



Zoning and Business Corridors

Preliminary Findings

What is MPC's Zoning and Land Use Assessment?

Project Goals

- Assess the impacts of zoning and land use on public health, equity, and sustainability
- Develop recommendations for better planning and development practices

Project Key Questions

- What are the public health, equity, and environmental impacts produced by Chicago's zoning and related land use practices?
- How do outcomes differ by neighborhood?
- What changes could be implemented to improve sustainability, racial, and health equity?

What are the assessment's key outcomes?

TOPIC	DESCRIPTION
Affordable Housing	Diverse and affordable housing options (subsidized, affordable, workforce/middle, market, luxury) are available in every neighborhood including for the job insecure and unhoused populations
Business Corridors	Strong and vibrant business corridors with diverse business opportunities to support the economic needs and resiliency of every community
Pollution Exposure	All neighborhoods feature low levels of pollution, taking into account cumulative impacts on overburdened communities
Public Transit Hubs	All communities feature public transit options that are convenient and reliable, and serve hubs with housing, businesses, recreation and other services
Productive Land Use	All land in communities is used productively, meaning beneficial to local residents and aligned with community needs
Groceries and Healthcare Availability	Affordable grocery options and healthcare providers are accessible in all neighborhoods
Climate Change Mitigation and Adaptation	All communities feature green infrastructure and energy-efficient building stock that both mitigates and adapts to climate change

Five measures defining business vibrancy

- **Business density:** Measures the frequency of businesses per geographic area. Calculated the number of businesses per census tract.
- **Building vacancy:** Measures business locations that are no longer actively being used.
- **Consumer spending:** Measures how much money people spend at businesses in a geographic area. Data is sourced by Replica that combines merchant transaction data, cardholder transaction data, and foot traffic. Data reflects spending which occurs at businesses located within a census tract.
- **Employment density:** Measures how many jobs are located per geographic area. Data is sourced from the Longitudinal Employer-Household Dynamics dataset compiled by the US Census. It 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. Data is also sourced from the Longitudinal Employer-Household Dynamics dataset.

Research Questions

RESEARCH QUESTIONS

*Understand the
outcome:*

How do business activity and jobs differ across places?

*Understand the
zoning:*

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

*Understand the
relationship:*

How does zoning affect business activity and diversity?



Understand the outcome

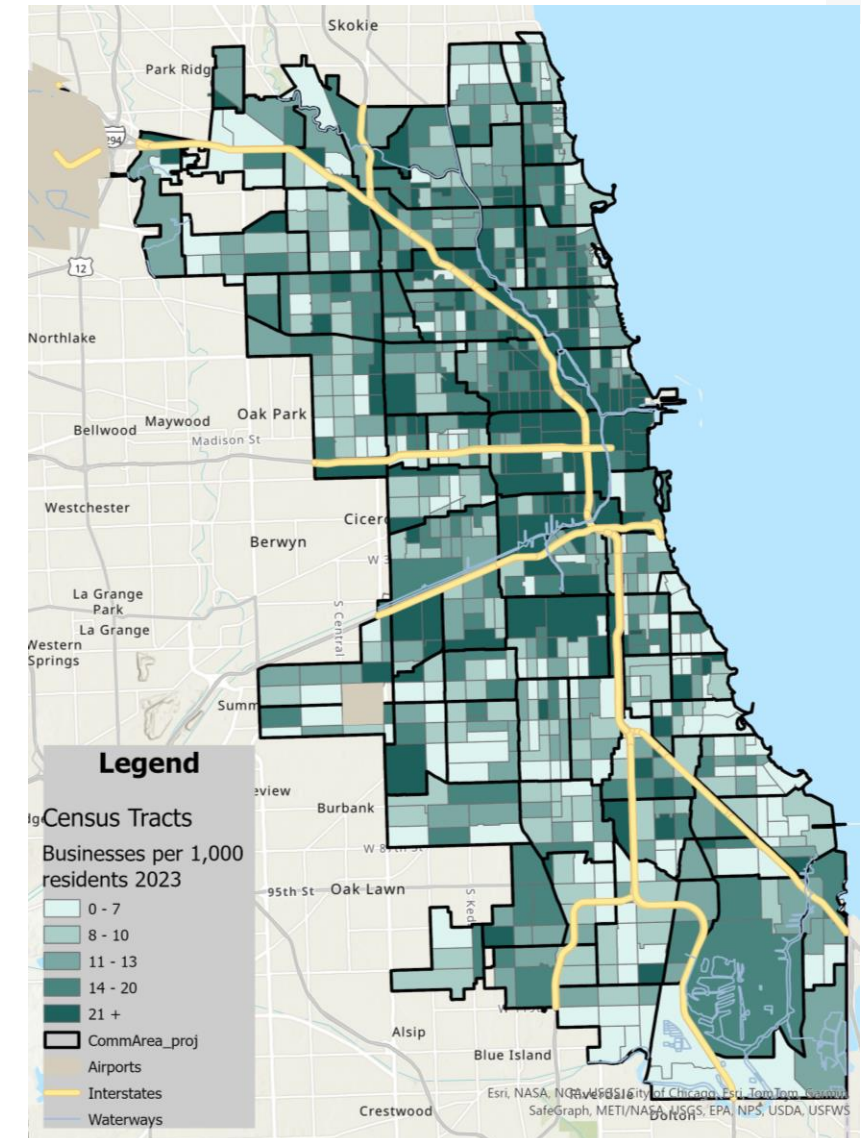
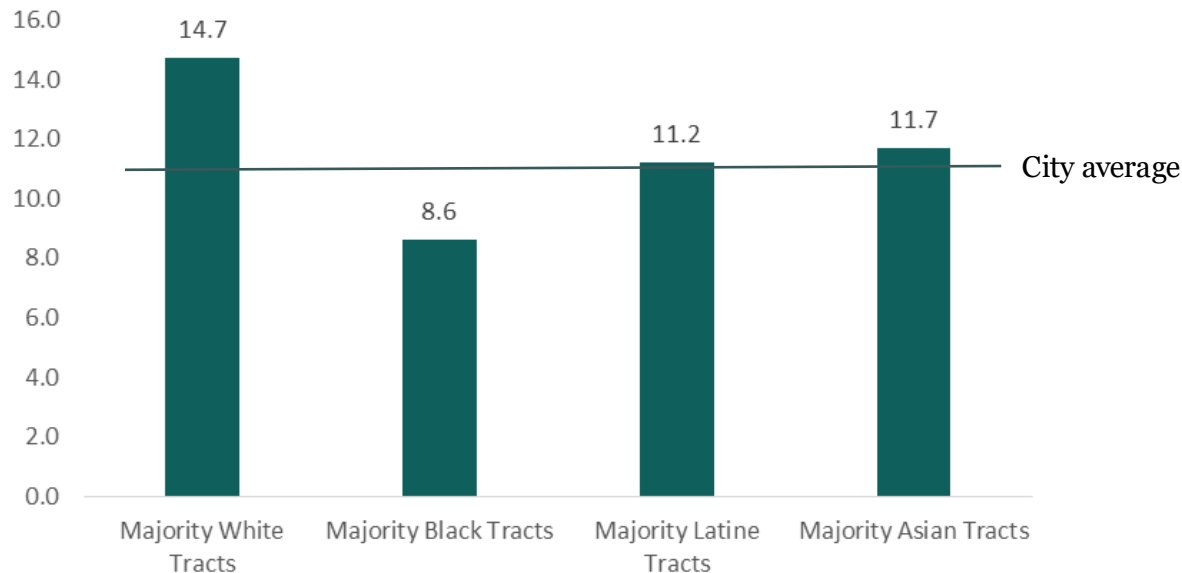
How do business activity and jobs differ across places?

- Business activity heavily skewed toward whiter area
- Consumer spending is lower in areas with higher black population
- More jobs in areas with white population, Asian population, higher rents, and home values
- Vacancy rates are greater in lower-income neighborhoods

Business activity is heavily skewed towards whiter neighborhoods

- Business density is greater in areas with higher home values and rent
- Greater in tracts with lower share of Black population
- Greater in tracts with higher shares of White, Latine, and Asian population

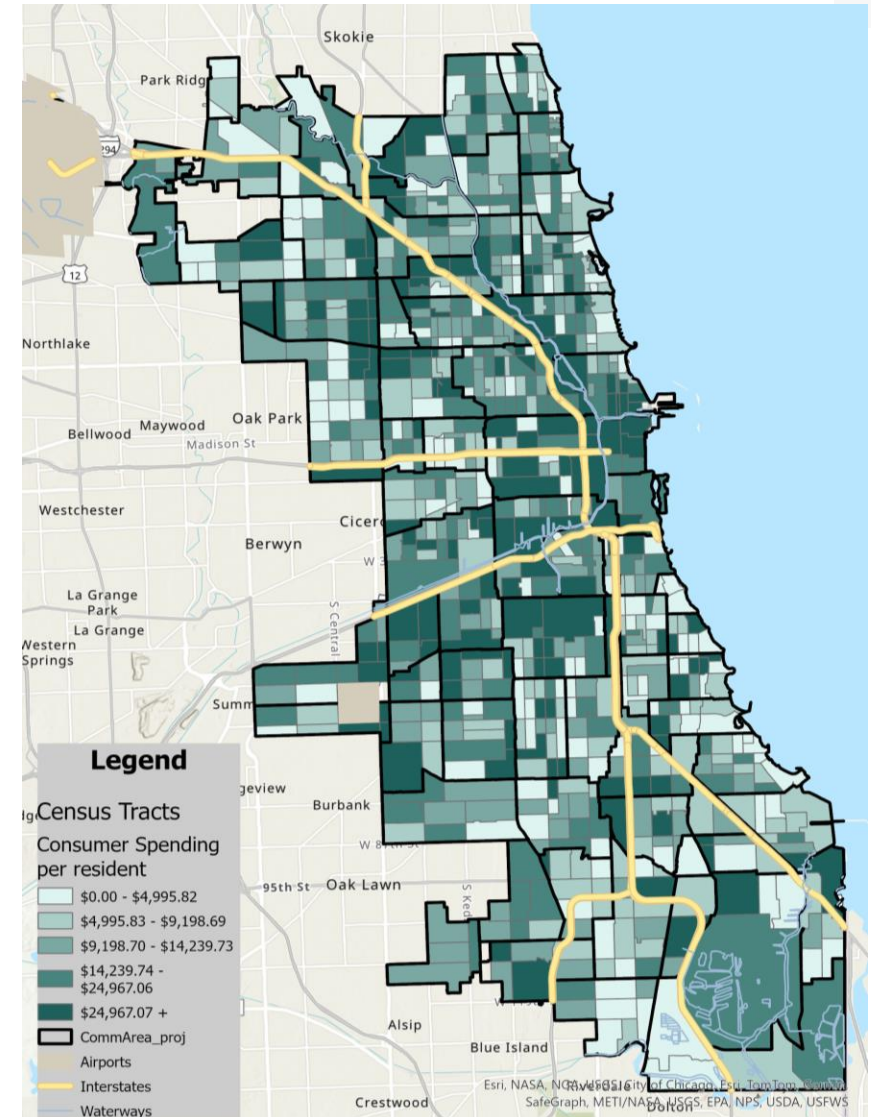
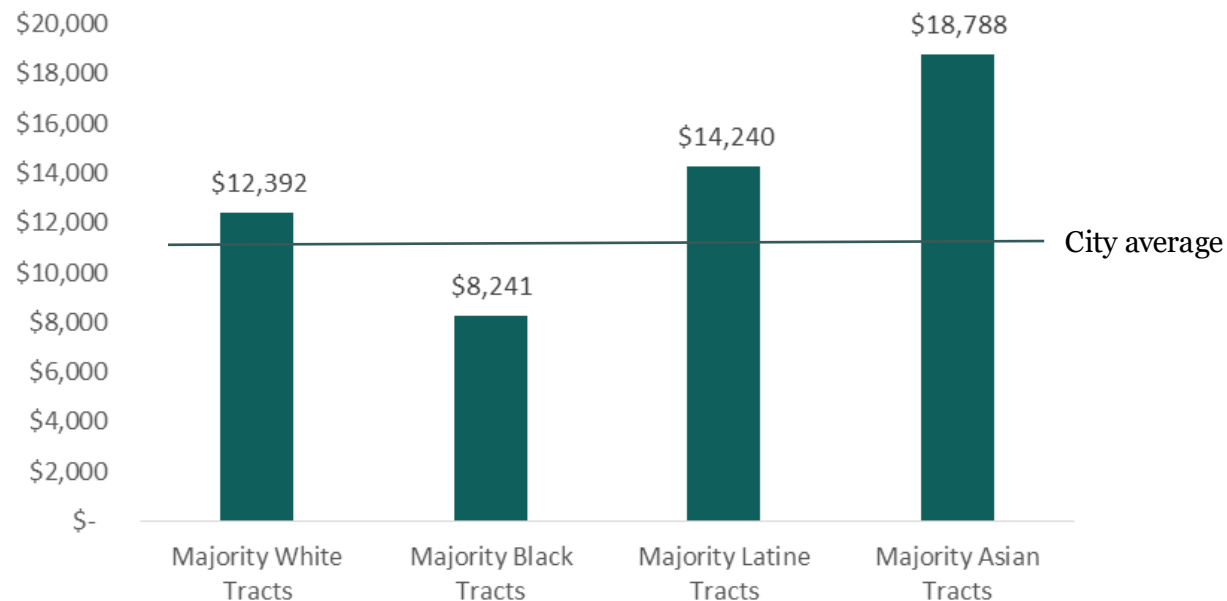
Average Businesses per 1000 residents



Consumer spending is lower in areas with higher black population

- Consumer spending related to population increases across demographic groups
- Lower in tracts with higher share of Black population
- Greater in tracts with higher share of Latine and Asian population

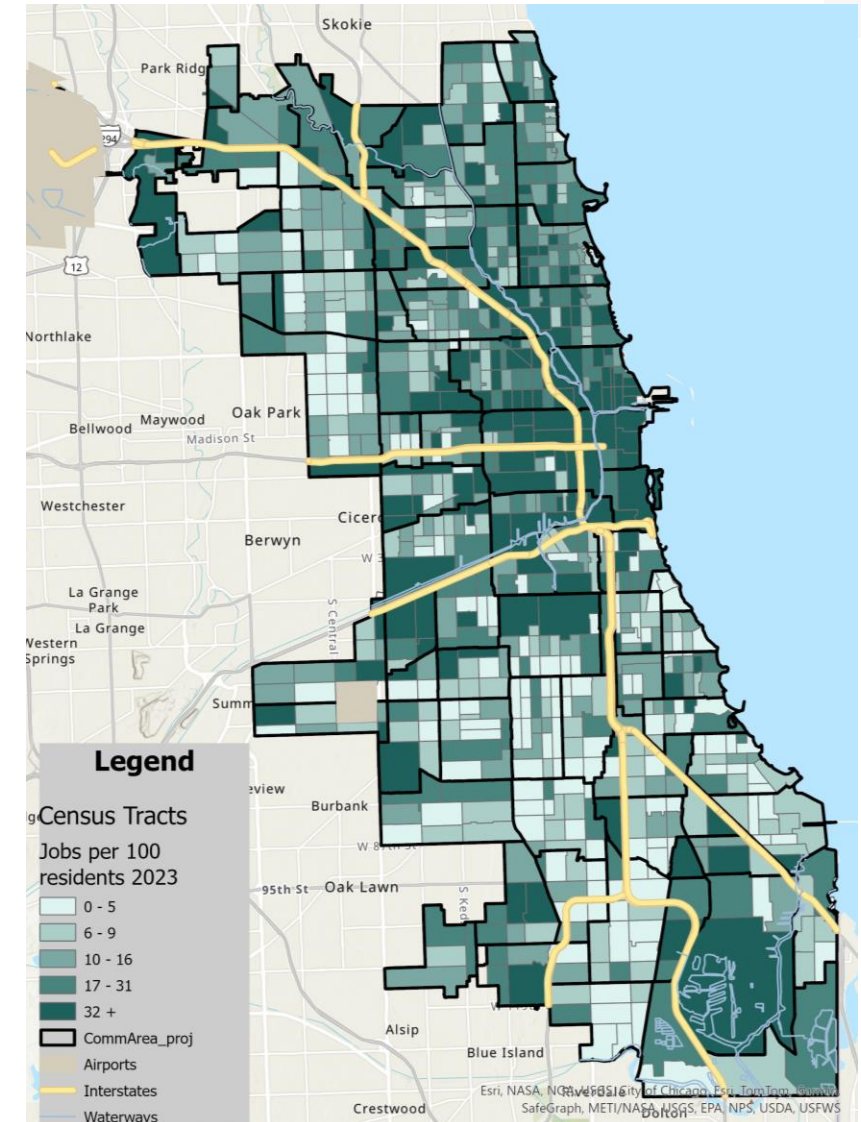
Average Spending per resident



More jobs in areas with white population, Asian population, higher rents, and home values

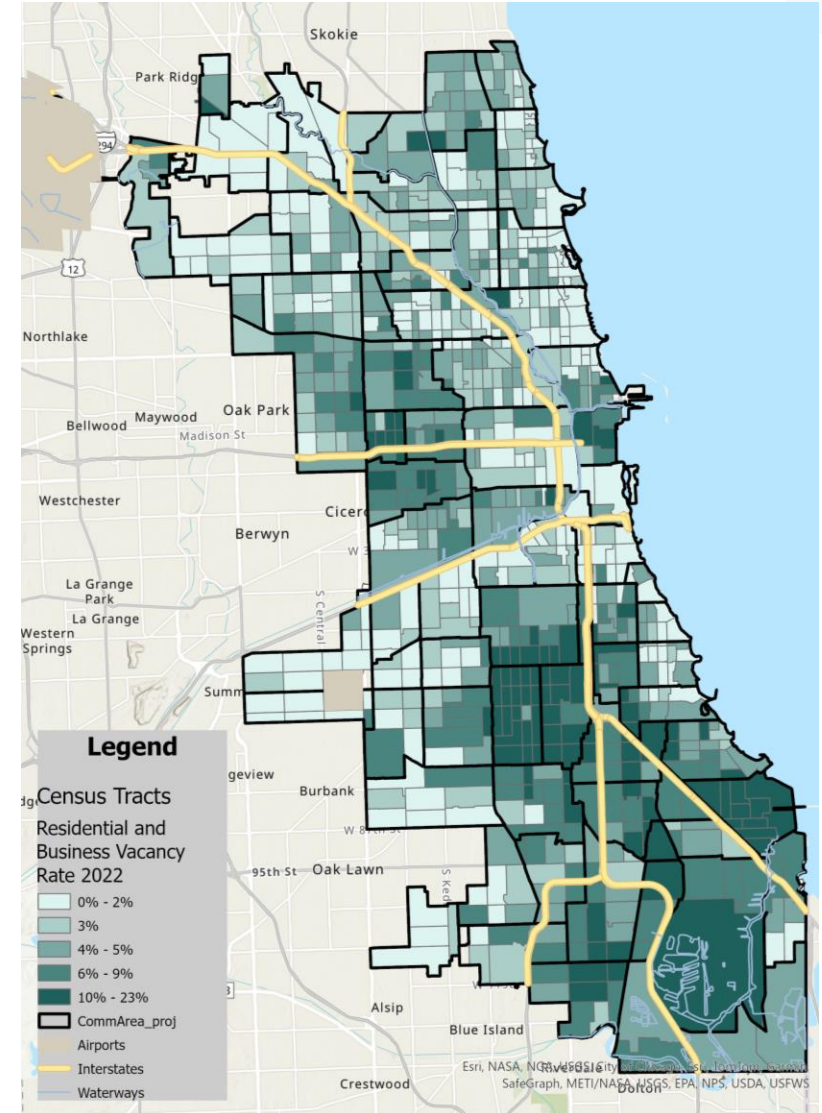
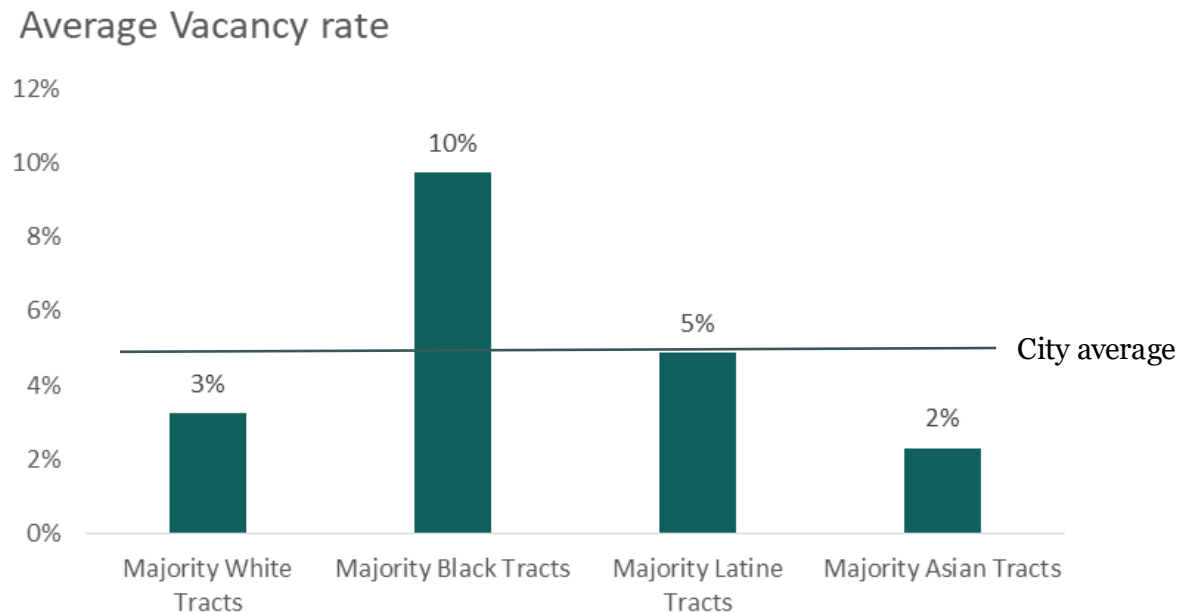
- Job density related to higher rents and home values
- Greater in tracts with greater shares of White and Asian population


Top 5 Job Categories Citywide	
Health	187,374
Professional	185,150
Education	122,543
Finance	119,730
Administrative	107,431



Vacancy rates are greater in lower-income neighborhoods

- Vacancy related to lower home values and lower incomes
- Higher in tracts with greater share of Black population
- Lower in tracts with greater share of White, Latine, and Asian population





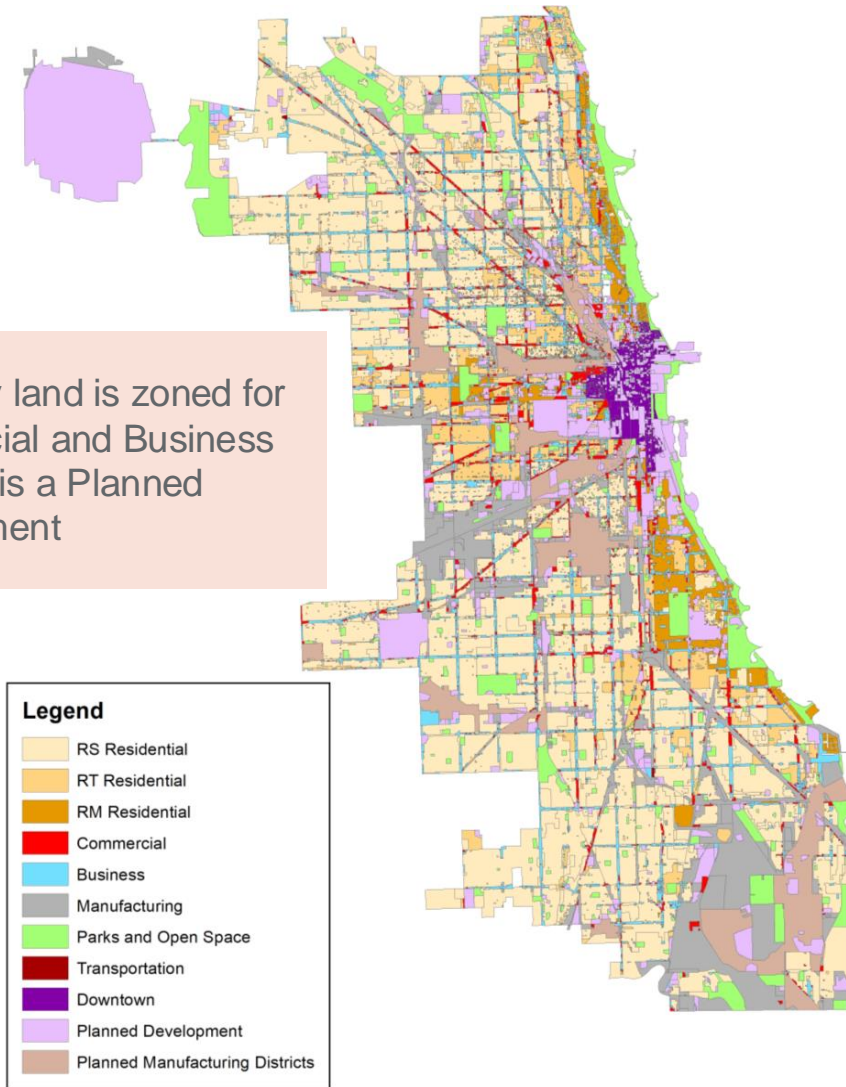
Understand the zoning

Where is the land zoned for business and commercial and how has it changed?

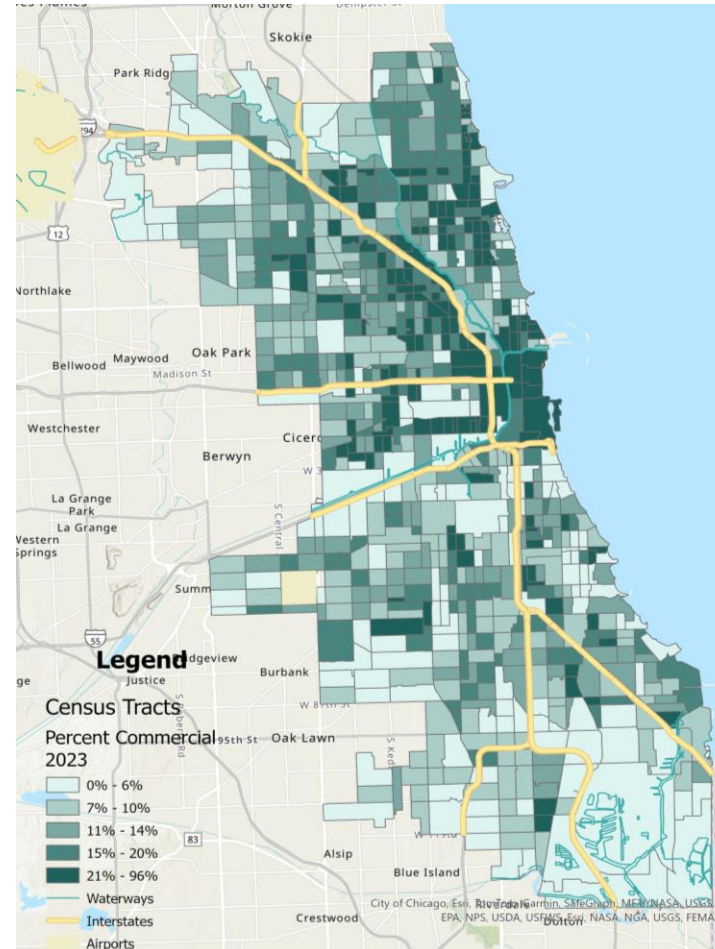
- 9% of the city is zoned for commercial and business uses and 13% is categorized as Planned Developments
- Commercial zoning has declined over the past two decades, while Planned Developments grew
- Commercial zoning and Planned Developments increased outside of established corridors

Where in the city is land zoned for business and commercial?

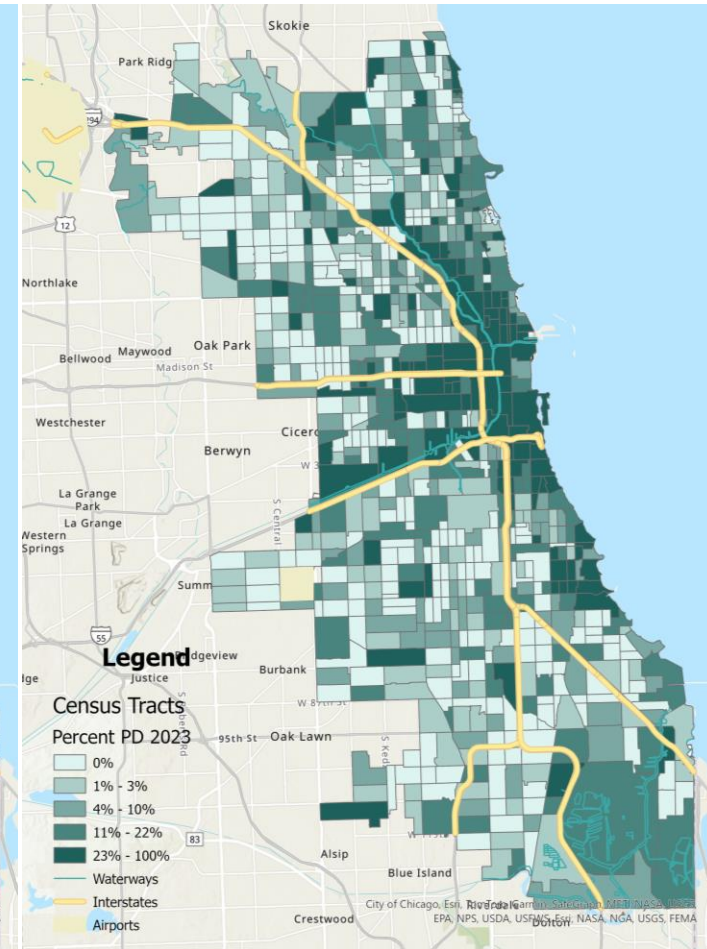
9% of city land is zoned for Commercial and Business and 13% is a Planned Development



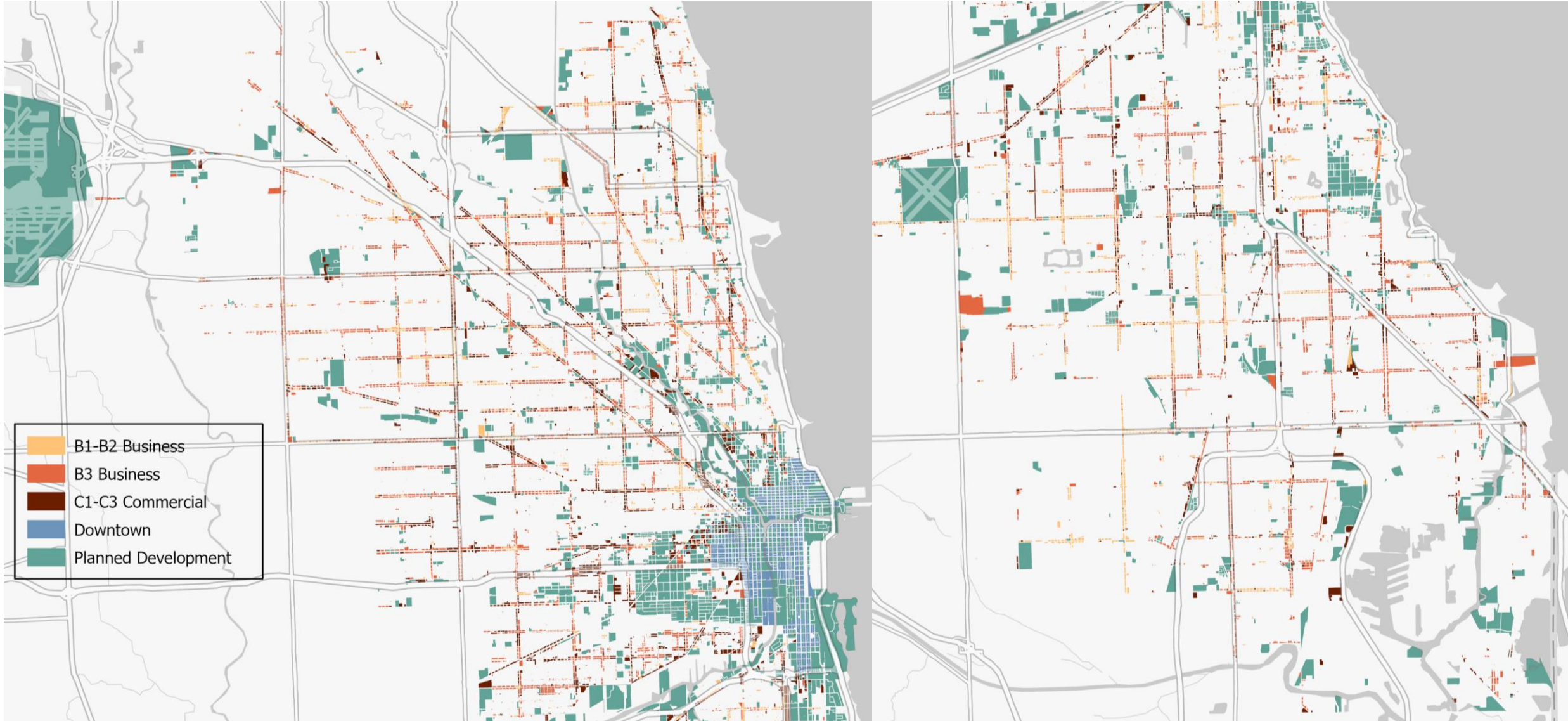
Commercial and Business 2023



Planned Development 2023



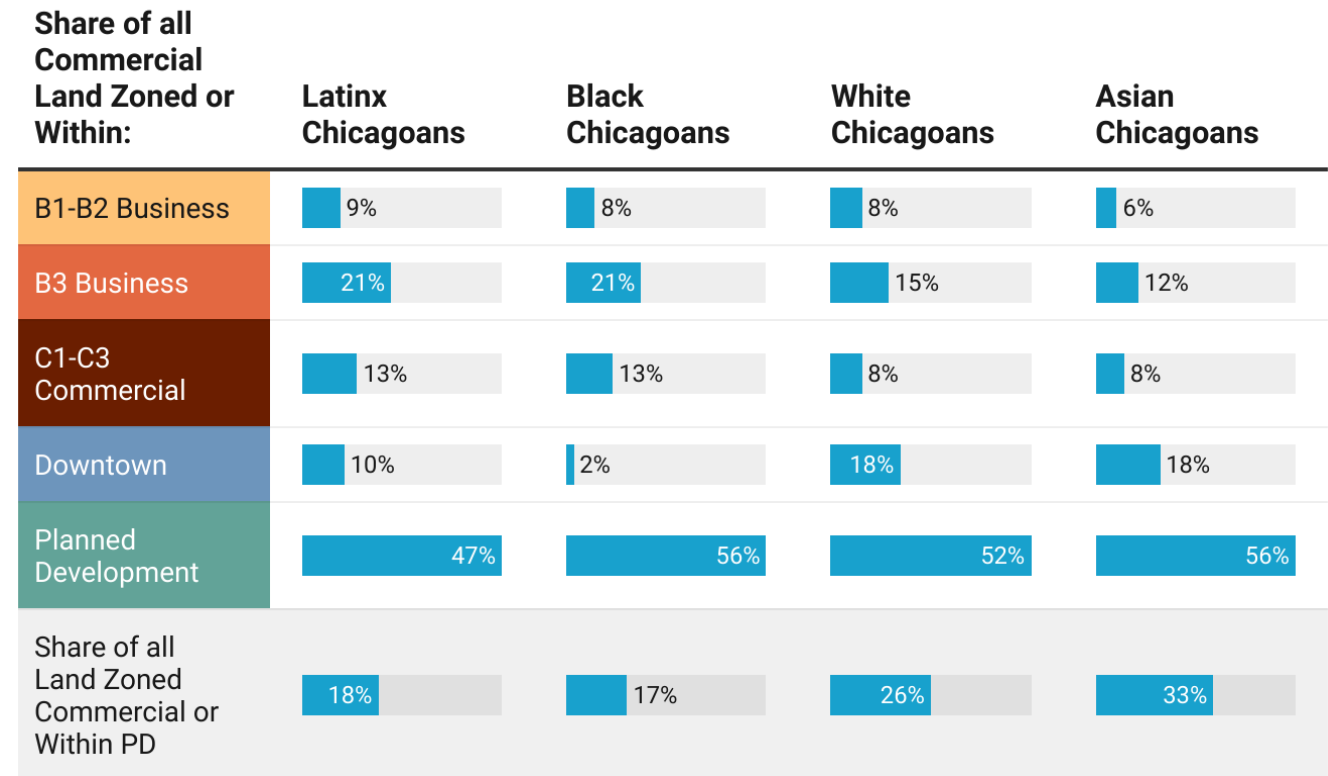
Business Related Zoning Types Across Chicago



Demographic Experiences of Business-related Zoning

- In general, racial/ethnic groups experience B1-B2 zoning (walkable retail) fairly similarly
- Black and Latinx Chicagoans typically have greater shares of B3 and C zoning types
- Overall, White and Asian Chicagoans have greater share of business-related zoning

Types of commercial in most populous areas for each demographic



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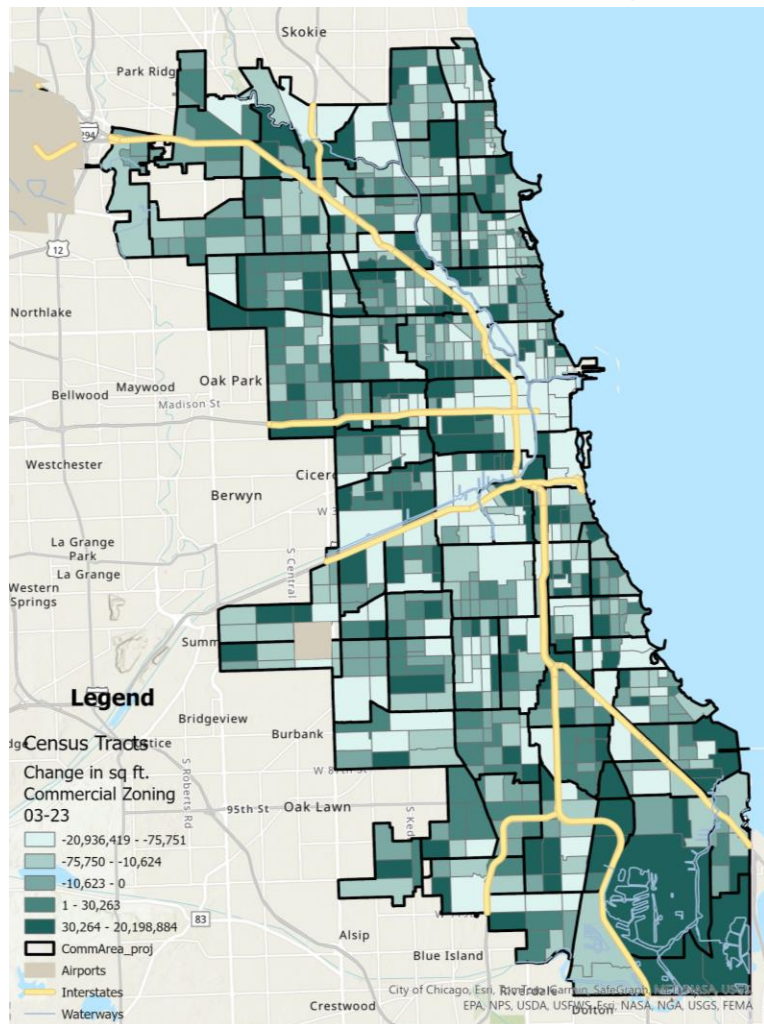
This looks at top 30% most populous tracts for each demographic (roughly 75 to 85 percent of the citywide population for each demographic). For example, in the top 30% of tracts with the most Latinx Chicagoans, 21% of all commercial is zoned for B3 Business.

Overall trends in Business, Commercial, and PD Zoning

- Land zoned for Planned Development has been increasing since 2003 while land zoned for Commercial (plus Business) has been decreasing.
- Added together, there was a net increase in land in the city zoned for Commercial, Business, or Planned Development

Business and Commercial zoning declined, while Planned Developments grew

Overall decrease in Commercial sq ft.



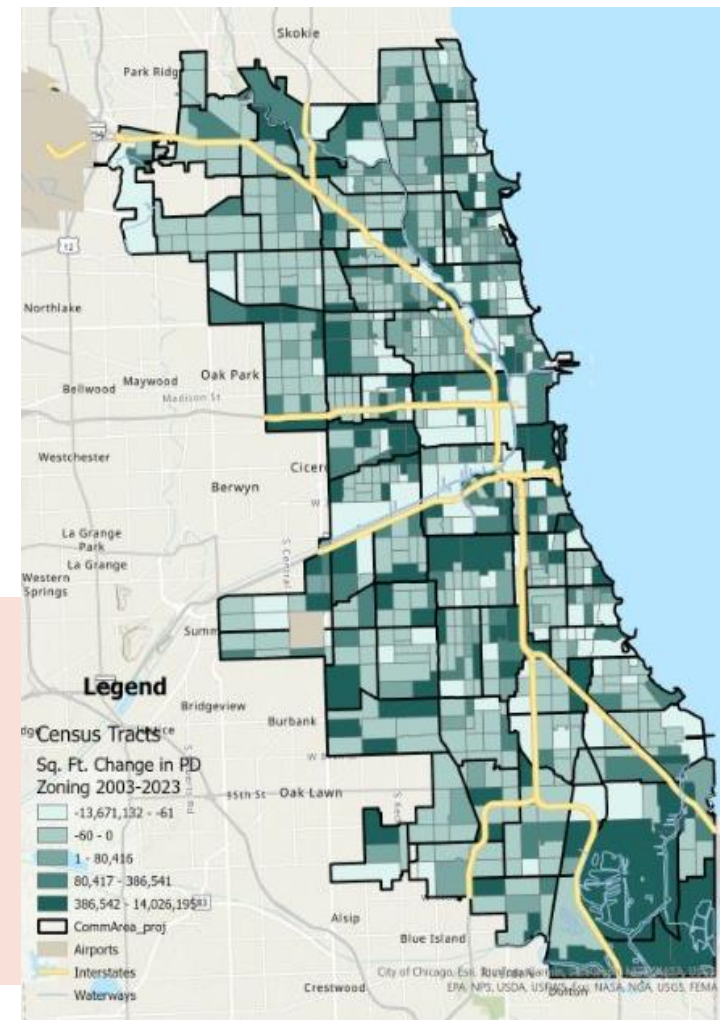
Overall, land zoned for **Commercial decreased** by a net of 32 million sq. ft. Between 2003-2023

48% of census tracts saw a net decrease in Commercial and Business zoning (square feet)

Overall, land categorized as **Planned Development increased** by a net 120 million sq. ft. Between 2003-2023

36% of census tracts saw a net increase in Planned Developments (square feet)

But increase in Planned Development sq ft.



Business and Commercial zoning declined, while Planned Developments grew

- Biggest changes were from Commercial to PD and Manufacturing to Commercial

Sq. Ft. of Land Changed To Commercial 2003-2023

PD to Commercial	Manufacturing and PMD to Commercial	Residential to Commercial
2,555,306	27,791,753	12,334,744

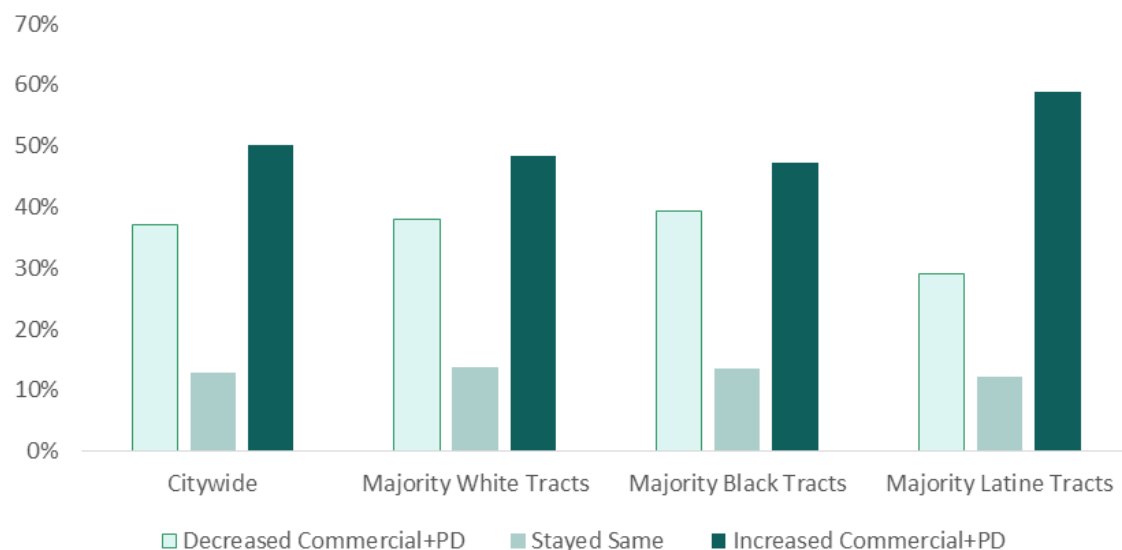
Sq. Ft. of Land Changed From Commercial 2003-2023

Commercial to PD	Commercial to Manufacturing or PMD	Commercial to Residential
37,335,751	17,644,716	11,172,019

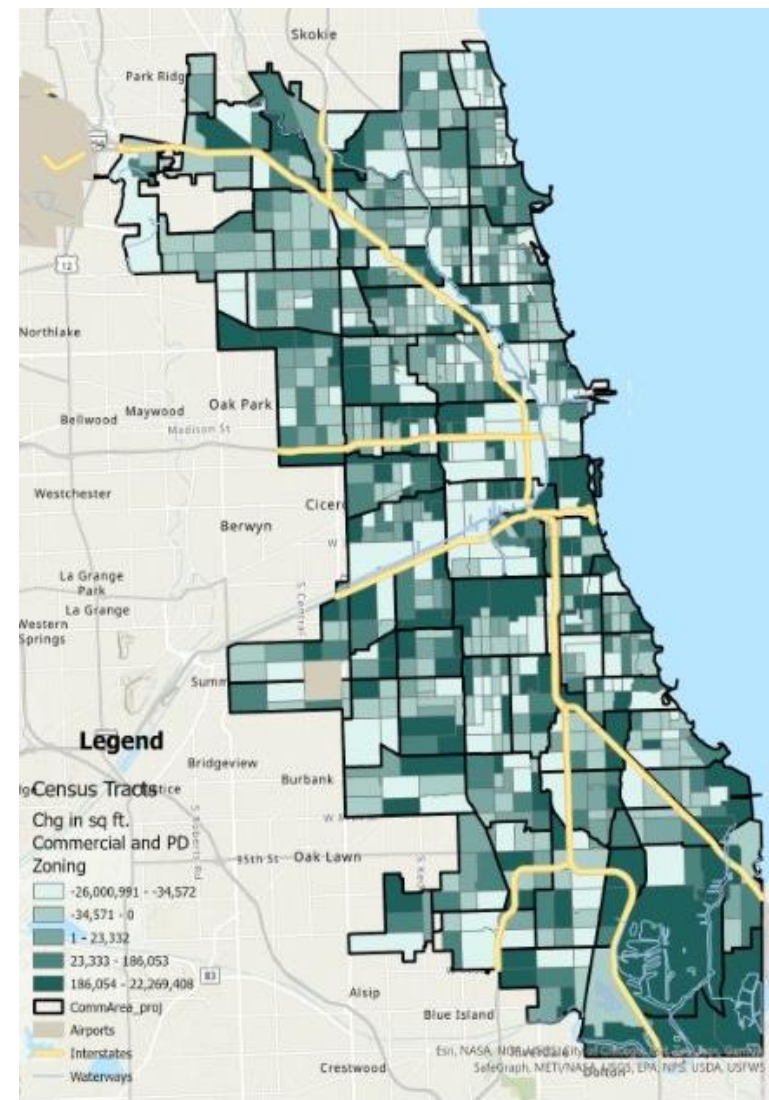
Business, Commercial zoning and Planned Developments increased outside of established corridors

- Commercial zoning and PD increased more in areas with greater Latine population at baseline (2003)
- Otherwise, trends largely in line with Citywide changes

Changes in Commercial Zoning by 2003 Race/Ethnicity



Net increases in Commercial + PD sq ft.





Understand the relationship

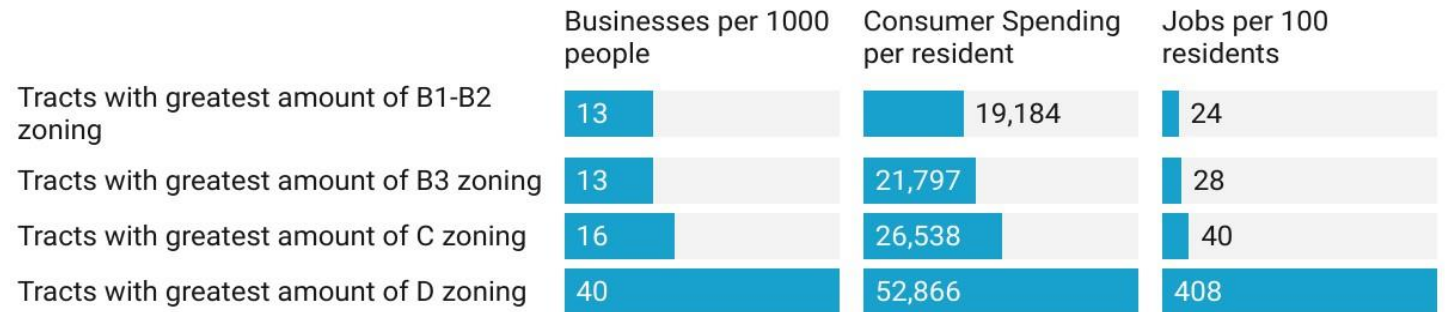
How is commercial zoning related to outcomes of interest?

- Commercial and Planned Development changes correlated with business locations, White and Asian population, and median rent.
- Areas with no changes in commercial zoning and Planned Developments have worse economic / business trends.

Zoning Types and Economic Outcomes

- How does zoning shape the experience of the typical resident?
- C zoning accounts for more businesses, consumer spending, and jobs
- Downtown has greatest shares of jobs and businesses

Trends Associated with Business and Commercial Zoning Types



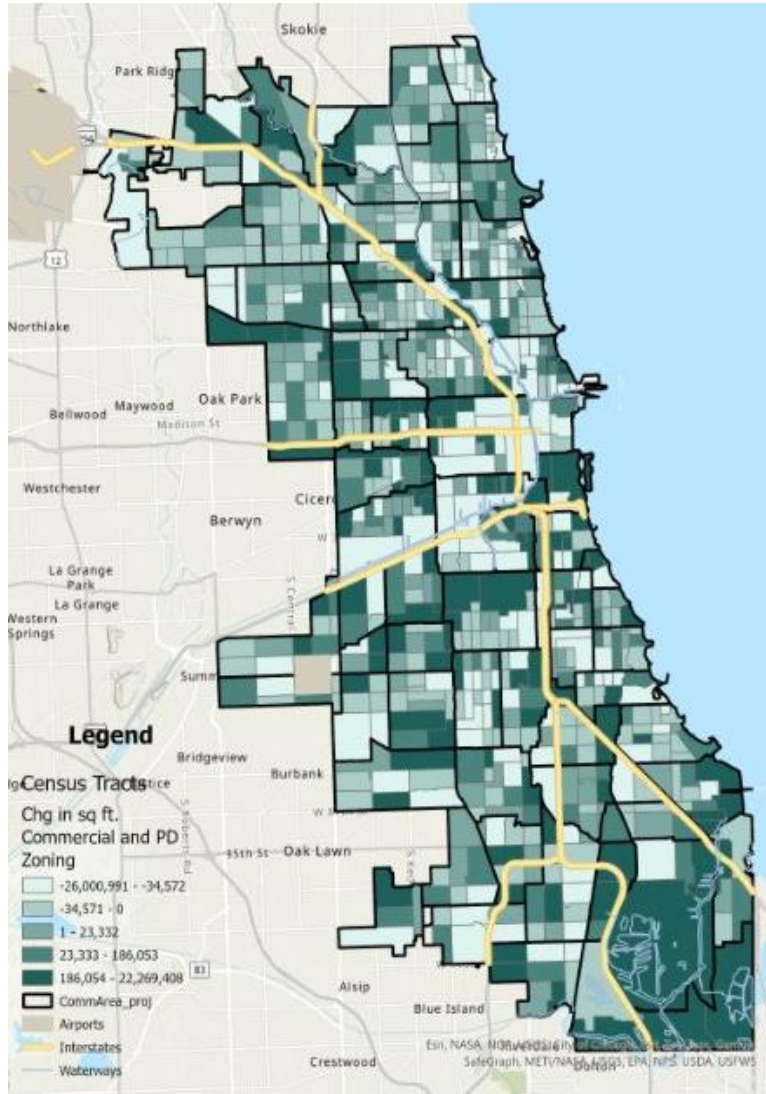
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This looks at top 30% of tracts with the greatest shares of each of different zoning type to represent trends associated with each type

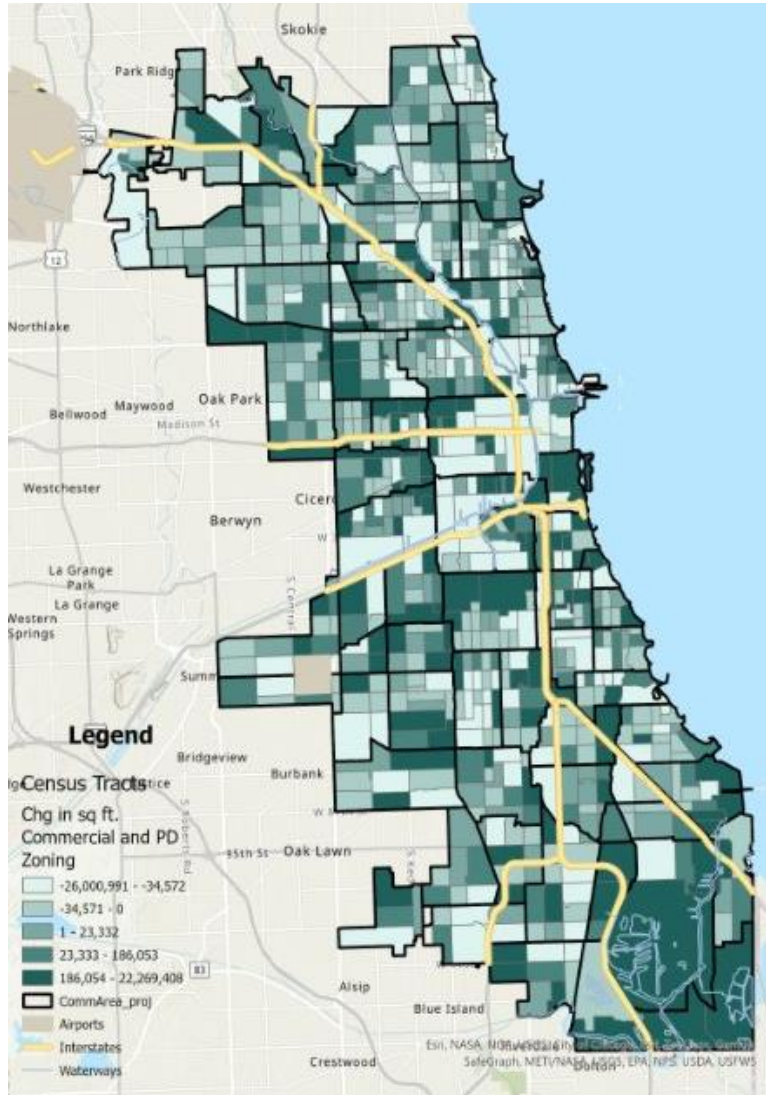
Business, Commercial and Planned Development changes correlated with business locations

Business, Commercial zoning and Planned Development Sq Ft change between 2003 - 2023:

- **Negatively correlated with business density at baseline** (i.e. sq ft B,C,D, PD increased where business density lower in 2003, decreased where business density higher)
- **Positively correlated with changes in business density** between 2003 and 2023 (i.e. changes in sq ft commercial and PD moved alongside corresponding changes in business density)



Business, Commercial and Planned Development changes correlated with White and Asian population



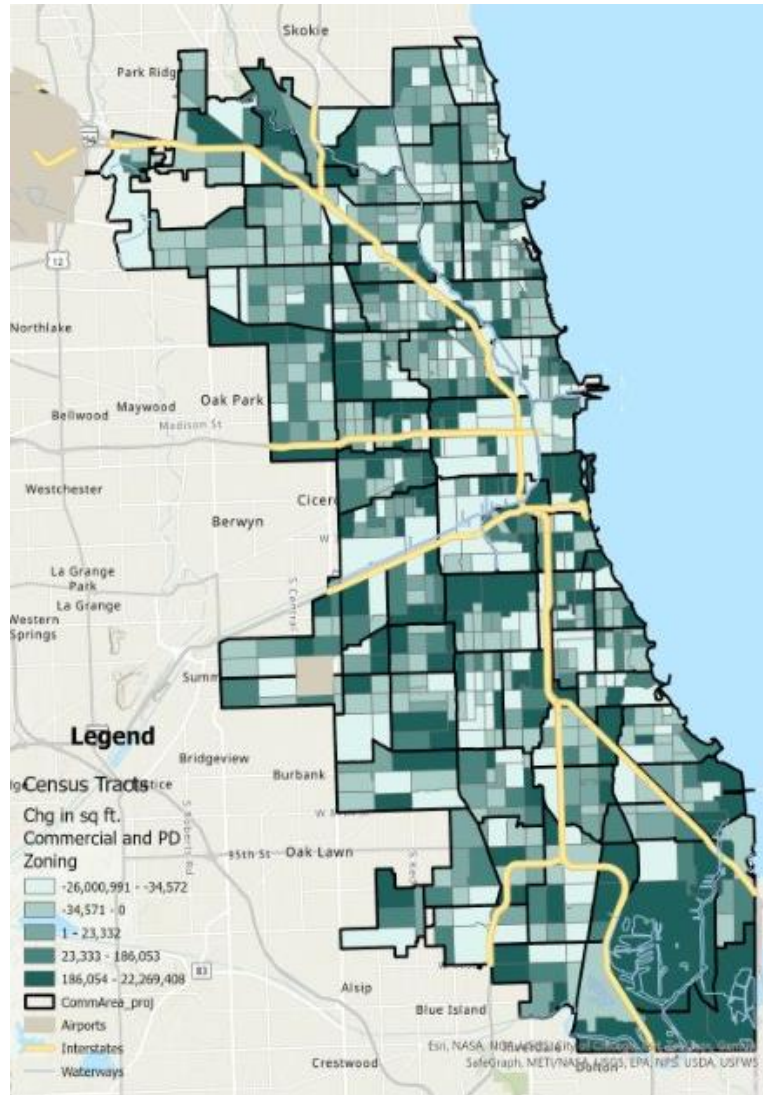
Business, Commercial zoning and Planned Development Sq Ft change between 2003 - 2023:

- **Negatively correlated with changes in White population** (i.e. sq ft moved opposite to changes in White population)
- **Negatively correlated with changes in Asian population** (i.e. changes in sq ft commercial and PD moved opposite to changes in Asian population)

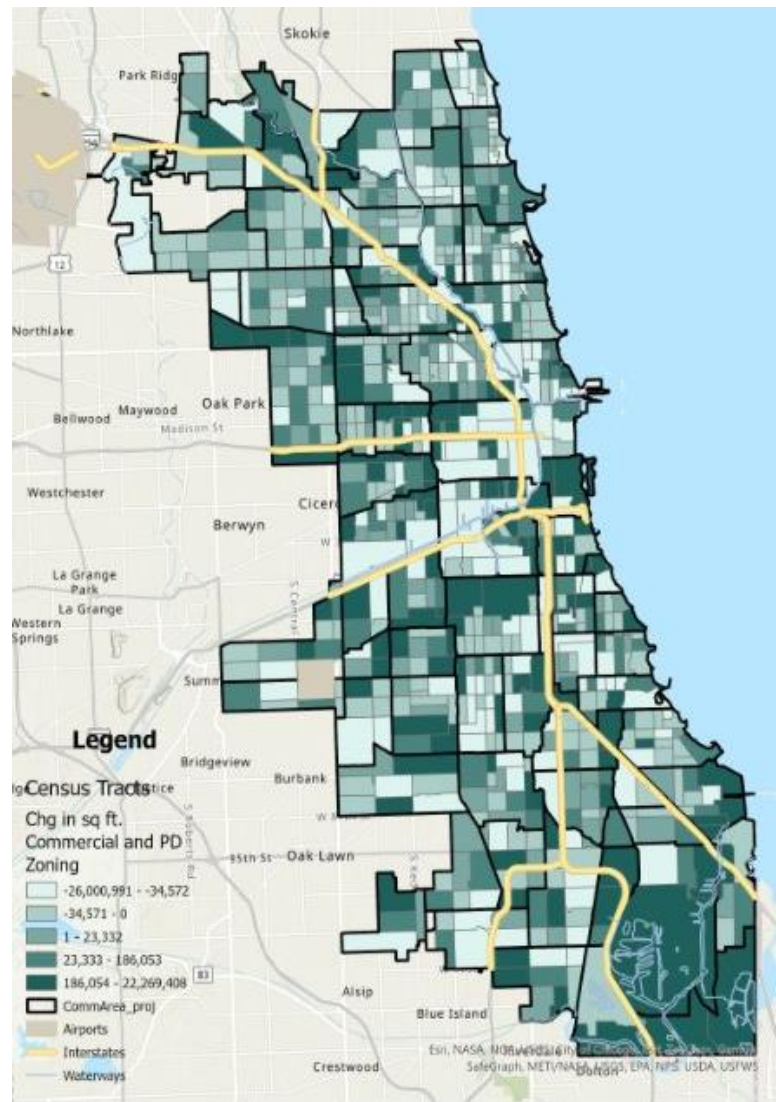
Commercial and Planned Development changes correlated with changes in median rent

Business, Commercial zoning and Planned Development Sq Ft change between 2003 - 2023:

- **Negatively correlated with changes in median rent**
(i.e. sq ft B, C, PD moved opposite to changes in median rent)

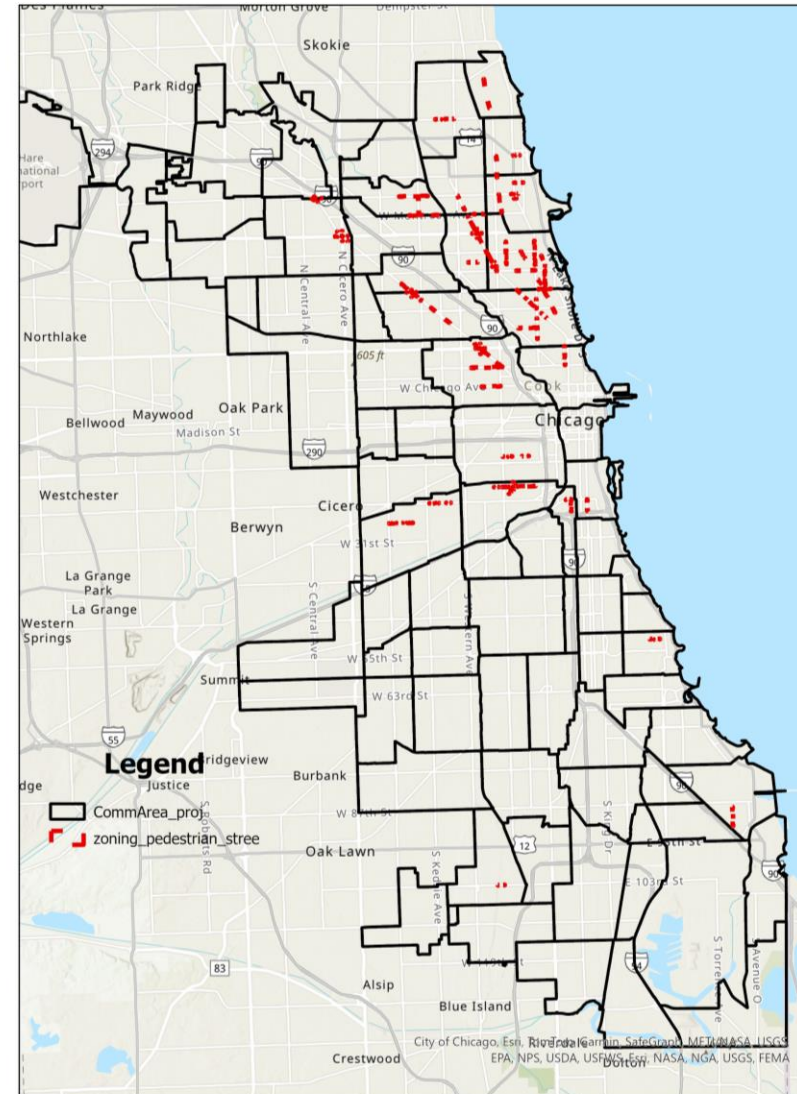
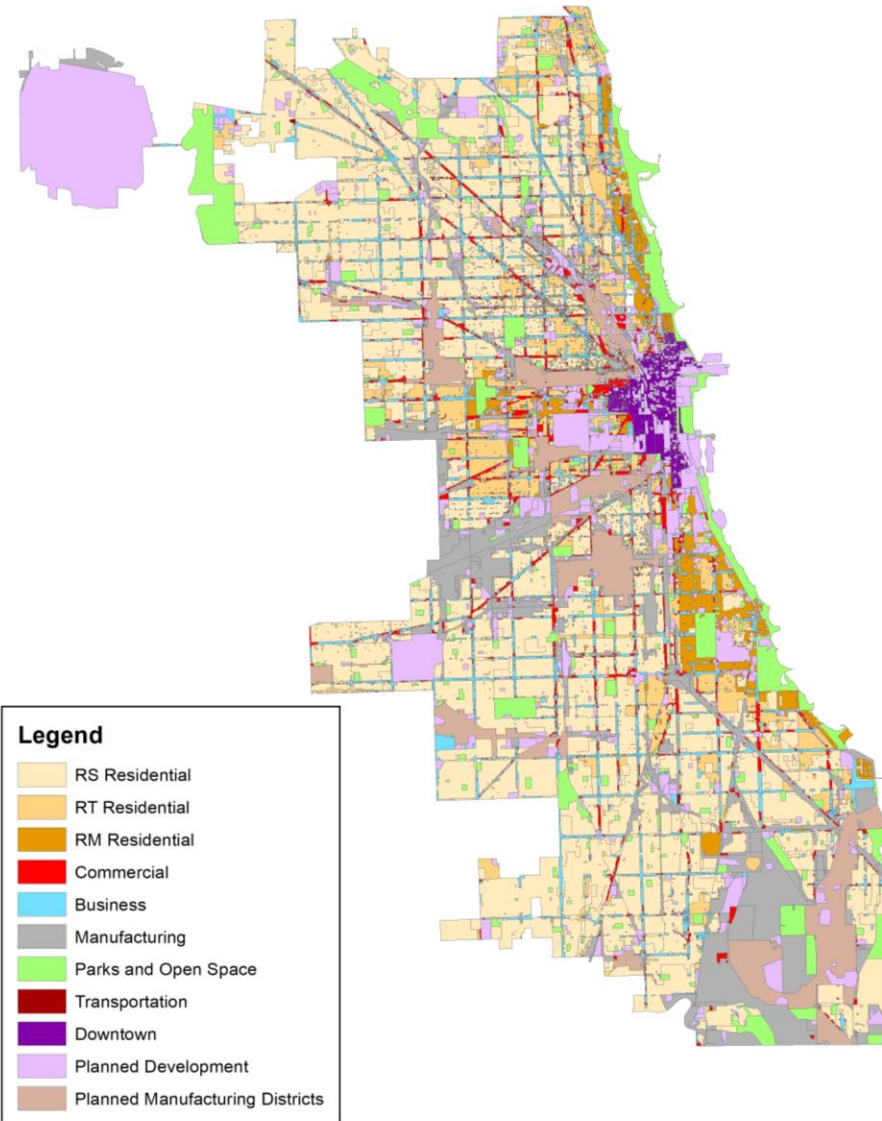


Areas with no changes in Commercial zoning and Planned Developments have worse economic and business trends



Change in Land Zoned for Commercial, 2003 to 2023	Pct Change in Jobs	Pct Change in Businesses	Pct Change Job Diversity	Pct Change Vacancy Rate
Decrease in Commercial	1%	-39%	0%	-13%
No Change	-12%	-45%	-1%	-9%
Increase in Commercial	-2%	-39%	0%	-18%

Trends Along Business Corridors: What Constitutes a Business Corridor?



Trends Along Business Corridors: What Constitutes a Business Corridor?

B1 and B2 Zoning are Critical to the Normative Experience of a Walkable Business Corridor

- **Tricky to Define from a Census Tract Perspective**
- **For this Analysis: Selected Tracts with Highest sq. Footage of B1 and B2 zoning in 2003**
- **Separately, selected all Tracts that contained Pedestrian Corridors**
- **Examined how zoning changes in these tracts changed over the past two decades**

Trends Along Business Corridors: Tracts with the highest B1 and B2 Zoning

Do We Think Zoning Changes Influence Any Changes in Outcomes in Business Corridors?

- Changes in B related zoning were associated with:
 - Negative relationship with job diversity
- Change in PD zoning seem to be associated with:
 - Increased commercial/retail/mixed-use properties
 - Decreased vacant land
 - *Unclear relationship with Jobs*

Trends Along Business Corridors: Pedestrian Corridors

Relationships Between Zoning Changes and Other Trends

- Changes in B zoning significantly correlated with:
 - Negative correlation with vacant land
 - Negative correlation with Black population
 - Negative correlation with rent and household income
- Change in PD zoning significantly correlated with:
 - Negative correlation with vacant land

Research Questions and Key Findings

RESEARCH QUESTIONS		KEY FINDINGS
Understand the outcome:	How do business activity and jobs differ across places?	<ul style="list-style-type: none">• Business activity heavily skewed toward whiter area• Consumer spending lower in areas with higher black population• More jobs in areas with white population, Asian population, higher rents, and home values• Vacancy rates greater in lower-income neighborhoods
Understand the zoning:	Where is the land zoned for commercial use and how has it changed over time?	<ul style="list-style-type: none">• 9% of the city is zoned for commercial and business uses and 13% is categorized as Planned Developments• Commercial zoning has declined over the past two decades, while Planned Developments grew• Commercial zoning and Planned Developments increased outside of established corridors
Understand the relationship:	How does zoning affect business activity and diversity?	<ul style="list-style-type: none">• Commercial and Planned Development changes correlated with business locations, White and Asian population, and median rent.• Areas with no changes in commercial zoning and Planned Developments have worse economic / business trends.

Next Steps

- PD Zoning continues to be an area that requires more research to understand underlying zoning and its relationship to outcomes of interest
 - To date analyses have shown a negative relationship between active businesses and changes in PD zoning. More work needed to understand what this means
- Refined definition(s) of what constitutes a business corridor
- Case studies needed to tell the story of specific business corridors, beyond citywide analyses