incorporating robotics into logistics/TD&L). This further analysis, along with collecting more detail on the sub-region's innovation support ecosystem, will be included in Phase 2.

At a regional level, metropolitan Chicago underperforms its innovation potential, especially within traditional industries. This is in spite of the Chicago region's rich innovation assets, including universities, public and private organizations engaged in basic and applied research (e.g., Argonne National Laboratories, Fermilab) and a sizable presence of firms operating in innovative industries. This may be due in part to the physical dispersion of innovation assets across the region, making it difficult to bridge activity across innovation stages (see Appendix G), which might be particularly damaging at this moment when traditional, vertical models of innovation are being replaced by networked models.<sup>40</sup>

Efforts to stimulate the region's innovation economy are underway and experiencing initial success, particularly within the realm of supporting entrepreneurship, and in attracting venture capital to startups. Notable efforts such as 1871, Digital Manufacturing and Design Innovation Institute (DMDII), MATTER, CURRENT, mHub and others are concentrating entrepreneurial activity, facilitating knowledge transfer and promoting synergies between co-located firms, as well as providing a critical mass of startup activity for VCs to tap into. However, much of this activity is in or near downtown Chicago; the South Suburbs are disconnected both physically and virtually from these potential networks and resources. At the same time, there are a limited number of business support organizations active in the South Suburbs to compensate for the disconnect from resources elsewhere in the region.<sup>41</sup> The sub-region's business support organizations are concentrated in operations support (e.g., business planning), rather than market-shaping or innovation activities.<sup>42</sup> It is unclear whether this is part of the cause or a symptom of the fact that there are slightly fewer startups in the South Suburbs than in other parts of Cook County.<sup>43</sup>

## **South Suburbs' Infrastructure Assets**

The South Suburbs boast strong infrastructure assets that are essential to its activity in TD&L and priority manufacturing clusters. The broader metropolitan area has long been a key

distribution hub between the coasts, and as such railroad companies have, and continue to, heavily invest in the region. The South Suburbs contain two major intermodal terminals (Union Pacific Yard Center in Dolton and the Canadian National Gateway in Harvey), five freight rail lines and four expressways (I-57, I-80, I-94, and I-294). In addition to freight rail and truck access, the sub-region is situated between two major ports and associated waterways: the Illinois International Port District, located just north of the sub-region, and the Will County Inland Port, one of the largest inland ports in the country.

The mere presence of these assets is not sufficient to support and grow economic activities in the sub-region. Given the volume of freight moving into, out of and through the South Suburbs and projected growth in freight activity, the quality of these assets must be maintained to ensure efficient, timely deliveries. Currently, the South Suburbs have mixed performance in terms of congestion on its roads and rail lines. Relative to the rest of the Chicago region, freight truck congestion levels are lower in the sub-region.<sup>44</sup> The South Suburbs' freight assets are potentially compromised, however, by the significant amount of congestion in the regional rail network. Recent enhancements via the Chicago Region Environmental and Transportation Efficiency Program (CREATE)<sup>45</sup> have addressed significant bottlenecks affecting the sub-region, but more remains to be done.

## **Physical Concentration of South Suburban Cluster Activity**

Existing concentrations of economic activity – particularly industrial activities – and relevant land assets suggest priority sub-geographies for investing in the South Suburbs' priority clusters. These Industrial Priority Zones (IPZs) represent existing co-locations of economic activity as well as vacant land that is zoned industrial or commercial. While businesses clearly operate in areas outside of the IPZs, these nodes of activity indicate where zoning, infrastructure, utilities and land assets are most likely to be amenable to industrial development. This concentration of assets is reflected in the significant overlap between the IPZs and Cook County's Industrial Growth Zones, areas designated by the County for enhanced support to catalyze investments by landowners, developers and business owners.<sup>46</sup> In addition, the physical proximity of firms to each other, especially firms operating in the same cluster or in related supply chains, has the potential to create and stimulate synergies among the firms that co-locate in these IPZs. As of 2014, businesses within the IPZs constituted 33% of all jobs in the South Suburbs and 63% of the sub-region's industrial jobs.<sup>47</sup> See Appendix H for more detailed maps of each IPZ.

The IPZs encompass nearly 1,500 acres of vacant land that is zoned industrial or commercial, and thus is potentially viable for redevelopment for priority cluster uses. Each zone contains parcels of varying attributes that will be attractive to different types of industrial activity (see Figure 6 and Table 9 on the following pages), as described in the high-level profiles of each, below.

### **Zone A**

Of the three zones, Zone A, which encompasses 9.7 mi.<sup>2</sup>, has the highest concentration of economic activity. It has the largest total employment (both overall and per square mile), and was the only zone to see total employment – both industrial and non-industrial – increase from 2002-14. Zone A also has the most employees per square mile in the Food, Chemicals, and both B2B Blue-Collar clusters, along with a strong presence in TD&L and MME<sup>48</sup> (See Appendices I and J for further detail on employment and establishments across all IPZs, in total and by cluster.). The zone has strong highway access, with I-294 to the west and I-57 on its eastern edge, along with water transportation access via the Calumet River. The area also sits at the confluence of several rail lines, with the Iowa Interstate intermodal facility located in Blue Island, and two large rail yards operated by CSX and Indiana Harbor Belt just to the east in Riverdale.

### **Zone B**

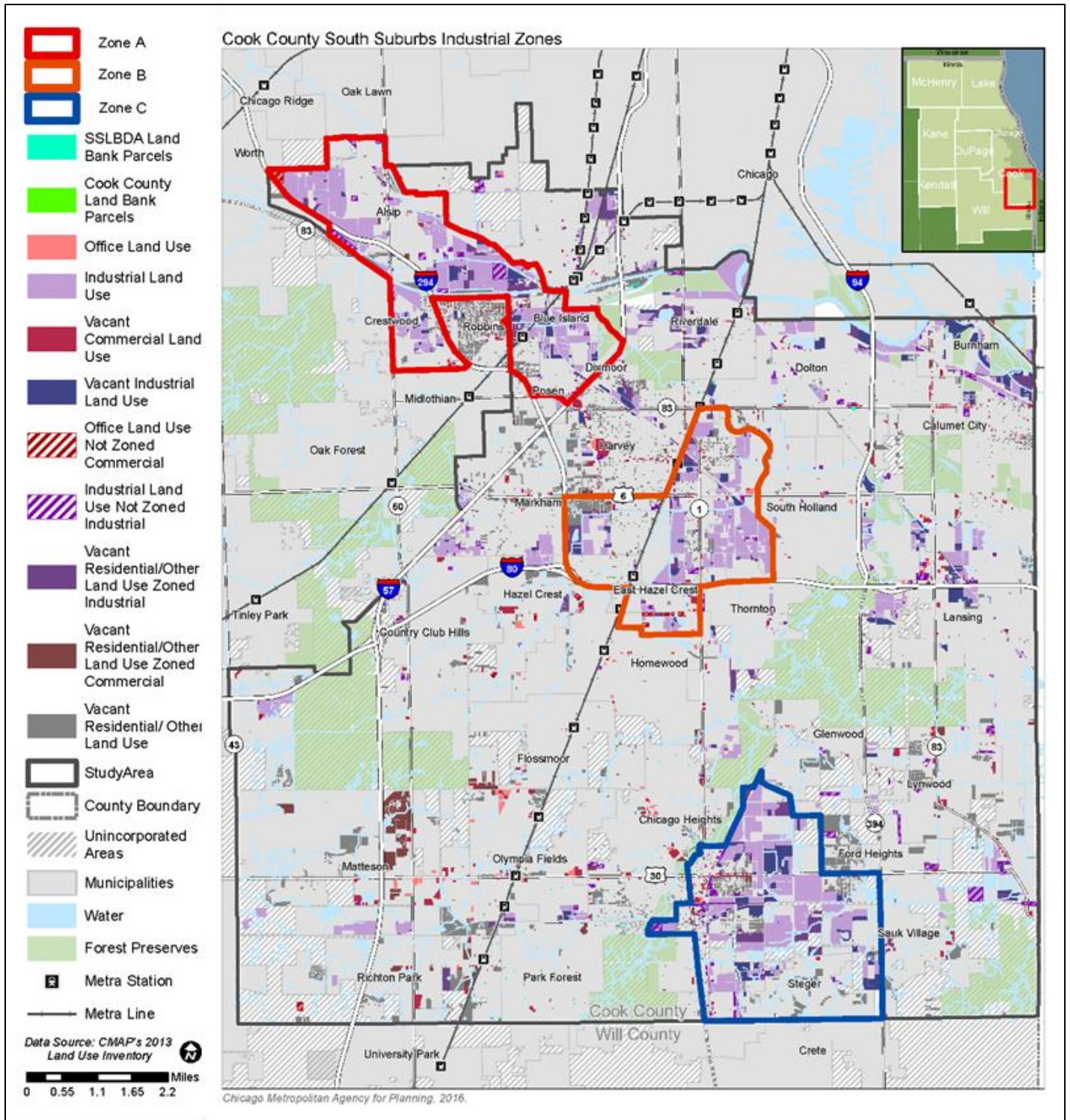
Zone B (8.2 mi.<sup>2</sup>) is a notable center for the South Suburbs' TD&L activity, and has experienced a resurgence of industrial employment, suggesting it has become increasingly attractive. Industrial employment grew by 17% from 2002-14, the largest increase of the three zones. Nearly 30% of the sub-region's TD&L jobs are in this zone, likely due in part to the infrastructure access and assets in the area. Two major intermodal facilities – Union Pacific's Yard Center in Dolton/South Holland and CN Gateway in Harvey – fall within this zone, and interstates I-294 and I-80 also run through the area. While TD&L is the primary employer, this zone also has a modest presence of activity in the other traded South Suburban priority clusters, and its employment per square mile is only slightly lower than Zone A.

### **Zone C**

While Zone C (10.5 mi.<sup>2</sup>) has the lowest overall and per square mile employment and a smaller presence in most of the South Suburbs priority clusters, it serves as a key hub for certain portions of the sub-region's manufacturing. This area has the highest MME employment per square mile of the three zones, with over a quarter of the South Suburbs' MME jobs in this area. Employment per square mile in Chemicals Manufacturing is roughly on par with the other zones, while other South Suburban priority clusters show relatively few jobs. Transportation access is slightly more limited than in the other zones, with I-394 the only nearby interstate, though the area does have a notably high number of industrial parcels with direct rail access. Zone C is home to the most vacant acreage zoned industrial or commercial (nearly twice either of the other zones), and exhibits the largest average parcel size of the three zones (nearly one acre).



Figure 6. South Suburban Industrial and Commercial Land Uses and Industrial Priority Zones (IPZs)



**Table 9. Industrial/Commercial Vacant Land Assets of South Suburban IPZs**

	Zone A	Zone B	Zone C
Number of Parcels	905	522	783
Land Area (acres)	383	302	698
Average Parcel Size (acres)	0.42	0.58	0.89
Parcels by Size:			
<1 acre	829	475	672
1-5 acres	60	32	80
5-10 acres	14	8	13
>10 acres	2	7	18
Source: Mass Economics and RW Ventures, LLC analysis of data from U.S. Census Bureau, County Business Patterns; Bureau of Economic Analysis, Input-Output Accounts; Bureau of Labor Statistics Employment Projections			

While the boundaries of the IPZs have been drawn to encompass the South Suburbs’ highest concentrations of industrial land, residential and commercial uses also exist within and adjacent to these zones. Strategies for promoting more reuse of latent industrial land assets may have impacts on the conditions in residential and commercial areas, and vice versa. Phase 2 of this project will further examine how and where the existing mix of land uses presents potential conflicts, and will refine relevant strategies to ensure compatible, complementary developments along the boundaries of differing uses.

### Assessment: Economic Activities

The South Suburbs has substantial assets upon which to build economic activities that position the sub-region for a productive role in the next economy. This role could largely be built around the existing concentrations of firms and activities that align with regional growth clusters, and can be further tailored to the unique presence of sub-clusters that have grown and developed in this area.

The South Suburbs also have an opportunity to connect with and drive innovative activities in their priority clusters. Existing employment in the Chemicals, Food and MME clusters suggests that South Suburban firms have a talent pool that participates in multiple stages of innovation activities and that can create new value by developing innovative processes and products. Stimulating these activities may require connecting with resources outside of the sub-region, as the current business development environment is not tailored to the promotion of innovation-related activities.

Physically, the South Suburbs still possess the attributes that initially made the area a center for manufacturing and TD&L activities, and those assets remain relevant in the current economy. Leveraging the sub-region’s transportation network will increase its competitiveness in TD&L as well as make it a more attractive location for firms in other priority clusters. The IPZs described above provide initial guidance on where new investments in cluster-based economic activities might be best suited to locate and have the most impact, and suggest that strategically

repurposing latent land assets offers the potential to capture higher-than-projected shares of regional job growth in South Suburban priority clusters. Further inventorying of land assets, combined with deeper exploration of the demand for particular uses in each priority cluster (e.g., production, distribution, R&D, back office, etc.) will help identify potential matches between available parcels and new cluster activities.

# Market Analysis: Workforce

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## *Highlights*

Residents of the South Suburbs are relatively skilled and, compared to the region, a larger share is “middle-skilled,” providing an attractive labor pool for local industrial employers.

However, residents are increasingly disconnected from the trajectory of the regional labor market.

- Existing skills are mismatched with in-demand occupations, which have become more specialized and technology-intensive, and often require formal credentialing
- Physical access is a barrier for some workers, as employment growth is increasingly in the northern and western portions of the metro area, which are only reachable via lengthy auto commutes

Three workforce segments appear most strategically important to leverage for economic growth:

- Un-/under-employed, middle-skill residents displaced from (a) industrial jobs and (b) management and administrative jobs
  - “Opportunity Youth” – young, low-skilled adults who are not working or in school
- 
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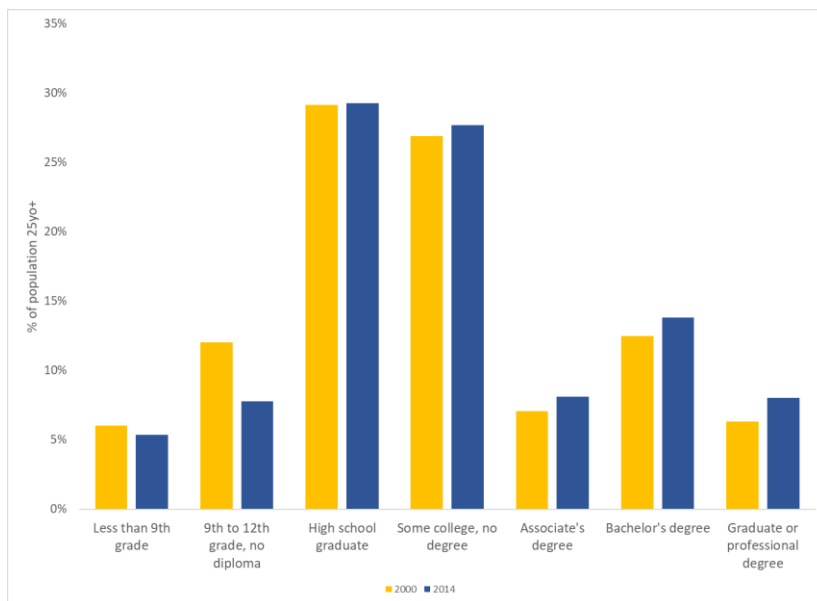
South Suburban residents participate in a labor market that is regional in scope. The degree to which they are effectively connected to and deployed into that broader marketplace contributes to overall regional growth while also significantly affecting the prosperity and vitality of the sub-region. Residents who are employed in high-growth industries and occupations drive the success of the region’s businesses. Their engagement in stable, well-paying jobs also brings income into the South Suburbs, facilitating investment in residential real estate, increasing demand for consumer and other amenities, and fostering a virtuous cycle of community and economic development.

Access to regional labor market opportunities is based primarily on three dimensions: skills match; physical access; and “transaction costs.” South Suburban workers will be more productively deployed into the regional economy and realize better outcomes (e.g., stable employment, higher wages, upward mobility) if they possess skills that align with the occupations that employers seek to fill. Residents’ labor market outcomes are further affected by how easily they can reach those job opportunities for which they are well-suited, either because jobs are located nearby or are accessible via a reasonable driving or transit commute. Firms and workers will make better, more productive matches if employers are able to effectively and efficiently find potential employees and evaluate their qualifications.<sup>49</sup>

## South Suburban Workforce – Skills and Occupations<sup>50</sup>

Between 2000 and 2014, the educational attainment of South Suburban residents rose slightly (see Figure 7), generally reflecting region-wide trends. The sub-region is home to a particularly large middle-skilled<sup>51</sup> population, which now makes up 36% of adults over age 25 (compared to 27% region-wide). The number of residents with a high school diploma or less has been declining, while the number of middle-skill residents has risen – both at rates comparable to the region overall. The sub-region has also seen gains among residents with at least a bachelor’s degree (22%, compared to 35% region-wide), though at only about two-thirds the pace of region-wide growth. Overall, the educational attainment of the South Suburban workforce positions it well to compete for regional employment opportunities, particularly in growing and emerging middle-skilled occupations.

**Figure 7. Educational Attainment of South Suburbs Residents, 2000-2014**



Source: Analysis of 2000 US Census and 2014 ACS data (5-year estimates)

Significant shares of South Suburban residents are employed in sectors that are closely aligned with the sub-area’s priority clusters, described in the “Economic Activity” section above (see Figure 8). These include health care and social services (18.2%), manufacturing (9.5%) and transportation and warehousing (9.3%). Smaller shares are employed in activities that are regional (if not sub-regional) priorities such as finance and insurance, and professional, scientific and technical services (comprised largely of advanced business services such as legal services, architecture, etc.).

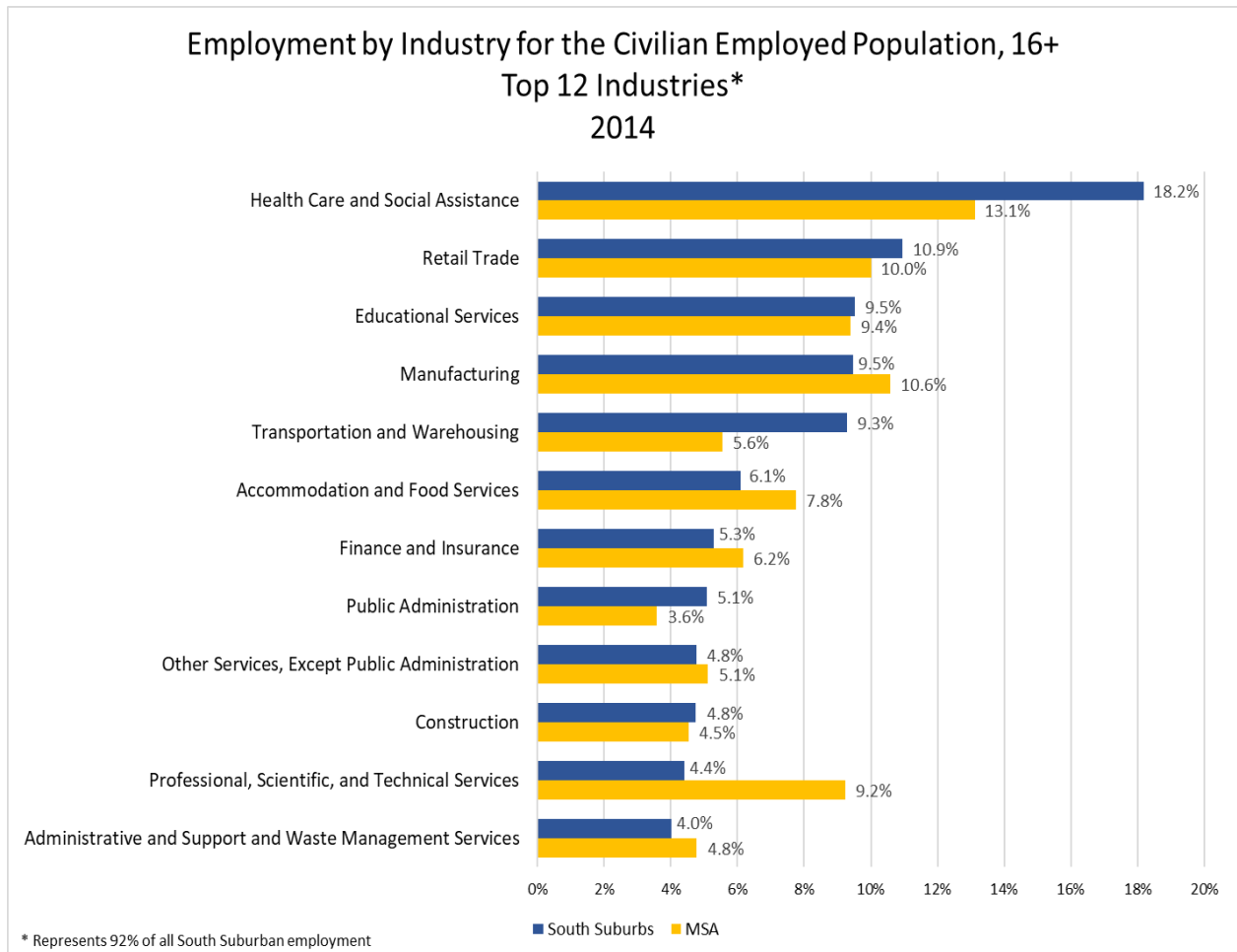
Despite these high-level gains in skills and participation by the labor force in a number of priority regional clusters, South Suburban households have faced declining economic outcomes over the same time period. For example, between 2000 and 2014, the unemployment rate and poverty rate both increased significantly, and the distribution of household income shifted downward.<sup>52</sup> These dynamics suggest a growing disconnect from the regional labor market, as

well as a shift in the household composition.<sup>53</sup> That is, existing residents may be doing more poorly, and new, more challenged residents may have been moving into the sub-region.<sup>54</sup>

Exploring the employment of South Suburban residents by *occupation* – the specific roles and functions they perform, rather than only the industries in which they work – begins to unravel the local workforce dynamics and surfaces three priority workforce segments that are likely contributing to these complex outcomes:

- Under-employed middle-skill workers
  - Displaced from blue-collar/industrial jobs
  - Displaced from white-collar management/administrative jobs
- “Opportunity youth”<sup>55</sup>

**Figure 8. Employment by Industry, South Suburban Residents, 2014**



Source: Analysis of 2014 ACS data (5-year estimates)



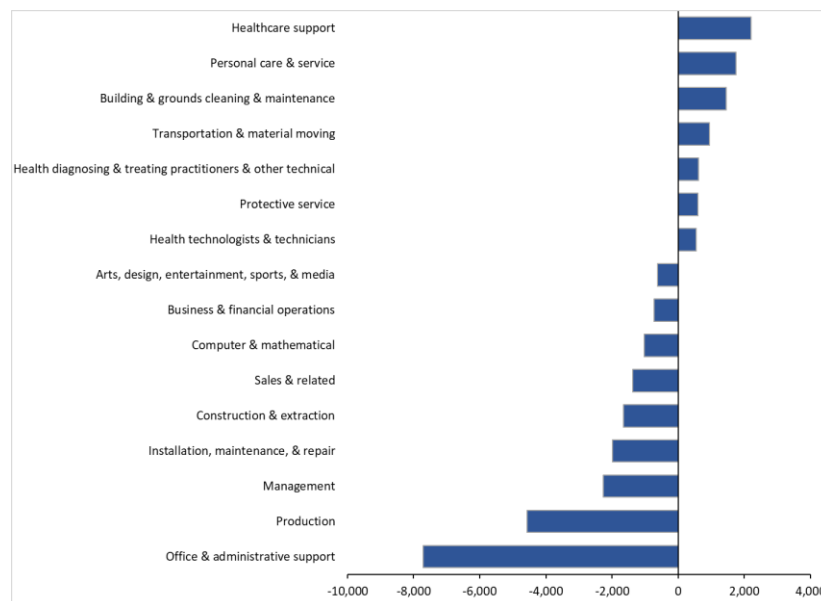
## Under-Employed Middle-Skilled Workers

While South Suburban residents have more formal education than they did a decade or more ago, they are now employed in lower-skill, lower-wage jobs – a common trend both regionally and nationally. The mix of occupations held by local residents shifted between 2000 and 2014, as illustrated in Figure 9, below. In nine occupational categories, resident employment *declined* by at least 500, ranging from an employment loss of nearly 650 in Arts, Design, Entertainment, Sports and Media occupations to an employment loss of about 7,700 in Office and Administrative Support occupations. The occupations in which the most residents lost employment tend to require middle skills<sup>56</sup> and provide living wages, at a weighted average of nearly \$26/hour (approximating an annual, full-time wage of \$52,000).<sup>57</sup>

Resident employment *increased* by at least 500 in seven occupational categories, ranging from nearly 550 jobs in Health Technologist and Technician occupations to more than 2,200 in Healthcare Support occupations. The occupational categories in which the most residents saw employment gains tend to be slightly lower-skilled<sup>58</sup> and noticeably lower-wage than those that experienced the greatest losses (described above). The weighted average wage for the highest-gaining occupations is less than \$19/hour,<sup>59</sup> and falls to \$16/hour if figures exclude the occupational category that includes physicians, therapists, nurses and other higher-skilled healthcare occupations.<sup>60</sup>

This gap in average wages between the highest-gain and greatest-loss occupational categories – \$7 to \$10 per hour – equates to a decline of \$14,000 to \$20,000 in annual wages for a full-time worker.

**Figure 9. South Suburban Residents' Occupations Gaining or Losing 500+ Jobs, 2000-2014**



Source: Analysis of 2000 US Census and 2014 ACS data (5-year estimates)

One possibility that this dynamic suggests is a mismatch of residents' skills – particularly those who are “middle-skilled” – with those in highest demand by regional employers. Some have likely lost moderate-wage jobs, and have been unable to find employment in a comparable occupation because either (a) demand for that occupation is declining (i.e., there are few, if any, openings) or (b) the occupational skill requirements have changed significantly enough that the displaced worker is no longer qualified for that role.<sup>61</sup> Displaced workers like these may have taken employment in occupations that are growing, but for which they are over-qualified. For example, a worker in an installation, maintenance and repair occupation (\$24/hour) may not have updated his/her skills to work with computerized equipment technology, and upon losing his/her job, cannot find a similar replacement position. The worker then finds a job in building and grounds maintenance (\$14/hour) or personal care and services (\$13/hour), experiencing a significant decline in wages.

Alternatively, it may suggest that workers moving into the South Suburbs between 2000 and 2014 are employed in lower-skill and lower-wage occupations than existing residents or those who have moved out. For example, the losses in production and management jobs may be due in part to some of the holders of those jobs leaving the South Suburbs. Conversely, the increase in healthcare support jobs may be partially attributable to the arrival of new residents who previously lived outside the South Suburbs.

It is likely that both of the above dynamics are operating in the South Suburbs to some degree. However, it is not possible to tell from the analysis to date the extent to which each is contributing. The available data do not offer a way to track changes in occupation for individual residents from year to year. Therefore, changes in occupational distribution reflect *a combination of shifts in occupations among a static group of workers living in the South Suburbs (the first possibility described above), and occupational shifts due to differences in the types of workers who are moving into and out of the sub-region (the second possibility).* Phase 2 will explore these dynamics further.<sup>62</sup>

## Opportunity Youth<sup>63</sup>

The South Suburbs is home to approximately 57,000 young adults between 16 and 24 years old. Only slightly more than one third of this population is employed, while the remaining 63% are jobless. Joblessness is particularly acute among South Suburban 16- to 19-year-olds, 84% of whom are not employed, compared to a national average of 70%. The highest rates of joblessness in the area include Burnham, Ford Heights Harvey, Markham, Olympia Fields, Richton Park and Riverdale, all of which exceed 90%.<sup>64</sup> Further, 19% of individuals in this age group are neither employed *nor* in school,<sup>65</sup> the highest rate in all of Cook County.<sup>66</sup>

Young adults between 20 and 24 years old fare better than the younger cohort in absolute terms, at a rate of 44% out of work, but the rate still exceeds the national rate (34%) and is more than twice as high as in the northern Cook suburbs.<sup>67</sup> Predominantly African American areas of the South Suburbs exhibit some of the highest jobless rates for this age group in the county,



including in Ford Heights, Harvey, Hazel Crest, Markham and Sauk Village, where rates exceed 60%.<sup>68</sup> In addition, 20- to 24-year-olds in the sub-region have the highest out of school *and* out of work rate in Cook County outside of the City of Chicago (41%).<sup>69</sup>

In general, the challenges Opportunity Youth across the US face in obtaining productive, stable employment, include low educational attainment (many do not have a high school diploma or GED), criminal justice issues, substance abuse, poor access to supports such as transportation and child care, and others. Among teens and young adults visiting the South Suburbs' four youth-serving (16- to 24-year-olds) workforce centers, the majority are African American and female, and the most common barriers are being low-income and lacking basic skills competency (reading or math skills at or below a 9<sup>th</sup>-grade level).<sup>70</sup> Addressing these and other barriers is important not only to improve the near-term prospects of this segment of the labor force and the regional economy, but is also critical to ensuring they experience economic opportunity, social stability and health later in life.<sup>71</sup> Further exploration of the challenges and opportunities for re-engaging Opportunity Youth in work and school will be undertaken during of Phase 2, including through deeper engagement of the Chicago Cook Workforce Partnership and other workforce providers that engage this population.

## Regional Workforce Demand

One factor determining the extent to which workers are productively deployed into the regional economy is the extent to which their skills are aligned with employers' demand. Examining trends in regional labor demand suggests that South Suburban residents are increasingly disconnected from the trajectory of regional job growth. At the same time, it appears that opportunities exist for workers to transition into new, higher-growth types of employment. Both of these preliminary conclusions will be more deeply investigated in Phase 2.

The Chicago area labor market is large and diverse, with growth anticipated in a broad array of occupations across all categories. However, projections<sup>72</sup> indicate the most sizable net growth – more than 20,000 jobs each – to be in nine occupational categories between 2012 and 2022. Within each of those categories, growth is concentrated in a subset of specific occupations (see Table 10).

Nearly all of the occupational categories that are projected to experience the most significant growth are aligned with industries that will contribute to regional economic growth. That is, though some are strictly local-serving (e.g., food serving and preparation and parts of sales and related), most are concentrated in traded clusters and aligned with the priority clusters of the South Suburbs and the broader regional economy.

Given the next economy's emphasis on knowledge and skills, it is not surprising that many of the highest-growth occupations – 9 of 22 – require a bachelor's or advanced degree (as reflected by weighted average job zone scores near or greater than 4.0). The remainder of occupations generally require less than a bachelor's degree – in line with the educational attainment of the

majority South Suburban residents – and include lower-skill/entry-level occupations primarily in food preparation and serving and transportation and material moving, as well as middle-skill occupations in sales and related, office and administrative and healthcare and technical support occupations.

The high-growth lower- and mid-skill occupations exhibit a relatively favorable wage distribution across categories and skill levels. All of the middle-skill occupations pay wages of at least \$15/hour, as do nearly half of the lower-skilled jobs (4 of 9).

Examining this subset of occupational projection data suggests that there are plentiful opportunities for middle- and lower-skilled residents in the regional economy, including *appropriately skilled* residents of the South Suburbs. Skill requirements for a broad range of occupations have been in flux for a number of years, and continue to evolve and become more occupation-specific over time. This often requires narrowly focused, formal training to acquire relevant capabilities and skill certifications. Further work will be undertaken in Phase 2 to clarify the relationship between residents' existing skills and those required for growing occupations, and how any gaps between the two can effectively be bridged. Aligning South Suburban residents' skills – particularly under-employed middle-skilled workers (both blue- and white-collar) and Opportunity Youth – with the emerging demands of the region's high-growth occupations will both support regional economic growth and improve workers' individual economic outcomes.

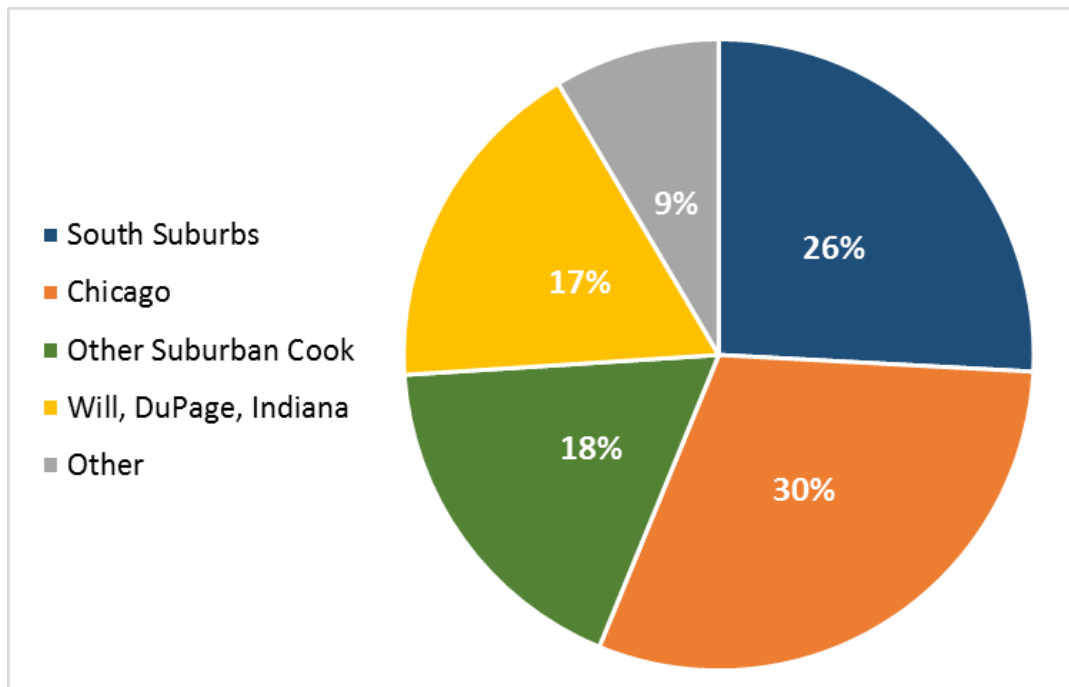
**Table 10. Regional Occupational Categories with Projected Net Growth of 20,000+, 2012-2022**

Occupations	2012-2022 (Net Change)	Wted. Avg. Job Zone <sup>73</sup>	Weighted Avg. Hourly Wage, 2015
Transportation & Material Moving	38,223		
Material Moving Workers	22,307	2.0	\$13.24
Motor Vehicle Operators	11,239	1.9	\$19.87
Healthcare Practitioners & Technical	29,121		
Health Diagnosing & Treating Practitioners	17,976	4.0	\$43.29
Health Technologists & Technicians	10,544	3.0	\$22.82
Sales & Related	28,904		
Retail Sales Workers	13,006	1.8	\$12.79
Sales Representatives, Wholesale & Mfg.	6,350	4.0	\$35.71
Sales Representatives, Services	5,802	3.6	\$36.85
Food Preparation & Serving	27,900		
Food & Beverage Serving Workers	16,865	1.1	\$10.21
Cooks & Food Preparation Workers	5,866	1.8	\$11.79
Supervisors, Food Prep. & Serving Workers	2,858	2.1	\$16.20
Healthcare Support	27,127		
Nursing, Psychiatric & Home Health Aides	20,553	2.0	\$11.88
Other Healthcare Support Occupations	4,704	2.8	\$16.89
Business & Financial Operations	26,427		
Business Operations Specialists	18,187	4.0	\$35.53
Financial Specialists	8,240	3.9	\$41.35
Computer & Mathematical	22,765		
Computer Occupations	22,185	3.9	\$41.50
Office & Administrative Support	22,550		
Information & Record Clerks	10,561	2.0	\$17.16
Financial Clerks	7,011	2.8	\$19.54
Secretaries & Administrative Assistants	4,798	3.0	\$17.87
Management	21,257		
Top Executives	7,259	4.1	\$61.41
Other Management Occupations	6,172	4.2	\$46.02
Operations Specialties Managers	5,002	4.1	\$55.49
Advertising, Marketing, PR & Sales Managers	2,824	4.0	\$58.71
Notes:			
<ul style="list-style-type: none"> <li>• Job zone column – red font indicates occupations that are “middle-skilled” (at or near a weighted average job zone of 3.0); blue font indicates occupations that are closer to entry-level (at or near a weighted average job zone of 2.0 or less).</li> <li>• Wages column – green shading indicates wages of at least \$25/hour; yellow shading indicates wages between \$15-25/hour.</li> </ul>			

## Physical Access to Employment

Having the appropriate skills is the primary factor in determining the extent to which South Suburban residents are productively deployed into the regional economy, but being able to reach available job opportunities comes in a close second. There are concentrated pockets of economic activity in the South Suburbs (see discussion of Industrial Priority Zones in the prior section), but the area is not a major employment hub for the region, representing only 4% of jobs in the metropolitan area.<sup>74</sup> As a result, 74% of residents work outside the South Suburbs (see Figure 10).

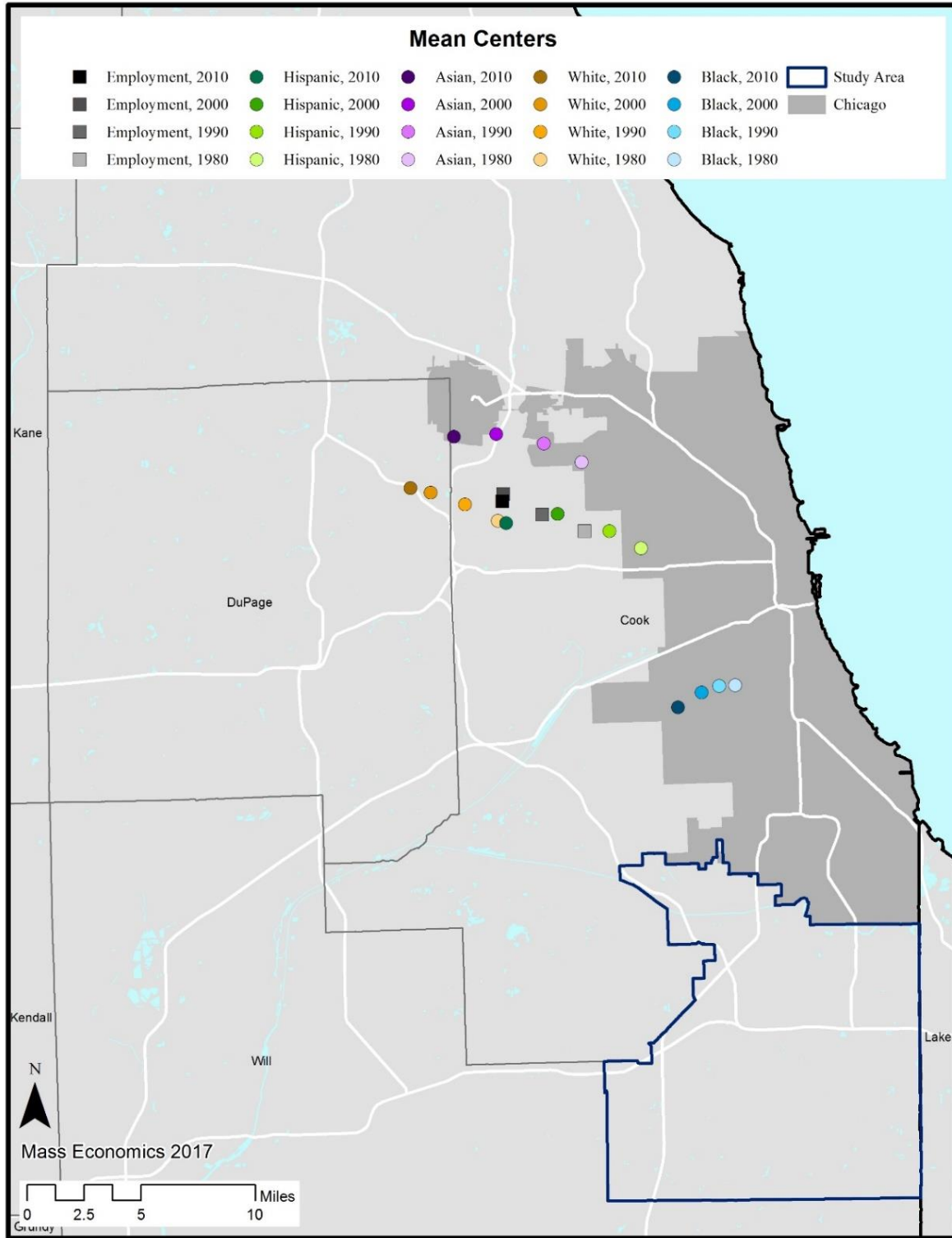
**Figure 10. South Suburban Residents' Place of Employment, 2014**



Source: CMAP analysis of data from the US Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program

Accessing jobs outside the South Suburbs is challenging for some residents, and may become increasingly so in the years ahead. Downtown Chicago, the region's primary job center, is easily reachable via Metra's two lines and 21 stations located throughout the sub-region. Workers commuting to jobs elsewhere in the region primarily rely on driving, as transit access is limited and lengthy – the vast majority of transit commutes exceed 75 minutes of travel time. Will County, DuPage County and northwest Indiana are generally reachable within a 45-minute drive, for workers who have access to a car. Especially concerning is the increase, in recent years, of concentrated job growth to the north and west of downtown (see Figure 11)<sup>75,76</sup> – areas that are not reachable within a 75-minute transit commute or a 45-minute drive from the South Suburbs.<sup>77</sup> Further exploration is warranted in Phase 2 of this project, regarding which segments of the South Suburban labor force face the most significant challenges in physically accessing employment opportunities.

**Figure 11. Movement of Mean Centers of Chicago-Region Employment and Population, 1980 to 2010<sup>78</sup>**



Source: Mass Economics analysis of US Census LEHD; Northeastern Illinois Planning Commission

## Assessment: Workforce

The South Suburbs are home to a relatively skilled workforce, and educational attainment levels have generally been improving. This strong, sizable pool of workers is employed in a number of large and growing clusters, including healthcare, TD&L and various types of manufacturing. With the appropriate skills, labor market connections and physical access to employment opportunities, the South Suburban labor force has the potential to help drive economic growth in the broader metropolitan area.

Much of the emerging labor market demand requires a new or evolving set of skills, particularly as technology has increasingly become commonplace and critical in many industries. Changing skill demands make it increasingly challenging for workers to shift from one occupation to another. This appears to be contributing to underemployment in the South Suburbs among displaced blue-collar workers as well as displaced white-collar workers (e.g., administrative and office support).

As demand shifts, workers need to continually develop a more advanced skillset to grow in their positions or to transition into new roles. Interviews with stakeholders suggest that there are several barriers that prevent workers from acquiring the skills they need to remain competitive in the workforce. These barriers include the cost of educational programs, transportation access to programs, the inability to take time away from work to attend courses, and the lack of workforce development opportunities specifically geared toward incumbent workers.

In addition, South Suburban teens and young adults (16- to 24-year-olds) are unemployed and out of school in large numbers, compared both to the nation and to the region. Addressing the barriers they face to gaining further education or attaining stable employment will be a key element in not only improving short-term economic outcomes for the South Suburbs and broader region, but in developing a sustainable pipeline of workers for the future.

Increasing physical access to job centers is also a challenge to South Suburban residents' productive employment. Accessibility can be improved by a combination of increasing the number of jobs within the sub-region or in close proximity to it, and enhancing connectivity to employment concentrations elsewhere in the region.

The South Suburban workforce is in transition as occupational demands shift in the next economy. Upskilling and productively (re)deploying these South Suburban residents into accessible, high-demand occupations and clusters will simultaneously contribute to regional economic growth and improve their economic prospects.

# Market Analysis: Community Characteristics

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## *Highlights*

The South Suburbs are comprised of roughly six sub-markets, described below, each constituting distinct communities, challenges and opportunities to which strategies can be targeted.

Top-line trends across the diverse sub-region include:

- The South Suburbs are largely comprised of solid middle- and working-class bedroom communities with reasonably priced, decent housing stock and attractive amenities.
- Some communities are in transition, with significant and increasing shares of minority (African-American and Latino) and older residents, to some extent mirroring regional and national trends.
- The sub-region has lost middle-income households, particularly in some more distressed communities.
- Overall, the area has seen a shift toward lower income levels, and higher poverty and unemployment.

Enhancing the existing base of housing assets and amenities could attract and retain a next generation of residents.

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Neighborhoods specialize, evolving to provide particular combinations of characteristics and amenities to serve different segments of the population. Different packages of housing and amenities – the cost and physical characteristics of housing stock, retail mix and quality, school quality, safety, green space, proximity and access to job centers, etc. – constitute “communities of choice” for young singles, families with children, immigrants, retirees or other population segments. Healthy regions will provide an array of community types that fulfill the varying preferences of a diverse range of potential residents.

At the same time, neighborhoods are continually in motion. Even a stable community type has steady renewal of its population as, for example, new young families move in to replace families who aged and moved to other communities better suited to families with older or no children. And many community types are less stable, but transition to other types, serving other population segments over time. This resident turnover – who stays and moves in and out – is the key mechanism of how neighborhoods change over time. Examining communities’ characteristics, amenities, populations and their trends can reveal how neighborhoods are performing in their roles as communities of choice – whether they are thriving, declining, transitioning, holding steady – and to which populations they are becoming, or could become, more or less attractive.

The South Suburbs' communities provide unique packages of housing and amenities that can appeal to the preferences of different types of Chicagoland residents. Assessing the characteristics of the sub-region's residential amenities and its residents themselves will clarify the Souths Suburbs' status and potential trajectories as a set of communities of choice, and suggest interventions that will make them more attractive to current and prospective residents. This will help ensure that as the South Suburbs define their role in the regional economy, they also determine in what ways they can be an attractive place to live for their next generation of residents.

## **High-Level Characteristics and Trends**

While the South Suburbs represent a large and diverse area (as described further in the following section), several overarching trends and dynamics apply generally to all its communities. The sub-region consists mostly of bedroom communities, housing residents who commute to job centers elsewhere in the region, interspersed with industrial centers that have attracted blue-collar residents to live nearby. These communities range from older, inner-ring suburbs on the Chicago border to slightly newer and more spacious communities in the central and southern portion of the sub-region, and agricultural, nearly rural areas present on the fringes.

### ***Demographics***

The size of the South Suburban population has been relatively stable in recent years (-0.5% between 2000 and 2014).<sup>79</sup> However, movement of residents into and out of the sub-region has resulted in some meaningful demographic changes. One distinguishing feature of the South Suburbs – compared to other parts of the region's suburban landscape – is their prominence as a place of residence for the region's African-American population. In addition to growing proportions of Latino residents, and an aging population (reflecting regional and national trends), the sub-region's communities house greater proportions of African Americans residents than the rest of the region.<sup>80</sup> The area's demographics continue to move in those directions – majority-minority and older – and at faster rates than the rest of the region. As mentioned in the Workforce market analysis, the South Suburbs are home to a large middle-skill population (more than high school, but less than a four-year degree), and educational attainment has been rising, though more slowly than the region overall.

### ***Household Economic Characteristics***

Many sub-areas of the South Suburbs remain thriving bedroom communities for middle-income blue- and white-collar households (as further described later in this section). At the same time, many households and sub-areas are also struggling. Unemployment and poverty rates are worse than the rest of the region, and have been deteriorating at a faster rate.<sup>81,82</sup> This change is happening in tandem with a downward shift in the income distribution, with increases in lower-income households, combined with a decline in middle-income households. While typical of the rest of the region, this trend is heightened in the South Suburbs. Much of the



deterioration in household economic outcomes is likely attributable to incoming residents in certain areas being particularly disadvantaged, including former CHA residents who have relocated to some South Suburban communities using HCVs.<sup>83</sup> The speed and degree of this transition suggests that the presence of relevant support services (e.g., workforce training and placement programs) may not be have caught up with the population changes.

### ***Housing***<sup>84</sup>

South Suburban housing stock consists primarily of single-family homes built after World War II. Several housing sub-markets exist within the sub-region, and prices span a wide range – for example, the share of homes valued at \$200,000 or more ranges from more than one fourth in the southwest portion of the sub-region to only 6% in the north-central portion (more detail by sub-region follows later in this section).

While rents and for-sale homes are generally quite affordable, many sub-markets are still struggling to recover from the recession and housing market crash. This is evident in housing prices that remain 30-50% below their pre-crash peak, high and rising vacancy rates,<sup>85</sup> a proliferation of business buyers<sup>86</sup> and high foreclosure rates.<sup>87</sup> Some sub-areas have seen sharp recent increases in home prices, which appear to be the result of a shift from primarily foreclosure sales toward more market-rate sales.<sup>88</sup>

### ***Amenities***

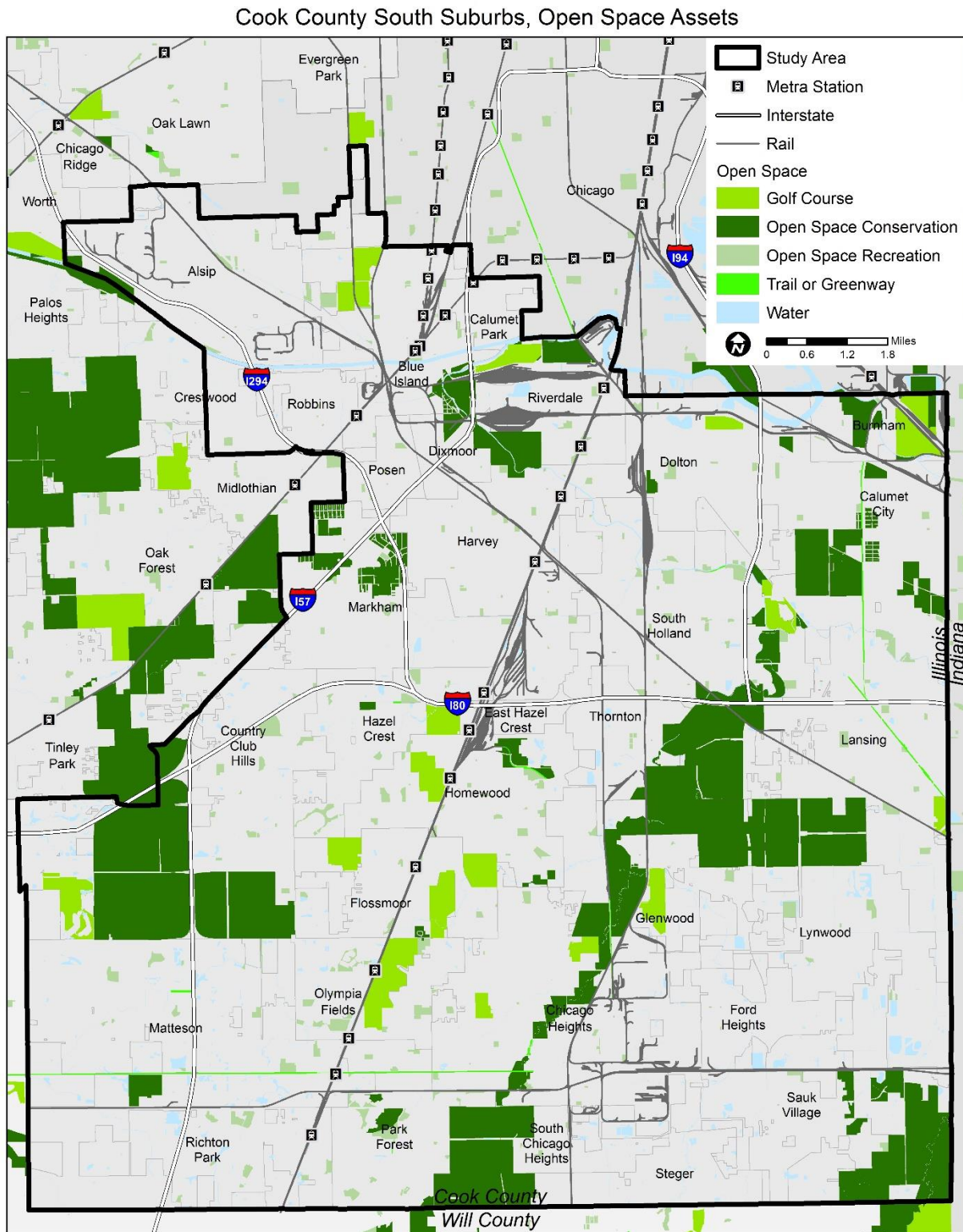
Phase 1 of this study focused primarily on two types of neighborhood amenities: consumer amenities and outdoor recreational amenities. Public safety and public school quality were also examined at a very high level. Many other categories of amenities have an impact on residential choices (e.g., social services, cultural and arts institutions, etc.), but were not assessed in this phase. Research into aspects of these, and deeper dives into areas already examined at a high level, may be undertaken in Phase 2 as appropriate.

The South Suburban market for consumer amenities – retail, restaurants, entertainment and personal services – has demonstrated mixed performance in recent years. Some categories have shown a stronger presence and sales than the rest of Cook County (e.g., grocery stores, personal services), while others under-performed (e.g., general merchandise). Anecdotally, there is a perceived shortage of “quality” retail amenities that are attractive to middle-class residents, such as sit-down dining options and specialty retail. River Oaks Center in Calumet City has struggled to retain key tenants, including anchors,<sup>89</sup> while Lincoln Mall in Matteson was shuttered in 2015, further decreasing residents’ local retail options.

The outdoor recreational amenities spread throughout the South Suburbs are a unique and notable asset for the sub-region (see Figure 12). In addition to being a potential selling point for drawing local tourism activity (see Economic Activities section), the many forest preserves, waterways, trails and other green amenities in the area could attract residents who value these recreational options. Several initiatives are underway to build the region’s strengths in this area.

Public safety is a significant concern in some of the most distressed parts of the South Suburbs, further threatening their attractiveness and quality of life. Overall, the sub-region has the highest violent crime and property crime rates in the county, outside the City of Chicago, though crime is not evenly distributed throughout the sub-region – it is concentrated in particular sub-areas.<sup>90</sup> Of the 34 municipalities in the South Suburbs, seven appear on the top-15 lists for highest rates of violent and property crime in suburban Cook County, and an additional four appear on one list or the other.<sup>91</sup>

Figure 12. Cook County Open Space Assets



## Community Types and Transition

The South Suburbs have many different types of communities, and their common or distinctive challenges and opportunities do not follow municipal boundaries.

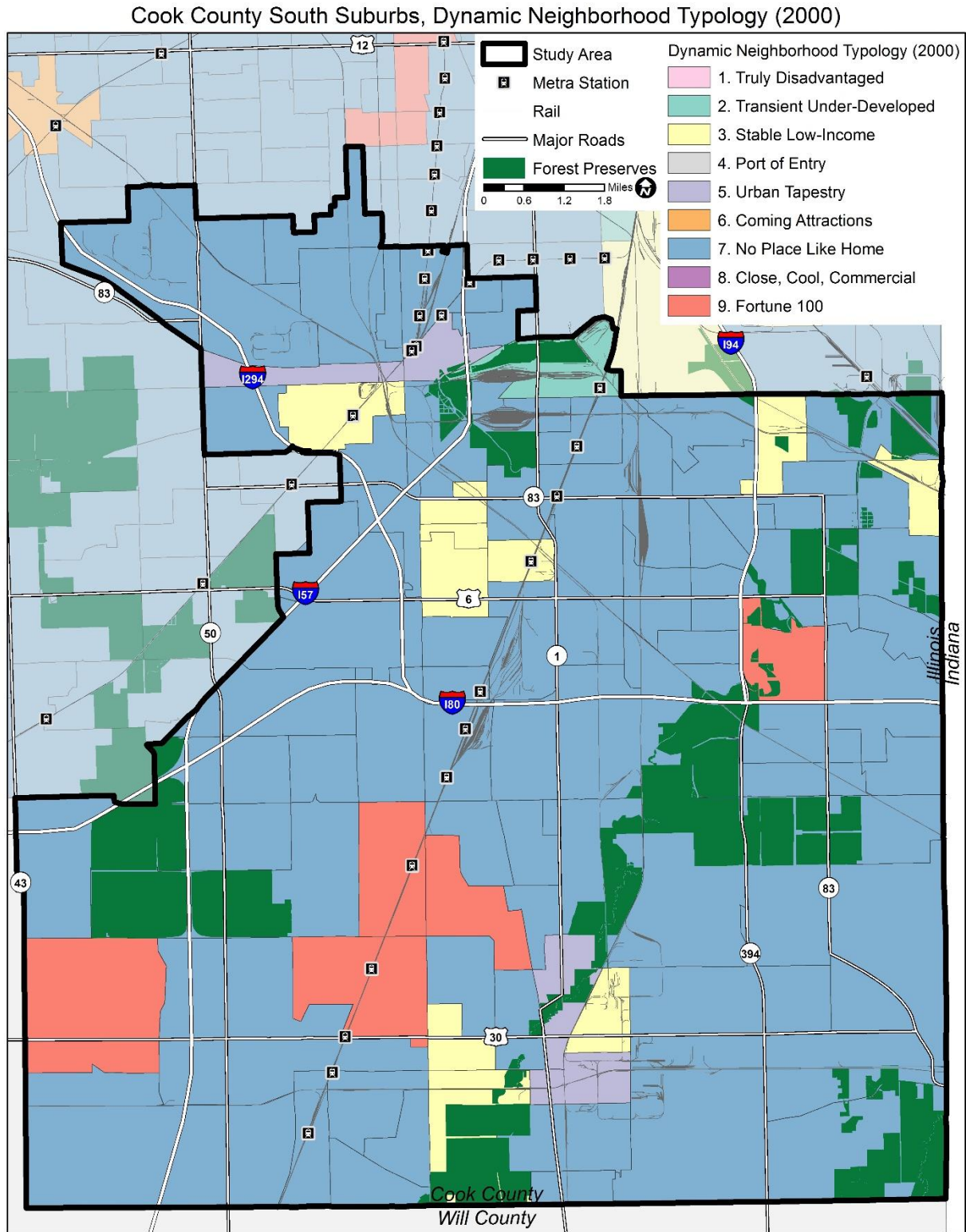
The DNT Neighborhood Typology (“DNT”) enables diving more deeply into understanding the South Suburbs’ diverse sub-geographies.<sup>92</sup> DNT uses 23 variables describing people, businesses and land to group Census tracts<sup>93</sup> into one of 9 neighborhood types and 33 sub-types (and further sub-sub-types not relevant to this phase) using a statistical clustering method. Each neighborhood type has a distinct identity – e.g., “Port of Entry” (immigrant community), “Urban Tapestry” (eclectic, bohemian), “No Place Like Home” (middle-income bedroom community) and so on. Neighborhoods with these identities share common challenges, opportunities and likely trajectories for change.

The pattern of DNT types in the South Suburbs begins to reveal a more nuanced picture of its communities and how they have changed in recent years (see Figure 13 and Figure 14 on the following pages).

Over the ten-year period analyzed (2000-2010),<sup>94</sup> the South Suburbs have remained predominantly middle-income bedroom communities,<sup>95</sup> but have experienced increasing distress in some sub-areas. In 2000, most of the sub-region was classified as middle-income bedroom communities (“No Place Like Home”), with a handful of areas classified as quite affluent (“Fortune 100,” the highest-income type) or lower-income (“Stable Low-Income”) bedroom communities and few more eclectic (mixed-income, race, age; more mixed uses) communities (“Urban Tapestry”). The South Suburbs were largely bedroom communities that attracted households at multiple points along the income distribution.

By 2010, the area remained primarily middle-income bedroom communities. Many sub-areas, however, transitioned in ways that indicate changing demographics and declining household economic characteristics. Those communities that remained relatively stable residential areas tended to experience declining income levels (e.g., “Fortune 100” areas became “No Place Like Home,” or “No Place Like Home” became “Stable Low-Income”). A few locations reflected increased resident diversity with only modest changes in income – transitioning to “Urban Tapestry” communities – while in several locations, conditions declined to the point that communities became distressed and destabilized. Characteristics of these “Transient Underdeveloped” areas include low rates of homeownership and high rates of resident turnover, vacancies and crime.

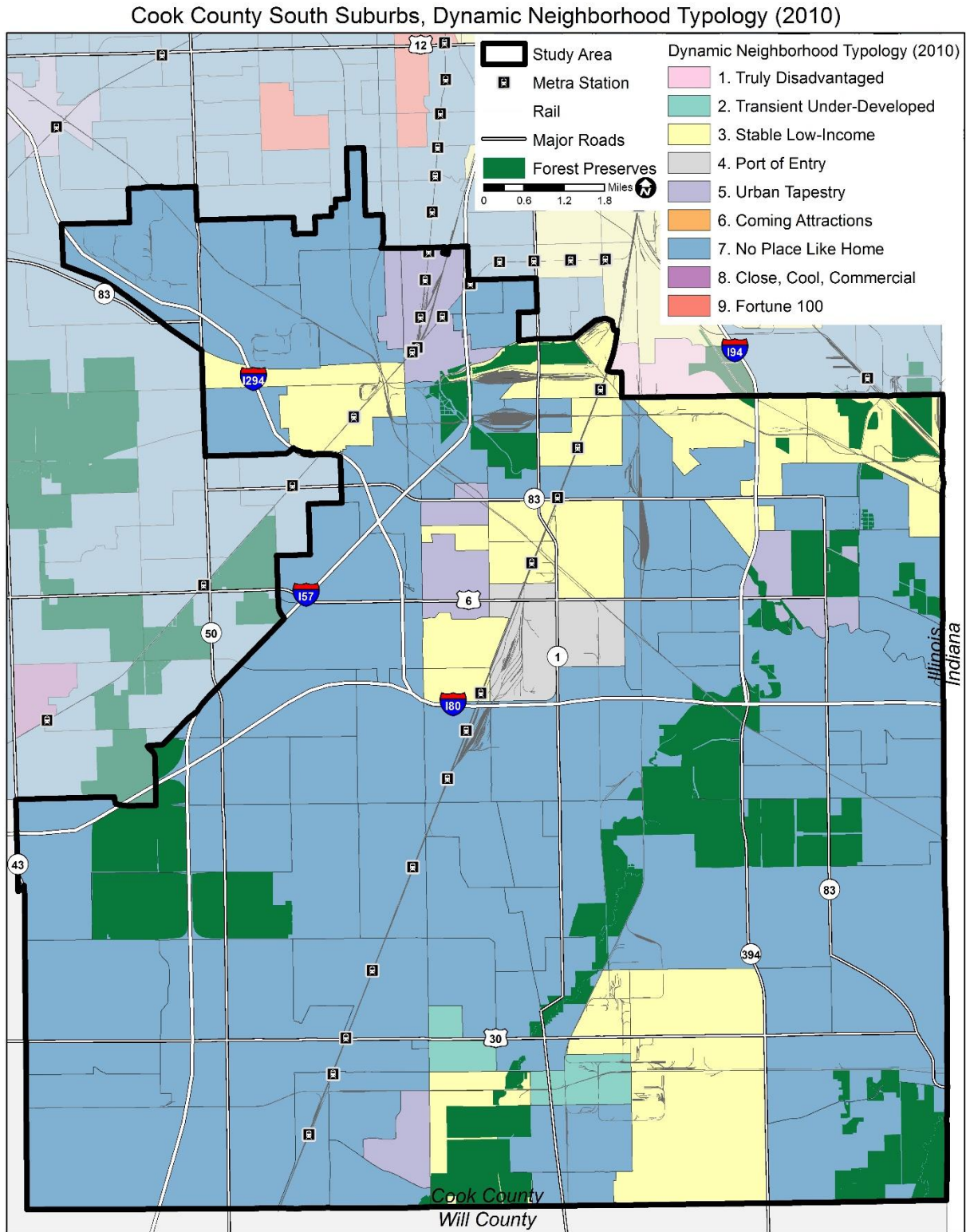
Figure 13. South Suburbs DNT Neighborhood Types, 2000



RW Ventures Analysis using Dynamic Neighborhood Taxonomy



Figure 14. South Suburbs DNT Neighborhood Types, 2010



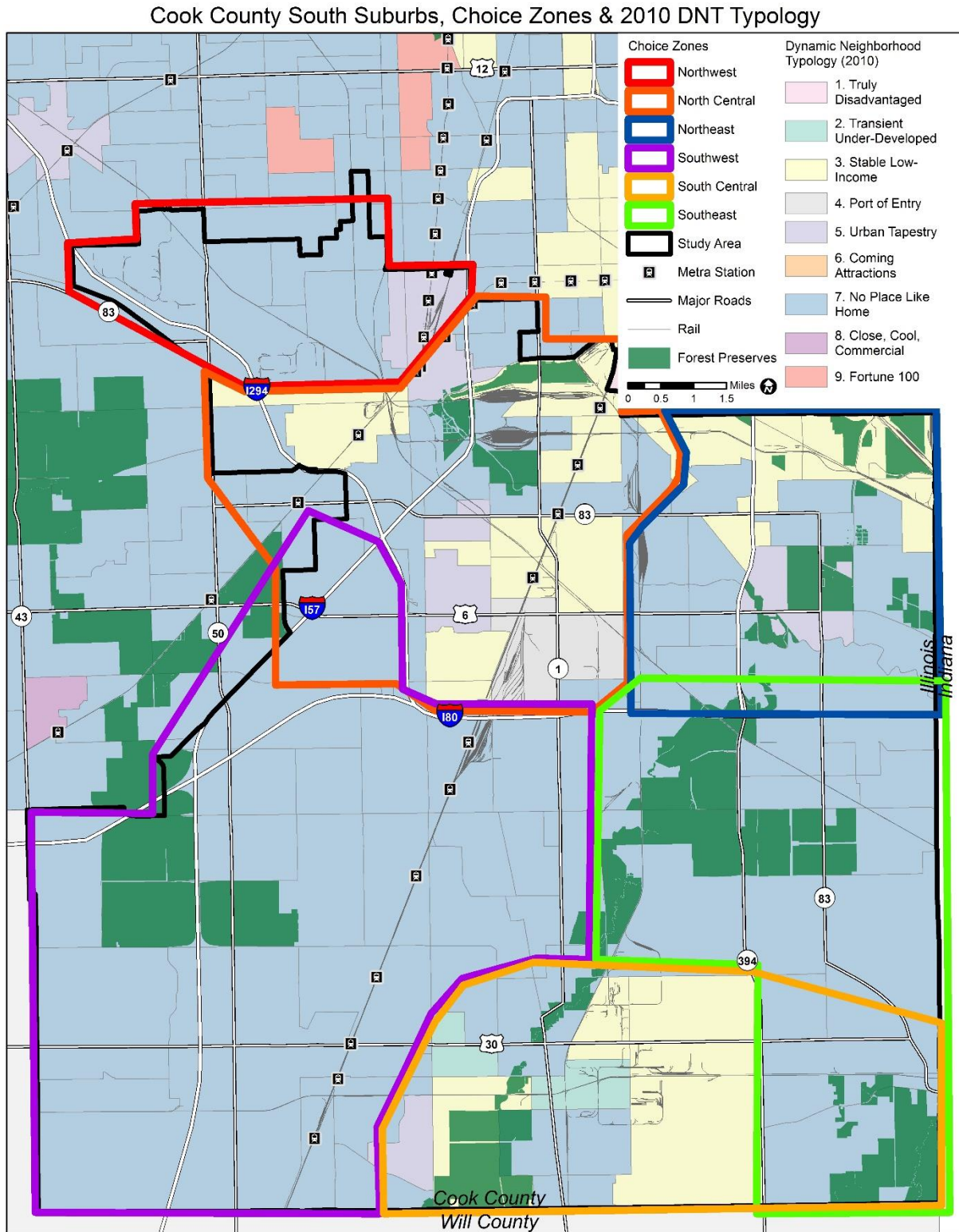
## “Choice Zones”

The DNT analysis – community types and common patterns of change – suggests that the South Suburbs is not made up of 34 distinct communities, mirroring the municipal boundaries, but rather a handful of larger sub-areas that share common housing and other market characteristics and trends. Identifying and more closely examining these distinct sub-areas provides further insights into the nature of the households currently living in each of them; the housing and amenities that are influencing their decisions to move in, stay or leave for another community; and ultimately what interventions should be targeted where to generate different types of communities of choice for current and future residents.

To define a set of “Choice Zones” in the South Suburbs – sub-areas with similar characteristics and dynamics related to households, housing stock and amenities – the DNT neighborhood type results were supplemented with additional analyses, including particularly trends in demand for the sub-areas reflecting in a sophisticated repeat sales index (RSI).<sup>96</sup> Identifying these initial zones allows for more nuanced assessment of the challenges and opportunities currently facing South Suburban communities, and consideration of what their future trajectories might be. Strategies can then be tailored and targeted to the characteristics and potential of each Zone.

Combining DNT and RSI results suggests six preliminary “Choice Zones” for the South Suburbs, each representing a different combination of community characteristics and dynamics (see Figure 15). These zones are a first approximation only, with fuzzy – in some cases overlapping – boundaries, and will be refined in Phase 2 with further analysis and input from local stakeholders.

Figure 15. South Suburbs "Choice Zones"





The primary characteristics of each of the Choice Zones are outlined below.

### **Northwest**

#### *Growing, eclectic and family-centered community*

The Northwest portion of the South Suburbs (consisting mainly of Alsip, Merrionette Park, and Blue Island north of the Cal Sag Channel) is primarily a relatively stable, attractive community for middle-income, blue-collar families. It is the smallest of the zones, home to less than 9% of the sub-region's population.

This zone is home to the highest proportions of white and Latino residents in the South Suburbs, and is the fastest growing area, including the largest increases in middle-aged adults (aged 25-44), and substantial growth in school-age children. This increase in younger residents may be driven in part by school quality; this area's schools exhibit some of the sub-region's highest standardized test scores and school quality ratings.<sup>97</sup> This is primarily a middle-income community, with the highest percentages of households making \$35,000-\$75,000 a year, and the only zone with a decrease in the proportion of households making less than \$10,000 a year. The economic status of households in this zone may be in part attributable to the high number of employment opportunities in Industrial Priority Zone A (the most job-rich of the three), with which it significantly overlaps.<sup>98</sup>

The Northwest zone's residents currently trail South Suburban averages for the share of the population with at least some college education. However, attainment is increasing for associates', bachelors and advanced degrees. The job profile of the area has been relatively steady, with modest growth in employment in the arts, some services, and TD&L occupations, and the most notable losses in construction. Residents in the eastern portion of the zone have very strong access to downtown employment opportunities via seven Metra stations, on two lines, located throughout Blue Island and Calumet Park.

The area's housing stock reflects its location on the border with Chicago, giving it a more urban fabric, with the fewest single-family homes and the most larger apartment buildings (5+ units). Even with this larger proportion of apartments, the area's rental share is relatively low among the South Suburbs, and declining. Rental units here are slightly more affordable than the rest of the sub-region with nearly three quarters available for \$500-\$900 per month.

The Northwest zone serves as a stable home for working- and middle-income families, and the amenities that serve these households (e.g., retail, health and child care) should be strengthened to continue attracting and retaining them. The area may also have the potential to attract other household types that appreciate its adjacency to Chicago, quality transit connections to the Loop and multi-family housing stock, such as young couples or empty nesters.

## **North-Central**

*Distressed, industrial inner-ring suburbs challenged by next-economy dynamics*

Comprised largely of the towns of Harvey, Riverdale, Markham and Robbins, the North-Central zone is the second-most populous of the zones, home to nearly 22% of the sub-region's residents. The area is showing considerable signs of distress and indications that its population is struggling in the transition to the next economy. While, like the Northwest zone, it is a primarily blue-collar bedroom community, the North-Central zone has exhibited a much more notable decline from middle- to lower-income. Several communities in the North-Central zone have been destinations for former CHA residents who received HCVs as part of the Plan for Transformation. These include Harvey, Robbins and Riverdale – though the number of subsidized households in Harvey declined by nearly 600 between 2000-2015.<sup>99</sup>

The declining vibrancy and attractiveness of this area is evident in its shrinking population – the only one of the zones to show recent population loss. White and African-American residents alike have been leaving the area, with the largest decreases among young children, young adults, and adults 45-54. The decline in the youth population may be related to school quality, as graduation rates and standardized test scores are among the lowest in the South Suburbs. Economic indicators are also troubling; the area has the lowest average income among the zones, as well as the fastest decline from 2010-2014. This is reflected in the shift to lower-income households, with a 50% increase in households making less than \$10,000 a year.

With its population leaving or faring worse economically, the North-Central zone's housing market is also performing poorly. It has the highest rate of vacant units and second lowest homeownership rate. Its housing is among the lowest-valued in the South Suburbs, with nearly half of homes valued between \$50,000-\$100,000.

This zone is home to a large middle-skill population, though also to a larger share with only a high school diploma (compared to other zones). Residents in the area experienced the biggest losses in the South Suburbs in education, sales, office admin and production jobs. Job gains have concentrated in personal care, law enforcement, maintenance and material moving. Zone residents have reasonably strong access to downtown via public transportation, particularly in the eastern portion (Harvey and Riverdale), where there are five Metra stations.

In recent years, the North-Central zone has destabilized (population loss, low homeownership, high vacancy) and become home to a more challenged population. Significant investments in stabilizing and rehabbing existing housing may make it an attractive place of residence for employees in new, cluster-based uses as development occurs in nearby Industrial Priority Zones A and B.

## **Northeast**

### *Mixed-income, consumer-serving inner-ring suburbs in transition*

The Northeast zone of the South Suburbs, which includes Calumet City, Dolton, and most of South Holland, is home to nearly 20% of the South Suburbs' population, ranking third-largest among the six zones. The area is a mix of lower-income areas on the Chicago border and relatively prosperous, stable inner-ring suburban areas. It has the highest proportion of African American residents (75%), and was the only zone where the white population increased from 2010-14. This zone experienced some of the largest increases in subsidized households between 2000 and 2015, including in Burnham (+55%), Calumet City (+20%), Dolton and South Holland.<sup>100</sup> In addition, the population has also been skewing older (one-third increase in 65- to 74-years-olds), likely attributable to over-arching trends in the aging of the population.

While this is the most middle-income zone in the South Suburbs, that status is tenuous, as household incomes have been declining. The income distribution has shifted lower, with fewer residents earning \$35,000-\$75,000 a year (largest decline of all zones), coupled with a 50% increase in families making between \$10,000-\$15,000 a year (the largest gain of all zones).

Some of this shift could be reflecting employment changes. Residents have lost jobs in white-collar positions while showing the second fastest increases in medical practitioners and support staff, as well as TD&L employment. At the same time, this zone has a sizable and growing middle-skilled population (40% of residents), and the largest increase in that segment between 2010-14. The zone does not encompass any Metra stations, posing access challenges for residents seeking employment in downtown Chicago.

The Northeast housing market has been relatively stable with respect to rental, vacancy and homeownership rates; and in the middle of the South Suburban range for rent levels and home prices. One factor that may be contributing to this zone's residential stability is the presence of both consumer and recreational amenities, both within the zone itself and in nearby Northwest Indiana. It is home to one of the largest, active centers for retail in the South Suburbs, anchored around the River Oaks Center (though the mall is facing challenges). Green space amenities include the Sand Ridge and Burnham Prairie nature preserves. Some of the Northeast's schools also appear to be attractive amenities; primary schools in the south portion of the zone have some of the sub-region's highest test scores, while two of the area's high schools (Thornton Fractional North and South) have moderate test scores, high graduation rates and average quality ratings.

The Northeast zone is in transition, and will require strategic intervention to determine how it will be positioned as a residential community going forward. Its path might include leveraging its desirable amenities to retain existing middle-income households, while investing in new housing and amenities that target younger households (including young families with children) as the current population continues to age in the years ahead.

## **Southwest**

*Thriving, white-collar commuter suburbs*

The Southwest zone encompasses the South Suburbs' largest (29% of total population), wealthiest area, including the municipalities of Country Club Hills, Hazel Crest, Homewood, Flossmoor, Olympia Fields, Matteson and Richton Park. It has by far the highest average income of the South Suburbs' zones, and highest percentage of households making more than \$75,000 a year. At the same time, this area has not been immune to economic challenges, with several tracts dropping from higher-income to more middle-income bedroom communities. This zone also saw the largest percent increase in its poverty rate from 2010-2014.<sup>101</sup>

While the area already has a majority African American population, the racial composition of its population is changing more quickly than many other parts of the sub-region. The Southwest zone experienced both the second highest growth rate for African American residents and second highest rate of decline in White residents from 2010-14. The area's population is the oldest in the sub-region, with more residents over 60 than other zones, as well as the most educated, with the largest proportion of residents holding a bachelor's degree or more. Residents of the eastern portion of the zone benefit from strong access to downtown employment, given the area's seven stations on the Metra Electric line. This part of the Southwest zone is also home to one of the sub-region's best high schools, Homewood-Flossmoor, with the highest graduation rate and average ACT scores in the South Suburbs.

In line with the economic profile of its residents, this zone's housing market is the strongest in the South Suburbs, exhibiting the highest homeownership rate and lowest vacancy rate. The housing stock is also the newest in the sub-region, with the highest rents and home values. At the same time, prices in this zone are notably below those in the rest of metropolitan area, making housing in this area relatively affordable compared to Chicagoland communities outside the South Suburbs.

There is a relatively high retail presence in this area, with notable concentrations around the Park Place Plaza Shopping Center on Route 1, and along Lincoln Highway in Matteson. Unfortunately, retail availability in the area has been diminished by the closing of the Lincoln Mall in 2015.

The Southwest zone is the most affluent in the South Suburbs, though it too is experiencing shifts in the demographic and economic makeup of its residents. It will likely maintain and build on its status as an attractive commuter community for white-collar workers, though this may require development of new amenities to (a) attract younger professional households and (b) retain older residents as they retire and potentially choose to age in place. An example might include leveraging the zone's transit amenities through TOD to provide more dense, walkable nodes of activity with access to the Loop that would particularly appeal to those target demographics.

## **South-Central**

*Diverse, blue-collar community facing increasing distress*

The South-Central portion of the South Suburbs, including the communities of Park Forest, Chicago Heights, South Chicago Heights, Ford Heights and Steger, is a declining low-income, industrial area with a small (less than 9% of the South Suburban total) and increasingly transient population. It has the most diverse composition, with a mix of sub-areas that range from transient and underdeveloped to lower- to middle-income, and include concentrations of immigrant populations. This area has the most balanced racial composition of all zones; African-American and White population shares are nearly equal, and there is a sizeable percentage of Latino residents.

Residents in these communities are struggling economically, though also working in the industries that could benefit from cluster-based development efforts (see Economic Activities section). This zone has among the lowest average household income. Nearly 40% of households in 2014 were making \$25,000 or less a year, and the area had the second highest percent growth in families making less than \$10,000 a year.<sup>102</sup> These figures appear aligned with residents' lower educational attainment, as this area has the highest concentration of residents with less than a high school degree. The area is home to by far the highest proportion of residents working in production occupations, and it is the only zone where employment in those categories notably increased from 2010-2014. This was coupled with losses in TD&L and health care employment. The zone does not encompass any Metra stations, posing access challenges for residents seeking employment in downtown Chicago.

Reflecting residents' economic difficulties, the South-Central zone appears to have the weakest housing market in the South Suburbs. Home ownership rates are the lowest here, while its rental share and vacancy rate are the highest. These communities also have the highest proportion of the lowest-priced rental properties (16% of units renting for \$500 or less a month), as well as the most homes in the lowest-value group (27% of homes are valued at less than \$50,000). This market may be hampered in part by the low quality of the public schools; test scores and school ratings for the zone's primary and high schools are among the sub-region's lowest.

The South-Central zone is economically distressed and in need of reinvestment. Similar to the North-Central zone, its fate is closely tied to that of the businesses in the Industrial Priority Zone (C) that overlaps with it. New industrial and blue-collar B2B developments in IPZ C have the potential to provide employment opportunities for local residents and attract new residents, establishing a mutually reinforcing cycle of business and community investment.

## **Southeast**

### *Solid South Suburban community at an inflection point*

The Southeast zone, which includes Lansing, Glenwood, Lynwood, Sauk Village and substantial portions of unincorporated areas, is home to just over 12% of the South Suburbs' population. It is undergoing substantial transition, even as it remains primarily an economically diverse bedroom community. While the African-American and White populations currently comprise equal proportions of the population, this area had the most dramatic demographic shifts from 2010-14, transitioning from majority-white to majority-African-American during that time period. The age distribution of the area also changed considerably, with the biggest decline of all zones in middle-aged adults (25-45 years old), and the largest increases in both Millennials and older working-age adults (20-24 and 55-59 years old). The decrease in middle-aged populations may be partly in reaction to uneven school quality for children in these households; while schools in the northern half of the area have produced moderate test scores and ratings, the southern portion of the zone is home to some of the sub-region's lowest test scores, graduation rates and ratings.

These communities are shifting from middle-income to lower-middle-income areas. While the zone's average income was in line with the average for South Suburbs, it also had the second biggest decline from 2010-14, along with the biggest percent increase in unemployment. The income distribution is also shifting slightly lower, particularly from the \$50,000-\$100,000 a year bracket to the \$25,000-\$50,000 bracket. These changes may be partially attributable to the increase in subsidized households in the area, particularly in Lansing, where the number doubled between 2000 to 2015 to just over 1,000.

Southeast residents overwhelmingly fit the "middle-skill" profile. Over 38% of residents have vocational training, some college or an associate's degree. They also fit the trend of moving from white-collar positions to more service-oriented roles, with job decreases in management, sales, office support and TD&L, and increases in service and medical positions. The zone does not encompass any Metra stations, posing access challenges for residents seeking employment in downtown Chicago.

The housing market also reflects the transitioning nature of the area. In some ways, the market here has considerable strengths. It is second only to the Southwest with respect to homeownership rates, rental prices and home values. At the same time, vacancy rates rose the most for this zone, possibly demonstrating the effects of residents' changing employment status and slipping income.

Within the sub-region, this zone has the highest proportion of land devoted to green space and outdoor amenities. Residents and visitors can access outdoor areas in the northwest portion of the zone, with several wooded areas bordering Glenwood, Thornton and Lansing, as well as forest preserve land further south at the Plum Creek Forest Preserve.

The Southeast Zone is faring relatively well as a place to live, performing better on many metrics (e.g., income, educational attainment, housing market dynamics) than all zones other than the Southwest. It likely has the potential to follow a number of trajectories, building from its growing millennial population, strong housing market, rich outdoor recreational assets, or other key features to attract a next generation of residents.

## **Assessment: Community Characteristics**

Historically, the South Suburbs has been largely a set of middle-class bedroom communities, interspersed with industrial and commercial nodes. Long home to a sizable African American population, the sub-region has become increasingly attractive to minority households, including African Americans as well as Latinos. It also has particularly attracted and retained middle-skilled workers. Residents who have chosen to make the South Suburbs their home value the sub-region's mix of housing types, price points, proximity to downtown, retail and other amenities.

However, many South Suburban communities have faced challenges in recent years, and their vibrancy is threatened. The population is struggling economically, with income and employment declines evident in all communities. Rising vacancies and falling homeownership rates indicate more serious distress in key sub-areas. What has been a relatively prosperous and stable set of bedroom communities is in transition.

The South Suburbs possesses a number of fundamental assets from which it can build to stabilize and enhance its attractiveness as a place to live, including retaining current residents and attracting a next generation. Affordable housing and easy access to downtown suggest opportunities to appeal to households seeking a suburban lifestyle in close proximity to the city's job opportunities, including young professionals and families in which one or both parents commute to downtown. Its numerous outdoor recreational amenities can draw residents for whom those resources are a location priority, and its areas with a more urban fabric (including traditional downtowns and TODs) have the potential to attract Millennials and empty nesters who value a denser, walkable environment. The mix of housing types, price points, retail and other amenities in the South Suburbs offer a range of compelling residential choices for the region's residents.

Identifying the preliminary "Choice Zones" in Phase 1 is a first step in understanding the distinct challenges, opportunities and potential interventions appropriate to each area, and in determining what the future character of the South Suburbs' residential communities can be. Work in Phase 2 will include refining the Zones and diving much more deeply into what types of housing and amenities will most effectively attract and retain the next generation of residents desired in each Zone.

# Market Analysis: Institutional Capacity

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## *Highlights*

Local governments currently lack the necessary capacities and coordination to effectively implement large-scale, coordinated growth strategies

- Fragmentation of local governments impedes larger-scale strategies and coordination
- Many local governments lack fiscal capacity to make necessary investments

Non-profit and private-sector organizations provide a strong foundation on which to build the needed capacity

- Numerous civic, educational and business organizations have created innovative approaches to specific economic, workforce, housing and other development issues
- However, these actors do not yet have sufficient resources, integration of activities or large-scale capacity to undertake long-term, transformative development

A cross-sector, cross-geography coalition and new institutional capacity – creating a “whole greater than the sum of its parts” – are needed to drive economic growth and community revitalization across the sub-region

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The institutional environment that operates in a region or sub-part of it plays a meaningful role in supporting – or hindering – economic growth. As described in Section I (Economic Framing), the Phase 1 market analysis focused specifically on those aspects of the institutional environment that inform a community’s capacity to implement coordinated and strategic economic growth activities.

These capacities include, of course, aspects of “good government,” such as the ability of the public sector to generate an adequate tax base, effectively deliver public services and efficiently manage the costs of government. It also encompasses the presence of a high-capacity set of private- and civic-sector institutions, connected by a strong set of relationships both to one another and to relevant institutions elsewhere in the region. Richly networked coalitions of institutions facilitate productive interactions and lead to identification of specific deals and investment opportunities that support growth; enable cross-fertilization between groups and projects; and embody the collective capacity to design and implement a wide range of interrelated strategies to drive growth and prosperity.



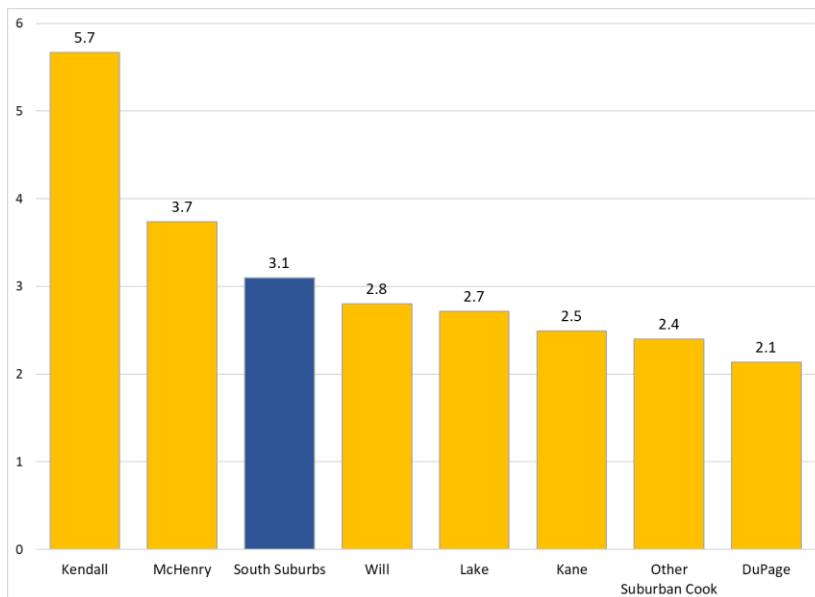
## Local Government Capacity

The government environment in the South Suburbs is characterized by two features, both of which pose challenges to the sub-region's capacity to help drive regional economic growth: fragmentation and limited fiscal capacity.

### *Fragmentation*

The South Suburbs' government environment is decidedly fragmented. Its horizontal fragmentation – proliferation of non-overlapping jurisdictions – is evident in its 34 municipal governments. Its vertical fragmentation – abundance of overlapping, special-purpose districts – is evident, for example, in its 42 public school districts, 19 park districts and 18 library districts, among others (see Appendix K for a detailed listing of local taxing bodies).<sup>103</sup> As a result of both types of government fragmentation, the sub-region exhibits one of the highest government-to-population ratios in the Chicago region – 3.1 property taxing districts per 10,000 residents, surpassed only by the region's two least-populous counties (see Figure 16).

**Figure 16. Property Taxing Districts per 10,000 Residents, 2012**



Source: Chicago Metropolitan Agency for Planning

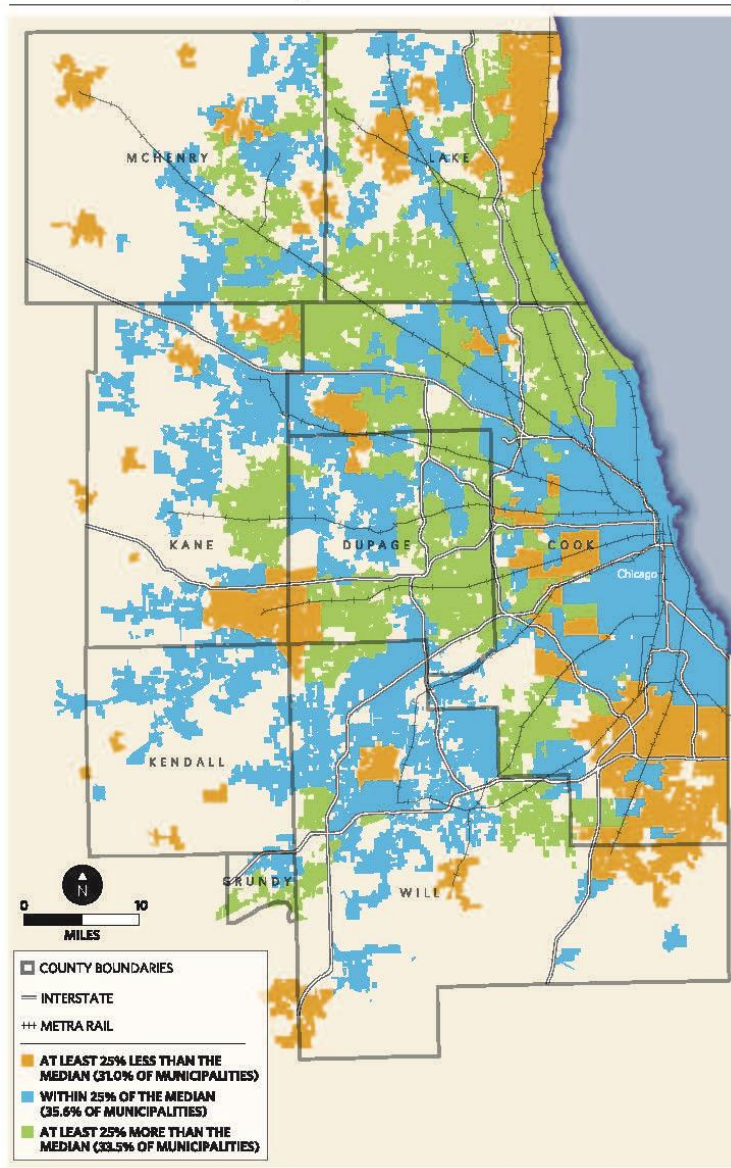
This level of government fragmentation poses a challenge to economic growth in the South Suburbs because of the inefficiencies it creates. Resource allocation tends to be less than optimal when divided among so many governments with competing priorities, and navigating the requirements of multiple overlapping regulatory bodies imposes higher costs of doing business. In addition, the mismatch between the jurisdictional boundaries and the geography of economic activities can result in duplication of services, missed economies of scale, collective action problems and difficulty addressing negative externalities (e.g., pollution or congestion).<sup>104</sup>

### Limited Fiscal Capacity

The amount of revenue municipal governments are able to generate to support public goods and services is determined by (a) their tax base and (b) their tax rates. The majority of South Suburban municipalities rank among the lowest in the Chicago region with respect to tax base per capita – including both property tax base and sales tax base (see Figure 17).

**Figure 17. Municipal Tax Capacity, 2012**

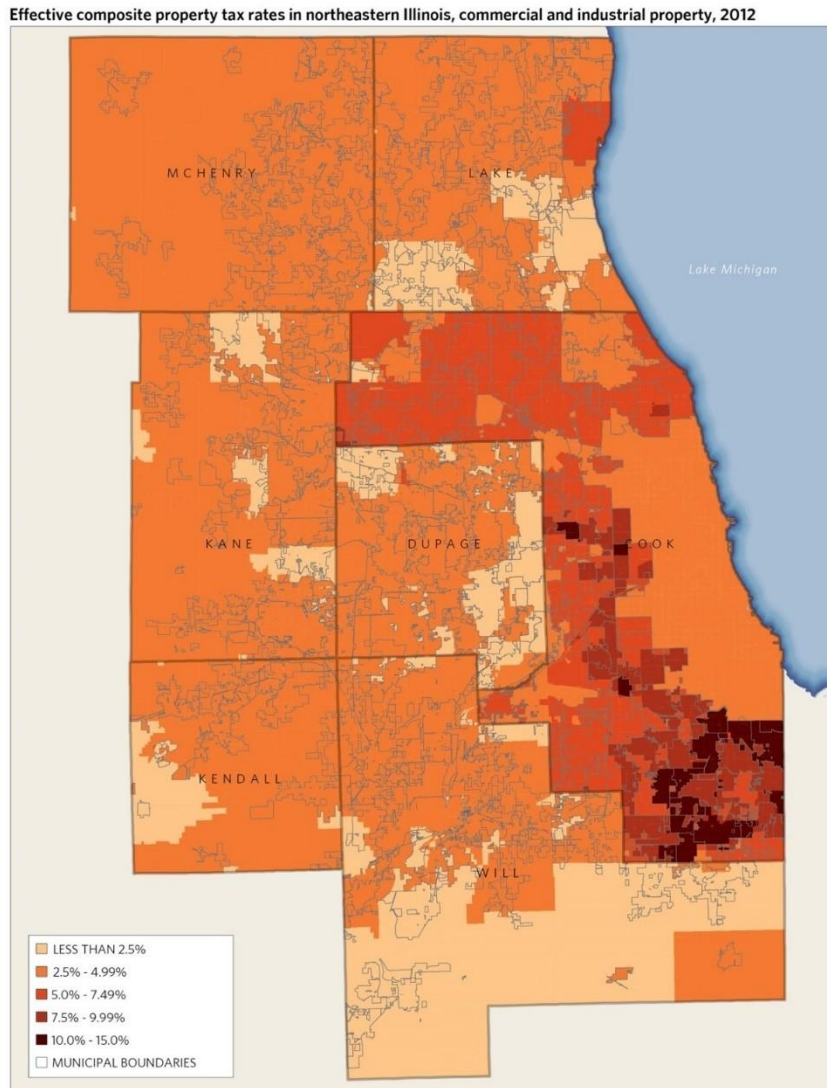
**Municipal sales and property tax base per capita, difference from the median, 2012**



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

Because these municipalities' tax bases are so low, their rates are also disproportionately high compared to other communities in the region, particularly in the case of industrial and commercial property tax rates (see Figure 18).<sup>105</sup> This adds to the cost of doing business in the South Suburbs, and has been cited by stakeholders as a significant obstacle to attracting and retaining businesses in the sub-region. There is belief that Indiana, and to a lesser extent, Will County, have a competitive advantage over the South Suburbs, and are luring away local firms by offering generous tax incentives to relocate or expand across the border.<sup>106</sup>

**Figure 18. Composite Property Tax Rate for Industrial and Commercial Properties, 2012**



Source: Chicago Metropolitan Agency for Planning analysis of data from the Illinois Department of Revenue; County Assessor and County Clerk offices of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties

The stagnant tax base, combined with rising costs simply to maintain existing government services, seriously threatens South Suburban communities' ability to invest in infrastructure, workforce development and other public goods that contribute to a prosperous economic environment.<sup>107</sup>

In combination, the proliferation of local governments and their low fiscal capacity tend to contribute to fragmentation of activities, including those that particularly enable and support economic growth. Further, local governments' uneven staff capacity – i.e., some municipalities have few, if any, staff dedicated to economic development – exacerbates the challenges to coordinating investments and programs at a sub-regional level. As a result, local governments compete for investment activity rather than cooperating to leverage their limited resources, particularly in relation to attraction and retention of businesses.

The South Suburbs do not currently have an over-arching institution that effectively coordinates across local governments and represents the collective interests of the sub-region. The most relevant existing entity is the 45-member South Suburban Mayors and Managers Association (SSMMA),<sup>108</sup> which fosters interjurisdictional collaboration in areas such as economic development, public safety and infrastructure. In recent years, SSMMA has overseen several successful intergovernmental initiatives, including the South Suburban Brownfield Coalition, the South Suburban Bond Bank, the Employee Assistance Program and the Calumet Open Space Initiative.

SSMMA plays a critical role in promoting issues of interest to the sub-region and fostering inter-governmental collaboration, and has achieved some success on several specific projects. However, some local stakeholders indicate that it has limited capacity to grow beyond its current role and activities, given its budget, staffing and structure. Historically, there is also concern that SSMMA has not sufficiently represented the municipalities in the South Suburbs geography, which are also represented by a number of other organizations, including the Southland Regional Mayoral Black Caucus and the Southwest Conference of Mayors.<sup>109</sup>

## **Cross-Sector Capacity and Collaboration**

Numerous private- and civic-sector actors are engaged in a range of targeted economic development activities in the South Suburbs. These include traditional business associations and promotional and marketing entities such as the Chicago Southland Chamber of Commerce (CSCC) and the Chicago Southland Convention and Visitors Bureau (CSCVB), as well as organizations focused more specifically on industry and workforce development, such as the Chicago Southland Economic Development Corporation (CSEDC, an affiliate of the SSMMA), the Calumet Area Industrial Commission (CAIC), the Calumet Green Manufacturing Partnership and OAI, Inc. Each of these organizations represents a slightly different geography (e.g., CSCVB's 62 municipalities) or constituency (e.g., CAIC's 1,500 industrial firm members), and has its own specific areas of focus, resources and capacities.

To date, efforts to coordinate economic development activities across private and civic actors have been relatively modest, but are gaining momentum. In recent years, modest successes have been achieved around relatively narrow issues, as stakeholders have come to recognize the added value and impact of working collectively rather than individually. Examples include the Chicago Southland Housing and Community Development Collaborative (CSHCDC) to

coordinate housing recovery strategies across 23 municipalities,<sup>110</sup> and the South Suburban Land Bank Development Authority which is an outgrowth of CSHCDC. Several large-scale efforts aimed at coordinating across the “southland” geography on *non*-economic issues further illustrate the potential to convene stakeholders around common issues – e.g., the Calumet Collaborative, Great Rivers Chicago, Calumet Heritage Partnership and others.

## **Assessment: Institutional Capacity**

The institutional environment in the South Suburbs boasts many active and committed organizations that are engaged directly or indirectly in facilitating economic growth. In addition to local governments, a large number of private- and civic-sector actors are at the table and doing good work. This provides a solid foundation for developing and executing large-scale, comprehensive initiatives that can “move the needle” on growth in the South Suburbs.

While providing a strong base from which to build, there is also considerable fragmentation and sometimes tension among the development organizations and leadership, including particularly some of the political leadership. There is no one umbrella organization or institution with the purpose, scale or capacities to manage large-scale, long-term, coordinated, transformative strategy and initiative development and investments across the South Suburbs. Developing this capacity around common economic markets and growth opportunities may be less challenging than starting with the more deeply political issues, and will create common ground from which to build collaboration and capacity to address those and other issues.

Effective implementation of a set of integrated growth strategies for the South Suburbs will require a strong, well-resourced public-private-civic coalition. It must transcend municipal boundaries and engage deeply with existing organizations not only to scale their work, but integrate and expand upon it to create a transformative “whole greater than the sum of its parts.”

Deep engagement by local governments is necessary, but not sufficient, to drive growth. The unique capabilities, perspectives and resources of private- and civic-sector actors are a valuable complement to public-sector tools and programs. Working together, this coalition can develop mutually reinforcing strategies around which to orient their collective work, and marshal the significant resources necessary to deliver on an integrated economic growth platform.

## Section 4: Preliminary Strategies

The success of Cook County's South Suburbs is critical to the prosperity of the broader metropolitan region. The sub-region is home to a rich array of assets, but has been challenged by disinvestment and decline in recent decades. Its firms and workforce have become increasingly disconnected from the trajectory of the regional economy, and for many prospective residents, its attractiveness as a place to live has waned. It is critical to reverse these trends, by leveraging the sub-region's strengths and enhancing its capacities as a vital component in driving Chicagoland's future.

The market analysis laid out in this Phase 1 report begins to suggest a future vision for a healthy and vital South Suburban region in the context of the changing economy. The South Suburbs can be a place of both opportunity and choice, building from existing assets to capture new opportunities.

One can imagine the future of the South Suburbs' **Economic Activities** including:

- Serving as a national center for innovation and technology in the TD&L cluster and Food Packaging;
- Becoming a home to growing supply chains for the Fabricated Metals and Blue-Collar B2B clusters; and
- Playing a major role in the region's recreational tourism economy, as Metro Chicago's "green playground."<sup>111</sup>

Its **Workforce** would be aligned with the trajectory of the broader regional economy:

- Blue-collar workers employed in growing local TD&L, manufacturing and B2B services firms;
- White-collar workers well connected to growing opportunities throughout the region, including its robust headquarters and business services cluster;
- Workers of all skill levels engaged in continuous upgrading of their skills through cluster-driven credentialing and incumbent worker training; and
- Teens and young adults participating in job-focused training or other workforce on-ramps (e.g., apprenticeships, internships, etc.)

**Community Characteristics** in the South Suburbs would reflect the appeal of its amenities:

- Diverse working- and middle-class communities, including downtown workers seeking suburban amenities in relative proximity to their jobs;
- Potentially some "urban tapestry" communities, fueled by higher-density, walkable downtowns and distinctive amenities that attract an eclectic mix of younger and non-traditional households; and
- Households of all types that are attracted by the area's easy access to an active outdoor lifestyle.

The set of preliminary strategies that are articulated in the remainder of this section aim to build from a broad range of work already underway and continue to move the South Suburbs toward this high-level vision. They arise from an integration of the market findings to date, as described throughout Section III of this report, and are intended to be mutually reinforcing, creating a whole greater than the sum of its parts.

The strategies are consistent with the findings of Phase 1 and aligned with the efforts of existing economic and community development organizations. Throughout this section, existing entities mentioned as potential partners, and programs mentioned as ones from which to build, are illustrative only. An in-depth inventory of economic and community development actors and their work was not undertaken during Phase 1. The entities and programs mentioned demonstrate the range of existing work that the preliminary strategies aim to leverage, and are not intended to be comprehensive.

The seven preliminary strategies also set a direction for further inquiry in Phase 2, during which deeper and more focused quantitative analytics will be done, and additional interviews and qualitative research will be undertaken to vet and refine the strategies. This will include more in-depth exploration of existing initiatives and programs that are aligned with and support these strategies, to better inform where there are opportunities to leverage existing activities and where new activities are needed. Deeper exploration may also surface additional strategies that are not yet reflected in this Phase 1 report. In addition, “low-hanging fruit” may be identified that enables a first wave of activities to begin implementation during Phase 2. At the end of Phase 2, the strategies will be refined and implementation ready – tailored specifically to the challenges and opportunities facing the South Suburbs – and specific initiatives will be under development to begin to “move the needle” to enhance its prosperity.

# Economic Activities

## *Strengthen South Suburban Participation in Regional Cluster, Innovation and Workforce Initiatives*

### **Rationale**

The South Suburbs house a set of economic assets that can participate in and drive regional growth, including both businesses and workers that can be productively deployed into regional markets. At the regional level, a host of resources exist that aim to strengthen particular industry clusters, provide tailored finance and technical assistance to firms, build workers’ skills and connect job-seekers with appropriate employment. Deliberately and strategically connecting the South Suburbs’ firms and workers to these resources will better integrate them into the regional economy and align them with its next-economy trajectory, increasing prosperity both within the sub-region and for the metropolitan area overall.

### **Existing Programs and Initiatives**

Regional organizations actively supporting and furthering the productivity and efficiency of regional priority clusters, including:	Supply Chain Innovation Network of Chicago (SINC; transportation, distribution and logistics)
	Chicago Metro Metals Consortium (CMMC)
	Chicagoland Food and Beverage Network
	Chicago Anchors for a Strong Economy (CASE)
Regional initiatives providing targeted business support to qualified firms or entrepreneurs, such as:	Metro Chicago Exports and a forthcoming regional Foreign Direct Investment program
	Innovation and incubation resources including, e.g., 1871, Blue 1647 and TechNexus for digital technologies; mHub and DMDII for manufacturing; MATTER for healthcare innovation; ICNC’s business incubator and its forthcoming Hatchery for food businesses; and many others. <sup>112</sup>
Wide range of public-sector and non-profit entities that engage with firms around workforce training and placement, including:	Chicago Cook Workforce Partnership
	Skills for Chicagoland’s Future
	Council for Adult and Experiential Learning (CAEL)
	1,000 Jobs for Chicagoland Manufacturing
	Year Up
	LeadersUp

### **Next Steps**

This strategy represents the first step in identifying, targeting and reconnecting valuable (and under-deployed) industrial and workforce assets to the region’s next-economy trajectory through existing programs and initiatives. As new programs and initiatives are developed at the regional level and additional assets are identified in the South Suburbs (through the other strategies outlined below), deliberate and strategic connections should be made to continue building these linkages between the South Suburbs and the regional economy.



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## *Drive Regional Innovation in Strong South Suburban Clusters*

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### **Rationale**

Overall, while there has been significant recent progress in some areas (e.g., start-ups in emerging industries), the Chicago region tends to under-perform on innovation, compared to what its level of industrial and innovation-related assets indicates it should be able to achieve. This is particularly true with respect to the earlier stages of innovation: ideation, prototyping and commercialization. The South Suburbs is home to firms in several priority clusters that are well positioned to participate in region-wide efforts to drive innovation, or to take the lead with respect to particular types of innovation activities. These include firms with existing innovative capacities in clusters such as Chemicals; Food Manufacturing and Packaging; and Machinery, Metals and Equipment.

Among the potentially highest-impact ways to leverage these assets for regional growth is to create one or more cluster-specific innovation centers. These can perform a variety of roles, most often focused on pre-competitive R&D, technology testing and integration, expert consulting services to cluster firms and training workers in leading-edge technologies and processes. These types of entities have the potential to strengthen the regional innovation ecosystem as well as increase the productivity and efficiency of individual cluster firms.

Two cluster-based innovation centers have surfaced as potential opportunities considering the industrial strengths and assets of the South Suburbs:

#### *“Center for Smart Intermodal Logistics”*

This innovation center would house cutting-edge equipment, technologies and experts in the TD&L cluster, focused initially on the automation of materials moving activities (with the potential to expand to other areas of innovation and technology as appropriate in the future). It would develop, test and introduce regional TD&L firms to next-generation technologies and work with partner organizations to build new and incumbent workers’ skills and wage-earning capacity related to new technologies and equipment.

#### *Food Packaging R&D Center*

This innovation center would aim to position the region as a leader in the high-growth field of food packaging, which is being driven by consumers’ demand for convenience (single-servings, re-sealable containers), reduced waste and “smart packaging” that can indicate, for example, when a product is ripe or has gone bad.<sup>113</sup>

The Food Packaging R&D Center would leverage firms and experts in two of the South Suburbs’ priority clusters: Food Manufacturing and Packaging, and Chemicals and Related. Local firms that are counted as part of the latter cluster include those making plastic, glass, rubber and other chemical-based products such as adhesives, inks and coatings, among others.<sup>114</sup>

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## *Drive Regional Innovation in Strong South Suburban Clusters*

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### **Existing Programs and Initiatives**

#### *“Center for Smart Intermodal Logistics”*

Two organizations will be particularly strong partners for driving creation of the Center for Smart Logistics: CSEDC and SINC. CSEDC has been exploring the possibility of such a center for some time now, and is eager to develop concrete plans for implementation. To that end, CSEDC has applied for a business planning grant from the federal Economic Development Administration (EDA), in partnership with the Center for Neighborhood Technology (CNT), OAI and the project team for SSEGI.

SINC is ideally positioned to convene its member firms around the effort, to gain a deeper understanding of their innovation challenges and opportunities, ensuring the center will drive growth in the cluster.

#### *Food Packaging R&D Center*

Chicagoland Food and Beverage Network, the new regional cluster organization for food manufacturing and packaging, has highlighted the opportunities for innovation, and includes institutional stakeholders (e.g., Institute for Food Safety and Health, IMEC, The Hatchery, etc.) focused on innovation as well as firms that could be engaged in this effort.

### **Next Steps**

Further work is necessary in Phase 2 to flesh out more specific strategies for both possible innovation centers, in collaboration with and building from the work of local and regional organizations already engaged in this space. This includes deeper exploration of the mix of cluster firms located in the South Suburbs and the nature and extent of their innovation capacities, challenges and opportunities; as well as deeper analysis of both clusters with respect to national and global trends and which specific types of innovations are most promising and best suited for development in an innovation center format.

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## ***Foster Synergies Among Small and Medium Enterprises (SMEs) in Priority Clusters***

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### **Rationale**

In addition to better connecting South Suburban firms to regional resources (Strategy 1), the performance of priority clusters can be enhanced by engaging communities of firms with common interests to foster relationship-building, deals, shared resources and so forth. Opportunities particularly arise among small and medium-sized enterprises (SMEs). Strengthening priority clusters in the South Suburbs can be facilitated, in part, through fostering place-based synergies among groups of firms that share common needs for facilities, infrastructure, employees and other inputs to production.

Business or supplier parks centered around competitively positioned clusters could be multi-tenant buildings or larger campuses, with the primary purpose of co-locating SMEs along with shared resources that may be cost-prohibitive for any single firm to access on its own. These might include on-site technical assistance, worker training, high-end equipment, storage facilities, back-office space and other shared resources that enhance their collective productivity and efficiency while spreading the corresponding costs across many firms. These parks have the potential to foster growth in individual SMEs, strengthen supply chains for the large customers they serve (e.g., regional OEMs and headquarters/anchor institutions), facilitate wealth creation for local small business owners (including M/WBEs) and grow accessible high-quality jobs in the South Suburbs.

Cluster-based business or supplier parks have surfaced as particularly promising for two South Suburban priority clusters:

#### ***Fabricated metals***

This development might include individual office and workshop/production spaces for SMEs; shared workshop/production space with machinery and equipment that is cost-prohibitive for individual SMEs to purchase separately; common materials storage and shipping/receiving areas; access to back-office services (payroll, accounting, HR, etc.); and so on.<sup>115</sup> Firm types might include those involved in activities such as prototyping and repair, or other segments that do not require high-volume production runs. Fabricated metals sub-clusters in which large shares of firms tend to be SMEs – e.g., machine shops and ornamental and architectural metal work manufacturing – would also be strong candidates.<sup>116</sup>

#### ***Blue-collar B2B services***

This development might include firms engaged in activities such as industrial, commercial and electronic equipment repair, maintenance and rental; packaging, mailing and labeling services; facilities support services such as laundry, grounds keeping, HVAC, security, etc.; and others. Components would include individual and shared work spaces, equipment and supportive services. This center would aid in strengthening the region's headquarters cluster and could contribute to attracting additional headquarters, institutions and other entities that outsource their B2B services.

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## ***Foster Synergies Among Small and Medium Enterprises (SMEs) in Priority Clusters***

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### **Existing Programs and Initiatives**

#### ***Fabricated metals***

A fabricated metals supplier park should build from, align its work with existing initiatives of, and engage as partners, CMMC, the Chicagoland Manufacturing Renaissance Council (CMRC), mHub, CSEDC, the Calumet Area Industrial Commission (CAIC) and other organizations focused on developing the region's Metals, Machinery and Equipment cluster.

#### ***Blue-collar B2B services***

A Blue-Collar B2B park should coordinate and engage with activities underway and in development by CASE. Additional partners should be identified as the nature of the firms to be located at the park are further specified.

### **Next Steps**

Further work is necessary in Phase 2 to flesh out more specific strategies for both possible business/supplier parks in collaboration with local and regional actors currently engaged in growing both the metals and Blue-Collar B2B clusters. This includes deeper exploration of the mix of SME firms in both clusters that are located in the South Suburbs and the specific challenges and opportunities of co-location and shared resources.

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## ***Establish the South Suburbs as the Region’s “Green Playground”***

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### **Rationale**

The South Suburbs are home to a set of unique “green” and recreational assets, yet they remain underdeveloped and underutilized. A shared vision for the future of these resources and coordinated investments in recreational infrastructure can both grow the local tourism base and attract and retain households that value an active, outdoor lifestyle.

This strategy aims to position the South Suburbs as the region’s destination for outdoor recreation, drawing visitors from across Chicagoland and northwest Indiana to camp, hike, cycle, golf, boat and otherwise enjoy the sub-region’s green spaces and waterways. In addition to recreational assets, complementary amenities catering to day-trip and weekend visitors should also be developed to enhance these visitors’ experience and increase the attractiveness of the sub-region as a recreational destination. These include strategic types of retail – e.g., outfitters, rentals, etc. – restaurants and lodging.

### **Existing Programs and Initiatives**

Local and regional stakeholders have recognized the potential of the South Suburbs to capitalize on its outdoor recreational assets. Numerous initiatives are underway to enrich existing resources by organizations such as:

- Forest Preserve District of Cook County
- Calumet Collaborative
- Great Rivers Chicago
- Friends of the Cal-Sag Trail
- Metropolitan Water Reclamation District

The related activities of several other organizations should also be coordinated with direct development of recreational areas and activities, including waterway improvements that may be underway or under consideration by the Metropolitan Water Reclamation District, and cross-cutting efforts around retail, dining, entertainment and lodging amenities being pursued by the Chicago Southland Convention and Visitors Bureau.

### **Next Steps**

As part of Phase 2, the partners listed above and others should be closely engaged to better understand related projects that are underway or in the pipeline, the staging of their implementation, how they relate to and influence one another (e.g., complementary activities and linkages between sub-areas), and what additional elements would further enhance the attractiveness and performance of the South Suburbs’ existing collection of outdoor recreational assets. Possibilities include unified messaging, branding and promotions; enhanced connectivity and access between recreational assets; targeted types of restaurant and retail in specific locations; and others.

# Workforce

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## *Promote Targeted, Cluster-Based, Employer-Driven Workforce Development Programming*

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### **Rationale**

The skills required to fill growing, next-economy occupations are changing, and South Suburban residents' skills are not fully aligned with what employers increasingly demand. One way in which this disconnect can be addressed is creating a series of short-term, stacked credentials and clearly articulated career pathways that are tailored to the workforce needs of the region's priority clusters. Programs should be driven by industry consortia – e.g., in TD&L, food, metals, chemicals and other clusters – to ensure that the curricula will provide trainees with precisely the technical and “soft” skills that will make both the workers and firms successful. This strategy should encompass prospective and incumbent workers, as well as high school students who are considering cluster-based career opportunities.

Upskilling and reskilling South Suburban workers to better align their qualifications with shifting labor demand will provide them with more prosperous (higher-quality, higher-wage) career trajectories, and increase the productivity of the firms in which they are employed. The stacked credentialing approach, in particular, will enable un- and under-employed workers to participate in short-term training and quickly return to or move up in the workforce. Exposing young adults to credentialing programs can help address negative misperceptions they may have about careers in some high-growth, well-paying regional clusters, such as various types of manufacturing.

### **Existing Programs and Initiatives**

Many local institutions and regional organizations currently deliver and have the capacity to develop new stacked credentialing programs. While many of the organizations identified below as potential partners already provide or are moving toward providing these types of programs, more deeply engaging employers in curriculum development and creating quality, effective training remains a challenge. As other strategies and initiatives outlined in this section begin implementation, they will create opportunities to engage with workforce development partners, including, among others:

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Chicago Cook Workforce Partnership	Efforts to align occupational training services with current and projected business needs include identifying industry-specific hiring trends and recognized credentials, developing business partnerships through its Business Relations and Economic Development Team and supporting industry-focused “sector centers.”
Community Colleges <sup>17</sup>	Prairie State College – Programs to train entry-level workers include partnerships with ArcelorMittal to place students in paid summer internships, and with KLLM Transport to provide on-site training. Many students participating in these programs move into full-time positions upon graduation.
	South Suburban College – Programs to train incumbent workers include engagement with Sterling Lumber to boost employees' advancement opportunities through ESL courses, and several stackable, short-term certificate programs developed with the input of industry-based advisory committees.
	Moraine Valley Community College <sup>18</sup>

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## ***Promote Targeted, Cluster-Based, Employer-Driven Workforce Development Programming***

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### **Existing Programs and Initiatives, cont.**

Public/non-profit collaborations	<p>Calumet Green Manufacturing Partnership (CGMP) – This collaboration between four community colleges,<sup>119</sup> CSEDC and OAI has, since 2012, enrolled and trained 300+ students and placed more than 285 graduates in jobs at over 100 manufacturing companies, many of which are located in the South Suburbs.</p> <hr/> <p>SouthWorks Manufacturing and Innovation Center collaborative – CGMP’s SouthWorks MakerLab (located in Park Forest) is part of the collaborative, and trains workers for emerging manufacturing labor needs, including relevant STEM programming for K-12 students. Other MakerLabs providing similar programming are located at Prairie State College and South Suburban College, as well as a few locations just outside the South Suburbs geography.</p>
Calumet Area Industrial Commission (CAIC)	<p>CAIC works with local employers to identify gaps in workforce development and manages several initiatives to successfully deploy skilled workers into the labor market, including the On-The-Job Training Initiative, a partnership between CAIC, the Chicago Cook Workforce Partnership and the Illinois Department of Commerce and Economic Opportunity.</p>
South Suburban Mayors and Managers Association (SSMMA) and CSEDC	<p>CSEDC is a core member of the Green Manufacturing Partnership and Calumet Manufacturing Industry Sector Partnership. It also engages manufacturers in internship programs (with OAI), maintains a database of job openings at local industrial firms, seeks to place qualified candidates in local industrial jobs and coordinates Manufacturing Day tours for high school students.</p>
Community and Economic Development Association of Cook County (CEDA)	<p>Employer Services Program (in partnership with Employer and Employment Services) and post-secondary Scholarship Program</p>
Instituto del Progreso Latino (“Instituto”)	<p>Instituto’s programs include career pathways programs for adults, currently focused on healthcare, manufacturing and computer information technology. The organization is in the process of creating new pilot program tailored to food manufacturing, in partnership with Chicagoland Food and Beverage Network. In addition, the Instituto Health Sciences Career Academy provides high school students with the skills and knowledge to go on to a four-year healthcare program or obtain certifications necessary for entry-level healthcare positions.</p>

While not currently actively engaged in delivering workforce training, several industry cluster organizations should be engaged to inform curricula, including CMMC, SINC and Chicagoland Food and Beverage Network.

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## ***Promote Targeted, Cluster-Based, Employer-Driven Workforce Development Programming***

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### **Next Steps**

Further work in Phase 2 to refine this strategy will include more in-depth analysis of how South Suburban residents' current skills relate to the skills required for high-growth jobs in the region. For example, perhaps displaced machine operators from manufacturing firms could engage in modest retraining to take advantage of increasingly technology-infused jobs in the TD&L cluster, or workers displaced from office support jobs in the public sector could gain updated computer skills to secure new positions in other settings.

Phase 2 work will also include exploring the geography of skills and employment in the South Suburbs in order to more effectively target particular workforce strategies to the most relevant sub-areas and segments of the workforce (e.g., food manufacturing training in certain communities, office technology certification in others, programs for Opportunity Youth in others). Particular attention will be paid to supporting communities that have experienced significant racial and socioeconomic transition in recent years.

Further, the project team will work with local and regional partners (many of which are identified above) to build on and strategically augment existing workforce programming. This includes identifying and assessing how best to continue scaling up successful programs to meet firms' needs, as well identifying and prioritizing the types of *new* training programs that should be created to better prepare South Suburban residents for in-demand occupations. Workforce development efforts will be integrated with the strategies around economic activities (above, 1 through 4) to maximize their impact and synergies.



# Community Development

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## *Enhance the South Suburbs as Communities of Choice for a Targeted Next Generation of Residents*

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### **Rationale**

The South Suburbs play a significant role within the region as a set of bedroom communities, providing combinations of housing, retail and other amenities that attract and retain a number of segments of the regional workforce. In recent years, substantial parts of the sub-region have faced challenges to their status as attractive residential locations, including physical disinvestment; a distressed for-sale housing market (e.g., lagging post-crisis price recovery, high foreclosures, etc.); and issues associated with racial and economic transition. At the same time, the South Suburbs continue to boast numerous attractive community features, ranging from largely attractive housing stock to easy access to downtown employment opportunities to abundant recreational amenities.

These fundamental community assets and amenities can be leveraged to stabilize and enhance the South Suburbs as a set of bedroom communities that are attractive to changing segments of the regional population. A significant part of the approach will be identifying and fostering the types of housing, consumer and other amenities that will attract new residents and retain and improve the quality of life of existing residents. Rebranding the South suburbs to reflect this new set of community attributes will further enhance the appeal of the sub-region for existing and prospective residents. Addressing these challenges and opportunities in a strategic, integrated way will help reposition the South Suburbs as an attractive home for a next generation of residents.

Operationalizing this strategy includes an array of activities, targeted and tailored by sub-area, to attract and retain residential households, potentially including, e.g.:

- Housing stabilization programs (e.g., code enforcement, land banking, etc.) in areas of high distress
- Housing rehab programs (including appropriate financing mechanisms) in areas with the housing stock most in need of maintenance and upgrades
- Consumer amenities development – retail, restaurants, entertainment, culture –customized to appeal to particular household types
- Creative reuse strategies for vacant residential land and obsolete commercial properties
- A network of community centers providing existing, new and prospective residents access to a range of services and resources, including centralized housing resources
- Regulatory efforts related to zoning, building codes, etc.
- Development or enhancement of social services targeting youth, immigrant, senior and other segments of the population
- Programming addressing public safety, through prevention, intervention and interruption efforts

This “community of choice” strategy will be mutually reinforcing with other strategies that aim to enhance the South Suburbs as a “community of opportunity.” Strategies that increase the success of local firms (e.g., in TD&L, chemicals, food and B2B services) and better connect local residents to regional employment opportunities will further enhance the South Suburbs as a place to live, while local housing and amenity strategies will make the sub-region more attractive to prospective employers.

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## ***Enhance the South Suburbs as Communities of Choice for a Targeted Next Generation of Residents***

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### **Existing Programs and Initiatives**

Several types of stakeholders will need to contribute subject-area expertise and coordinate around a comprehensive strategy to enhance the South Suburbs as residential communities, including, e.g.:

Land acquisition	Cook County Land Bank Authority South Suburban Land Bank and Development Authority Municipal governments
Housing construction, rehab, financing and counseling	Chicago Southland Housing and Community Development Collaborative (CSHDC) Neighborhood Housing Services CEDA
Consumer amenities	TREND
Social and supportive services	Collaborative efforts led by Cook County and multiple partners to support young adults not in work or in school, and suffering the impacts of trauma and violence Broad-based social service agencies (e.g., United Way South-Southwest Suburban Regional Office, CEDA)
Public safety	Cook County’s Justice Advisory Council’s (JAC) efforts to coordinate and implement criminal and juvenile justice reforms and improve public safety policies, including with respect to their economic impacts on South Suburban communities.

### **Next Steps**

During Phase 2, the project team will more deeply engage the range of partners identified above to better understand how to build from and expand upon their existing programs. Work will also be undertaken to further explore the true market geographies of housing and consumer activity within the South Suburbs geography, to enable better tailoring and targeting of initiatives under this strategy. This includes gaining a deeper understanding of the supply of housing and amenities that currently existing in the South Suburbs, and the types of households to which they are attractive; as well as understanding who might be attracted to the sub-region in the future and what types of housing and amenities might serve to attract and retain them.

# Institutional Capacity

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## *Create the Institutional Infrastructure for Implementing the Integrated Economic Growth Strategies*

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### **Rationale**

Strategic planning and long-term implementation of enterprises and programs to drive economic growth in the South Suburbs is a complex and multi-faceted effort. Effective execution requires a cohesive vision, strategic thinking and deliberate coordination across a range of subject areas and a vast array of stakeholders and implementation partners. Further, the preliminary strategies put forth in this report – related to industrial, housing and other development opportunities – occur at market geographies that cross municipal boundaries, so need an implementation infrastructure that can effectively align interests across jurisdictions. Currently, no over-arching organization or institution exists that has the necessary capacities or authority to manage and implement the set of integrated, cross-geography strategies necessary to drive growth in the sub-region.

What is needed is an institution – essentially a “development authority” – that is thoughtfully designed and staffed, and sufficiently resourced, to manage long-term implementation of an economic growth plan for the South Suburbs that is connected to the regional growth trajectory and regional resources. This includes the abilities to raise funds, acquire and hold land for redevelopment, act as the “master developer” to ensure execution of projects that are consistent with the plan and coordinate across a wide array of mutually reinforcing initiatives and partner organizations. Such an entity – which could take a number of organizational and legal forms – will also need to have high-capacity leadership with the legitimacy to speak and act on behalf of the sub-region’s interests.

### **Existing Programs and Initiatives**

Of course, a wide array of public, private and civic entities is engaged in activities related to economic development in the South Suburbs, and would be stakeholders and participants in a development authority. These range from the 34 municipal governments in the South Suburbs geography, to SSMMA and CSEDC, to various governmental and non-profit organizations referenced as potential partners for the above-listed strategies related to cluster development, workforce training and placement, housing and other aspects of economic and community development.

### **Next Steps**

As the preliminary strategies are refined in Phase 2, these will inform the type of organizational infrastructure and capacities that are most appropriate to incorporate in a development entity to support growth in the South Suburbs. A number of options exist, and will be further explored and evaluated in Phase 2.

Three significant dimensions that will be explored are:

- *Public vs. private* – Where on the spectrum the entity should be positioned to be most effective, ranging from a new government authority (e.g., Southwestern Illinois Development Authority), to a quasi-government organization (related to, but separate from, government – e.g., Portland Development Commission), to a public-private partnership (e.g., entities established to manage and develop large industrial parks or innovation districts) or a more traditional non-profit organization (e.g., akin to a CDC, at a larger geographic scale).

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## ***Create the Institutional Infrastructure for Implementing the Integrated Economic Growth Strategies***

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### **Next Steps, cont.**

- *Relevant authorities* – What powers and capacities the entity will need to manage and guide implementation of the strategies. These will likely include, among others, the ability to raise funds (either through bond issuance or tax levy) and assemble land for redevelopment.
- *New vs. existing* – Whether a new entity or a repurposing or combination of existing organizations will be more effective to guide and enable implementation activities envisioned as part of the SSEGI. For example, Northeastern Illinois is home to a number of development-related entities with relevant authorities – e.g., the Illinois Finance Authority, SSMMA, the Public Building Commission and many others<sup>120</sup> – that might play roles enabling implementation. Further examination of their goals, specific authorities, geographic scope and the implications for existing South Suburban organizations and stakeholders will inform this question.

## Other Potential Strategies

Phase 1 of this project surfaced a number of other potential strategies that warrant further exploration during Phase 2. These ideas are even less well-developed, and will be further vetted and tested to determine whether they are ultimately effective solutions for driving growth in the South Suburbs, and if so, how they can be tailored to the characteristics of particular communities. Phase 2 is also likely to surface additional strategies not listed here, as the work continues to facilitate a deeper understanding of the sub-region’s challenges, opportunities and roles in the regional economy.

Additional potential strategies surfaced during Phase 1 include:<sup>121</sup>

<b>Economic Activities</b>	Participate in regional efforts to strengthen innovation Connect South Suburban firms and institutions – particularly priority regional clusters – to the regional innovation ecosystem, across all stages Engage firms in the Blue-Collar B2B Services Cluster to identify barriers and explore new models to drive innovation
<b>Residents’ Employment</b>	Employment on-ramps for youth and young adults (e.g., high school through age 29) – more deeply engaging employer partners around internships, apprenticeships, etc.
<b>Community Characteristics</b>	Retail strategy – efforts focused on attracting and retaining high-quality amenities, tailored to the community character and target population of different communities Catalyze mixed-use transit-oriented development (TOD) in high-potential locations such as traditional downtowns, Metra station areas and other high-density sub-areas – including developing tools to identify the right locations, identifying and securing relevant funding, etc.
<b>Institutional Capacity</b>	Shared services across multiple municipalities to take advantage of economies of scale and cost savings <sup>122</sup>

## Targeting County Tools and Programs

Cook County government administers many programs that directly or indirectly promote economic development throughout the county. These resources should be applied in alignment with the economic growth strategies for the South Suburbs, to strengthen the impact of those strategies and most effectively leverage the County's limited capabilities and funding.

County activities related to economic development span numerous departments and agencies, many of which have already been mentioned as potential partners for specific strategies above. The Cook County Bureau of Economic Development has primary responsibility for economic development, and as such, likely possesses the richest array of programming and tools to support coordinated growth efforts in the South Suburbs. Other relevant entities also bring valuable capabilities to the table, including transportation funding through the Department of Transportation, workforce development through the Chicago Cook Workforce Partnership, development of recreational amenities through the Forest Preserve District and acquisition and disposition of land through the Cook County Land Bank Authority.

County departments and agencies will be deliberate about aligning their day-to-day activities with the strategies recommended by the SSEGI. This includes reviewing program eligibility and decision-making criteria and revising them as appropriate; as well as identifying new funding sources and program development opportunities that can further bolster County government's support for growth in the South Suburbs.

Within the Bureau of Economic Development, for example, relevant programs and tools that might be tailored and targeted to align with the growth strategies in the South Suburbs include:

- **Community Development Block Grant (CDBG)** – Federal funding that supports a range of needs in South Suburban communities,<sup>123</sup> including capital projects such as improvements to streets, alleys, sewers, water mains, public facilities and pedestrian and bicycle infrastructure. At least 70% of funds must benefit low- and moderate-income residents. These resources could be used to target infrastructure improvements that will attract and retain particular household types and that can enhance South Suburban communities' attractiveness to firms in priority clusters.
- **The HOME Investment Partnerships Program (HOME)** – Federal funding for construction and rehabilitation of safe, healthy and affordable housing and related services (e.g., down payment assistance). Housing programs could be targeted and tailored to address the challenges and opportunities of various types of South Suburban communities.
- **Community Development Block Grant – Disaster Recovery (CDBG-DR)** – One-time, \$83 million, federal grant to respond to flooding damage and issues related to the spring 2013 federal disaster declaration.<sup>124</sup> This funding could potentially support infrastructure that would enhance the South Suburbs' attractiveness as a place to live and do business.

- **Property tax incentives** – Multiple tax incentive classifications are available to reduce businesses’ property tax payments as a tool to attract and retain businesses, thereby creating and retaining jobs in the county. These incentives could be targeted to support attraction and retention of firms in the South Suburbs’ priority clusters.
- **BUILT in Cook** – Low-interest loan program offering financing to projects that will generate economic development in the county. Priority funding consideration could be provided to South Suburban projects that support growth in priority clusters.

Agencies and departments across County government have been actively engaged to begin the process of focusing their resources on implementation of the South Suburban growth strategies. The Bureau of Economic Development is working closely with leadership and staff to identify relevant tools and programs and determine how they can be tailored and targeted to support a more prosperous and connected sub-region.

## Section V: Next Steps and Phase 2 Focus

Phase 1 of the South Suburbs Economic Growth Initiative has created a baseline understanding of the sub-region's core economic dynamics and role in the regional economy. Synthesis of prior work, additional market analyses and interviews with knowledgeable stakeholders reveals a set of communities in transition along several dimensions. Its rich history has endowed it with a set of economic assets – firms, workforce, infrastructure, etc. – that have become disconnected from the regional economy, but have enormous opportunity to be enriched and productively redeployed. Its neighborhoods have experienced disinvestment and changing demographics, but it also boasts an attractive package of community assets – housing, retail and amenities – that provide a solid foundation for attracting and retaining a next generation of households. Further, many public, private and civic organizations in the sub-region are actively engaged in economic and community development efforts that have already begun to move the needle on a range of issues. This combination of assets and challenges suggests a set of preliminary strategies that strengthen, expand and build upon existing work, to better align the South Suburbs with and increase its contributions to the growth of the Chicagoland region, for the benefit of both.

The next phase of work will move beyond identifying areas of opportunity, to taking action that will drive change. Embarking on the path to transformation means refining the preliminary strategies, operationalizing them and beginning to implement a first wave of initiatives aimed at “low-hanging fruit.” It also entails more deeply engaging local and regional actors with a stake in the South Suburbs, and more formally organizing to support implementation activities.

Phase 2 will build on the Phase 1 foundation, with work organized along three parallel tracks:

- 1. Strategy Refinement and Initiative Design.** Deeper and more focused market analysis will be undertaken to validate, sharpen and further fill out the preliminary set of integrated growth strategies and translate them into specific initiatives for implementation – scaling and building from relevant existing activities wherever possible. This work stream will entail both rigorous quantitative analysis (likely using specialized local data sets), and qualitative analysis ranging from industry research to interviews with local and national subject-matter experts and industry, civic and community leaders (this iterates and overlaps with (3), below). The results of these “deep dives” will be synthesized to further specify the preliminary strategies identified in Phase 1, as well as identify additional high-impact, mutually reinforcing strategies for growth.

Given the refined set of strategies, specific initiatives will be identified that can put them into action. The project team will engage local organizations already engaged in related activities (e.g., local workforce development entities, industrial councils, land banks, etc.), national subject experts and other local and regional stakeholders to develop short concept papers for each initiative, describing the mechanics of the new program or



enterprise and articulating the business case for how it will support particular aspects of economic growth in the South Suburbs.

- 2. First-Wave Implementation.** The project team will work with a set of subject-based working groups (see (3), below) to prioritize the set of potential initiatives for which concept papers were developed in (1). A prioritization matrix will be used to evaluate and rank initiatives, based on factors such as their anticipated impact, synergies with other activities already underway, implementation-readiness (“ripeness” for launch), availability of resources and others. Opportunities that can address “low-hanging fruit” in the relatively near term will be highlighted as candidates for a first wave of implementation activities.

To operationalize the highest priority initiatives, the project team will identify implementation partners (e.g., workforce training organizations, industry cluster organizations, finance firms, etc.), develop launch and operating budgets, determine staffing and other resource needs and so on. Initiatives that can be implemented in the relatively short term to address “low-hanging fruit” will be expedited, while parameters for mid- and longer-term initiatives will be specified to the extent possible. Early-action projects might include, for example, catalyzing or supporting projects that are underway (or nearly so) by existing organizations, to the extent they are aligned with SSEGI’s strategies. This set of draft operational plans will lay the groundwork for more in-depth business planning for additional enterprises and programs beyond Phase 2.

- 3. Stakeholder Engagement, Organizing and Civics.** The stakeholder engagement initiated in Phase 1 will continue, through interviews with local, regional and national experts to inform strategy development and refinement (see (1), above), and engagement of potential implementation partners to operationalize and begin implementing specific initiatives (see (2), above).

In addition, the organization infrastructure for long-term implementation of the SSEGI’s strategies and initiatives will be established. This will begin with the identification of a Steering Committee, comprised of senior leaders of public, private and civic organizations with a stake in the South Suburbs – including both those located within the geography and those acting at a regional level. Many members of the Phase 1 Sounding Board have expressed interest in and would be appropriate candidates for Steering Committee membership. The Steering Committee will create a set of cross-sector working groups tasked with identifying, prioritizing and building out initiatives with respect to particular strategy areas (number and areas of focus TBD). The Steering Committee and working groups will convene periodically throughout Phase 2 to actively engage in advancing and owning the work.

Finally, and most importantly, the Steering Committee will form a sub-committee to engage with the project team around developing a long-term plan for the institutional

infrastructure necessary to implement SSEGI's strategies and initiatives. This includes consideration and potential creation of some form of development authority and, in any event, addressing the legal form, governance structure, decision-making protocols, relationships to other organizations and other financial and operational aspects of managing coordinated economic growth activities on an ongoing basis. The sub-committee will work with the project team to develop an organizational launch plan that can be acted upon following the conclusion of Phase 2.

At the conclusion of Phase 2, SSEGI will have a comprehensive economic growth plan, and the institutional infrastructure to begin implementing its recommendations. This will position the South Suburbs for next-economy growth aligned with the trajectory of the broader region by establishing an integrated set of strategies to enhance the sub-region as a community of both opportunity and choice; articulating a first wave of actionable initiatives to drive prosperity; laying out the immediate steps that can be taken to achieve measurable results; and establishing a well-resourced and sustainable framework for managing ongoing implementation of the growth plan.

# Conclusion

Cook County's South Suburbs have long been an integral part of the Chicago region. The area played a central role in the rise of the region's manufacturing economy, as well as its position as a crossroads for the nation's rail, road, water and air freight. Its location and amenities have made it an attractive residential location for middle-income households, particularly following the arrival of commuter rail and highways in the first half of the 20<sup>th</sup> century. Today, the sub-region is home to more than 20% of the suburban Cook County's population, and key economic assets in several of the region's priority clusters.

While remaining asset-rich, the South Suburbs are experiencing an economic and population transition, and need to be strategic about how to move forward. The area's firms, workers, institutions and infrastructure need to be more fully aligned with the dynamics of the next economy. Its communities need to carefully consider in which housing, commercial and other amenities to invest to attract and retain the next generation of residents.

The preliminary strategies outlined in this Phase 1 report for SSEGI provide a first step toward strengthening South Suburban communities as places providing opportunity and choice. The sub-region can become a place whose residents and firms participate in and contribute to driving regional growth in priority clusters (e.g., TD&L, metals, food and business-to-business services); whose workers have the right skills to compete for next-economy jobs; and whose communities are strategically positioned as attractive destinations for key parts of the region's population – families, professionals, immigrants, empty nesters and others. As part of developing and realizing this vision of economic vibrancy and community vitality, the South Suburbs also need to develop new institutional capacity to enable ongoing, coordinated growth planning and implementation across the sub-region.

Reestablishing the South Suburbs as communities of opportunity and choice requires a bold vision, capable partners, coordinated action and substantial resources. This effort is ambitious, but necessary – for both the South Suburbs and the Chicago region. Phase 1 surfaced seven preliminary strategies that show great promise for driving growth in the South Suburbs. Phase 2 will bring these strategies to ground, creating actionable programs, initiatives and enterprises for implementation. This work will require significant investment of time, talent and other resources. Everyone with a stake in the region also has a stake in the South Suburbs – we invite you all to join us in this exciting effort.

# Notes

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<sup>1</sup> RW Ventures, LLC analysis of 2013 NETS database

<sup>2</sup> Available at <http://blog.cookcountyil.gov/economicdevelopment/wp-content/uploads/2013/04/FINALPFPReport.pdf>

<sup>3</sup> Cook County's Cook County's Consolidated Plan and Comprehensive Economic Development Strategy for 2015-19, available at <https://www.cookcountyil.gov/content/planning-progress>.

<sup>4</sup> See <http://www.worldbusinesschicago.com/plan/>

<sup>5</sup> Many in conjunction with the Chicago Metropolitan Agency for Planning (CMAP), through its Local Technical Assistance (LTA) program.

<sup>6</sup> This section excerpts and draws heavily on the following sources, which provide much more detailed literature review and discussion of the economics underlying this Plan: Robert Weissbourd and Mark Muro, *Metropolitan Business Plans: A New Approach to Economic Growth* (Brookings Institution Metropolitan Policy Program, 2011); Kosarko, Weissbourd, Wolman, Sarzynski, Levy and Hincapie, *Implementing Regionalism: Connecting Emerging Theory and Practice to Inform Economic Development* (<http://www.rw-ventures.com/publications/downloads/Surdna%20Final%20Paper%20-%20Combined%20112111.pdf>); Weissbourd, Bodini and He, *Dynamic Neighborhoods: New Tools for Community and Economic Development*, Living Cities, 2009 (especially Chapter 8); *Economic Place-Making: How to Develop a "Neighborhood Business Plan,"* prepared by RW Ventures, LLC for HUD's Choice Neighborhoods, 2014 ([http://www.rw-ventures.com/publications/downloads/Choice\\_NBP\\_Training\\_May.pptx](http://www.rw-ventures.com/publications/downloads/Choice_NBP_Training_May.pptx)); Kosarko and Weissbourd, *Economic Impacts of GO TO 2040* ((Chicago Community Trust, 2011)); and Weissbourd and Bodini, *Market Based Economic Development* (Brookings Institution, 2005).

<sup>7</sup> See the sidebar "Existing South Suburban Economic Growth Efforts" (page 2) for a more complete list of existing economic growth plans that apply to Cook County's South Suburbs.

<sup>8</sup> Excerpted, and modestly paraphrased, from *Partnering for Prosperity*, page 1.

<sup>9</sup> Weissbourd and Berry (2004), "The Changing Dynamics of Urban America, <http://rw-ventures.com/publications/downloads/Changing%20Dynamics%20report.pdf>; Ostry, Berg and Tsangarides, "Redistribution, inequality, and growth," *IMF Staff Discussion Note*, April 2014, <http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf>; OECD Directorate for Employment, Labour, and Social Affairs, "Does inequality hurt economic growth?" *Focus on Inequality and Growth*, 9 December 2014; and Benner and Pastor, "Brother can you spare some time? Sustaining prosperity and social inclusion in America's metropolitan regions," *Urban Studies* 52.7 (2015): 1339–1356.

<sup>10</sup> Clusters can also be based on concentrating economic functions, rather than industries – such as Business Services and Headquarters.

<sup>11</sup> Deal-level incentives for firm attraction (e.g., tax and other incentives), the main traditional regional economic development practice, then become a tactic – targeting firms that enhance strategies focused on the intersection of particular clusters, technologies and human capital.

<sup>12</sup> See Weissbourd, *Into the Economic Mainstream: Bipartisan Policies for Inclusive Economic Growth* (Opportunity Finance Network and CFED, 2006), <http://www.rw-ventures.com/publications/downloads/Distribution%20Draft%20IEM%20Paper%2008-6-06%20rw.pdf>

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<sup>13</sup> Note that this role aligns with the clusters, human capital and innovation/entrepreneurship market levers, as well as some aspects of the spatial efficiency market lever.

<sup>14</sup> The South Suburbs geography may be revisited and refined during Phase 2. A larger map and a list of included municipalities are available as Appendices B and C.

<sup>15</sup> The historical narrative is synthesized from a broad range of sources, formal and informal. Among those most heavily drawn upon is Janice L. Reiff, Ann Durkin Keating and James R. Grossman (eds.), *The Electronic Encyclopedia of Chicago*, maintained by the Chicago History Museum, The Newberry Library and Northwestern University (<http://encyclopedia.chicagohistory.org/>).

<sup>16</sup> The Lincoln Highway was the first transcontinental roadway in the nation.

<sup>17</sup> Twenty-seven municipalities were incorporated between 1890-1930. Blue Island incorporated in 1843, and six other municipalities were incorporated in the 1940s-1950s.

<sup>18</sup> See, e.g., Darnell Little and Dan Mihalopolous, “Black Chicagoans Fuel Growth of South Suburbs,” *New York Times*, July 2, 2011 (<http://www.nytimes.com/2011/07/03/us/03cncensus.html>).

<sup>19</sup> Sources: T. Shawn Taylor, “Chicago’s South Suburbs: The New South Suburbs for DMC?” *Strategies* 3(2), Chicago Urban League, Fall 2010

(<http://www.thechicagourbanleague.org/cms/lib07/IL07000264/Centricity/Domain/1/Strategies/CUL%20Strategies%20Policy%20Journal%20Fall%202010.pdf>); “CEDA 2017 Community Action Plan,” Community and Economic Development Association of Cook County, Inc., pages 36-37

([http://www.cedaorg.net/www2/Assets/2017\\_CAP.pdf](http://www.cedaorg.net/www2/Assets/2017_CAP.pdf)); and Chris Fusco, Novak, T., Dumke, M and Chase, B., “Public Housing Families Flee to Suburbs,” Better Government Association, June 25, 2016 (<http://www.bettergov.org/news/public-housing-families-flee-to-suburbs>).

<sup>20</sup> Note that retail, restaurants, entertainment and personal services – consumer-oriented activities – are not included in this analysis because they are primarily local-/regional-serving and less significant drivers of economic growth. They do, however, contribute in a meaningful way to communities’ attractiveness as a place to live. These uses are discussed in the market analysis of “Community Characteristics,” later in this section.

<sup>21</sup> Here – and generally, throughout this report – the term “region” refers to the 14-county Metropolitan Statistical Area (MSA) defined by the US Office of Management and Budget. At various places in this document, other definitions are used (primarily due to data availability), and are noted.

<sup>22</sup> See World Business Chicago, *Plan for Economic Growth and Jobs* (2012) and Cook County Council of Economic Advisors, *Partnering for Prosperity* (2013) for the background analysis that identified the region’s priority clusters.

<sup>23</sup> Throughout this document, “regional priority clusters” will refer to the 14 clusters listed here that have been identified in the *Plan for Economic Growth and Jobs* and *Partnering for Prosperity* as priorities for targeted regional growth efforts; “South Suburban priority clusters” will refer to the eight clusters identified in this section, below, as preliminary focus areas for strategies to grow the South Suburbs’ economic activities.

<sup>24</sup> In the *Plan for Economic Growth and Jobs*, all of these – with the exception of Health Services – are considered sub-parts of the broader Headquarters and Business Services cluster.

<sup>25</sup> For each of the regional priority clusters, Figure 4 and Figure 5 reflect analysis of data (updated since the *Plan for Economic Growth and Jobs*) at the regional level, plotted in comparison to data analyzed at the

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South Suburban level. Multiple variables are combined into a “score” for each cluster at the regional level, and a “score” at the South Suburban level. See Appendix D for more detail on how the scores were derived.

<sup>26</sup> By starting with existing cluster definitions and analysis from regional plans, this methodology does not currently capture any “emerging” clusters that may represent regional or sub-regional growth opportunities. These emerging clusters are more difficult to capture through quantitative methods, as available data generally lags transformative changes in the market (e.g., companies may be coded with outdated NAICS codes that do not reflect new activities). Phase 2 will include exploration of nascent South Suburban economic activities, including, e.g., anecdotal evidence of bio-fuel activity that may leverage sub-regional strengths in chemicals and waste management.

<sup>27</sup> Traded clusters are those that tend to export their products and services outside of the metropolitan area in which they are located, and thus have the potential for a national or international customer base. Local clusters consist of companies that primarily provide goods and services to local residents and customers, and thus their market is limited to the regional (or city or neighborhood) population.

<sup>28</sup> Regional clusters that are less likely targets for South Suburban economic growth efforts include more advanced/knowledge-intensive clusters (e.g., Advanced Business Services, Finance and Securities, Insurance and Medical Manufacturing) and emerging clusters like Clean Technology and Water that either do not yet have a significant presence in the South Suburbs or whose concentration in the area is in sub-clusters not likely to be highest-potential opportunities (e.g., the South Suburbs’ “clean technology” presence is largely in Waste Management companies).

<sup>29</sup> See Appendix E for maps displaying the geographic distribution of cluster establishments and employment in the South Suburbs.

<sup>30</sup> While the population and workforce in general are aging, the median age of manufacturing workers was 2.3 years higher than the overall non-farm workforce in 2012, and growing. See Manufacturing Institute, “Median Age of the Manufacturing Workforce,” <http://www.themanufacturinginstitute.org/Research/Facts-About-Manufacturing/Workforce-and-Compensation/Median-Age/Median-Age.aspx>

<sup>31</sup> Based on Mass Economics analysis of innovation-driving tasks and occupations; see Appendix F for more detail on methodology.

<sup>32</sup> Source: Chicago Southland Economic Development Corporation

<sup>33</sup> Source: Chicago Southland Economic Development Corporation

<sup>34</sup> Source: Chicago Southland Economic Development Corporation. This figure represents over a quarter of project value tracked by CSEDC for the past three years.

<sup>35</sup> For more detail on trends and opportunities in this cluster, see RW Ventures, LLC and IMEC, *Chicagoland FOOD: Seizing the Opportunity to Grow Chicagoland’s Food Industry* (2015).

<sup>36</sup> See World Business Chicago, *Plan for Economic Growth and Jobs* (2012), p. 21, for more detail on, and sources relevant to, the definition of functional clusters.

<sup>37</sup> See note above regarding CMAP projections of employment decreases in NAICS 48/49 (transportation and warehousing) between 2015 and 2050.

<sup>38</sup> The share of jobs accessible with a high school diploma or less varies by sub-cluster, ranging from 31% to 46%. Jobs in those sub-clusters related to the sale of more complex products – e.g., computer and

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computer peripheral equipment; medical and dental and hospital equipment; photographic equipment and supplies; ophthalmic/lenses/glasses equipment – tend to require higher levels of educational attainment.

<sup>39</sup> The Calumet Heritage Partnership released a draft feasibility study for the bi-state NHA in December 2016. For more information, see <http://www.calumetheritage.org/heritage.html>.

<sup>40</sup> Bruce Katz and Julie Wagner, “The Rise of Innovation Districts: A New Geography of Innovation in America,” Brookings Institution, 2014.

<sup>41</sup> The South Suburban ecosystem recently contracted further, with the closing of the Illinois Small Business Development Center and International Trade Center at Governors State University at the end of 2016.

<sup>42</sup> Based on Mass Economics research of Guidestar and other online resources. The SouthWorks MakerLab network is a notable exception. Located at community colleges, universities and other community organizations, the MakerLabs provide STEM programming and innovation opportunities for local higher education and K-12 students, as well as training and shared equipment to assist entrepreneurs with prototyping and product development. For more information, see, e.g.: <http://www.southmetroed.org/regional-development/23-regional-development/163-southworks-makerlab-network-2016>.

<sup>43</sup> As of 2014, 8.5% of firms in the South Suburbs were five years old or less, compared to 10.1% in both Cook County overall and the 14-county region. Source: Mass Economics analysis of US Census Bureau’s LEHD-OTM data

<sup>44</sup> Based on CMAP analysis of Federal Highway Administration, 2015 NPMRDS truck-only data.

<sup>45</sup> For example, in June 2014 CREATE completed the Thornton Junction Connection in South Holland, providing dispatchers with increased flexibility to route trains into Chicago. In October 2014, CREATE completed the Englewood Flyover at 63rd and State, which eliminated congestion between Metra, Amtrak, and freight lines and relieved a major bottleneck for many of the trains that pass through the South Suburbs on the way into downtown Chicago.

<sup>46</sup> While boundaries differ somewhat, the IPZs are largely encompassed by the Calumet/Cal Sag and I-57/I-394 Industrial Growth Zones; more information on the services Cook County will offer for properties in these zones can be found at <http://www.growthzones.com/>.

<sup>47</sup> CMAP analysis of U.S. Census Bureau Longitudinal Employer-Household Dynamics, 2014, with industrial jobs defined as those in manufacturing, transportation and warehousing, and wholesale trade.

<sup>48</sup> Cluster-based employment figures for all three IPZs based on Mass Economics analysis of National Establishment Time Series (NETS) database, 2013.

<sup>49</sup> In addition to firms’ transaction costs, potential workers encounter transactions costs associated with finding appropriate openings and effectively demonstrating the nature of their existing skills.

<sup>50</sup> Workforce characteristics – education and skill levels; employment by occupation, industry and place of residence; etc. – are particularly challenging to track and measure, often making it difficult to get complete or accurate datasets. For present purposes, the data suggest a direction and order of magnitude that is sufficient to inform strategies, but should not be overread as precise measures of market activity.

<sup>51</sup> “Middle-skilled” refers to workers with some post-high-school training or education (e.g., vocational training, some college, associate’s degree) or on-the-job training, but who do not have a bachelor’s

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degree. See, e.g., definitions used by the Urban Institute

(<http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411633-America-s-Forgotten-Middle-Skill-Jobs.PDF>) and the U.S. Competitiveness Project led by faculty at Harvard Business School (<http://www.hbs.edu/competitiveness/research/Pages/middle-skills.aspx>).

<sup>52</sup> Source: US Census Bureau 2000 Decennial Census and American Community Survey (ACS) 5-year estimates (2009-2014). Unemployment more than doubled to 17.5% (compared to 10.5% for the 14-county MSA); poverty increased by 8 points to 19% (14% region-wide); and median income lagged the region by \$12,000 in 2014. ACS unemployment data were used to enable analysis below the county level, which is not feasible using the Bureau of Labor Statistics Current Population Survey (CPS), the most common source for such data. Note that ACS and CPS unemployment estimates often differ, for reasons including different survey questions (CPS is more detailed), population samples and collection methods (including the timeframe of reference). Further comparison of the two sources is available at <https://www.bls.gov/lau/acsqa.htm>.

<sup>53</sup> More detailed exploration of demographic and socioeconomic change by sub-area of the South Suburbs is provided in the “Community Characteristics” market analysis later in this section.

<sup>54</sup> The relative impact of these dynamics warrants further exploration in Phase 2 of this project.

<sup>55</sup> “Opportunity youth” is a commonly used term in the workforce development field, generally referring to 16- to 24-year-olds that are neither in school nor working. See, e.g., definitions used by the Congressional Research Service (<https://fas.org/sgp/crs/misc/R40535.pdf>), the Corps Network (<http://www.nascc.org/advocacy/opportunity-youth>) and the Aspen Institute (<https://aspencommunitysolutions.org/the-fund/>), among others.

<sup>56</sup> Skill levels for occupational categories are evaluated based on Job Zones, as defined by the Occupational Information Network (O\*NET), under the sponsorship of the US Department of Labor/Employment and Training Administration (USDOL/ETA). More information on how Job Zones are determined, see <https://www.onetcenter.org/overview.html>. “Lower-skilled” is used to refer to Job Zones 1 (little or no preparation required, some may require a HS diploma) and 2 (some preparation required, usually requires a HS diploma); “middle-skilled” refers to Zone 3 (medium preparation required, usually requires an associate’s degree, vocational training or related on-the-job experience); and “high-skilled” refers to Zones 4 (considerable preparation, most require a bachelor’s degree) and 5 (Extensive prep, most require a graduate degree). The average Job Zone – weighted by the 2015 MSA-level mix of occupations in each occupational category – for the occupations in which residents experienced the greatest losses is 3.0.

<sup>57</sup> Based on Bureau of Labor Statistics’ average 2015 wages for the Metropolitan Statistical Area. Average wages by occupational category are weighted by the number of jobs lost in each occupational category.

<sup>58</sup> The weighted average Job Zone for the occupations in which residents saw the greatest gains is 2.6 (2.4 if Diagnosing and Treating Physicians and Other Technical occupations are excluded).

<sup>59</sup> Based on Bureau of Labor Statistics’ average 2015 wages for the Metropolitan Statistical Area. Average wages by occupational category are weighted by the number of jobs gained in each occupational category.

<sup>60</sup> Health Diagnosing and Treating Practitioners and Other Technical occupations earned an average wage of more than \$50/hour.



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<sup>61</sup> Half of the participants in the “dislocated” worker programs at the Chicago Cook Workforce Partnership’s South Suburban workforce centers are college graduates, as are 20% participating in the “adult” worker programs. Dislocated workers are those who have been laid off or otherwise separated from employment, while adult workers are unemployed and low-income. RW Ventures, LLC analysis of Chicago Cook Workforce Partnership data (Target Population Summary by WIA Funding Stream, 7/1/15-6/30/16).

<sup>62</sup>This analysis is also consistent with anecdotal evidence from South Suburban stakeholders. However, data constraints likely mask more nuanced dynamics. Specifically, job gains and losses are aggregated by occupational category, rather than available by specific occupation; skill level estimates are averaged across numerous occupations within an occupational category; and wage levels are based on region-wide wages (and again, averaged across numerous occupations within a given category).

<sup>63</sup> Unless otherwise indicated, the source for material in this section is Teresa L. Córdova and Matthew D. Wilson, *A Lost Generation: The Disappearance of Teens and Young Adults from the Job Market in Cook County*, Great Cities Institute at University of Illinois at Chicago, March 22, 2016.

<sup>64</sup> Page 21

<sup>65</sup> 18.9% of 16- to 19-year-olds are out of school and out of work in “Southern Cook County, just south of the Chicago boarder [sic]” (page 23).

<sup>66</sup> The next highest rates are on the west side of Chicago (17.9%) and in the western Cook County suburbs (15.5%), (page 23).

<sup>67</sup> Page 3

<sup>68</sup> Page 21

<sup>69</sup> Page 23

<sup>70</sup> A smaller share is pregnant or parenting. Source: RW Ventures, LLC analysis of data obtained from the Chicago Cook Workforce Partnership (Target Population Summary by WIA Funding Stream, 7/1/15-6/30/16).

<sup>71</sup> Teresa L. Córdova, Matthew D. Wilson and Jackson C. Morsey, *Lost: The Crisis of Joblessness and Out of School Teens and Young Adults in Chicago, Illinois and the U.S.*, Great Cities Institute at the University of Illinois at Chicago, January 2016.

<sup>72</sup> RW Ventures analysis of Illinois Department of Employment Security occupational employment projections, 2012-2022. Due to constraints on data availability, data is provided for an 8-county region that includes Cook, DeKalb, DuPage, Kane, Kendall, Lake, McHenry, Will. This represents all Illinois counties in the 14-county federally defined MSA, excluding Grundy County. It also reflects the 7-county CMAP region, with the addition of DeKalb.

<sup>73</sup> Weighted average Job Zone and weekly wage are calculated only for occupations within each category that are projected to grow between 2012-2022.

<sup>74</sup> Analysis of 2014 US Census Bureau County Business Patterns data for the 14-county Chicago MSA

<sup>75</sup> Each symbol on this map represents the geographic center of either the distribution of jobs in the Chicago region in a given year or the distribution of a demographic group. Except for African American residents, all populations generally tracked with the movement of jobs in the region between 1980 and 2010. Over the same period, African American residents gradually moved southwest.

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<sup>76</sup> Each symbol on this map represents the geographic center of either the distribution of jobs in the Chicago region in a given year or the distribution of a demographic group. Except for African American residents, all populations generally tracked with the movement of jobs in the region between 1980 and 2010. Over the same period, African American residents gradually moved southwest. Source: Mass Economics analysis of US Census LEHD; Northeastern Illinois Planning Commission.

<sup>77</sup> Findings about commuting patterns and access via transit and driving are based on CMAP analysis of the CMAP travel demand model. The 75-minute commute by transit or 45-minute commute by car are standard benchmarks used by CMAP in its transportation analysis.

<sup>78</sup> Each symbol on this map represents the geographic center of either the distribution of jobs in the Chicago region in a given year or the distribution of a demographic group. Except for African American residents, all populations generally tracked with the movement of jobs in the region between 1980 and 2010. Over the same period, African American residents gradually moved southwest.

<sup>79</sup> Analysis of US Decennial Census and American Community Survey

<sup>80</sup> Within this section, comparisons to Cook County are based on all of Cook County *except* the South Suburbs; similarly, regional comparisons are to the 7-County Chicago region *excepting* Cook County (i.e., DuPage, Kane, Kendall, Lake, McHenry and Will Counties). For descriptions of growth or declines in various metrics or proportions, the time period is for 2010 to 2014, unless otherwise noted.

<sup>81</sup> In 2014, the South Suburbs' average income was 25% lower than the rest of the County, and 40% lower than the rest of the region.

<sup>82</sup> Note that unemployment figures for this analysis were based on American Community Survey data because of its availability at the Census tract level, allowing for estimates by sub-area (described later in this section) that Bureau of Labor Statistic data could not facilitate. For detail on ACS versus BLS estimates for employment, see footnote 53 in the Workforce section.

<sup>83</sup> Deeper exploration will be undertaken in Phase 2 to further assess the dynamics affecting changes in household characteristics.

<sup>84</sup> Sources: CMAP analysis of ACS 5-year data (2010-14); DePaul Institute of Housing Studies.

<sup>85</sup> 12.7% residential vacancy in 2014, up 40% since 2009

<sup>86</sup> Business buyers in South Cook County more than tripled from 2005 to 2015, rising from 8% to nearly 28% of sales.

<sup>87</sup> South Cook consistently experienced the highest annual foreclosure filing rates in Cook County, per 100 residential parcels, between 2005 and 2015.

<sup>88</sup> Dennis Rodkin, "How are home values doing where you live?" *Crain's Chicago Business*, January 24, 2017.

<sup>89</sup> Several anchors have closed in the last decade: the 1,600-seat movie theater in 2006, and both Carson's and Sears in 2013. Macy's and JCPenney remain as the center's anchors. Phil Arvia, "If Macy's goes, might River Oaks follow?" *Chicago Tribune*, August 15, 2016.

<sup>90</sup> The South Suburban violent crime rate (422 per 100,000 residents) is nearly double that of the next-highest sub-region, and the property crime rate (2,891 per 100,000) is nearly 1.5 times the rate of next-highest sub-region. In both cases, the next-highest sub-region is the western Cook suburbs. Cook County Justice Advisory Council analysis of 2014 FBI Uniform Crime Reporting data. The data set includes 105 of the 134 municipalities in Cook County, including 22 of the 34 municipalities in the South Suburbs.

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<sup>91</sup>Harvey (#1 violent; #1 property), Riverdale (2, 12), Sauk Village (5, 3), Chicago Heights (6, 13), Calumet City (8, 4), Hazel Crest (9, 9) and Matteson (15, 2). Violent crime: Richton Park (12) and Park Forest (14). Property crime: Country Club Hills (7) and Homewood (15).

<sup>92</sup> See Weissbourd, Bodini and He, *Dynamic Neighborhoods: New Tools for Community and Economic Development*, Living Cities, 2009. Chapter VII outlines the structure of the typology, and describes each of its types and sub-types in detail.

<sup>93</sup> The smallest unit of geography at which many variables tend to be available, and often an analytical proxy for “neighborhoods.”

<sup>94</sup> The time period was selected due to data availability, and may be updated in Phase 2 to capture more recent community dynamics.

<sup>95</sup> “Bedroom community” refers to communities that are primarily residential, rather than primarily centers of employment.

<sup>96</sup> The RSI uses sales data for repeat sales of residential properties whose housing has not changed (e.g. been upgraded) between sales to identify how homebuyers value different locations and their amenities over time. The RSI is then also used in a locally weighted regression (called NeighborScope), which groups properties into geographical clusters based on similar levels and trends in the RSI, reflecting “true” community boundaries. For a detailed description of the RSI, and its application in the NeighborScope tool, see Chapter IX of Weissbourd, Bodini and He, *Dynamic Neighborhoods: New Tools for Community and Economic Development*, Living Cities, 2009.

<sup>97</sup> See Illinois Report Card (<https://www.illinoisreportcard.com/Default.aspx>) and GreatSchools (<http://www.greatschools.org/>) for more information on test scores (2015), graduation rates (2014) and overall quality ratings.

<sup>98</sup> As referenced in the earlier discussion of Industrial Priority Zones (IPZs), there are several areas where residential, commercial and industrial uses intermingle, creating potential conflicts as certain uses are emphasized or enhanced. Phase 2 will more closely examine where and how industrial land uses interact with residential and commercial uses, and will refine strategies for managing impacts of each use on the others.

<sup>99</sup> Throughout this section, statistics regarding subsidized households are drawn from the following sources: T. Shawn Taylor, “Chicago’s South Suburbs: The New South Suburbs for DMC?” *Strategies* 3(2), Chicago Urban League, Fall 2010 (<http://www.thechicagourbanleague.org/cms/lib07/IL07000264/Centricity/Domain/1/Strategies/CUL%20Strategies%20Policy%20Journal%20Fall%202010.pdf>); “CEDA 2017 Community Action Plan,” Community and Economic Development Association of Cook County, Inc., pages 36-37 ([http://www.cedaorg.net/www2/Assets/2017\\_CAP.pdf](http://www.cedaorg.net/www2/Assets/2017_CAP.pdf)); and Chris Fusco, Novak, T., Dumke, M and Chase, B., “Public Housing Families Flee to Suburbs,” Better Government Association, June 25, 2016 (<http://www.bettergov.org/news/public-housing-families-flee-to-suburbs>)

<sup>100</sup>Calumet City is home to 3,150 subsidized households (8% of its total households), the most in Cook County <sup>outside</sup> of the City of Chicago. Twenty percent of Dolton’s households are subsidized.

<sup>101</sup> This zone has not experienced a notable increase in subsidized households, aside from some movement of households into Country Club Hills.

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<sup>102</sup> The effect of HCV holders on these dynamics is unclear, as the number of subsidized households *decreased* in Chicago Heights and *increased* in Park Forest by nearly equal amounts (400-500) between 2000 and 2015.

<sup>103</sup> CMAP analysis of data from the Illinois Department of Revenue; County Assessor and County Clerk offices of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will counties. Note that these figures do NOT include the three Cook County districts, three US congressional districts, nine Illinois House districts and six Illinois Senate districts that overlap to varying degrees with the South Suburbs.

<sup>104</sup> For a more in-depth discussion of the implications of government fragmentation, see, e.g., Christopher Berry, *Imperfect Union: Representation and Taxation in Multilevel Governments* (Cambridge: Cambridge University Press, 2009).

<sup>105</sup> For example, the 2014 effective tax rates in Harvey were the highest among a set of metro-area communities analyzed by the Civic Federation: 7.71% for residential properties and 19.20% for commercial properties (+15.2% from 2013; + 113.5% since 2005). Since 2009, too few sales of industrial properties have occurred in the Cook County South Triad to calculate an effective rate for industrial properties there. “Estimated Effective Property Tax Rates 2005-2014: Selected Municipalities in Northeastern Illinois,” Civic Federation, December 28, 2016,

<sup>106</sup> Since 2013, Indiana has waged a marketing campaign to attract businesses to move across the border, particularly targeting firms in the South Suburbs. Companies that have relocated in recent years have cited financial incentives among their primary decision factors, including tax credits to hire new employees and property tax abatements.

<sup>107</sup> Stakeholder interviews generally revealed a perception of declining quality in public services.

<sup>108</sup> SSMMA’s membership includes municipalities in southern Cook County and eastern Will County.

<sup>109</sup> None of the inter-governmental organizations described in this section exactly reflect the South Suburbs geography as defined for this project. Each includes only a sub-set of the South Suburban municipalities that are the focus of this effort, and each also includes municipalities that are outside this project’s preliminary geography (some, in fact, are located outside of Cook County).

<sup>110</sup> CSHCDC successfully applied for and was awarded funding from several federal programs, including the Department of Housing and Urban Development’s Neighborhood Stabilization Program, Sustainable Communities, and the Disaster Recovery Program. The collaborative has been able to leverage these funds to demolish, rehab, and develop blighted housing stock, develop a framework to prioritize where to invest housing recovery funds, and complete a transit-oriented development plan for the sub-region.

<sup>111</sup> As described in the Challenges and Opportunities section, recreational tourism is a somewhat different type of economic opportunity for the South Suburbs than opportunities in traded clusters such as TD&L, food, chemicals or B2B services. Currently, local recreational tourism activities and amenities are unlikely to draw visitors from outside of the Chicago region, though they likely attract visitors from other sub-areas of the metropolitan area. There is, of course, potential that the cluster will grow and develop sufficiently to broaden its future market reach.

<sup>112</sup> See, for example, the Illinois Science and Technology Coalition’s overview of innovation resources and stakeholders, here: [http://www.istcoalition.org/filebin/pdfs/Illinois\\_Innovation\\_Ecosystem\\_Deck.pdf](http://www.istcoalition.org/filebin/pdfs/Illinois_Innovation_Ecosystem_Deck.pdf).

<sup>113</sup> See, e.g., RW Ventures, LLC and Illinois Manufacturing Excellence Center (IMEC), *Chicagoland FOOD: Seizing the Opportunity to Grow Chicagoland’s Food Industry*, May 2015 (“Technology and Innovation,” page 22).

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<sup>114</sup> Preliminary sub-cluster analyses suggest South Suburban strengths in chemicals (potentially including resins, coatings, adhesives, inks) and non-metallic mineral manufacturing (potentially including glass).

<sup>115</sup> See, for example, TechPlace: <http://techplacemaine.us/about-us/about-the-facility/>.

<sup>116</sup> Nationally, over two thirds of firms in these sub-clusters employ fewer than 10 workers, and 95% employ fewer than 50 workers. Source: Mass Economics analysis of 2014 US Census Bureau County Business Patterns data.

<sup>117</sup> South Suburban high schools might also be engaged in developing and implementing programming that lays the groundwork for post-secondary occupational training.

<sup>118</sup> Representatives of Moraine Valley Community College will need to be interviewed as part of Phase 2 of this project, to identify specific employer partnerships and credentialing programs with which to align this strategy.

<sup>119</sup> The three listed above, plus Richard J. Daley College.

<sup>120</sup> See, e.g., the range of existing entities and their respective authorities described in “Do We Have the Capacity for Transformative Investment? An Assessment of Northeastern Illinois’ Regional Development Structures and Tools,” Metropolitan Planning Council, December 2013.

<sup>121</sup> In addition to those described here, a number of strategies have surfaced that are not directly related to the economic growth aims of this plan, but instead to wealth-building for households. These include, e.g., strategies to reform fee and fine regulations in the criminal justice system, which disproportionately impact households in the South Suburbs.

<sup>122</sup> See, e.g., the first steps being undertaken to create a shared water authority across multiple South Suburban communities: <http://hfchronicle.com/article/2016/dec/20/flossmoor-oks-pact-could-lead-regional-water-authority>

<sup>123</sup> Note that 13 of the larger municipalities in Cook County receive their own federal CBBG allocations.

<sup>124</sup> For example, Cook County is coordinating with the Metropolitan Water Reclamation District on stormwater management and flood mitigation improvements. Grant funds are 90% committed.

# Appendix A: Phase 1 Public, Private, and Civic Participants and Core Project Team

\*Indicates Phase 1 Sounding Board Members

Name	Affiliation
Bob Anderson	Illinois Department of Commerce and Economic Opportunity
MarySue Barrett	Metropolitan Planning Council
Antonio Baxton	Illinois Department of Commerce and Economic Opportunity
Mark Bouman	Field Museum
Sarah Coulter*	Calumet Collaborative
Tyrone Crider	Calvary Baptist (Church)
Michael Davidson	Chicago Community Trust
Kristi DeLaurentiis*	South Suburban Mayors and Managers Association
David Doig*	Chicago Neighborhoods Initiatives
Mollie Dowling*	OAI, Inc.
Tom DuBois	Calumet Area Industrial Commission
Beth Dybala	Calumet Area Industrial Commission
Phil Enquist	Skidmore Owings and Merrill
Ellen Foster Curtis	Governors State University
Hector Garcia	ComEd
Jim Garrett	Chicago Southland Convention & Visitors Bureau
Vernell Glover	Rich East High School
Reggie Greenwood*	Chicago Southland Economic Development Corporation
Clayton Harris III	Illinois International Port Authority
David Hinderliter	Chicago Southland Chamber of Commerce
Michelle Hoereth*	IFF
Greg Horak	Bloom Township High School District 206
Craig Howard	John D. and Catherine T. MacArthur Foundation
Robin Hunden	Hunden Strategic Partners
Sylvia Jenkins*	Moraine Valley Community College
Terry Jenkins	Business Districts, Inc.
Aldophus Kindle	DOTH
Jim Kvedaras	Canadian National
O. Victoria Lakes-Battle	IFF
Bridget Lane	Business Districts, Inc.
Gene Larkin*	Mi-Jack Products
Keith Lewis	United Way of Metropolitan Chicago
Tom Livingston	CSX
Elaine Maimon	Governors State University
Don Manning*	South Suburban College

Name	Affiliation
James Matanky	Matanky Realty Group
James Mattz*	Keller Williams
Douglas Messana*	Ford Motor Company
Debbie Meyers-Martin*	Village of Olympia Fields
Hubert Morgan*	Stanhope Consulting
Michele Netherton	Ingalls Occupational Health Program
Lauren Nolan	UIC, Voorhees Center
Pat Ormsby	Bimba Manufacturing Co.
Yvonne Orr-El*	WEL Cleaning Services, Inc.
Rosa Ortiz*	Enterprise Community Partners
Ed Paesel	South Suburban Mayors and Managers Association
Michael Pagano	UIC, College of Urban Planning and Public Affairs
Algernon Penn	Johnson, Penn & Shaw
David Price*	Calumet Area Industrial Commission
Jay Readey	Chicago Lawyers Committee for Civil Rights
Rick Reinbold	Richton Park
Omar Rodriguez-Caballero	Cal Atlantic Homes
Russell Rydin*	South Suburban Land Bank and Development Authority
Joseph Schwieterman	DePaul University School of Public Service
Elbert B. Shaw*	Johnson, Penn and Shaw
Ed Sitar	ComEd
Angelia Smith	Ford Heights Community Services Center
Janet Smith	UIC, Voorhees Center
Zafer Sonmez	UIC, Voorhees Center
David St. Pierre	Metropolitan Water Reclamation District of Greater Chicago
Ted Stalnos	Calumet Area Industrial Commission
Bill Steers	ArcelorMittal
Gene Steinmarch	GMT Management, LLC
Regan Stockstell*	Village of Richton Park
Lynette Stokes	South Suburban College
Kevin Thomas	Homewood Flossmoor High School
Joanna Trotter	Chicago Community Trust
Joe Vanyo	United Way of Metropolitan Chicago
Sarah Ware*	Ware Realty Group
Ty Warner	Northwest Indiana Regional Planning Commission
John Watson*	South Holland Economic Development Corporation
John Wertymer	Marshfield Plaza South, LLC
Carl White	Victory International Church
Gene Williams	Village of Lynwood
Ben Wilson	Village of Matteson

Name	Affiliation
Terri Winfree	Prairie State College
Karen Yates	Franciscan St. James
Yittayih Zelalem	UIC, Voorhees Center

SSEGI's Phase 1 was managed by RW Ventures, LLC, and includes the following core team members:

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Donald Hughes  
Marisa Prasse

Civic Consulting Alliance

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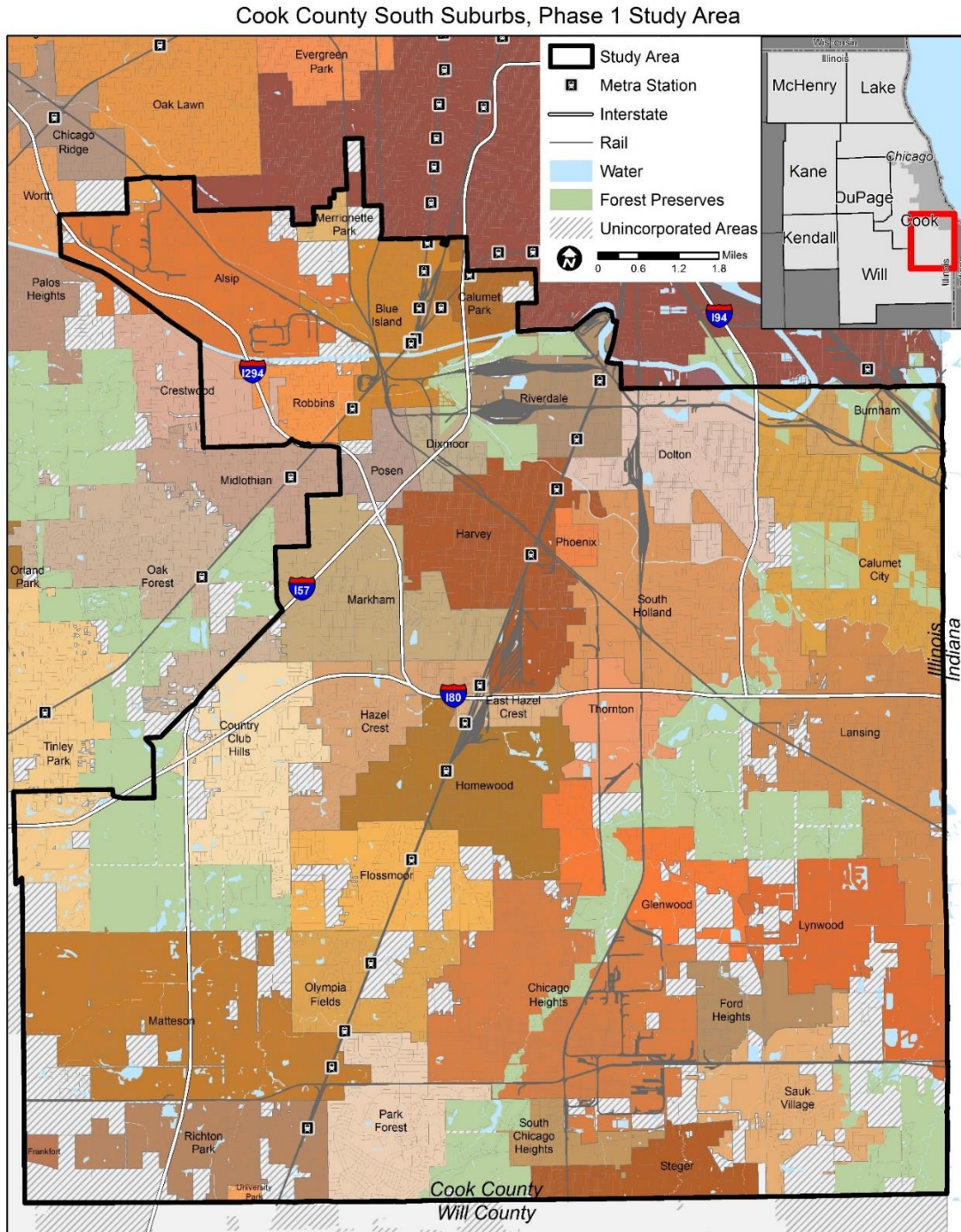
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# Appendix B: Geography of the Phase 1 Study Area for the South Suburban Economic Growth Initiative



# Appendix C: Municipalities Included in the South Suburbs Phase 1 Study Area\*

- |                    |                       |
|--------------------|-----------------------|
| Alsip              | Lansing               |
| Blue Island        | Lynwood               |
| Burnham            | Markham               |
| Calumet City       | Matteson              |
| Calumet Park       | Merrionette Park      |
| Chicago Heights    | Olympia Fields        |
| Country Club Hills | Park Forest           |
| Crestwood          | Phoenix               |
| Dixmoor            | Posen                 |
| Dolton             | Richton Park          |
| East Hazel Crest   | Riverdale             |
| Flossmoor          | Robbins               |
| Ford Heights       | Sauk Village          |
| Glenwood           | South Chicago Heights |
| Harvey             | South Holland         |
| Hazel Crest        | Steger                |
| Homewood           | Thornton              |

\*In whole or in part

# Appendix D: Variables, Data Sources and Methodology for Regional and South Suburban Cluster Analysis

Category	Regional Variables	South Suburbs Variables*	Data Sources
Presence and Productivity (2014)	Employment	Employment	US Census Bureau, County Business Patterns (CBP)
	Location Quotient (LQ, based on employment)	LQ	CBP
	Output		CBP, Bureau of Economic Analysis (BEA) Input-Output Accounts
	Productivity (Output per emp.)		CBP, BEA Input-Output Accounts
Historical Growth (2004-2014)	Employment Growth	Employment Growth	CBP
	LQ growth	LQ Growth	CBP
	Output Growth		CBP, BEA Input-Output Accounts
	US Employment Growth		CBP
Projected Opportunity (2014-2024)	Employment Growth	Employment Growth	CBP, Bureau of Labor Statistics (BLS) Employment Projections
	Output Growth		CBP, BLS Employment Projections, BEA Input-Output Accounts
Job Accessibility and Quality	% of Jobs Accessible with <HS diploma		CBP, BLS Employment Projections
	% of Jobs Accessible with HS diploma		CBP, BLS Employment Projections
	Average Wage		CBP

\*Factors for evaluation are constrained by limited data availability for geographies below the county level

**Cluster Selection:** The priority clusters identified in World Business Chicago’s Plan for Economic Growth and Jobs (PEGJ) and Cook County’s Partnering for Prosperity (P4P) served as the starting point for Phase 1 cluster analysis.<sup>1</sup>

**Cluster Definitions:** The cluster definitions used in PEGJ and P4P (based on groups of 6-digit NAICS codes) were used, with a few exceptions. Where new and more detailed definitions were available through industry-specific, deep-dive analyses completed subsequent to the release of those plans, cluster definitions were supplemented or updated.<sup>2</sup> This set of revised definitions were then compared to one another to identify overlaps and cull the list of clusters to a more concise set.<sup>3</sup>

**Variable Selection and Categories:** Variables were identified to measure the dimensions of each cluster that best reflect its potential to drive growth and prosperity, both at the regional and South Suburban levels (subject to constraints on data availability). Variables were grouped into four categories:

- *Presence and productivity* – Is the cluster large (based on employment and output) and concentrated in the region/South Suburbs?
- *Historical Growth* – Has the cluster been growing locally, in terms of output and employment? Has it become more or less concentrated locally? How does regional/South Suburban growth compare to national rates?
- *Projected Growth* – Is the cluster expected to increase or decrease output in the coming years? Increase or decrease employment?
- *Job Accessibility and Quality* – How accessible are jobs to workers with modest levels of education? Do jobs generally provide livable wages?

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<sup>1</sup> Note that an analysis of the entire metropolitan economy was not performed in Phase 1. Rather, the regional and county priority clusters were taken as a given starting point for identifying how the South Suburbs connect and can contribute to regional and county priority clusters. Work in Phase 2 will aim to identify whether there are any additional clusters beyond these in which the South Suburbs has strong potential for growth.

<sup>2</sup> For example, the Chicagoland Food and Beverage Network project developed a more robust definition of the Food and Beverage Manufacturing and Packaging cluster that was substituted for the Food Manufacturing definition used in the development of PEGJ.

<sup>3</sup> For example, Procurement General and Procurement Hospital definitions from the PEGJ analysis were dropped due to their overlap with cluster definitions for Business Freight (TD&L) and B2B.

**Cluster Evaluation:** Values for each variable were normalized to facilitate comparison across clusters. The lowest value for each variable, across the clusters, was assigned a score of 0, and the highest value a score of 1. The values in between were assigned a proportionate value between 0 and 1.<sup>4</sup>

At the regional level, these normalized values for each of the four categories were averaged to create four “regional category scores.” These were then averaged together to create an initial “baseline regional cluster score,” ranging from 0 to 1 for each cluster. This calculation results in a regional cluster score that weights each category equally, regardless of how many variables are within each category. At the South Suburban level, fewer variables were available, so the normalized values across all variables were averaged to create a “South Suburban score.”

For each cluster, baseline regional cluster scores and South Suburban scores were graphed on a scatterplot to identify which clusters presented the best alignment between regional and sub-regional strengths. The first of these scatterplots is provided in Figure 4 on page 21, providing an initial set of clusters for South Suburban prioritization.

Additional regional cluster scores were then calculated to test the impact of prioritizing particular qualities of the clusters. “Weighted regional cluster scores” were calculated by doubling the weight of one of the four categories of variables. Because of the importance of providing accessible, high-quality jobs to regional and local workers, the results of the analysis doubling the “Job Accessibility and Quality” category were used to identify two additional clusters for South Suburban prioritization; the scatterplot of these results is provided in the bottom of Figure 5 on page 21.

For the set of eight South Suburban priority clusters, further analysis was conducted at the sub-cluster level, using the variable list above. This allowed for preliminary identification of the sub-region’s unique assets within the overall clusters, along with mapping of the clusters’ physical locations in the sub-region, in particular their relationship to the three IPZs. Maps of existing businesses, by sub-cluster, are available in Appendix E: South Suburbs Geography of Establishments and Employment in South Suburbs Priority Clusters.

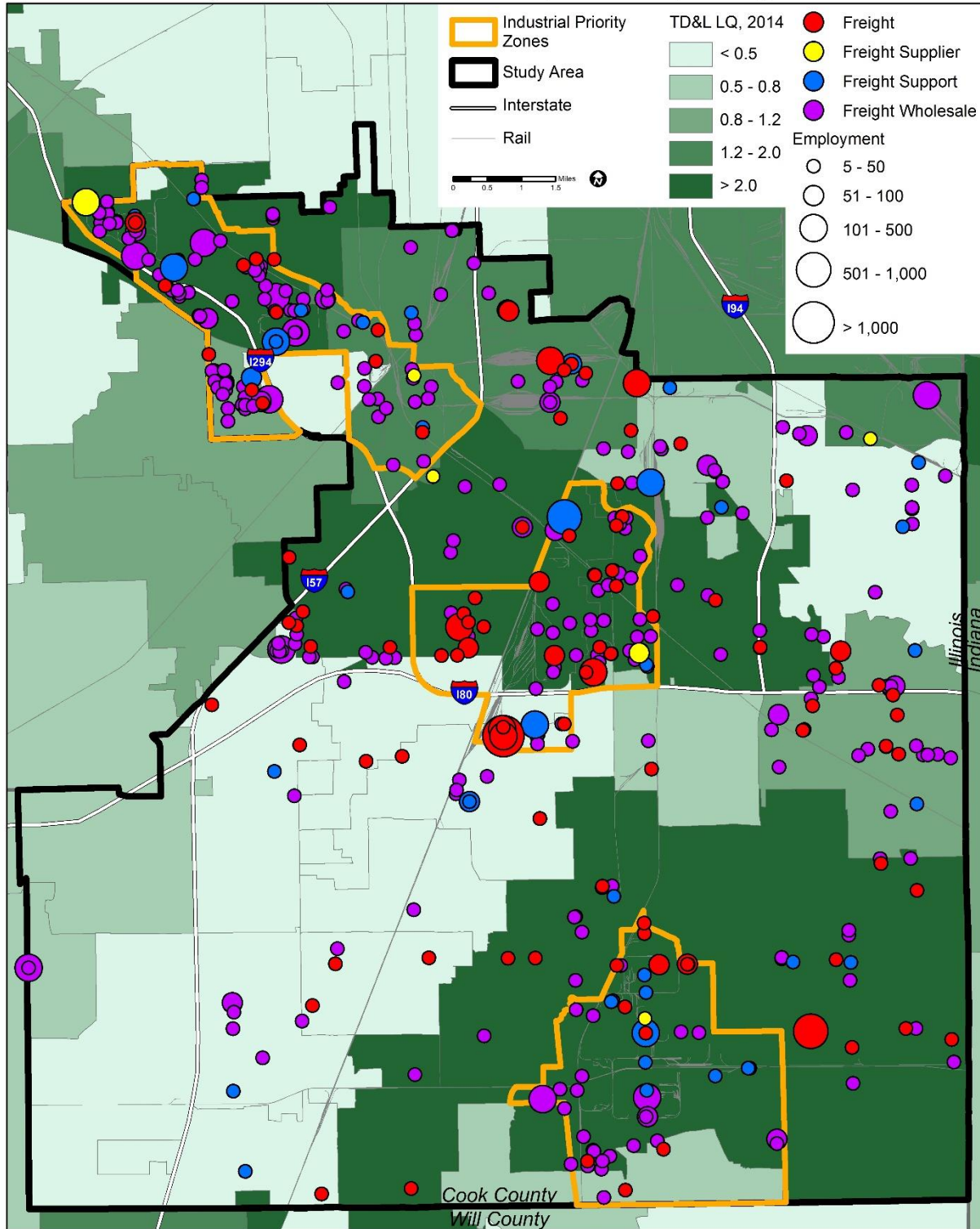
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<sup>4</sup> For example, consider the following distribution of cluster employment: 100 in Tourism, 500 in Food, 2,000 in Chemicals and 5,000 in TD&L. Tourism (the lowest) would be assigned a value of 0 on the employment variable, TD&L (the highest) would be assigned a value of 1. Food would be assigned a value of 0.1, and Chemicals would be assigned a value of 0.4.

# **Appendix E: South Suburbs Geography of Establishments and Employment in South Suburbs Priority Clusters**

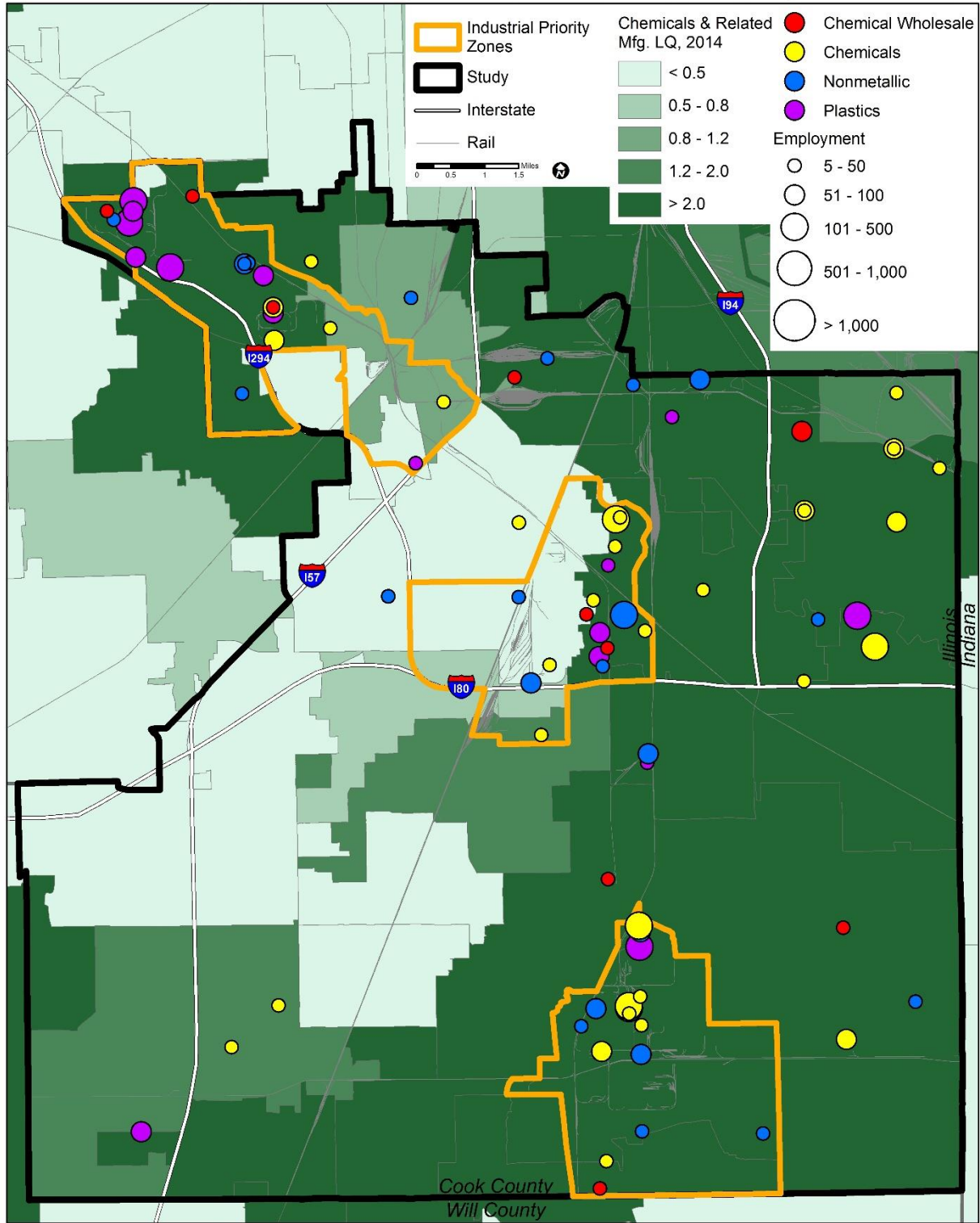


### Cook County South Suburbs, Transportation, Distribution, and Logistics Cluster



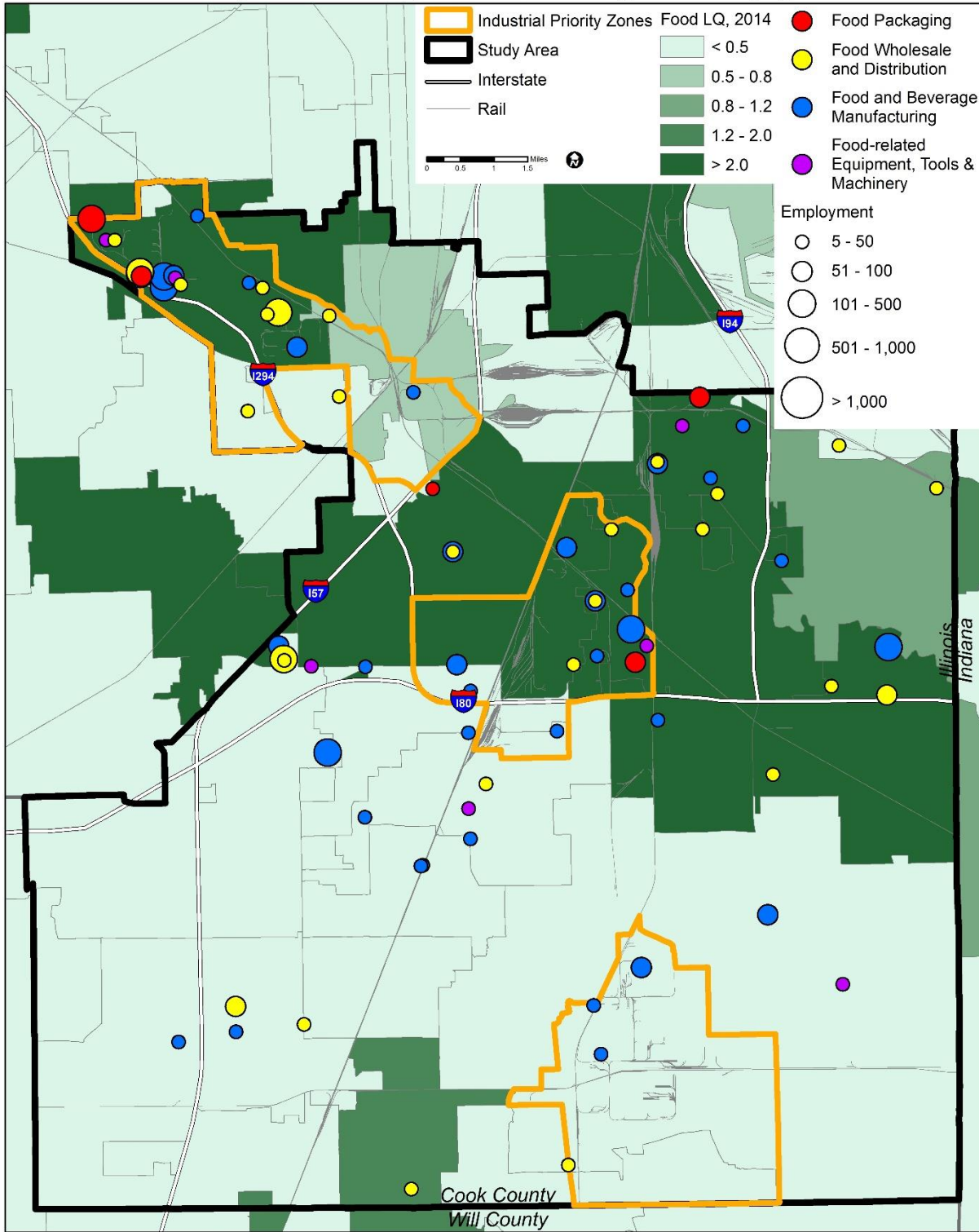
Mass Economics Analysis of U.S. Census Bureau, County Business Patterns; National Establishment Time Series (NETS) Database

### Cook County South Suburbs, Chemical and Related Manufacturing Cluster

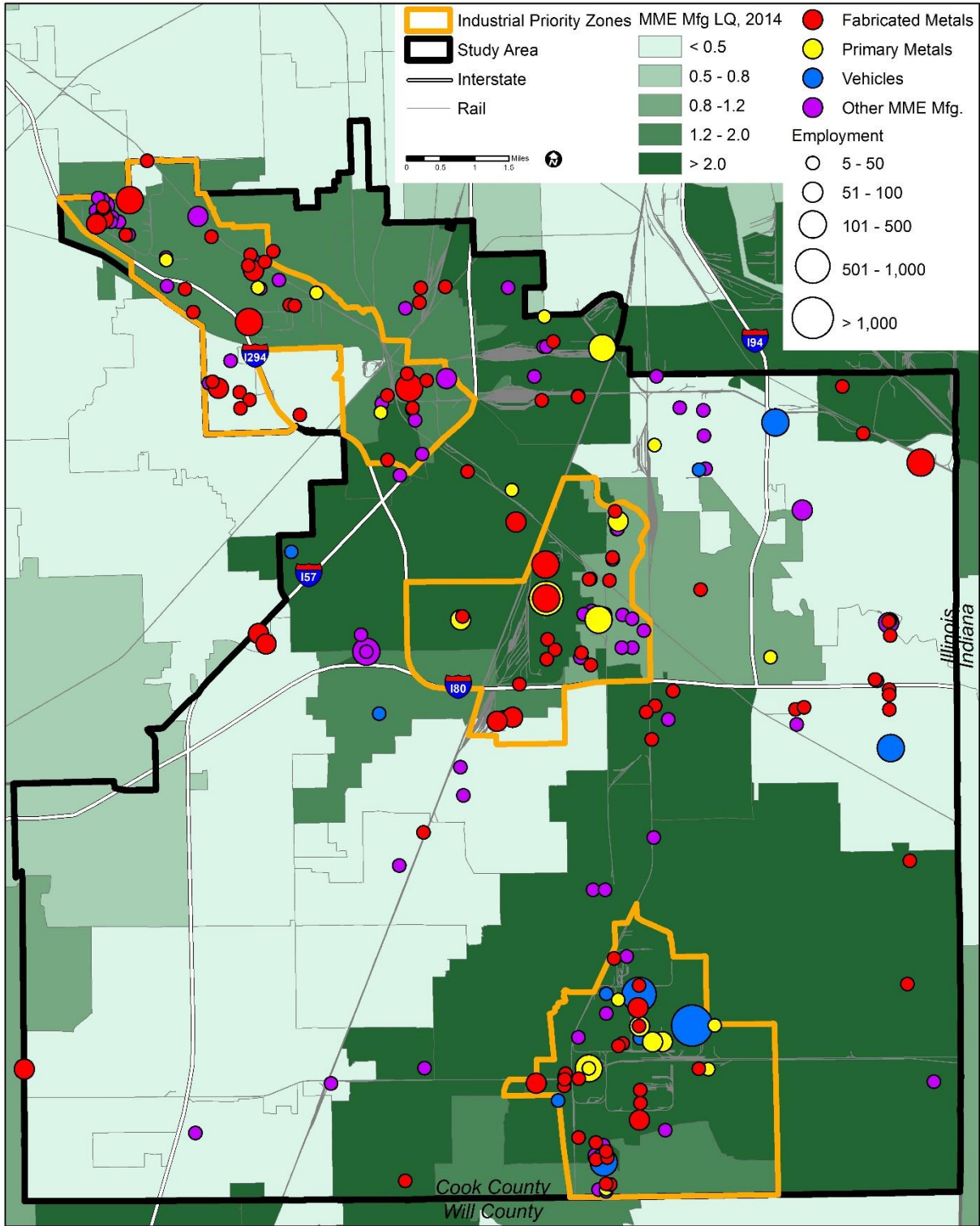




### Cook County South Suburbs, Food Manufacturing and Packaging Cluster

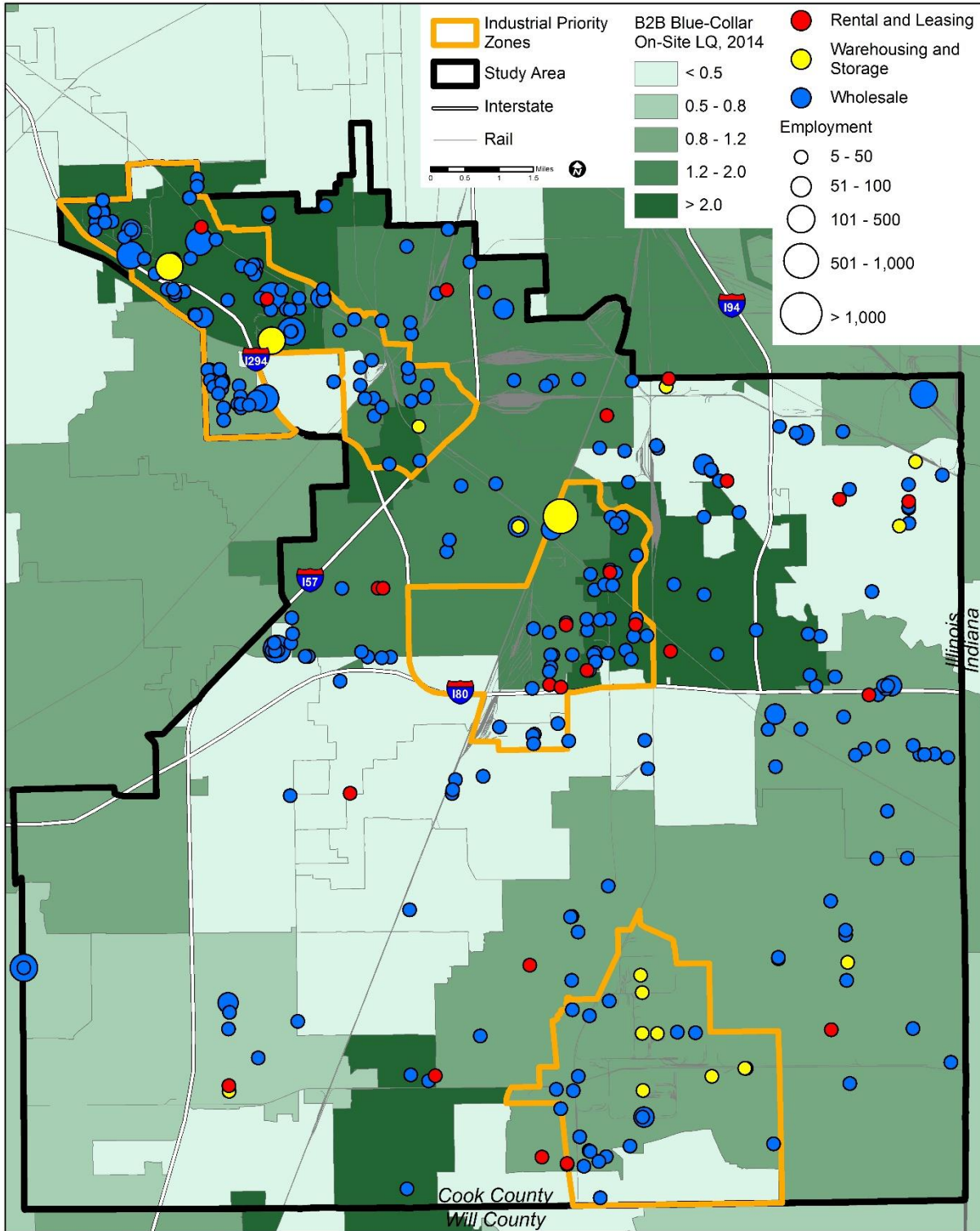


### Cook County South Suburbs, MME Manufacturing Cluster



Mass Economics Analysis of U.S. Census Bureau, County Business Patterns; National Establishment Time Series (NETS) Database

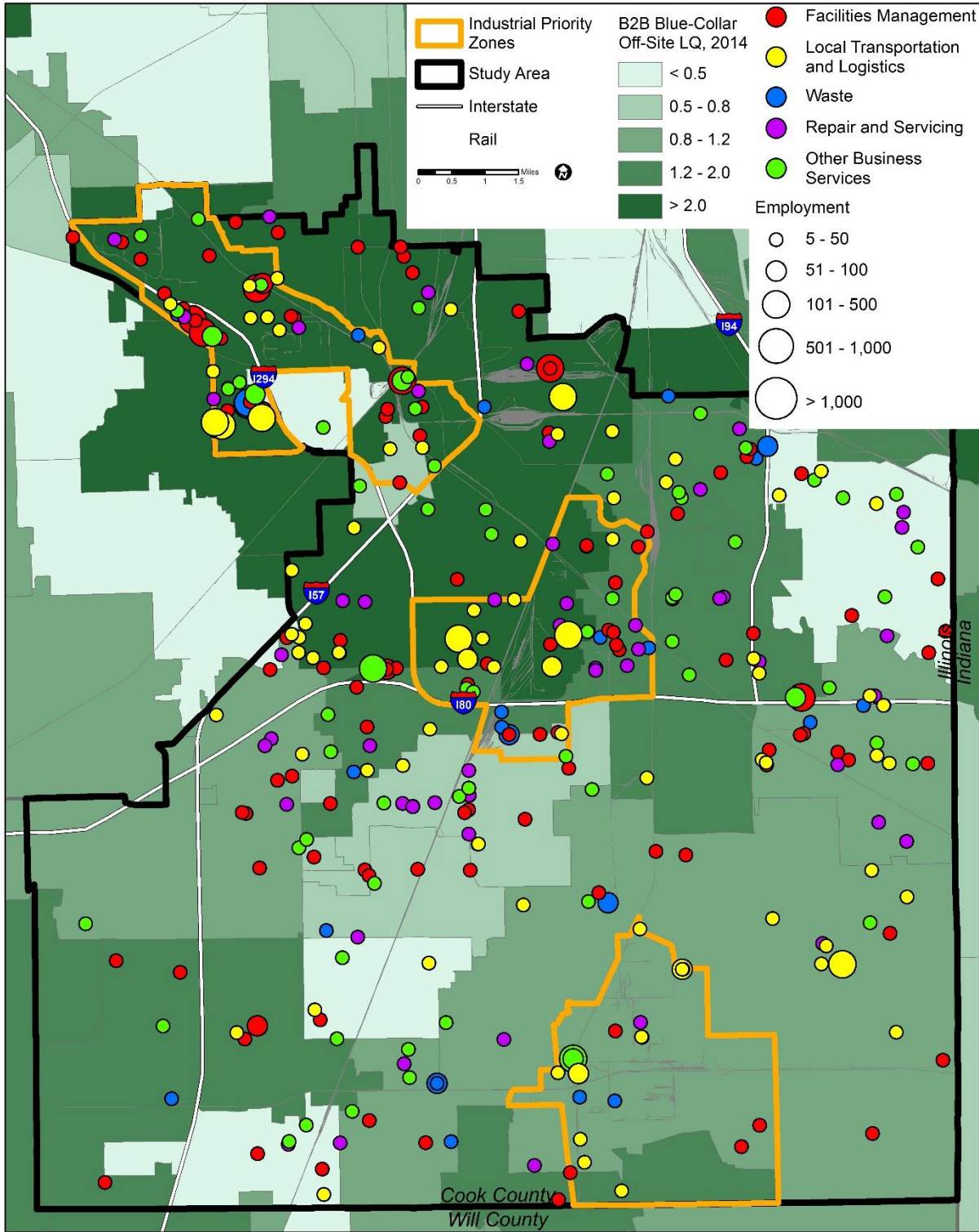
### Cook County South Suburbs, B2B Blue-Collar On-Site Cluster



Mass Economics Analysis of U.S. Census Bureau, County Business Patterns; National Establishment Time Series (NETS) Database



### Cook County South Suburbs, B2B Blue-Collar Off-Site Cluster



Mass Economics Analysis of U.S. Census Bureau, County Business Patterns; National Establishment Time Series (NETS) Database

# Appendix F: Innovation Activities

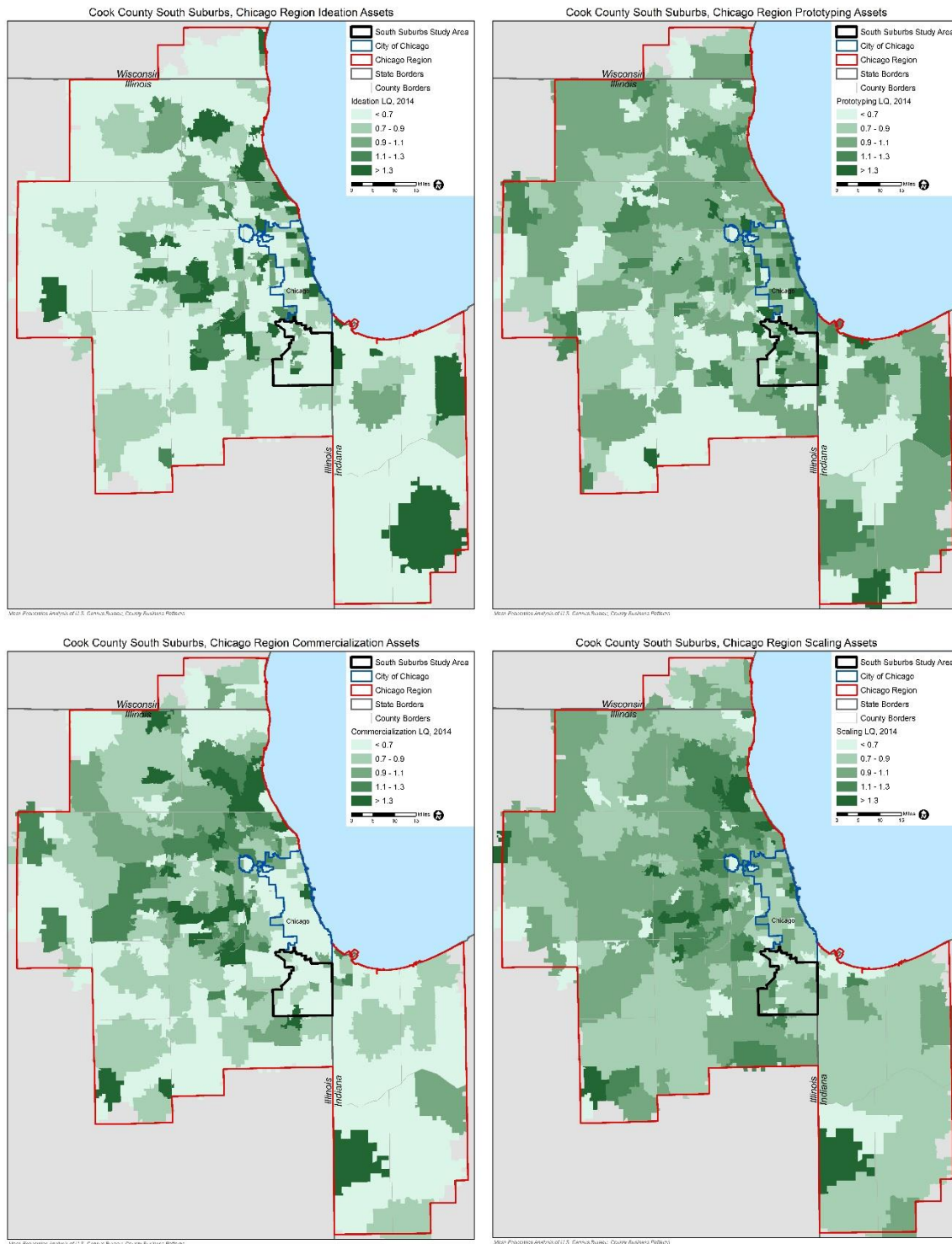
## Methodology

The innovation metrics used in this report build on two key sets of observations. The first is that most innovations pass through a set of predictable stages as they move from idea to market. Although applied and theoretical studies underscore that the precise process of innovation is shaped by a range of factors – including product type (physical versus digital), end market (consumer versus business), scale (niche versus mass) and type and degree of regulation – in most cases, innovation activities can be mapped onto one of four distinct phases: ideation, prototyping, commercialization or product scaling. By articulating and applying this common trajectory, we can compare innovation activities across industries and over time. More importantly, because measures of these activities can be aggregated across industries, we can develop overall measures of innovation activity that allow us to compare regional economies.

The second observation is that data that are typically used to understand work processes can be useful for understanding regional innovation activities. The most useful data may be those in the US Department of Labor’s “O\*NET” database, which describes every occupation in the US economy in terms of a set of individual tasks (usually 15-25 tasks per occupation). Due to the specificity of the descriptions of occupational tasks (there are 18,000 in all), each task can be mapped to one of four innovation stages, or to a fifth non-innovation category that captures routine activities associated with running a business. Once each task is assigned an innovation stage, it is possible to evaluate each of the 770 O\*NET occupations by the proportion of its tasks that are associated with ideation, prototyping, commercialization, scaling or routine business activities. These occupational assessments can then be applied to national occupation-by-industry matrices to assess average innovation content of individual industries.

These methods were applied to ZIP-code-level estimates of industry employment generated from the US Census Bureau’s ZIP Code and County Business Patterns data to generate estimates of employment by stage of innovation (ideation, prototyping, commercialization, scaling and routine activities) and by cluster. These stage-of-innovation estimates were then compared to national industry figures and to figures for the regional economy as a whole, to evaluate the relative strength of innovation activity by stage for each ZIP code and cluster.

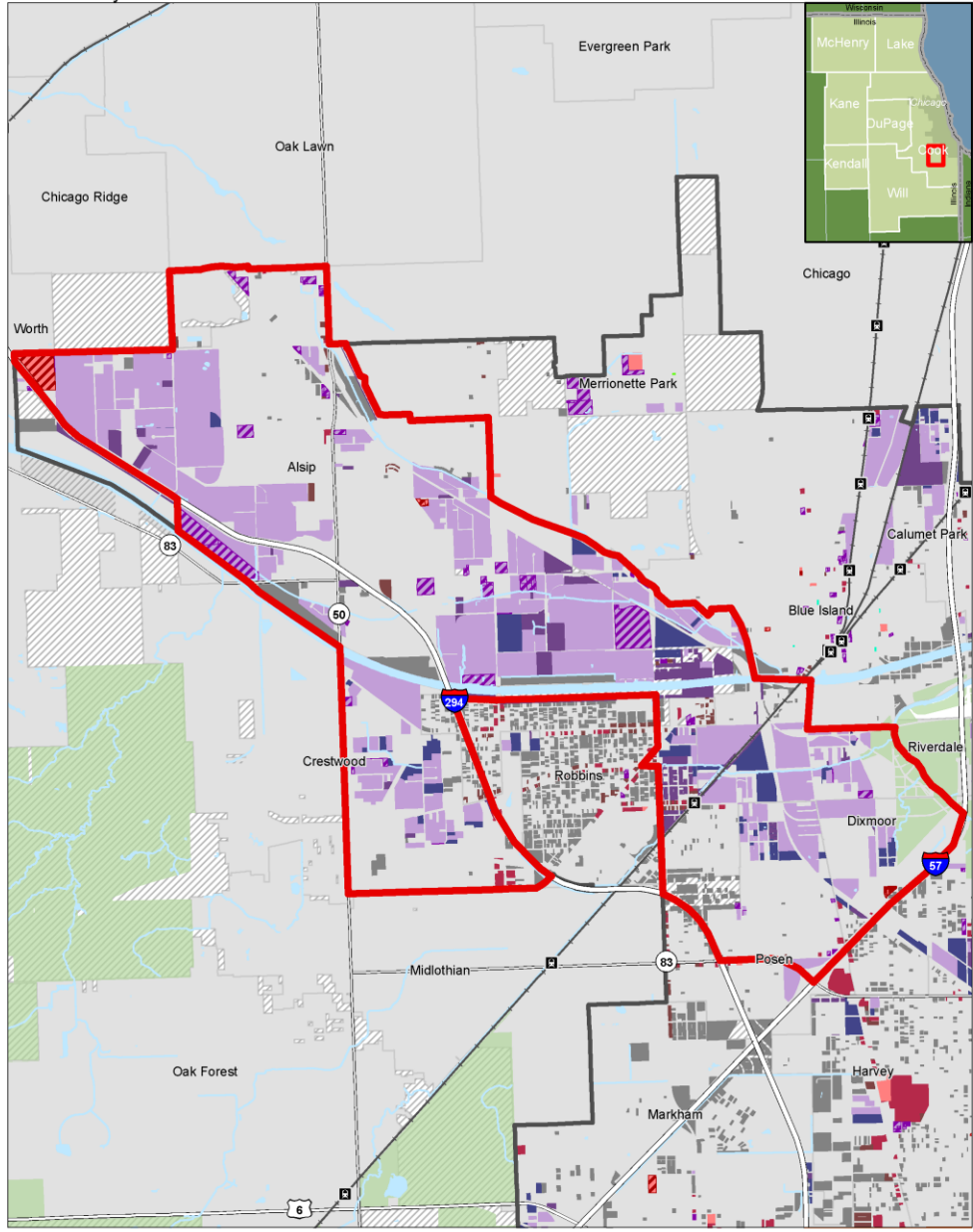
# Appendix G: Concentration of Chicago Region Innovation Activities



Source: Mass Economics Analysis of U.S. Census Bureau, County Business Patterns

# Appendix H: Detailed Industrial Priority Zone (IPZ) Maps

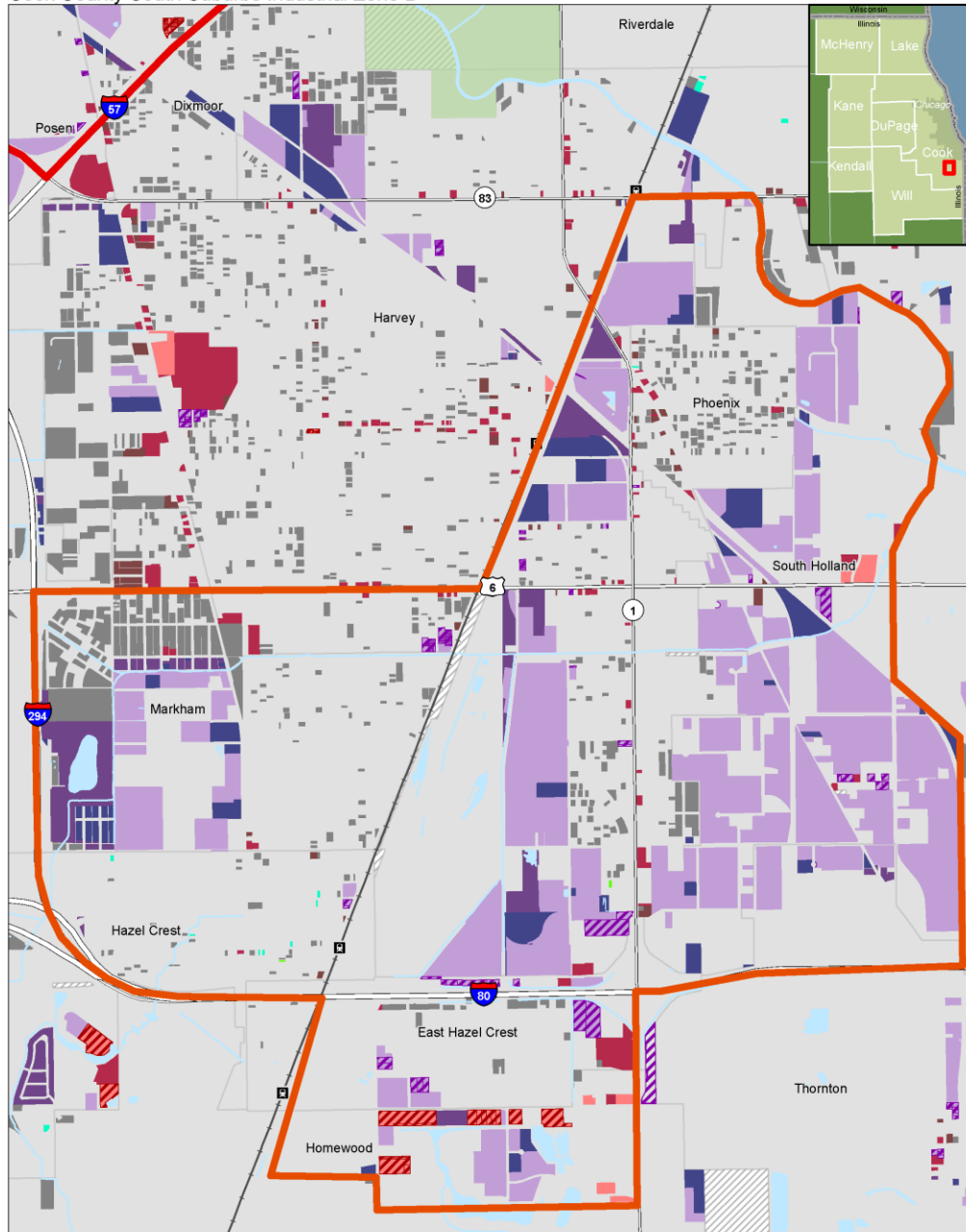
Cook County South Suburbs Industrial Zone A



Chicago Metropolitan Agency for Planning, 2016.



Cook County South Suburbs Industrial Zone B

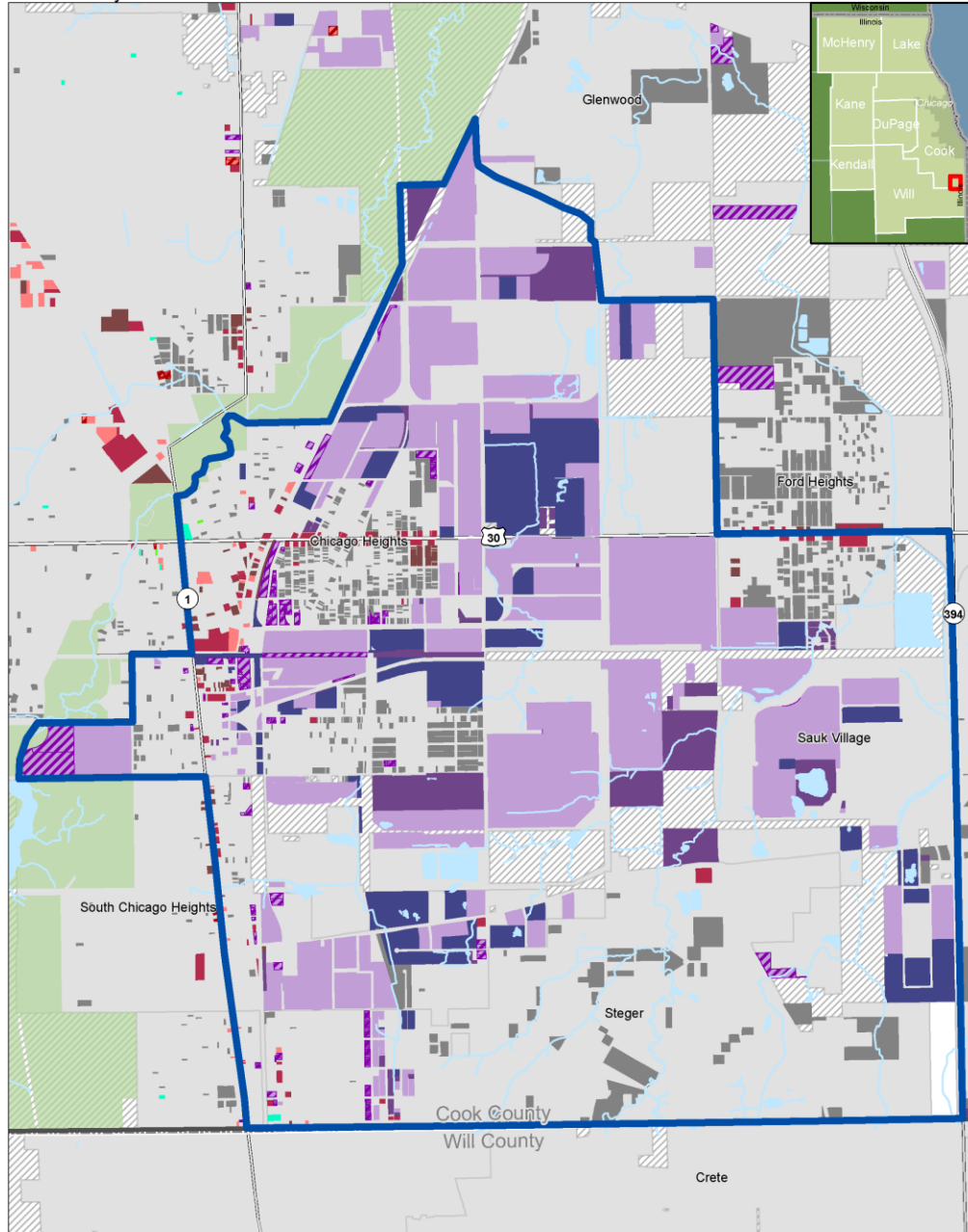


Chicago Metropolitan Agency for Planning, 2016.





Cook County South Suburbs Industrial Zone C



Chicago Metropolitan Agency for Planning, 2016.



# Appendix I: Total, Industrial and Non-Industrial Employment by Industrial Priority Zone (IPZ)

	Industrial Priority Zone (IPZ)		
	A	B	C
Total employment, 2014	20,675	16,598	10,476
Total employment change, 2002-14	7.6%	-5.9%	-7.6%
Industrial employment,* 2014	10,457	8,621	5,111
Industrial employment change, 2002-14	8.8%	16.7%	8.2%
Source: CMAP analysis of 2014 data from the US Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program			

\* Defined as employment in 2-digit NAICS codes for manufacturing (31-33), wholesale trade (42), and transportation and warehousing (48-49).

# Appendix J: Establishments and Employment by Industrial Priority Zone for South Suburbs Priority Clusters

Cluster		Total			Per Square Mile		
		A	B	C	A	B	C
Establishments	Food	42	17	11	4.3	2.1	1.0
	B2B Blue-Collar Off-Site	298	173	146	30.6	21.0	13.9
	B2B Blue-Collar On-Site	236	103	73	24.2	12.5	6.9
	Business Freight	327	159	128	33.6	19.3	12.2
	Chemicals + Related Mfg.	29	23	23	3.0	2.8	2.2
	Health Services	50	40	54	5.1	4.9	5.1
	MME Mfg.	85	56	62	8.7	6.8	5.9
	Tourism	113	92	56	11.6	11.2	5.3
	<b>TOTAL</b>	<b>1,180</b>	<b>663</b>	<b>553</b>	<b>121.1</b>	<b>80.5</b>	<b>52.5</b>
Employment	Food	1,697	918	152	174.2	111.4	14.4
	B2B Blue-Collar Off-Site	3,458	1,362	1,014	355.0	165.3	96.3
	B2B Blue-Collar On-Site	3,088	1,899	678	317.0	230.5	64.4
	Business Freight	4,046	6,191	1,708	415.4	751.4	162.3
	Chemicals + Related Mfg.	1,352	835	1,270	138.8	101.3	120.7
	Health Services	615	358	794	63.1	43.4	75.4
	MME Mfg.	2,135	2,254	3,905	219.2	273.6	371.0
	Tourism	1,568	1,256	380	161.0	152.4	36.1
	<b>TOTAL</b>	<b>17,959</b>	<b>15,073</b>	<b>9,901</b>	<b>1,843.7</b>	<b>1,829.3</b>	<b>940.6</b>
	<i>Land Area (Sq. Miles)</i>				9.7	8.2	10.5
Source: Mass Economics analysis of 2013 NETS database							

Note: Employment figures in Appendices I and J are derived from analysis of different data sources and different years, so are not directly comparable.

# Appendix K: Property Tax Jurisdictions in the South Suburbs and Surrounding Suburban Areas, 2012

Type of Local Government District	South Suburbs	Other Suburban Cook	DuPage County	Kane County	Kendall County	Lake County	McHenry County	Will County
County and forest preserve	2	2	2	2	2	2	2	2
Fire Protection District	6	33	31	23	10	22	17	27
Community College	3	10	3	5	2	3	4	5
Library	18	46	15	14	8	15	13	20
Mosquito Abatement	1	4	5	1		2		2
Municipality	34	116	39	30	14	52	30	37
Other	1	7	2	7	1		3	4
Park	19	90	40	11	5	21	5	22
Primary & Secondary Schools	42	139	46	14	13	49	22	38
Elementary School District	35	107	29		4	31	9	21
High School District	7	27	8		3	12	4	5
Unit School District		5	9	14	6	6	9	12
Township	6	30	9	16	9	18	17	24
Wastewater and water	4	21	6	7	3	7	2	10
<b>Grand Total</b>	<b>136</b>	<b>498</b>	<b>198</b>	<b>130</b>	<b>67</b>	<b>191</b>	<b>115</b>	<b>191</b>
<b>Population*</b>	<b>439,196</b>	<b>2,076,023</b>	<b>926,485</b>	<b>521,874</b>	<b>118,194</b>	<b>703,170</b>	<b>307,888</b>	<b>682,108</b>
<b>Districts per 10,000 residents</b>	<b>3.1</b>	<b>2.4</b>	<b>2.1</b>	<b>2.5</b>	<b>5.7</b>	<b>2.7</b>	<b>3.7</b>	<b>2.8</b>
Source: CMAP analysis of Illinois Department of Revenue data. *US Census Bureau American Community Survey 2010-2014 5-year estimates								





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