



# Building on Chicago's Strengths: The Partnership for Building Reuse

Executive Summary

May 2016



National Trust for Historic Preservation  
Preservation Green Lab



Urban Land  
Institute  
Chicago

**Cover Photo:** Brown  
Line station, Wicker Park  
neighborhood.

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# Introduction

Long known for its diverse, distinctive neighborhoods, Chicago is experiencing growth and investment that is bringing population, employment, and vitality back to the city. Townhomes are being rehabilitated and new apartment blocks are sprouting up near transit stops. Commercial corridors are bustling with new restaurants, bars, and business. New employers are moving into repurposed older buildings.

Much of this activity is occurring in areas north of the Loop. The scene is more mixed to west and south, where empty buildings, vacant lots, and declining property values still characterize many areas. On other blocks, however—particularly those where rows of older structures are still intact—residents and community development groups are leading creative revitalization efforts. A collaboration between the National Trust for Historic Preservation and the Urban Land Institute, the Partnership for Building Reuse fosters market-driven reuse of vacant and underused buildings in cities across the country. Chicago is one of five cities participating in this initiative.

**Mixed-use corner block,**  
North Broadway and Grace  
Street, North Halsted  
neighborhood.

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**Chicago's older, smaller buildings contribute in key ways to the vitality of the city.**

**Older, smaller commercial buildings** with non-chain local businesses and restaurants in Chicago's Pilsen neighborhood.

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Through a series of meetings, interviews, and workshops organized by the ULI Chicago District Council, the Partnership has engaged more than 80 community development practitioners, land use professionals, historic preservation advocates, green building leaders, and city staff. These stakeholders have identified opportunities and developed recommendations for how to increase building reuse and revitalization in Chicago.

### **Older, Smaller Buildings and Urban Vitality**

As part of this effort, the National Trust's Preservation Green Lab conducted research into the connections between the vitality of Chicago neighborhoods and the character of the city's existing building stock. More than half of Chicago's 502,000 buildings were constructed before 1926. From modest worker cottages to walk-up apartments and small commercial blocks, these buildings contribute to the city's character and provide space for a

diversity of residents and uses. The Preservation Green Lab's findings show that Chicago's older, smaller buildings contribute in key ways to the vitality of the city. For example:

### **Jobs in New and Small Businesses**

In areas of the city characterized by older, smaller buildings, 45 percent of jobs are in small businesses and 7 percent are in businesses launched in the previous year. By comparison, in areas with mostly large, newer buildings, approximately 33 percent of jobs are in small businesses and about 4 percent are in businesses launched in the previous year. New and small businesses are critical for growing Chicago's economy.

### **Energy Efficiency**

Residential areas with older, smaller buildings and mixed-vintage blocks use about 12 percent less energy per square foot than residential areas with mostly large, new buildings.

**The Forum, 43rd and Calumet Streets, Bronzeville.**  
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Participants in an October 2015 meeting to develop recommendations to increase building reuse in Chicago.

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### **Top-Rated Bars, Restaurants, and Retailers**

Chicago's most beloved restaurants and retailers are on blocks with high proportions of older and historic buildings. More than 60 percent of Chicago's best bars, restaurants, and retailers (as listed in Chicago Reader and Chicago Magazine) are located in areas where the majority of the buildings were constructed before 1920, though only half the city's commercial areas have so many older and historic buildings.

### **Non-Chain Restaurants**

There are significantly more non-chain restaurants in areas with older, smaller buildings and mixed-vintage blocks, both as an aggregate count of non-chain restaurants and as a percent of all restaurants. In areas with older, smaller buildings and mixed-vintage blocks, more than 84 percent of restaurants are not major chains, compared to 74 percent in areas with mostly large, new buildings. Non-chain businesses contribute to neighborhood vitality by retaining spending and supporting local business owners.

### **BARRIERS TO REUSE**

Stakeholders representing multiple perspectives in the areas of real estate, construction, design, community development, preservation, and sustainability were asked to identify what obstacles are making it difficult to reuse

older buildings in Chicago. These conversations revealed a range of obstacles, both large and small, including market, financial, technical, and regulatory issues. Key barriers include:

- Weak market conditions in some areas, making reuse economically unfeasible;
- Zoning rules that unnecessarily limit uses in certain zone districts;
- Parking requirements;
- Limited financial incentives, especially for small projects;
- Difficulty in securing financing, especially in weak market areas;
- Appraisals that are out-of-sync with market realities;
- Lack of inclusive, coordinated neighborhood planning; and
- Complexity and cost of meeting building and energy codes.

## RECOMMENDATIONS

With the list of barriers to building reuse in mind, the stakeholders reconvened to develop strategies to overcome these obstacles. Key recommendations for new policies and programs include:

### 1. Adopt adaptive reuse policies within the Chicago Zoning Code.

- Streamline the process for reusing an existing building for a non-residential use in select residential areas and for residential uses in select non-residential areas. Begin by targeting particularly challenged building types such as schools and churches.
- Increase flexibility of use in existing buildings in B-1 zones.
- Using case studies of successful adaptive reuse projects, draft new zoning provisions that allow appropriate and compatible “sister uses,” avoiding approvals process currently triggered by a too narrowly defined change in use.

### 2. Reduce parking requirements for building reuse projects.

- Extend parking relief to buildings rated “orange” in the Chicago Historic Resources Survey.
- Allow 1-2 additional residential units for specific building types without requiring additional parking.
- Promote and strengthen shared parking requirements (including government offices).
- Expand P Street (pedestrian) designation to more areas with concentrations of older, smaller buildings.
- Strengthen TOD policy by denoting well-used bus stops as transit stops, allowing expansion of benefits offered by TOD policy.
- Streamline process to grant grandfathering protection for parking in non-TOD older buildings.

### 3. Apply Chicago Building Code in a more flexible manner for older buildings.

- Promote and expand the use of the existing rehab code.
- Work with the Department of Buildings to ‘tune-up’ the existing rehab code and ensure it works for small and large projects alike. Resolve issues associated with challenging building types such as schools and churches.



**Market barriers are the most difficult to meaningfully address through this process, though they cannot be ignored.**

**Stakeholders representing multiple perspectives were asked to identify what obstacles are making it difficult to reuse older buildings in Chicago.**

- Promote a database of solutions to common code challenges associated with reuse.
- Encourage improved Department of Buildings outreach to small-scale developers.
- Establish an annual review process to bring together designers, builders, and city officials to address ongoing challenges related to building reuse.

#### **4. Support community development organizations, non-profit developers, and small-scale developers.**

- Work with the Community Development Financial Institution community to improve access to capital without an appraisal for targeted properties.
- Encourage expanded availability of microloans, zero interest loans, and crowdfunding to invest in reuse of older buildings.
- Conduct outreach with IFF, Local Initiatives Support Corporation, Neighborhood Housing Services of Chicago, Community Investment Corporation, and others and assemble development partners to grow a fund targeting catalytic building reuse.
- Create program in which a selected set of senior development professionals are appointed “roving planners” who help work through neighborhood-specific challenges related to building reuse. Planners could be drawn from various professional organizations with approval from the city.

#### **5. Strengthen the use of financial incentives that support building reuse and explore the implementation of new financial tools.**

- Advocate for the federal Historic Tax Credit Improvement Act that would increase the federal tax credit from 20 percent to 30 percent for small projects under \$2.5 million.
- Educate developers and community development organizations about the 10 percent Federal Rehabilitation Tax Credit for non-historic, non-residential buildings constructed before 1936.
- Advocate for the expansion of the 10 percent credit to additional buildings.
- Advocate for greater flexibility in the Secretary of the Interior’s Standards for Rehabilitation of Historic Buildings to open additional opportunities for use of the Federal Historic Tax Credit for older and historic buildings.
- Explore opportunities for, and assess the feasibility of, creating new financial incentives in both the public and private market.

### **IMPLEMENTATION**

To advance the Recommendations from the Partnership for Building Reuse, the Advisory Committee identified three implementation strategies:

1. Create a target area (or areas) in which to pilot new zoning, code, and financing approaches to encourage building reuse. If successful, consider expanding to other areas or to the entire city.

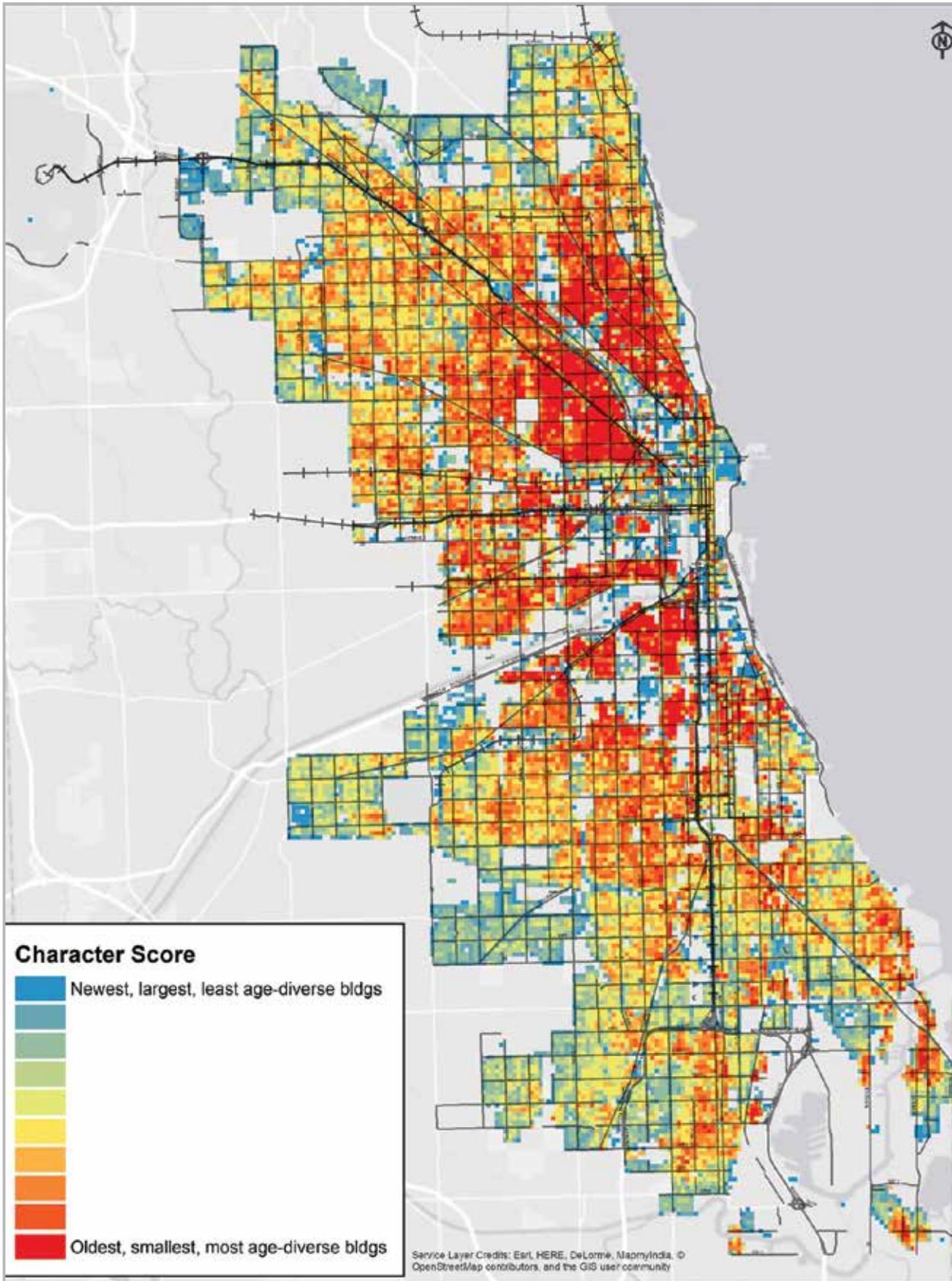
2. For recommendations that need further assessment, form a working group or task force to gather more information and develop strategy for launching additional policies or initiatives.
3. To ensure that new approaches are achieving desired outcomes, establish a regular review process for key stakeholders, discuss policy refinements, and brainstorm new solutions.

**Historic mixed use buildings** along Broadway, North Halsted neighborhood.

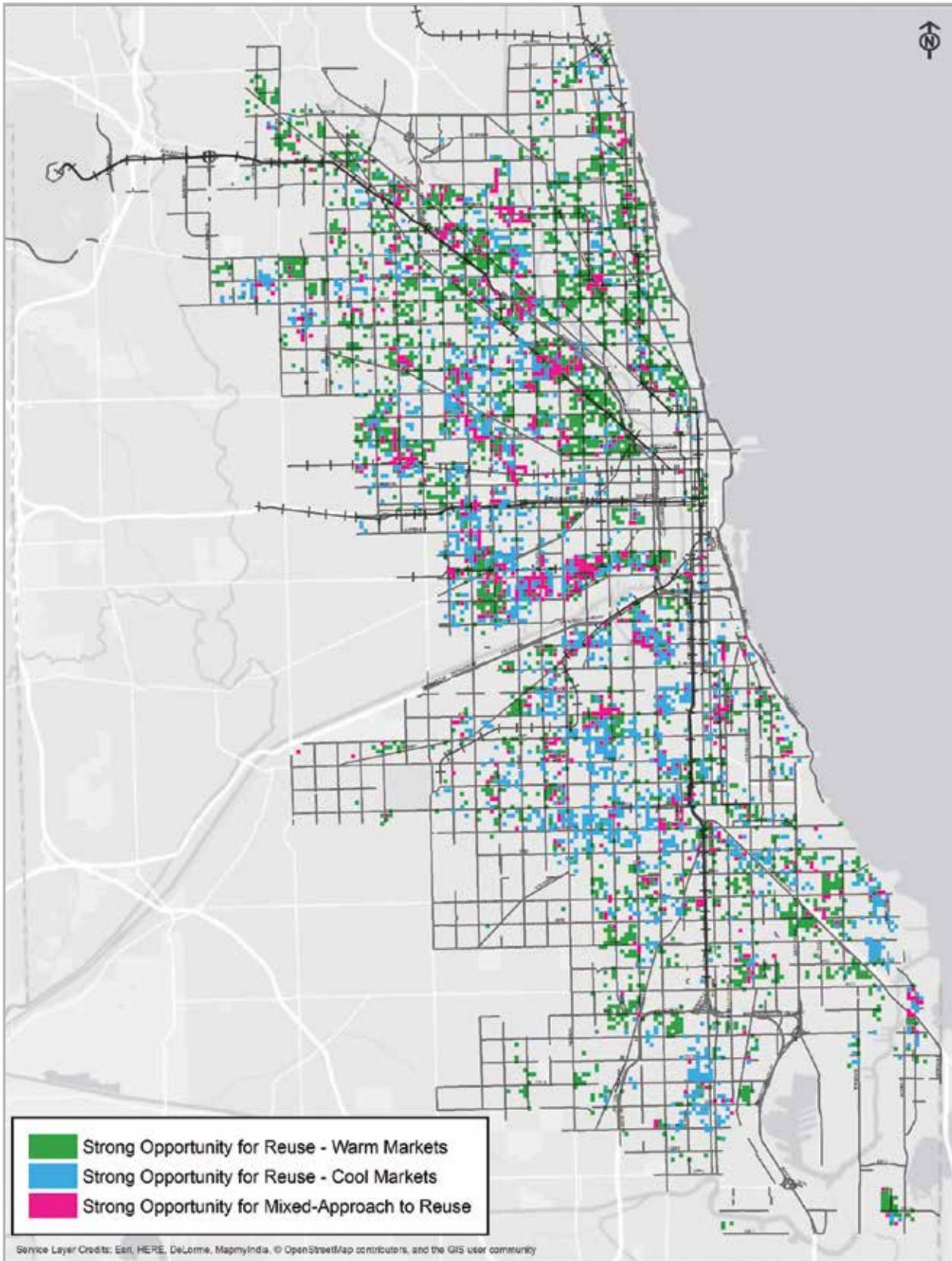
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To inform the selection of possible implementation priority areas, the Preservation Green Lab (working closely with the Reuse Advisory Committee) developed an analytical tool to identify areas of the city that have a significant number of older, smaller buildings that have high potential for successful reuse. *See the maps on the following pages.*





**CHARACTER SCORE.** Red squares represent areas of the city where buildings are older and smaller and where the diversity of building age is greatest. These high “Character Score” areas are concentrated in neighborhoods near the Loop and away from expressways. Preservation Green Lab research finds correlations between areas with a high Character Score and measures of social, economic, and cultural vitality.



**REUSE OPPORTUNITY AREAS.** The colored squares shown on this map are areas of high opportunity for successful building reuse, according to a new methodology developed as part of the Partnership for Building Reuse. Blue squares indicate strong opportunities for building reuse in cooler markets. Green squares indicate strong opportunities in hotter real estate markets. Pink squares indicate areas where a mix of for-profit and non-profit development could be most effective.

# Chicago's Older Buildings: By the Numbers

## SNAPSHOT:

# 502,362 BUILDINGS

WITH AGE DATA IN THE CITY OF CHICAGO.

Half of the buildings standing in 2015 were built in 1926 or earlier. 63% were built pre-war (1945).

## OLD BUILDINGS + THE ECONOMY

# NEARLY 2X

AS MANY JOBS IN NEW BUSINESS

In areas of the city characterized by older, smaller buildings, 7% of jobs are in businesses launched in the last year.

# 45% of JOBS

IN SMALL BUSINESS

More jobs are in businesses with fewer than 20 employees in areas with older, smaller buildings when compared to areas of newer, larger buildings.

## OLD BUILDINGS SAVE ENERGY

# 12% LESS ENERGY

IS USED IN AREAS WITH OLDER, SMALLER BUILDINGS.

## SPACE FOR ARTS, FOOD, AND CULTURE

# 60% OF CHICAGO'S BEST RESTAURANTS

ARE ON BLOCKS WITH MAJORITY PRE-1920 BUILDINGS.

# MORE THAN 70%

OF CHICAGO'S CREATIVE NON-PROFITS  
ARE IN OLD BUILDINGS.

## **Project Leadership**

### **NATIONAL TRUST FOR HISTORIC PRESERVATION**

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# About the Partnership

## NATIONAL TRUST FOR HISTORIC PRESERVATION

([www.savingplaces.org](http://www.savingplaces.org))

The National Trust for Historic Preservation is a privately-funded nonprofit organization that works to save America's historic places for the next generation. We are committed to protecting America's rich cultural legacy and to helping build vibrant, sustainable communities that reflect our nation's diversity. We take direct action to save the places that matter while bringing the voices of the preservation movement to the forefront nationally.

**The Preservation Green Lab** strengthens the fabric of communities by leveraging the value of existing buildings to reduce resource waste, create jobs, and bolster a strong sense of community. The Preservation Green Lab integrates sustainability with historic preservation by developing research, demonstration projects, and policies that decrease demolition and promote building reuse. Guided by a belief that historic preservation is essential to sustainable development, the Preservation Green Lab works with partners to create new pathways to shared prosperity and to bring people together around a common vision for their neighborhoods, towns, and cities.

## URBAN LAND INSTITUTE

([www.uli.org](http://www.uli.org))

The Urban Land Institute provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is an independent global nonprofit supported by members representing the entire spectrum of real estate development and land use disciplines.

As one of the oldest district councils in the country with more than 1,300 members, **ULI Chicago** is the preeminent multidisciplinary real estate forum and is in a unique position to convene industry leaders and policy makers to provide leadership in the region for wise land use planning, long-term investment and sustainable development. ULI Chicago brings leaders together to address and build consensus around solutions to land use challenges. ULI Chicago also provides a vibrant forum for professional growth and development.

## THE PARTNERSHIP FOR BUILDING REUSE

The National Trust for Historic Preservation and ULI created the Partnership for Building Reuse in 2012 to enhance opportunities for building reuse in major U.S. cities. Recognizing the environmental, economic and community benefits of reusing vacant and blighted property, the Partnership for Building Reuse brings together community groups, real estate developers and civic leaders around the common goal of making it easier to reuse and retrofit these valuable assets.

For a full copy of the report, visit [savingplaces.org/greenlab](https://savingplaces.org/greenlab).



**National Trust *for*  
Historic Preservation**  
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