METROPOLITAN PLANNING COUNCIL

Priorities for Legislative or Administrative Action in 2006

POLICY AGENDA 2006

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War and natural disaster have combined to increase gasoline and energy prices to historically high levels. Hurricane Katrina has created the mother-of-all redevelopment challenges. Resources at the federal, state and local levels continue to be strained, causing governments to face budget deficits as they wait with the rest of us for an economic upturn to accelerate.

Residents of the greater Chicago region are affected by a broad range of concerns. In mid-2005, Congress passed and the president signed the long-awaited surface transportation bill. Illinois is set to receive an unprecedented amount of federal funds, but only if we can come up with the money to match both formula and earmarked funds, estimated at at least $5 billion. Though the Chicago Transit Authority utilized some creative budgeting techniques to stave off profound service cuts in 2005, the CTA has no more tricks up its sleeve; both Metra and CTA will raise fares in 2006. Fast growing and distressed areas alike struggle to create attractive communities with very few incentives and no planning assistance. The drought of 2005 highlighted the need for new water supply strategies to preserve a natural resource that is vital to our health and quality of life. Children in Illinois pay a huge price because the quality of their education depends on their address. And families lack real choices in where to call home since affordable housing near jobs, transit, and good schools is scarce.

Population growth in the region has leveled off, but is expected to be on the rise over the next 10 years, as immigration continues to fuel growth. Communities across the region are looking to new and innovative tools to shape and support that growth, and continue to take advantage of the region's strong transportation network, existing schools and job centers. Without greater attention to and support for increased density in developed neighborhoods or connections between job centers and affordable residential we cannot hope to achieve that growth in a sensible manner.

To address these challenges, the Metropolitan Planning Council will focus on the following policy priorities for legislative and administrative action in 2006, at the local, state and national levels. Working with a wide range of partners spanning government, community and business sectors, we offer our policy expertise and the engagement of regional coalitions to implement solutions to these pressing issues.

— STATE —

Illinois' fiscal health is slowly improving from the state of intensive care it has been in for the past two budget cycles. In 2005, lawmakers balanced the books by borrowing against future payments to Illinois' pension funds, a temporary and risky solution. With 2006 a major election year, the Metropolitan Planning Council understands that comprehensive change is likely to be a year away. However, the state has significant and complex issues that demand attention in coming months if major reforms are to be considered in the 2006 veto session or the 95th General Assembly, beginning in 2007.

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TRANSPORTATION

Firmly Establish the Regional Planning Board: The newly created Regional Planning Board is the most significant advance in regional planning in decades. After years of advocacy, northeastern Illinois' two primary regional agencies charged with planning are merging their efforts under one roof. MPC is committed to facilitating a strong start for the new Planning Board, from preparing briefing materials to organizing a "best practices" exchange with other states or regions. The legislation creating the new board was signed August 9, 2005 and the real work is just beginning. The coming year will be spent determining exactly what powers the Planning Board should have and developing proposed legislation by a September 2006 deadline. In addition, the Regional Planning Board is required to prepare a plan for its own financial success, which will likely require a new, dedicated revenue stream to be put in place in 2007.

Provide Regional Operating Funding for Regional Transit: With gas prices continuing to soar, transit in northeastern Illinois is becoming an even more critical component of our multi-modal network. Businesses depend on a reliable, on-time workforce, which is undermined by ever-increasing traffic jams. Increased operating support for transit is needed to maintain the current level of service, much less to provide new service to meet growing demand. While the CTA is to be commended for balancing its budget last year — albeit with an unsustainable capital-to-operating fund transfer — our transit system continues to face an operating revenue shortfall for all service providers: Pace, Metra and CTA. It is past time to reform the Regional Transportation Authority's 24-year-old operating funding formula and include new criteria for the distribution of funds that address service efficiency, performance, and other objective criteria. MPC will be an active participant in the RTA's 2006 strategic planning effort, and will urge action on a revised formula and increased revenues as early as the fall veto session.

Leverage SAFETEA-LU: Illinois' congressional delegation, lead by U.S. House Speaker J. Dennis Hastert (R-Ill.), was successful in securing an unprecedented share of money for Illinois from the most recent federal transportation bill. Nationwide, resources increased 30 percent; Illinois' share increased 33 percent. The fate of several regionally significant projects, such as CREATE, hangs in the balance because Illinois has not had its own capital program, in over two years, to provide the required state match. Preliminary estimates developed by MPC peg the minimum dollar amount needed to match federal dollars — not to cover total project costs — at over $5 billion. MPC will work with its partners in Business Leaders for Transportation to "build a better mousetrap:" a vision for state investments tied to job expansion and community revitalization, a set of criteria to select and evaluate priority projects, and a menu of funding strategies. Like transit operating solutions, these recommendations need to be shaped by third quarter for action during fall veto session or in the spring of 2007.

Promote Public-Private Partnerships: To keep the Chicago area competitive, our rails, roads and airways need regular investment in their maintenance and sensible expansion; without money to nourish the system, the whole region weakens. The recent passage of federal legislation to fund transportation improvements in Illinois and around the country provides a much needed funding infusion; but even with the new federal money and a new state matching funding program, northeastern Illinois will lack the money needed to make critical transportation improvements.

Given our troubled budget climate, the Council urges Illinois to aggressively use public-private partnerships to build and maintain vital transportation infrastructure. Specifically, MPC recommends that, in the next legislative session, the state adopt legislation that enables partnerships to play a strong role in transportation investments. Chicago's Skyway deal and numerous other national and international projects have shown that public-private partnerships are a sound method for building and maintaining vital transportation infrastructure, while minimizing the need for additional revenue streams, taking on new hefty debt, and freeing up limited resources for other priorities.

EDUCATION AND TAX POLICY

Reform School Funding, Improve Student Learning, and Deliver Local Property Tax Relief: With the largest student achievement gap and school funding disparities in the nation, Illinois has an education crisis. As a direct result of the state's underfunding of the foundation level by more than $1,000 per child and an over-reliance on property taxes to finance schools, the student achievement and funding gaps threaten the state's economy, its future workforce, and its ability to compete in an increasingly global marketplace. As the 2006 election season heats up in Illinois, gubernatorial and legislative candidates must respond to these serious challenges.

In 2006, MPC will work with its partners in the A+ Illinois campaign to secure from legislative and gubernatorial candidates their commitment and leadership to find a solution to the school funding crisis in Illinois. MPC and A+ Illinois will leverage the momentum built during the 2005 session of the Illinois General Assembly, when our work helped advance public dialogue on the issues (see sidebar).

A+ Illinois is working with more than 100 partner organizations and thousands of supporters statewide to ensure that candidates for political office hear loud and clear from their constituents, newspaper editorial boards, and community leaders their demands for comprehensive reform. A+ Illinois is rallying support around three basic principles, and will be asking candidates commit to the following:

1. Reducing the reliance on local property taxes to fund Illinois schools in order to provide adequate resources for all students, even if they live in property-poor areas. Currently, Illinois provides 30 percent of the funds used in classrooms across the state, compared to a national average of 50 percent. Reducing the reliance on property taxes — by at least 25 percent of the education share — will have the added benefit of eliminating a prime driver of poorly planned growth, traffic gridlock, and the exclusion of workforce housing. In an effort to increase their tax bases, many municipalities make unwise land use decisions that detract from community character and livability, and annex land they cannot afford to support with new infrastructure and increasing school costs.

2. While money is not the only answer, recent research of high performing, lower cost Illinois schools has concluded that at least $1,200 more per pupil is needed to ensure an adequate education for all of our students. That translates to a $6,405 per-pupil foundation level and a $1.8 billion price tag, in today's dollars, which would be phased in over several years. Illinois must identify a long-term and stable funding source (or sources) to replace the property tax as the primary means of funding schools.

3. Along with additional funds, the quality and accountability of schools must improve. Illinois should implement programs to support schools that are struggling under federal No Child Left Behind mandates. Improving early childhood education and teacher mentoring opportunities, among other proven strategies, will contribute to improving the quality of teaching and learning for all students. School fiscal decisions should be transparent, and school districts should be offered incentives to consolidate operations where appropriate.

Sunset the Seven Sunset Cap on Residential Assessments: In 2004, the Illinois General Assembly passed legislation allowing county governments to cap year-to-year assessment growth on residential property owners at seven percent. Cook County immedi-

School funding reform advocates received a major boost last session as SB 750, sponsored by state Sen. James T. Meeks (I-Calumet City), passed out of the Senate Education Committee — the first substantial piece of reform legislation to progress this far. Though it later stalled on the full Senate floor, SB 750 set the benchmark for continued discussions. A+ Illinois is poised to seize the momentum created by numerous outreach efforts conducted by groups across the state. Beginning in 2006, the A+ campaign now has three full-time field organizers, who will canvass the state and generate even greater support for tax reform, quality schools, improved learning standards, sound state fiscal policy, and breaking the correlation between a child's address and the quality of his education.

ately adopted these assessment caps. While homeowners in gentrifying areas saw some reduction in property taxes, commercial and industrial property owners bore the brunt of these changes: in 2003, commercial and industrial property owners experienced 4.5 percent increase in property taxes — an additional $280 million as a result of these changes. This is on top of the already high tax burdens on commercial and industrial properties that have been driving jobs out of Cook County for years. The assessment cap law will sunset in 2006, and MPC opposes any extension of assessment cap legislation that shifts the tax burden onto commercial, industrial and multi-family property owners.

SENSIBLE GROWTH

Fund the Local Planning Technical Assistance Act: In 2002, MPC successfully advocated for the first piece of planning legislation in Illinois in over 50 years. The Local Planning Technical Assistance Act defined, for the first time, the components of a comprehensive plan in Illinois. Another provision of the act allowed for the state to support badly needed planning in smaller or growing municipalities through the creation of a grant program aimed at supporting coordinated plans. As metropolitan Chicago grapples with where two million more people and one million jobs should go between now and 2030, there is a pressing need to finally fund this act. A $1 million appropriation to the Local Planning Technical Assistance Fund in FY 2007 would be the minimum down payment.

Protect the Water Supply: This summer, northern Illinois experienced the worst water drought on record (since 1895, when data was first collected). As a result, many residents, business leaders, and farmers have begun to question whether we have enough clean water to sustain our growth. With Lake Michigan so close by, most people have not worried about having a clean and plentiful water supply. Yet, Illinois consumes 18 billion gallons of water each day and is expected to grow by 30 percent over the next 20 years, while some of the fastest growing counties in the state and nation, including Kane, Kendall, McHenry and most of Will counties, do not have access to Lake Michigan. Due to a U.S. Supreme Court decree and an international treaty with Canada and other Great Lakes states, it is highly unlikely that Illinois will be able to withdraw more water from Lake Michigan. With groundwater resources in much of northern Illinois exceeding sustainable limits, we must plan for water supply, and connect growth and development decisions from one community to another. The Metropolitan Planning Council, Openlands and many other stakeholders are working to ensure the state has available data and resources to inform local decisions, and that there is a more effective approach to regional and local decision-making to plan for the short and long-term water needs of our citizens, businesses, and environmental health. MPC is advocating for state resources for regional water supply planning and management strategies in partnership with local officials.

Enact the Location Matters Act: The effective expenditure of state funds to support sensible growth is critical to the long-term economic success of not only northeastern Illinois, but the entire state. The Location Matters Act would allow the state to offer additional incentives to businesses to locate new offices or facilities in close proximity to affordable workforce housing, public transit, or areas with large, unemployed populations.

Workers in the Chicago area are spending more time stuck in traffic and commuting long distances because of a lack of housing near jobs that is affordable to working families or because of a lack of access to public transit. Businesses should be rewarded if they build or expand facilities where there is adequate housing or transit, and where unemployment is high if we want to maximize the impact of our state investments.

Proceed Cautiously with Eminent Domain Changes: The Kelo v. City of New London U.S. Supreme Court decision of June 23, 2005 brought focus to the issues of economic development, planning, and the public good. In its aftermath, there has been heated discussion regarding the appropriate and careful use of eminent domain for economic development across the nation and in Illinois. Widespread public outcry in opposition to the decision created an unholy alliance between conservative defenders of property rights and liberals who argue that the decision could lead to low-income communities being razed in the name of revitalization.

Yet elected officials are responsible for improving public safety and economic development, and providing adequate housing for the workforce. While eminent domain is expensive and time-consuming, its use can be necessary to further a public good — from facilitating a transit station improvement project to revitalizing a troubled Main Street. How it is done and the extent to which policymakers reach out to community members are both key components of a fair, inclusive public process.

In Illinois, MPC cautions against any major changes in public policy without adequate study, public participation, and deliberation. Local communities should proceed very cautiously with the use of eminent domain, and only when it is consistent with their plans. By having robust public participation processes at the front-end of a planning initiative, municipalities and counties can establish strong public support for projects undertaken for the public good. And, communities should continue to use the power sparingly and only when necessary on specific projects for which there is a clear, market-based expectation that the project will result in an economically sound reuse of the property.

HOUSING

Codify Housing Executive Order 2003-18: Gov. Blagojevich's executive order, which articulates the first state housing policy in Illinois' history, expires in 2008. It should be codified in 2006 into legislation that: (a) enacts comprehensive housing planning requirements for all state agencies currently or potentially investing in housing; (b) ensures maximum coordination, effectiveness and accountability of all state dollars allocated to housing for operating, service and capital needs; (c) provides economic incentives for local municipalities advancing the state's housing priorities through coordinated planning for transportation, housing, economic development, and related production activity; and (d) leverages private sector, quasi-governmental, and federal dollars.

To meaningfully institutionalize these changes, new revenue sources will also be essential. In the short term, Illinois can learn from the lessons learned in Massachusetts, where legislation just passed providing a school funding bonus to municipalities embracing multifamily, workforce housing near or in "smart growth" neighborhoods with jobs and transportation.

Building for Success: Illinois' Comprehensive Housing Plan

The last three years were historic, in terms of state housing activity, with the governor creating the state's first housing policy, through executive order in September 2003, and by appointing a task force to transform that policy into a plan. That multi-year plan, *Building for Success: Illinois' Comprehensive Housing Plan* was released in early 2005. Already, several pieces of legislation have been signed into law to bolster the state's new commitment to prioritize resources for historically underserved constituencies, including those unable to afford housing near work, households in affordable housing "at risk" of losing that affordability due to expiring subsidies or other market forces, seniors, people with disabilities, and individuals struggling with homelessness. Such legislation included the Rental Housing Support Bill which created a new $30 million revenue source to be applied to rent subsidies for very low-income households throughout the state; the extension of the Illinois Affordable Housing Tax Credit, to encourage employer-assisted housing and other private sector contributions; the Housing Opportunity Tax Incentive, encouraging property owners in low-poverty, job-rich areas to rent to very low-income households; the Affordable Housing and Planning Appeals Act, and several amendments, requiring municipalities with woefully low rates of affordable housing to create a plan to get to at least 10 percent affordability levels; and the Federally Subsidized Housing Preservation Act, offering more opportunities to tenants and nonprofit organizations wanting to preserve the affordability of properties losing their federal subsidies. Interdepartmental coordination — to more efficiently link housing and services, as well as housing with infrastructure and economic development planning — is also already in the works.

Rail~Volution

The Metropolitan Planning Council is very pleased to be a part of the host committee for Rail~Volution, which is taking place in Chicago November 6 — 8, 2006. Rail~Volution is the county's premier conference for urban planners and transit advocates to share ideas about better community building. Close to 2,000 people will gather and discuss the latest trends in transit-oriented development, bus rapid transit, light rail, and much more.

To learn more about how you can support the conference or to join the host committee, contact Peter Skosey at the Metropolitan Planning Council, 312-863-6004 or pskosey@metroplanning.org.

To learn more about the conference, visit Rail~Volution at www.railvolution.com.

— FEDERAL —

HOUSING

Enact the Housing America's Workforce Act of 2005: This legislation addresses the nationwide workforce housing shortage by providing economic incentives to employers investing in housing solutions through employer-assisted housing (EAH). Many have recognized that this bill, like the EAH experience in Illinois that in great part inspired this legislation, has great potential to reframe the national housing debate.

This act responds to the increase in housing burdens among moderate-income workers, and the consequences not only for employees and their families, but also for the employers paying for workforce instability, and for the larger regional community struggling with increased traffic congestion as a result of longer commutes.

To support private sector investment in housing solutions, the Housing America's Workforce Act offers a tax credit of $.50 for every dollar that an employer provides to eligible employees, up to $10,000 or six percent of the employee's home purchase price (whichever is less) or up to $2,000 for rental assistance. In addition, to ensure that employees receive the full value of employers' contributions, the act defines housing assistance as a nontaxable benefit, similar to health, dental and life insurance. Finally, the act establishes a competitive grant program available to nonprofit housing organizations that provide initial technical assistance, program administration, and outreach support to employers undertaking EAH initiatives. MPC urges Congress to move this bill into law in 2006.

Provide Exit Tax Relief on Low Income Housing Tax Credit Properties: MPC supports legislation that provides relief from federal exit taxes when the owner agrees to reinvest in the building and maintain affordability for a fixed period of years.

Make Public Housing Funding Streams More Flexible and Reauthorize/Increase HOPE VI: Building on the favorable outcomes of the Moving To Work agreements signed between the U.S. Dept. of Housing and Urban Development (HUD) and selected housing authorities throughout the country, and as outlined in the State and Local Housing Flexibility Act introduced in 2005, federal streams of operating and capital funding to public housing authorities (PHAs) should be merged, allowing greater flexibility. Two goals should govern the amount of funding received by individual PHAs: preserving affordability, with a focus on families making less than 30 percent of the area median income, and making provisions for each property's eventual recapitalization. Flexibility would allow funding streams to be used for financing or targeting properties to attract non-public housing residents, thereby creating mixed-income communities. In addition, the HOPE VI program should be reauthorized and its funding, severely reduced to $100 million for FY2006, restored to its original annual level of $570 million.

Protect, Expand and Enhance the Housing Choice Voucher Program, including the "Enhanced Voucher" Program: Congress must continue to fund the Housing Choice Voucher (HCV) program for the 2.1 million households nationally that rely upon it: almost 80,000 of them in Illinois. Given the delicate financial layering required for the development of affordable housing, and the integral part the HCV program plays in that mix, recent proposed cuts and changes in the funding formula sent a shockwave through the affordable housing investment market and jeopardized planned

ILLINOIS REGIONAL PLANNING BOARD

Established
August 9, 2005

Vision
To be determined

Projects under consideration
None

Funding
Must submit a funding strategy to the Illinois General Assembly by September 2006

Powers
Must submit recommendations for legislation to outline the full responsibilities of the body, which include a complete description of recommended comprehensive planning functions of the Regional Planning Board and recommendations related to consolidating the functions of the Board, CATS Policy Committee, and NIPC, by September 2006

Management
15-member board includes five members from Chicago; five members from suburban Cook County; one member from each of the collar counties of DuPage, Lake, McHenry, Will; and one member representing both Kane and Kendall counties
- Four-fifths majority-vote is needed for any board action
- Has 36 months for the full transition of activities between CATS and NIPC since its signing on August 9, 2005

Accountability
- Annually publish a list of regional priorities and major projects for which the RPB is providing coordinated regional advocacy
- Regularly prepare and adopt a transportation financial plan for the region and direct all public involvement activities for regional planning
- Implement a Citizens' Advisory Committee that provides continuous and balanced public representation

Regional Planning Board

At the same time the Regional Planning Board was being created in Illinois, the Regional Development Authority was born across the border in Indiana. The charts above provide a side-by-side comparison of the two regional entities. Illinois's Regional Planning Board could learn a lot from its counterpart to the east.

INDIANA REGIONAL DEVELOPMENT AUTHORITY

Established
September 1, 2005
- Funding to begin in January 2006

Vision
"Be a catalyst for transformation of the Northwest Indiana economy to robust world class status"

Projects under consideration
- The Gary/Chicago Airport
- The South Shore Railroad
- A Regional Bus System
- Lake Michigan Shoreline Development

Funding
- Unique "pay to play" partnership of cities, counties and state to enhance economic growth in Northwest Indiana
- Cities of East Chicago, Gary, and Hammond join Lake and Porter counties to contribute $3.5 million each per year ($17.5 million annually)
- State contributes "up to" $10 million per year from Indiana Toll Road revenues
- State funding needs re-authorization by 2008 by State Budget Committee and OMB following their review and approval of strategic Business Development Plan

Powers
- Assemble land
- Raise funds
- Give grants
- Enter into partnerships

Management
- Each city and county gets one vote per $3.5 annual contribution; state appoints two members (including chair)
- "Super Majority" of 5-2 required, which must include governor's appointee as chair for all major actions
- RDA Board has met four times since inception in September. Staff has been hired and legal counsel retained, with the State Attorney General as co-counsel

Accountability
- Must prepare and submit required Development Plan by January 2008 but expect to fund a few targeted projects before then
- Will coordinate activities with federal, state, regional, and local agencies to also leverage investment
  - INDOT: Major Moves and other road projects
  - Indiana Economic Development Corporation (IEDC): overall economic development
  - Indiana Department of Environmental Management (IDEM): petitioning US EPA to switch Lake and Porter counties to attainment from non-attainment, as appropriate
  - Ports of Indiana: "Inland" ports and Inter-modal transportation projects

housing initiatives. In addition, an explicit regional approach to vouchers by HUD encouraging coordination among housing authorities and agencies, along with designated HCV portability funding and a streamlined administrative process, would promote mobility of low-income recipients. It also would allow PHAs to better respond to the market and adjust rents accordingly. Critical to the success of families benefiting from subsidies is the enhanced voucher that helps tenants remain in buildings with expired federal support. Similarly, rent differentials in buildings using HCVs should be allowed. Currently they are not and, as a result, building owners do not have the flexibility to charge lower rents or fill vacancies using the HCV program.

— LOCAL —

TRANSPORTATION

Explore Parking Improvement Districts: Pasadena, Calif., was the fist to recognize the immense benefits associated with charging market rates for street parking and returning that money to the local business district to fund needed improvements. The brainchild of UCLA Professor Donald Shoup, the parking improvement district (PID) has now earned its stripes as a viable redevelopment tool in cities across the nation. MPC will conduct a feasibility study for the application of PID's in Chicago, producing a program design for the City of Chicago and others to implement.

HOUSING

Legalize Coach Houses: Long valued as an additional choice in the spectrum of housing options offered by cities, coach houses today are illegal in Chicago and many other municipalities. These accessory dwelling units are generally rented at affordable rates, and serve to offset mortgage costs for the owner of the principal residence. Furthermore, coach houses create a rental opportunity in neighborhoods that generally contain single-family homes. MPC will advocate for the

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