



Cargo-Oriented Development Gives TOD New Meaning in Older Communities

by Annette Stahelin and David Chandler

Among the many benefits of smart growth initiatives, building off a community's underutilized transit and freight assets is a development strategy that can offer a rich combination of paybacks: business and job growth, viable local small businesses, cost savings for the average household, and increased home ownership opportunities.

Linking development strategies to infrastructure that has become undervalued—once an asset to the region that in many cases spurred its early development—can reinvigorate the often neglected older, industrial communities of a region.

Transit-oriented development (TOD) and cargo-oriented development (COD), taken together, is an effective community development and smart growth strategy in which the downtown and industrial areas of older suburbs are redeveloped simultaneously, in part by leveraging each suburb's transportation assets.

Communities that execute transit-oriented development effectively integrate different types of housing, convenient shopping, and public amenities, to establish a busy and walkable neighborhood around a public transit station. Cargo-oriented development builds off the macro-economic trends that are causing more freight to be shipped long distances and funneled through strategic locations. Cargo-oriented development concentrates manufacturing and distribution businesses at a location where they benefit from efficient access to multiple modes of freight transportation, the presence of complementary businesses, and an available industrial workforce. Some freight-related development is occurring in exurban greenfield sites, where the sheer availability of cheap land is a driving factor. But for end uses that involve value-added processing of goods, cargo-oriented sites that provide ready access to labor can be competitive. Cargo-oriented development is an increasingly advantageous development option for communities that possess the prerequisite key assets.

Opportunities for Transit- and Cargo-Oriented Development in Metropolitan Chicago

Transit-Oriented Development Challenges. The Chicago metropolitan area suffers from a severe jobs-housing mismatch, chronic poverty, traffic congestion, and air pollution. At the same time, the region enjoys one of the nation's most extensive systems of rail and bus public transportation. Leveraging the Chicago area's public transportation assets by systematically applying transit-oriented development throughout the region can substantially reduce unemployment and improve the environment.

Regional agencies and civic organizations have taken some steps to encourage transit-oriented development, and some potentially effective local models have been established; yet the actual benefits of transit-oriented development for the region remain largely unrealized, especially in low- and moderate-income communities.

Cargo-Oriented Development Challenges. Metropolitan Chicago is one of the gateways through which the world economy is channeling the flow of freight. The freight industry generates more than \$8 billion per year for the Chicago region's economy, but freight movement is also a major source of regional traffic congestion and air pollution. Both the economic benefits and environmental consequences of the region's freight industry continue to mount rapidly, as freight volumes are projected to increase by 80 percent between the years 2000 and 2020.

Through a notable public-private effort, the region has developed the [Chicago Region Environmental and Transportation Efficiency Program](#) (CREATE), a plan to streamline the regional freight rail network through an investment of \$1.5 billion. CREATE will speed the flow of products through the region, but this movement of goods will only lead to

substantial job growth in established communities and to environmentally positive traffic patterns if it is coupled with a systematic policy of stimulating cargo-oriented development.

Linked Development Opportunities. The Chicago region's transit- and cargo-oriented development opportunities are particularly nested in certain inner-ring Cook County suburbs that possess both commuter rail service and major pieces of freight infrastructure. Some of these communities have levels of unemployment that exceed the regional average. They have the potential to create a synergy in which transit-oriented development will establish new housing and shopping districts in improved neighborhoods, while jobs from cargo-oriented development will provide the income to own homes and support local businesses.

When this two-pronged strategy is planned and implemented with a broad cross-section of local residents and other stakeholders, it will serve the genuine interests of redeveloping communities. A program to carry out linked transit- and cargo-oriented projects based on the assets and interests of these communities could transform their local economies, provide a pilot for Chicago regional policy, and offer a model to other regions concerned with the revitalization of older industrial communities.

Getting the Concept off the Ground: Two Pilot Communities

The [Center for Neighborhood Technology](#) (CNT) undertook the [Smart Growth in Older Communities](#) project to demonstrate the approach of linked and community-based transit- and cargo-oriented development to the sustainable redevelopment of older suburbs. Support from The Joyce Foundation, Grand Victoria Foundation, Gaylord and Dorothy Donnelley Foundation, Chase Foundation, Union Pacific Foundation, and the Surdna Foundation helped CNT, a think-and-do tank for sustainable development based in Chicago, to do this work, which included partnering with many community organizations and consultants.

In 2004, CNT conducted research to identify Chicago suburbs with high rates of unemployment that also possessed extensive assets for transit- and cargo-oriented development. These were older industrial communities with industrial plants built along rail lines, close to workers' homes, and downtowns with traditional main streets and street grids built around railroad stations. Such communities have suffered since the 1970's from: (1) loss of U.S. manufacturing to overseas production; (2) construction of new industrial and distribution centers in exurban greenfields, where land was cheap and not previously worked; and (3) shift of retailing to regional shopping centers and big box stores at the expense of downtown shopping districts. The goals were to help these economically challenged older communities redevelop by fostering more compact development and freight transport patterns that reduce congestion and air pollution, while effectively returning prosperity to an older community.

CNT identified five Cook County suburbs that ranked high by its integrated criteria—economic problems along with existing transit and freight assets. After further qualitative analysis and discussions with city government and other community leaders, CNT signed letters of agreement to work with two of these communities: Blue Island (25,000 residents) and Harvey (30,000 residents).

During 2005, CNT carried out a planning process in each city, in partnership with the city government and a steering committee of community leaders. Extensive data regarding community history, market potential, comparable projects, and the characteristics of potential sites were processed; and development concepts were worked out in community charrettes, each with dozens of resident participants. The results included economic development plans for both [Blue Island](#) and [Harvey](#) that describe the challenges and opportunities for transit- and cargo-oriented development and lays out a roadmap of the steps required to achieve the desired development over a ten-year period.

Next began two years of implementation assistance to launch the planned development efforts. CNT has been involved in building local capacity to market investment opportunities, linking with public agency programs for economic development to secure discounted financing and infrastructure investments, and negotiating with private investors.

Currently, Blue Island has established the "Blue Island Northeast COD", a 90-acre site that allows for the relocation of industrial businesses to a new industrial park, which then creates space for transit-oriented development in the town center. The city secured EPA funding for brownfield assessment, put out an RFQ to select a master developer, and is now completing an agreement with the selected developer for a \$42 million investment to build approximately 1.3 million

square feet of plant space for industrial and value-added logistics uses, creating approximately 400 jobs. Blue Island has obtained additional state and federal funding to investigate brownfield conditions and plan streetscape improvements in its transit-oriented development area. And Great Lakes Bank, based in Blue Island, has partnered with state agencies to create a \$10 million, low-interest loan fund to help small businesses participate in Blue Island's planned redevelopment.

In Harvey, a 60-acre site has been identified, the "Dixmoor-Harvey Industrial Park," and an application has been submitted for EPA funding to support brownfield assessment and remediation. Two development firms are already interested in the conceptual industrial park plan, which calls for \$34 million in investment and almost 1 million square feet of plant space, creating approximately 300 jobs. The city also has obtained state funds for lighting improvements in its downtown transit-oriented development.

Concurrently, developers are building townhouse projects consistent with each city's plan on the peripheries of transit-oriented development zones, while investors are exploring housing and mixed use developments in core transit areas.

A Model for Older Communities Nationwide

By realizing the potential of both transit- and cargo-oriented development, Blue Island and Harvey are beginning to capture the distinctive, complementary development opportunities that CNT envisioned in launching the Smart Growth in Older Communities project. Through transit-oriented development, these communities are building different types of home ownership opportunities and neighborhoods with more amenities and service jobs. Jobs from cargo-oriented development in the same towns will provide income to pay for homes, taxes, and the patronage of local businesses. By pursuing both of these types of development in tandem, the two cities—older communities neglected by the patterns of development in the last century—can redevelop themselves in ways that will allow current residents to avoid displacement and benefit from the improvement of their neighborhoods.

Similar opportunities for returning economic prosperity to older communities exist throughout the south suburban region of Chicago, as well as nationally. CNT is now pursuing these opportunities in an expanded program with the [South Suburban Mayors and Managers Association](#), an intergovernmental organization serving 42 communities. A case study forthcoming in 2008 will describe CNT's pilot project in linked transit- and cargo-oriented developments as a model for consideration in first suburbs across the country.

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