

PERSPECTIVES: THE POWERS THAT BE

## Where will the jobs go? Next chapter in Lincoln Yards saga offers few answers

With a new mayor and a lawsuit challenging the Lincoln Yards TIF, basic questions about the future of the industrial corridor may be open again.

By  Curtis Black | April 25, 2019



Photo by Stacey Rupolo

*The famous A. Finkl & Sons sign lies at the site of the razed steel factory, which is part of the North Branch industrial corridor by the Chicago River.*

Lincoln Yard's developers may have thought they were home free when the outgoing mayor and City Council gave final approval to their TIF district this month. But it turns out there are plenty of questions — and challenges — still to be addressed.

Foremost is a lawsuit by [Grassroots Collaborative and Raise Your Hand](#)

(<https://static1.squarespace.com/static/5871061e6b8f5b2a8ede8ff5/t/5cb7a4b371c10bb0fbbcff10/1555539125351/Grassroots+Collaborative+v.+City+of+Chicago.Complaint+FILED.+4.17.2019+.pdf>) calling on the court to “declare the city’s administration of the [TIF] system invalid” and “enjoin activity in furtherance of the Courtland and Chicago River TIF District.” That 168-acre TIF district includes the 55-acre site where Lincoln Yards is proposed.

For any TIF skeptic — which probably includes most Chicagoans — the lawsuit makes an eminently credible case. State law requires that new TIFs qualify as “blighted” and pass a “but-for” test establishing that new development wouldn’t occur but for support from the TIF. The lawsuit challenges one of the criteria of blight cited by the city, which is the claim that property value increases in the project area have lagged those in the rest of the city for three of the past five years. In fact property value increases in the project area have outpaced the city since Mayor Rahm Emanuel said he was [removing the area’s Planned Manufacturing District designation](#) (<https://www.chicagoreporter.com/emanuel-would-rather-help-developers-build-new-condos-than-protect-high-paying-jobs/>) to allow residential development in 2016. As of 2018, that’s three years of higher growth.

It’s also likely that other elements of blight, such as “inadequate utilities,” are simply the result of attempting to locate residential development in an industrial area.

The failure of the but-for test — the idea that the area wouldn't attract private investment without the TIF — seems obvious. The removal of the PMD designation in the area between Lincoln Park and Bucktown basically guaranteed that investment would pour in, as it has. According to the lawsuit, building permits for the half-mile around the project area have soared, and their dollar value is far above the city average. Meanwhile, Lincoln Yards developer Sterling Bay has paid about \$200 million for properties in the district.

The city's focus on creating TIF districts in affluent, majority white areas that fail the legal requirements has “a disparate impact on areas that are majority-African American and majority-Hispanic because such areas are not receiving the same type of public and private investment that is associated with TIF District creation, and taxpayers are bearing the costs of redevelopment that the city is reimbursing through the use of TIF funds,” according to the lawsuit.

Meanwhile, there's a new administration coming to City Hall. Mayor-elect Lori Lightfoot raised concerns about “the deeply flawed process” behind the TIF. When passage seemed inevitable, she negotiated an increase in minority and women contracting commitments. Though she didn't formally endorse the project (<https://twitter.com/blockclubchi/status/1116030137261334530?s=21>), she said “there remains much work to be done” and she hopes “to further improve these deals and to bring community voices into the process.”

One early test could be the new administration's stance toward the lawsuit and whether it fights it or negotiates. Community organizations “hope to work with City Council members and the mayor to bring the TIF program back in line with its original intentions,” assisting low-income communities, said Nathan Ryan of Grassroots Collaborative. As to how the Lincoln Yards deal could be improved, he suggested “not using public dollars.”

A larger question is what the new administration will do in terms of protecting existing industrial jobs in the area. These are the kind of jobs that pay enough to support a family and are available to people who don't have higher education — the kind of jobs desperately needed in Chicago. There are probably a few thousand such jobs in the North Branch Industrial Corridor.

I toured the area with Jonathan Snyder and Krista Elam of North Branch Works, which supports businesses located in the area. Their office overlooks the block-sized yard of General Iron, which recycles 60,000 tons of metal a year, and is set to relocate to the former site of Republic Steel on the Southeast Side. It's a hive of activity, with big trucks from auto wrecking yards and a long line of pickup trucks from independent scavengers. Snyder points out that these are in fact “green jobs”: “It's smelly and loud, but this is recycling metal.” The idea of the PMD was to keep such activity separate from residential development.

Along Elston Avenue, though, there are low-slung brick buildings housing manufacturing operations including operations like metal fabricators and Chicago's last tannery, where NFL footballs have been produced since 1941. From the outside, it looks like nothing is happening. Along the river there are sprawling concrete plants. There are warehouses. On Chicago Avenue there's MHub, an incubator for advanced manufacturing entrepreneurs. On Goose Island there's a huge restaurant supply store, Mars Wrigley's world headquarters and a Waste Management transfer station. Many of them are there because of the proximity to the expressway and the availability of shipping on the Chicago River. And the jobs they provide pay well.

Three PMDs were established on the North Branch between 1988 and 1990. And while the mix of business shifted, employment grew significantly from 2002 to 2011. A big change came in 2014 when Finkl Steel decided to move to the Southeast Side so it could expand its production. NBW viewed this as a success story, showing the continuing importance of manufacturing and the capacity of the PMDs to foster growth. But real estate interests, dreaming of expensive views from riverfront high-rises, saw it as an opportunity to grab the land for luxury development. And they got the ear of Emanuel.

What's remarkable is how fast the tide turned. In 2015, NBW issued a plan for redeveloping the Finkl site, with the goal of building on the success of the PMDs, supporting the city's advanced manufacturing agenda, and creating family-supporting jobs. The report won a Neighborhood Business Development Award from the city, and Emanuel wrote a letter of support saying it “serves as a model for other business organizations ... as a way to make our Small Business Growth Strategy a reality.”

But months later Emanuel announced plans to abandon the PMD designation, and in December of 2016 the city issued a draft North Branch Framework Plan that would allow residential development in the area. That same month, Sterling Bay purchased the Finkl site.

As the lawsuit points out, the city's plan at that point actually called for reducing the use of TIF. But in the fall of 2017, Sterling Bay and the city entered the site in the nationwide search for a new headquarters for Amazon, when everyone was competing over how much public subsidy they could give to the world's richest corporation. Sterling Bay's proposal stated that a TIF was expected to be passed in 2018. When Amazon passed over the site, Sterling Bay proposed the Lincoln Yards development in the fall of 2018, and within six months the city had awarded \$1.3 billion in TIF subsidies.

“They put a big for-sale sign up for [Amazon's] Jeff Bezos, and when he didn't go for it, everyone else had their hand out,” said Ryan.

There's a tipping point where residential development will overwhelm the area and employers will leave en masse. And while there's been a steady drip of closings over the past couple years, that point hasn't been reached yet.

One key inflection point could be whether the new administration proceeds with plans for an Armitage Avenue bridge, which as currently envisioned would displace the Ozinga cement-mixing plant, directly across the Chicago River from the Lincoln Yards site. Snyder hopes it will be reconsidered. “They don't have a plan yet, it's a ‘concept,’” he said — and the city doesn't have site control. Snyder adds that Ozinga “has invested millions of dollars in its operation and they're not going to just pick up and leave.”

If the new mayor is going to get a better deal in exchange for TIF dollars, Snyder suggests the developers should be required to provide additional land for public park space — all the open space currently proposed, including the riverwalk, is privately controlled — and build lower and squatter buildings. He suggests space be

## RELATED:



[\(https://www.chicagoreporter.com/lincoln-yards-investor-lone-star-funds-accused-of-predatory-lending/\)](https://www.chicagoreporter.com/lincoln-yards-investor-lone-star-funds-accused-of-predatory-lending/) Lincoln Yards investor Lone Star Funds accused of predatory lending

[\(https://www.chicagoreporter.com/lincoln-yards-investor-lone-star-funds-accused-of-predatory-lending/\)](https://www.chicagoreporter.com/lincoln-yards-investor-lone-star-funds-accused-of-predatory-lending/)

set aside in the new development for light manufacturing and small business incubation. Sterling Bay's traffic studies, carried out for a previous iteration of its plan, need to be revisited — perhaps with more attention to improvements like bus rapid transit that could connect the site to far-flung communities, he said.

And since rising land values create problems for industrial operations, he floats the idea of an industrial land bank to support employers who provide good-paying jobs.

Meanwhile, housing advocates have been pushing more generally for higher on-site requirements for affordable housing (<https://www.chicagohousinginitiative.org/homes-for-all>), with affordability standards set to include lower-income families, and with permanent affordability. "If we're just building huge new exclusive neighborhoods, we're not addressing the city's challenges around its history of racial segregation," said Geoff Smith of DePaul's Institute for Housing Studies.

The final chapter on the Lincoln Yards story is far from being written, and lots of people have ideas about how it can have a happier ending.