



A Plan to Invest in Our Neighborhoods and Small Businesses

For years, we have been presented with a false choice: invest in our downtown business district or in our neighborhoods. And we have seen the results of this false choice. As the downtown, north and near west sides thrived, neighborhoods on the west and south sides suffered. People there left the city, schools and businesses closed, and crime skyrocketed. The economic impact has and continues to be devastating. African-American and Latino residents are much more likely to be unemployed than white residents — the unemployment rate in west and south side neighborhoods was recently as high as 36%.¹ The disparities are further reflected in median household income, with white households earning \$76,163, compared to \$49,626 for Latinos and \$36,017 for African-Americans.² All told, this false choice has cost Chicago and the region billions of dollars,³ and deprived countless individuals of an opportunity to participate in the legitimate economy and build a future in Chicago.

Chicago cannot become a truly global city if we continue to invest in some areas of the city while ignoring others. Instead, we must invest in all of Chicago, and that is what I will do. I will work to grow our downtown. I will work even harder to bring meaningful, sustained investments to long-neglected neighborhoods and populations, and I will enlist the downtown business and philanthropic communities in these efforts.

Working together to achieve a stronger and fairer Chicago economy, my administration will:

- 1. Make Chicago friendly to small businesses and startups**
- 2. Increase access to capital for local businesses and startups**
- 3. Decentralize city operations by relocating city agencies to our neighborhoods**
- 4. Localize supply chains through community partnerships**
- 5. Expand opportunities for minority, disabled and women-owned businesses, small businesses and returning citizens**
- 6. Use federal Opportunity Zones to drive development in distressed communities**
- 7. Offer small businesses planning advice and technical support**
- 8. Grow professional apprenticeship programs**
- 9. Support the integration of the regional economy**
- 10. Eliminate tax benefits that incentivize vacant storefronts**

1. Make Chicago Friendly to Small Businesses and Startups

Small businesses are the lifeblood of our economy, and if Chicago is to thrive and its neighborhoods are to grow, then Chicago must do more to attract and support small businesses and entrepreneurs. As many of Chicago's small business owners can attest, it can be difficult to navigate the maze of small business regulations and requirements. It is not unusual for those starting a small business to spend significant portions of their startup capital on navigating Chicago's various rules and regulations, dealing with city hall and obtaining the appropriate business license. One small business owner explained that he chose not to expand his business into other wards across the city because each alderman had his or her own set of demands and requirements for running a small business. We cannot allow this to continue.

In an effort to help small businesses open and expand in Chicago, my administration will work with city departments, like the Department of Zoning and the Department of Business Affairs and Consumer Protection, and business owners to develop a comprehensive but simple roadmap to assist small business owners navigate city rules and regulations. As part of this process, we will work to streamline the process for starting a business in Chicago and create uniform citywide rules and regulations so one's ability to open or expand a small business is not subject to an alderman's prerogative. Further, my administration will undertake a comprehensive review of its licensing requirements to ensure that there is an appropriate license for every business, rather than having to modify existing licenses to cover a business or force a business owner to obtain a license that does not accurately reflect the nature and needs of his or her business.

Taking these steps will improve Chicago's business climate and bring businesses and jobs to Chicago's neighborhoods.

2. Increase Access to Capital for Local Businesses and Startups

One frequently-mentioned challenge reported by Chicago's small businesses is access to capital.⁴ To increase access to capital for local startups, Chicago must commit to several changes in its capital-support programs.

First, our city must change its capital programs from matching grants to straight grant and loan-based programs. The city programs that provide capital to small businesses mainly do so in the form of matching grants. This means money is available typically to businesses and entrepreneurs who already have raised money through traditional sources of capital like banks, private investors, friends and family. Small business owners and entrepreneurs who cannot tap traditional sources of capital often do not qualify for matching grants. In an effort to make capital more widely available, the city should convert matching grant programs like the Neighborhood Opportunity Fund into outright grant and loan-based programs. Making grant funds available means the city has a stake in the future of small businesses. Also, offering no-interest or low-interest loans increases financing opportunities for small businesses and entrepreneurs, and the dollars can be leveraged to seek additional money from banks, investors and non-profit organizations focused on economic development, like LISC.

We can provide a larger and more durable source of funding by eliminating matching grants and instead converting these funds to straight grants and no-interest and low-interest loans with extended repayment periods.

Additionally, the city will adopt a more targeted approach toward capital lending, and will look to groups like the CNI Micro Finance Group in establishing criteria for extending loans to small businesses. Money loaned by CNI must meet one of four criteria. The loan should support the business to (1) create new employment opportunities, (2) save existing jobs, (3) increase spending in the south and west sides, or (4) promote community development by revitalizing underserved neighborhoods.⁵ These criteria are a useful lodestar for a municipal capital lending program, and I commit that my administration will use these as guideposts in making small business loans.

3. Decentralize City Operations by Relocating City Agencies to Our Neighborhoods

For struggling neighborhoods, one barrier to economic development and job creation is the absence of a major anchor institution. While neighborhoods like Lakeview or Fulton Market can rely on a large hospital or office buildings to attract other small businesses, many Chicago neighborhoods lack anchor institutions that can support neighboring businesses. The city can lead on this front, becoming an anchor tenant by relocating agency headquarters to our neighborhoods. New York City recently did this, moving the Human Resources Administration from Manhattan into an underserved part of Brooklyn. The new headquarters provided a workforce that shopped at local businesses and ate at nearby restaurants, prompting a cycle of growth within the neighborhood.⁶

Chicago recently announced that it would move the Chicago Park District headquarters into the southwest side. This is a start, but the city must do more. As mayor, I will commit to moving other agency headquarters from the downtown to our neighborhoods where they will serve as anchors and be more accessible to the constituents and organizations that rely on them most. For instance, putting the newly reconstituted Housing Department closer to communities like

North Lawndale or West Humboldt Park would make it more accessible to affordable housing developers, like Lawndale Christian Development Corporation and LUCHA, and the residents they serve. More importantly, moving city agencies into our neighborhoods would provide the foundation for revitalizing long neglected communities.

4. Localize Supply Chains through Community Partnerships

Anchor institutions not only attract new customers into a neighborhood, but they can also serve as major customers of local businesses. A major business in a struggling neighborhood can contract with local businesses to obtain a variety of business-to-business services.

Other cities are leading the way on this innovative approach to economic development. The Cleveland Clinic, a major medical research facility, entered into a contract with Evergreen Cooperative Laundry, an employee-owned cooperative from a struggling area in Cleveland. The partnership created or preserved dozens of jobs.⁷ In Chicago, several hospitals committed to a similar program by making purchases from west side businesses through the west side United initiative.⁸

As mayor, I will support the formation of additional partnerships between major institutions and local businesses, so that all Chicagoans can take part in our city's economy. For instance, I will use a city-owned casino as economic development tool to benefit people, businesses and neighborhoods that have been neglected by city government for far too long by ensuring they are involved in every stage of the process, from the design, planning and construction of the casino to its daily operations. Moreover, I will insist that the casino work with neighborhood businesses to create a localized supply-chain for goods and services.

5. Expand Opportunities for Minority, Disabled, Veteran, and Women-owned Businesses, Small Businesses and Returning Citizens

It is vitally important that minority, disabled, and women owned business enterprises (MBEs, DBEs, and WBEs, respectively), and small businesses have a fair shot to do business with the city. I know this from my time as interim First Deputy Procurement Officer. For construction of buildings for the city, such as schools or police departments, the city currently sets a goal that 26% of construction contracts will go to MBEs and 6% will go to WBEs.⁹ I know that the city can do better with MBE and WBEs, and must set comparable goals for DBEs and VBEs.

Other cities, including Philadelphia, set goals for M/WBE participation at 35% or higher.¹⁰ As Chicago considers several massive public works projects, including the revitalization of O'Hare Airport and the modernization of the CTA, the city should ensure that M/D/WBEs have a full opportunity to benefit. As mayor, I will increase our M/D/WBE goals to 35% in construction projects and will demand that we take all steps practicable to ensure those goals are met in our major public works projects.

Every year the city and sister agencies like Chicago Public Schools contract for billions of dollars of goods and services, including individual contracts that are worth hundreds of millions of dollars. Many contracts, due to their size, are out of reach for small and mid-sized businesses. In an effort to remedy this, I will direct the city's procurement department to structure contracts so Chicago's small and mid-sized business community can bid on and receive more city work.

In addition, the city will require that at least 5% of employees on public work projects, projects that are built on land sold by the city, or commercial projects that require zoning changes are individuals who have arrest or conviction records and who have completed training programs offered by social service organizations like Safer Foundation. This will, among other things, allow those with arrest and conviction records to gain valuable work experience, earn a living in the legitimate economy, reduce recidivism and stabilize communities.

6. Use Federal Opportunity Zones to Drive Development in Distressed Communities

The Opportunity Zone Program is a federal economic development program that went into effect in December 2017.¹¹ While there is some skepticism about this new federal program, and while many rules are yet to be established, it's clear that there will be money available. It is up to Chicago City government to direct that money to neighborhoods most in need and make sure that it does not end up diverted to causes where it will not be useful. The purpose of the program is to create incentives for investment in underserved or economically-distressed areas.¹² The State of Illinois nominated 133 economically-distressed areas, mostly on the west and south sides of the city, as Opportunity Zones. The city selected areas where: unemployment rates were 20% or more; average income was 50% or less of the Area Median Income, and poverty rates were 30% or more.¹³

Opportunity Zones may present a unique opportunity to invest private dollars into communities that have not seen meaningful investment in decades. As a result of the recent partial federal government shutdown, the IRS has postponed hearings on Opportunity Zone tax guidance. Nevertheless, the city must work with investors to ensure that the dollars ultimately invested by opportunity funds benefit distressed communities directly. Opportunity Zone funds seeking public support should work directly with affected communities to identify their localized development needs. By working directly with the communities, developers will better understand obstacles or roadblocks to development, as well as the communities' values. Early collaboration with community members and stakeholders will make it significantly more likely that any development project will succeed. In addition, Opportunity Zone funds should work through the city to establish relationships with philanthropic organizations, including philanthropic investors like foundations as well as organizations that offer social services. Building social services directly into development plans from their foundation will make it more likely that nonprofit organizations play an active role in all aspects of neighborhood development. Finally, any large development project creates jobs, and new jobs created by Opportunity Zone funds should go directly to the people who reside in the 133 Opportunity Zones themselves.

7. Offer Small Businesses Planning Advice and Technical Support

Small businesses in Chicago often struggle to obtain the business guidance and technical support they need to expand. There is no reason that these entrepreneurs cannot access this expertise: Chicago has two of the world's top ten business schools and many of the world's most successful consultancies, including McKinsey & Co. and Deloitte.

Other municipalities do more to assist their local entrepreneurs. In these cities, entrepreneurs can access business accelerator programs that provide mentorship, business planning, and marketing assistance, as well as access to capital. In New Orleans, the Propeller business incubator provided these resources to local businesses, which in turn generated over \$105 million in revenue and created over 400 jobs.¹⁴

I will support and expand incubator programs that provide support and guidance to our homegrown businesses. Today, some Chicago companies rely on the services of incubators like 1871 and mHub to grow their businesses. Such incubators provide useful models for the city to rely on as it creates new services to assist local entrepreneurs, particularly those working on the South and West Sides.

8. Grow Professional Apprenticeship Programs

Apprenticeship programs — in which younger employees learn career skills through on-the-job experience before starting a full-time, white-collar position — are growing in popularity around the United States. In Chicago, several major companies are leading the charge, providing new opportunities to start a career in high-wage office positions. For instance, large Chicago-based companies like Aon and GCM Grosvenor have partnered with Year Up Chicago to provide white collar apprenticeships for people 18 to 24 years old. Apprentices at these companies receive a full salary and benefits, work approximately 30 hours per week, and attend classes at the City Colleges, so they can gain valuable career skills in the classroom and the workplace.¹⁵ Programs like Year Up Chicago are a promising step in the right direction, and I will use the office of mayor to push other major Chicago employers to implement or participate in similar programs.

9. Support the Integration of the Chicago Metropolitan Economy

Chicago's economy is bolstered by the surrounding region. Over \$1.3 trillion in goods move in and out of the Chicago region each year through our seven interstate highways, two airports, six major railroads, and two waterways. This sector employs nearly one million people in businesses that include freight, shipping, logistics, and warehousing.¹⁶ Yet, the broad and diverse shipping and logistics sector must act within overlapping governments that enforce

conflicting standards and regulations. Indeed, just within the Chicago metropolitan area, there are seven counties and 284 municipalities.¹⁷ As one Crain's found, "balkanization prevents our region from marshaling its prodigious collective assets to make the strongest case for any given project."¹⁸

I will work alongside governmental leaders, non-profits, and other regional stakeholders to coordinate our response to shared challenges, such as aging freight infrastructure or inadequate transit options connecting disadvantaged opportunities to jobs outside the city. I will also support efforts like the Chicago Metro Metal Consortium, which provides a platform for governments to collaboratively support the region's metal manufacturing sector.¹⁹

10. Eliminate Tax Benefits that Incentivize Vacant Storefronts

One of the best parts of living in Chicago is the abundance of restaurants, shops, and other neighborhood businesses. Yet, along many commercial corridors, yesterday's stores are today's vacant storefronts. Vacant storefronts not only detract from the appeal of a neighborhood, they decrease foot traffic and make it harder for other businesses to thrive. Why are there so many vacancies? Because unscrupulous property owners think that it is easier to seek a "vacant property" exemption on their property taxes than to actually rent out the property.²⁰

For our local businesses to grow, we must ensure that property owners are not forcing business from their premises in order to receive potentially lucrative tax benefits. I will work with City Council and members of the Illinois General Assembly to reform Illinois' tax laws to guarantee that no landlord is incentivized to evict otherwise-successful businesses or keep a building vacant in an effort to take advantage of a property tax exemption.

A final note: I hope that this initial plan can be an important part of moving our city in the right direction and also that it can spark an ongoing conversation about economic development in Chicago. Please send your thoughts and ideas to info@lightfootforchicago.com and we will build on this plan together.

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- ² Chicago Metropolitan Agency for Planning, Racial and ethnic disparities in economic outcomes across U.S. regions, available at: <https://www.cmap.illinois.gov/2050/disparate-outcomes>
- ³ Metropolitan Planning Council, The Cost of Segregation (March 2017) available at: metroplanning.org/costofsegregation
- ⁴ Chicagoland Chamber of Commerce, *The State of Small Business: Chicagoland Small Business Outlook Survey* (2018) available at: https://www.chicagolandchamber.org/Portals/0/Small%20Business/2017_Chicagoland%20Small%20Business%20Survey_Infographic%20Brochure.pdf
- ⁵ CNI Micro Finance Neighborhood Lending, <https://www.cnigroup.org/neighborhood-lending/>
- ⁶ City plans to relocate agencies to struggling neighborhoods, Crain's New York Business (May 31, 2017) available at: https://www.craigslist.com/article/20170531/REAL_ESTATE/170539977/new-york-city-will-move-agencies-to-east-new-york-brooklyn-other-struggling-neighborhoods
- ⁷ Cleveland Foundation, Evergreen Cooperative Laundry Expands through Partnership with the Cleveland Clinic (May 11, 2018) <https://www.clevelandfoundation.org/2018/05/evergreen-cooperative-laundry-expands-through-partnership-with-the-cleveland-clinic/>
- ⁸ Rush University Hospital, Rush in the Community: West Side United (Nov. 28, 2018) available at: <https://www.rush.edu/about-us/rush-community/west-side-united>
- ⁹ Public Building Commission, 2016: Year in Review (2016) available at: http://www.pbcchicago.com/wp-content/uploads/2017/05/2016YearInReview_annual_report.pdf
- ¹⁰ City of Philadelphia Office of Economic Opportunity, *What We Do, Office of Economic Opportunity* available at: <https://www.phila.gov/departments/office-of-economic-opportunity/>
- ¹¹ See <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>
- ¹² *Id.*
- ¹³ See https://www.chicago.gov/city/en/depts/dcd/supp_info/opportunity-zones.html
- ¹⁴ Propeller, About Us, available at: <http://gopropeller.org/about>
- ¹⁵ Jena McGregor, Apprenticeships, long common in in blue-collar industries, are coming to white-collar office work, *Washington Post* (Oct. 20, 2017) available at: https://www.washingtonpost.com/news/on-leadership/wp/2017/10/20/apprenticeships-long-common-in-blue-collar-industries-are-coming-to-white-collar-office-work/?utm_term=.e8552e76af32
- ¹⁶ Bureau of Labor Statistics, *Chicago-Naperville-Elgin, IL-IN-WI Economy at a Glance*, available at: https://www.bls.gov/regions/midwest/il_chicago_msa.htm#
- ¹⁷ Chicago Metropolitan Agency for Planning, *Regional Truck Permitting Study* (November 2016) available at: <https://www.cmap.illinois.gov/documents/10180/487159/CMAP+Regional+Truck+Permitting+Study+-+Final+Report.pdf/a6cb4ff5-9040-476c-94d8-9c0dec89bdcd>
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- ¹⁹ Chicago Metro Metals Consortium, *About CMMC*, available at: <https://www.chicagometrometal.org/about>
- ²⁰ A.J. LaTrace, Legislators are looking to crack down on long-vacant storefronts, Curbed Chicago (Oct. 6, 2016) available at: <https://chicago.curbed.com/2016/10/6/13188872/storefront-retail-vacancy-relief-fraud>