

Zoning and Land Use Assessment and Recommendations

Data Brief

BUSINESS CORRIDORS

Metropolitan **Planning Council**
Building **Equity** in the Built Environment



Business Corridors is one of the seven outcomes prioritized for MPC's Zoning and Land Use Assessment. The outcome is defined as *"strong and vibrant business corridors with diverse business opportunities to support economic needs and resiliency of communities, including revitalization and preservation of existing commercial corridors."* As part of the initial analysis, five measures of business vibrancy are analyzed in relation to zoning:

- **Business density** measures the frequency of businesses per geographic area. For this measure, the research team used business license data from the City to calculate the number of businesses per capita in 2023. This data is varied in accuracy and quality.
- **Business vacancy** measures business locations that are no longer active. For this measure, the research team used data from the U.S. Postal Service, aggregated by the Department of Housing and Urban Development. This data identifies "vacant" addresses that have not collected mail for 90 days or longer in 2022. This includes both residential and business addresses.
- **Consumer spending** measures how much money people spend at businesses in a geographic area. For this measure, the research team used 2023 spending data from the data aggregator Replica that combines merchant transaction data, cardholder transaction data, and foot traffic. The data is then refined in relation to publicly available data from the U.S. Census and Bureau of Economic Analysis including surveys of retailers, estimates of e-commerce, state-level consumer spending, and demographic estimates.
- **Employment density** measures how many jobs are located per geographic area. For this measure, the research team used the 2022 Longitudinal Employer-Household Dynamics (LEHD) dataset compiled by the U.S. Census. The data is aggregated through partnership between the Census and state agencies, and contains information on hiring, job creation and losses, earnings, and industry by geography.
- **Employment diversity** measures how varied the jobs are in a geographic area. For this measure, the research team used the same LEHD data source. The index was created to illustrate the diversity of types of jobs in a census tract (0 = all the same type, 1 = all different types).

What the research shows

Understand the outcome: How do business activity and jobs differ across places?

- **Citywide, business activity is heavily skewed towards whiter neighborhoods.** Census tracts with higher levels of business activity typically had higher home values, rental rates, and populations, particularly white population. Employment density followed similar patterns.
- **Citywide, vacancy rates are greater in lower-income neighborhoods.** The parts of the city with lower vacancy rates are concentrated in white and Asian communities, with majority Black census tracts experiencing vacancy rates double the city-wide average.
- **Citywide, consumer spending is lower in areas with higher black population.** Average consumer spending is higher in tracts with higher shares of White, Latinx, and Asian population, and lower in tracts with higher Black population.

- **Citywide, more jobs in areas with White population, Asian population, higher rents, and home values.** Job density is related to higher rents and home values and is greater in tracts with higher shares of Asian and White population.
- **In business corridors (SSAs used as proxy), job losses were greatest in low-income corridors.** Jobs declined between 2003-2023 and the largest net losses of Black population occurred in low-income corridors that experienced the lowest displacement pressures.
- **In business corridors (SSAs used as proxy), business losses were greatest in areas that had experienced significant displacement.** Corridors that experienced early displacement (prior to 2000) witnessed the most business losses between 2003-2023.
- **In business corridors (SSAs used as proxy), the greatest shares of jobs that were small business jobs are in corridors that experienced the lowest levels of displacement pressure.** The lowest-income business corridors have greater shares of small business jobs.

Understand the zoning: Where is land zoned for business and commercial use and how has it changed over time?

- **Twenty-two percent of the city has zoning that may support commercial development.** 9% of the city is zoned for commercial and business uses and 13% is categorized as Planned Development.
- **Citywide, areas with a higher White and Asian population have greater share of business-related zoning overall than areas with a higher Black and Latinx population.** Black and Latinx Chicagoans are also more likely to encounter B-3 or Commercial zoning, which can be more auto-oriented than B-1 and B-2 zones.
- **Citywide, commercial zoning has declined over the past two decades, while Planned Developments grew.** From 2003 to 2023, Chicago lost a net of 32 million square feet of land zoned for commercial. 48% of census tracts saw a net decrease in commercial and business zoning. Overall, Planned Developments increased by a net of 120 million square feet with 36% of census tracts seeing a net increase.
- **Citywide, commercial zoning and Planned Developments increased outside of established corridors.** Areas of the city that experienced increases in commercial zoning since 2003 were among emerging submarkets for development, including the West, Southwest, and Far Southeast sides.
- **South and West Side census tracts within 1/2 mile of CTA stops have lower shares of B zoning.** Disparities in shares of B zoning near transit have implications for vibrant mixed-use development potential.
- **Citywide, white and Asian populations live in closer proximity to multi-family land uses. Latinx populations live in closer proximity to retail uses, Black populations live in closer proximity to vacant land.** Disparities can shape the potential for access to vibrant business corridors and affordable housing.

Understand the relationship: How does zoning affect business activity and diversity?

- **Citywide, business, commercial and Planned Development changes correlated with business locations, White and Asian population, and median rent.** Changes in commercial zoning and PD square footage are negatively correlated with changes in Asian and White population, meaning trends move in opposite directions.
- **Citywide, areas with no changes in commercial zoning and Planned Developments have worse economic and business trends.** Areas with no change in commercial and planned development zoning saw larger declines in businesses and jobs than areas which saw an increase or decrease.
- **Citywide, areas with high shares of business zoning have fewer businesses and jobs and lower consumer spending compared to areas with a high proportion of commercial and downtown zones.** Areas with a high share of downtown zoning see the most business activity.

- **Business zoning changes in business corridors correlated with job diversity, vacant land, Black population, rent, and household income.** Changes in business zoning in these corridors are negatively correlated with job diversity, vacant land, Black population, rent, and household income, meaning trends move in opposite directions.
- **Planned Development changes in business corridors were associated with commercial, retail, and mixed-use properties, as well as vacant land.** Changes in Planned Developments in business corridors are positively correlated with commercial, retail, and mixed-use property development, meaning they trend in the same direction. Vacant land and Planned Development changes are negatively correlated, or trend in opposite directions.
- **In business corridors, areas with the highest square footage of land zoned for B and C are also associated with higher rates of business vacancy.** Some business corridors may have excess capacity of commercially zoned land. The correlation between retail (B1-B2) zoning and business vacancy rate is strongest downtown. In all other areas, there is a correlation between B3 and C zoning and business vacancy rate.

Questions you may have

- **What data did you use to measure zoning and changes in zoning?** The focus of this analysis is on zoning districts which allow a variety of retail, service, hospitality, and cultural uses. Land zoned for commercial, and business includes the Commercial, Business, and Downtown zoning categories. Zoning maps were compiled and compared for three distinct points in time: 2003, 2013, and 2023. Since there was a major zoning code rewrite in 2004, this allows for better understanding of any changes that occurred as part of that rewrite.
- **How does the City of Chicago define commercial corridors?** The City utilizes a variety of structures to identify clusters of commercial activity. Programs oriented towards retail include Special Service Areas, Pedestrian Streets, Neighborhood Opportunity Fund Corridors, Invest South/West Corridors, Neighborhood Business Development Centers and the Corridor Ambassadors Program. These geographies are determined in different ways, either drawn by the Department of Planning and Development or community partners (SSA, Pedestrian Streets, NBDC), or determined through analysis of census data (NOF, ISW, Corridor Ambassadors). This analysis used city-defined Special Service Areas as a proxy for business/commercial corridors. Census tracts that were part of SSAs were utilized for any analyses specifically looking at business/commercial corridors. Separately, we also analyzed census tracts that intersected the City's Pedestrian Streets.
- **What is a census tract, and why did you use it as your unit of analysis?** A census tract is a geographic unit created by the U.S. Census. It typically contains between 1,200 and 8,000 people—there are about 800 census tracts in Chicago. It is the smallest unit at which most geographically granular data is available. Census tracts are the unit of analysis for most of the Zoning Assessment outcome analyses.
- **What are the limitations we should keep in mind about these findings?** (1) Business license counts are not fully accurate, nor do they provide a consistent comparison over time, due to changes in the number and types of licenses required, mobile businesses and professions with licensing requirements not tethered to specific places, and inconsistencies in how addresses are recorded. (2) Census tracts do not perfectly capture commercial corridors, with major streets often serving as a boundary for a tract, meaning tracts can contain fragments or substantial portions of a corridor. (3) Consumer spending includes spending on Retail, Grocery, Restaurants and Bars, Gas Stations, Parking, Taxis, Tolls, Airline, Hospitality, Car Rental, Entertainment, and Recreation.