2024

Rebirth: Investigating Industrial Gentrification and Land Use Policy in Chicago's West Loop

Nick McGowan  
*Yale University*

Follow this and additional works at: [https://elischolar.library.yale.edu/library_map_prize](https://elischolar.library.yale.edu/library_map_prize)

Part of the Urban, Community and Regional Planning Commons, and the Urban Studies and Planning Commons

**Recommended Citation**

[https://elischolar.library.yale.edu/library_map_prize/18](https://elischolar.library.yale.edu/library_map_prize/18)

This Article is brought to you for free and open access by the Library Prizes at EliScholar – A Digital Platform for Scholarly Publishing at Yale. It has been accepted for inclusion in Library Map Prize by an authorized administrator of EliScholar – A Digital Platform for Scholarly Publishing at Yale. For more information, please contact elischolar@yale.edu.
REBIRTH
Investigating Industrial Gentrification and Land Use Policy in Chicago's West Loop

NICK MCGOWAN
APRIL 15, 2024

Written in partial fulfillment of the requirements for the granting of a Bachelor of Arts degree in Urban Studies at Yale University
To family, friends, and the city that raised me
# TABLE OF CONTENTS

ACKNOWLEDGEMENTS v
TIMELINE & GLOSSARY x
LAND USE MAPS xii

1 CONTEXTUALIZING CHICAGO AND THE WEST LOOP 1
   The Anatomy of the West Loop 3
   Literature Review 6
   History of the West Loop 9
   Chicago’s Zoning System 15
   City Planning in Chicago 17
   Aldermanic Prerogative 19
   The 27th Ward 21
   Concluding Remarks 26

2 THE WEST LOOP’S TRANSFORMATION 28
   A Future for Skid Row 30
   Past The “Potemkin Village” 44
   From Financial Crisis to Live, Work, Play 61
   COIVD-19 & Speculations 83

3 COMPARATIVE ANALYSIS 90
   New York City’s West Chelsea District 90
   New Orleans’ Warehouse District 96

4 CONCLUSION 102
   Lessons from the West Loop 105
   Notes for the Future 108

APPENDIX 116
NOTES 124
BIBLIOGRAPHY 138
ABSTRACT

The West Loop has undergone a dramatic transformation in the last forty years, having re-developed from an impoverished and declining industrial area to Chicago’s fastest-growing real estate market, the city’s technology center, and a model mixed-use neighborhood. Focusing on the displacement of the area’s industrial base from the late 1980s to the current day, this thesis investigates the changing relationship between the City of Chicago, real estate developers, and local businesses and stakeholders to contend that this ongoing re-development process is a form of gentrification often overlooked in urbanist literature and within the narrative of its own transformation. The West Loop’s re-development is indicative of 21st century municipal governments’ pro-development, *laissez-faire* approach to large-scale, forward-looking urban planning, creating an increasingly larger role for real estate developers to influence how American cities are developing today and for the future.
ACKNOWLEDGEMENTS

I owe a great deal of thanks to the many people and groups who pushed this project across the finish line. First, the Urban Studies program at Yale, which has become a second home for me and allowed me to thrive in ways I could not conceive when arriving on campus five years ago. A special thanks to Professor Alan Plattus and Robert Berliner for their guidance and advice throughout this process, and their constant encouragement to go above and beyond. To all of the academics, developers, reporters, planners, and politicians that so eagerly talked to me about this topic and many more throughout the thesis writing process, thank you for letting me walk in your shoes and giving me the chance to learn what you do.

Finally, I would like to dedicate this thesis to my family, and to give a huge thank you to my parents, Sandy Wang and Chris McGowan. Along with my siblings, Charlie and Claire, your love and constant support of my intellectual curiosity is what has enabled me to be the person I am today.
An overlay of the West Loop's current buildings on a Sanborn map from 1916. Assembled by author.

TIMELINE

1958  Daley’s 1958 Plan for the Central Area of Chicago is released

1960  Northwest Expressway, now the Kennedy Expressway, opens

1976  The Madison-Racine Development Plan is proposed to clean up Skid Row

1988  Annie Properties purchases its first residential loft conversion project

1991  Harpo Studios opens on Washington Street

1991  Restaurant Row on Randolph starts with the opening of Vivo’s

1994  The United Center opens at 1901 West Madison Street, leading to increased traffic through the West Loop

1996  The 1996 Democratic National Convention takes place at the United Center, leading to millions in West Loop Infrastructure Improvements

1998  Planned Manufacturing District #4 and the Kinzie Industrial Corridor Tax Increment Financing District are enacted

1999  Residential development proposals begin to encounter heavy restrictions north of Randolph Street

2000  2000 Near West Side Area Land Use Plan is commissioned

2003  Skybridge, the first skyscraper west of the Kennedy Expressway, is completed

2007  The Global Financial Crisis begins

2012  Morgan ‘L’ station opens

2014  Fulton Market Innovation District and Historic District are proposed
2015  Google’s Midwest HQ opens at 1000 West Fulton Street
2017  Planned Manufacturing District #4 is repealed east of Ogden Avenue
2018  McDonald’s Global Headquarters opens at 110 North Carpenter Street
2021  Residential development restrictions across the West Loop are lifted during the COVID-19 pandemic

GLOSSARY

CBD  Chicago’s Loop Central Business District
“City”  The City of Chicago (government)
“Council”  Chicago City Council
Daley II  Richard M. Daley (1989-2011)
DPD  Department of Planning and Development
FAR  Floor-to-area ratio
PD  Planned development
PMD  Planned manufacturing districts
TIF  Tax increment financing (districts)
LAND USE CHANGES IN THE WEST LOOP OVER TIME

The following maps show the change in the West Loop’s land use over three decades for three different categories: residential, commercial, and industrial. They tell part of the story of what made the West Loop what it is today: a gradual hollowing out of industrial uses in favor of residential and commercial development.
Darker colors on each map represent a more intense use of the space; for instance, a darker green indicates that it is a multiple-unit residential building rather than single-family housing.

All maps by author. Data Source: Chicago Metropolitan Agency for Planning.
For the last decade, Chicago’s West Loop and the Fulton Market sub-market have been the hottest real estate markets in the city, if not the nation. In an April 2020 article, Curbed Chicago counted 58 individual developments under construction or proposed for the West Loop, not including the dozens of buildings that had gone up or been re-developed in the decades prior. Since 2010, the West Loop has accounted for 70% of all office development in Chicago’s central business district (CBD). While the City of Chicago’s population has been stagnant or has slightly declined since the Great Recession, the Near West Side’s population grew by more than 14% between 2010 and 2017 and has only grown further as new residential developments are filled.

This thesis aims to unpack the political and economic underpinnings that led to the West Loop’s transformation from a gritty, poverty-stricken, industrial area inclusive of the city’s Skid Row to the dynamic, “live-work-play” community that exists today. Moreover, this thesis will argue that this is representative of a gradually more laissez-faire municipal government attitude towards large-scale, forward-looking planning, in which planning is a reactive rather than proactive exercise. In its place, private developers have taken the lead in pushing visions of modern urban living.

Although important, this paper will not focus on the displacement of people. Many real estate developers in the West Loop have prided themselves in the fact that their developments did not cause gentrification as they have supposedly not displaced people. Their claims of a lack of residential displacement should be investigated, but this paper will instead focus on investigating the West Loop through a more expansive lens of gentrification,
specifically focusing on the displacement of manufacturing and industrial operations and the developments that took their place. This paper will argue that this is an industrial version of gentrification that is often overlooked in modern planning and real estate development discourse.

After an introduction to Chicago’s zoning system, its political peculiarities, and the West Loop’s history, this thesis will dive into the political and economic forces that have influenced the West Loop’s developmental path. These include different plans advocated for by the City of Chicago (“City”), zoning and taxation districts, private investments, global financial crises, and analyses of the impact of these on the built environment. This thesis will then compare these changes and policy frameworks with development trends in similar American urban markets, namely West Chelsea in New York City and the Arts/Warehouse District in New Orleans. Finally, this thesis will conclude with reflections on industrial gentrification, tools for sustainable and inclusive urban growth, and speculations on the West Loop’s future.

The Anatomy of the West Loop

The West Loop is technically not the official name for the area this thesis focuses on, nor is it a name clearly defined in planning literature. Under the City’s community areas system, the West Loop falls under Community Area #28, named the Near West Side. This name has slowly evolved in public-facing documents into the West Loop Gate, then Westgate Mill, and now the West Loop, with the boundaries of the areas that these names define evolving just as much. Indeed, determining a moniker for the West Loop area was a primary focus of Anne and Lewis Kostiner, whose real estate development firm Annie Properties pioneered residential adaptive reuse projects starting in the late 1980s. Adding to the complexity, some of these definitions exclude the Fulton Market area, one of this study’s focus areas.

This paper will use the Near West Side as a historical reference for the West Loop. The switch slowly occurred starting in the early 1990s, but these terms will refer to the same focus area, roughly bound by Halsted Street to the east, Madison Street to the south, Ogden Avenue to the west, and Hubbard Street or the Union Pacific railway tracks to the north. Depending on the context, Fulton Market will refer to the historical food market or the modern-day food and office district. The area north of Lake Street, where much of the area’s historical industrial, manufacturing, and meatpacking activities have been concentrated, is
the Kinzie Industrial Corridor, established in the 1990s as a protected industrial and manufacturing zone. While other terms may be used throughout the paper, these four terms — Near West Side, West Loop, Fulton Market, and Kinzie Industrial Corridor — will be standardized according to the descriptions above. These are additionally illustrated below.

In the West Loop, Randolph, Washington, and Madison serve as the three main east-to-west arteries for road traffic across the West Loop and between the CBD and West Side. Lake Street and Randolph Street have served as historical delimiters between different types of development. The Lake Street Elevated is an above-ground heavy rail route that runs between the city’s West Side and downtown, and it is served by today’s Chicago Transit Authority Green and Pink rail lines. North-to-south road traffic in the area is served mainly by Halsted Street or Ogden and Ashland Avenues (unlabeled) further west.

Author’s Note:
For the remainder of this study, a version of the simplified map to the right will be used to point out referred locations. Consult the map above, or the street map in the appendix, for more information.
1.2
The West Loop (solid red) in reference to the Loop CBD (dashed red), the 27th Ward (dark grey), and the City of Chicago.

Map by author.
Literature Review

Fainstein’s description of the relationship between policymakers and real estate development aptly summarizes the challenges that successive Chicago governments have faced regarding the West Loop over the last fifty years:

“Governments have promoted physical change with the expectation that better-looking cities are also better cities, that excluding poor people from central locations will eliminate the causes of “blight” rather than moving it elsewhere, and that property development equals economic development. The quandary for local political officials is that they must depend on the private sector to finance most economic growth, and they have only very limited tools for attracting expansion to their divisions.”

Indeed, in the mid-20th century, the West Loop faced a dual-headed monster of economic malaise: a decline of industry and the scourge of poverty. On the one hand, deindustrialization and the suburbanization of industry were ravishing the Near West Side industrial base and the downtown area as a whole. Within the “SuperLoop,” defined as an area extending the Loop CBD ten to fifteen blocks in each direction, the manufacturing and wholesale sectors lost a combined 55,603 jobs from 1970 to 1984. On the other, the city continued to face the economic challenges that Skid Row on Madison Street presented, with few hopes of the area improving without significant public and private interventions to uplift the people and businesses that inhabited it.

Pursuing policies that contributed to or initiated the displacement of industry and commercial businesses in the neighborhood undoubtedly brings up debates about gentrification. Several developers with former or active projects in the West Loop have remarked that they are proud that their projects did not displace previous inhabitants, as there were no permanent populations due to the area’s predominantly industrial character. This narrative forgets or writes off the area’s historically transient poor and homeless population, but also limits the definition of gentrification to a focus on residential competition and displacement accompanied by a demographic shift from generally lower socio-economic inhabitants to a more wealthy and advantaged population. Following in the footsteps of urban theorists such as Zukin and Curran,
this paper will explore a broader definition of gentrification to investigate its effects on industrial displacement in favor of mixed-use activity, including office, commercial, and residential space, using Chicago’s West Loop neighborhood as a case study.

While by the mid-20th century, the West Loop and similar urban manufacturing areas around the United States were not contributing to cities’ economic health as they did earlier in the century, they still housed vibrant manufacturing practices and other industrial businesses that served inner-city markets and provided employment for a workforce that was mainly less educated and of lower socio-economic status. As these neighborhoods gentrified, these businesses increasingly faced hard choices between remaining or sticking it out in a neighborhood where their spaces were increasingly attractive to developers aiming to use their buildings in adaptive reuse projects, such as loft-style residences.\textsuperscript{9, 10} This pressure was especially strong in industrial areas that stood between CBDs and city neighborhoods, standing as “conflict zones” between urban cores that were increasingly transitioning to a service economy and neighborhoods that, through zoning practices, blocked industrial uses from bleeding into them.\textsuperscript{11} While seemingly a natural cause of market forces, these conflicts are born from the economic development strategies, land use plans, and zoning policies that planners, policymakers, and developers encouraged and enacted. This is then topped off by consumers who move into these spaces and solidify economic, social, and cultural changes within the area.\textsuperscript{12, 13}

Gentrification is not necessarily a process in which actors — investors, developers, governments, residents, local businesses, and others — behave in highly predictable ways,\textsuperscript{14} stage models of gentrification provide a helpful framework to chart policymaking and private developers’ movements in a changing urban landscape. The basic notion identifies different characteristics, including socioeconomic status and cultural dimensions, in populations moving in and out of an area at various times to determine what stage of gentrification a neighborhood is experiencing. In the simplified model, the first arrivers are defined as ‘risk-oblivious’ or the “pioneers” who believe that the potential financial and safety risks of moving into an emerging neighborhood are worth the benefits of lower-priced housing, demographic diversity, and experiencing its architectural and historical history. These first arrivers tend to be those of modest economic means and are diverse in their social and occupational characteristics. Those who arrive later are defined as ‘risk-averse’ who locate only after those of the professional and managerial classes have arrived and established a significant presence.
in the transformed neighborhood.\textsuperscript{15,16} A model for what occurs between each stage can be found in Hudson’s invasion-succession model, based on human ecological theory.\textsuperscript{17} Starting with a stable community in equilibrium, it is disturbed by a decline in population or businesses, or the entrance of a new population. They may enter unnoticed, but as their numbers grow, they may be met with hostility until succession occurs. The new population reorders the social and economic organization of the neighborhood based on their demographics and needs.

Specific to industrial gentrification, the process generally starts with the entrance of frontier industries into former manufacturing areas, namely the art and cultural industries, which can benefit from the unique industrial aesthetic of the neighborhood and loft spaces. The second stage begins with the entrance of commercial enterprises that cater to those associated with the frontier industries or “pioneer” residents, increasing the visibility and attractiveness of the changing neighborhood. Wealthier residents appear in the later stages of industrial gentrification, with their inflow sped up by real estate speculation and changing land use policy as developers and local governments find aligned interests in developing a new, economically charged neighborhood. While the comparative analysis section of this study will show that other cities that have re-developed former industrial neighborhoods have experienced much more alignment between developers and local governments in comparison to Chicago, the West Loop has still experienced significant industrial displacement despite, and as a result of, the City’s land use policies.

Many areas experiencing industrial gentrification have experienced the emergence of mixed-use neighborhoods,\textsuperscript{18} a change from the segregation of land uses that defined modern city planning since the beginning of the 20th century. This separation was designed to minimize negative externalities among seemingly incompatible land uses and ensure the health and welfare of urban citizens,\textsuperscript{19} villainizing the mixed-use commercial and residential neighborhoods that characterized urban development in the previous century. By the 1960s, urbanists such as Jane Jacobs pushed against the now-deeply entrenched planning practice of separating land uses, arguing that cities worked because of their mixed-use character and the diversity of opportunities that arise from them.\textsuperscript{20} While discourse in the profession was slow to change, planners, policymakers, developers, and city residents in recent years have embraced the idea of mixed-use development, newly marketed as “live-work-play” (LWP) environments. This concept serves the dual purpose of encouraging what is today viewed as a sustainable development
strategy to create vibrant, thriving neighborhoods while providing a catchy term to market these developments to a wide range of audiences. Similar to the goal of the ’15-minute’ city concept, LWP uses the advantages of urban concentration to create communities that house the daily necessities and services that residents may require, improving their well-being and quality of life.

The purpose of this study is to trace local policy and development trends in the West Loop from the 1950s through the 2020s, exploring the City’s and real estate developers’ roles in the transformation and gentrification of the West Loop. It should be emphasized that this study is specific to Chicago and the West Loop, which stand out amongst other U.S. sites because of Chicago’s unique political system and the incentives or disincentives it creates for local representatives to support real estate development projects. The timeframe of this study also includes several economic events that have significantly influenced the West Loop’s and urban American development trends. With the presentation of historical evidence interpreted through a critical lens, this study will dive into the complexities of the West Loop’s unique re-development process while connecting its transformation to existing theories of gentrification and displacement to discern lessons for other former industrial, re-developing urban areas in the United States.

**History of the West Loop**

Recognition of the Near West Side dates to James Thompson’s 1830 original plat of Chicago, which designated many streets that would become the main thoroughfares of the West Loop. First, Fulton Street, which would later become home to Fulton Market, the city’s meatpacker-turned-food district. Second, Lake Street, which would be home to the Lake Street ‘L’ by the turn of the century and now shuttles thousands of workers and visitors to and from the West Loop daily. Lastly, Randolph Street soon became host to one of the city’s largest wholesale markets, held almost daily for a century until the 1980s.

Randolph Street became the city’s main arterial for westward expansion, with the first bridge connecting downtown to the West Side built along Randolph Street in 1833. In 1850, West Market Hall opened in the middle of Randolph Street, holding a sprawling wholesale market attracting local farmers and professional companies. Although the physical structure was destroyed in 1872, the market led to two developments. First, the widening of Randolph Street in this area led to
the establishment of a busy open-air produce market, officially the West Randolph Street Public Market, cementing the area’s importance to Chicago’s food and agricultural sectors. Second, the attraction of commerce to the West Side led to the construction of permanent wholesale buildings known as commission houses. Anywhere from two to four stories tall, these brick-and-wooden buildings made up the bulk of the built environment at the time, enforcing the neighborhood’s commercial and industrial character.²⁴

The Randolph Market continued to expand, both in size and in influence. Between 1903 and 1908, the market expanded three blocks in length from Halsted to Sangamon; by 1923, it was widened to stretch a full mile to Ogden Avenue, accommodating merchants that were displaced from the city’s original wholesale South Water Street Market in the Loop. With its reputation as “the largest and practically the only public market which Chicago offers to its local producers,” local growers brought their goods for purchase by Chicago’s jobbers, retail grocers and butchers, peddlers, and restaurant and hotel buyers.²⁵ A 1918 description of the market remarks that “competition for a favorable location becomes so keen during the busy season that the growers arrive on the
market as early as eight o’clock of the preceding evening and spend the night on their wagons,” showing its popularity and role in elevating the Near West Side into a center of local commercial activity.²⁰

The widening of West Randolph Street through the early 20th century resulted in a new style of development introduced to the area: two-story or taller brick buildings erected in a uniform style, typically with single or multiple street-level bays for food and produce deliveries. Although this was meant to help eliminate areas for illicit activities and relieve congestion at the market, it also led to extensive real estate speculation in the area, marketed towards businesses that had dealings at the market. Those who invested in property believed that the Randolph Market would continue to attract wholesale dealers, whose jobs were to purchase large quantities of produce and groceries at the market and sell them on commission to retailers, hotels, and restaurants. To take advantage of this market, developers began to build new commission houses to rent to merchants.²⁷

Because of the neighborhood’s commercial and industrial character and proximity to transport routes for raw goods in and out of the city, the Near West Side began to develop a significant light industry presence sector specializing in food and beverage processing. Notable names included the National Biscuit Company or Nabisco, which opened a six-floor manufacturing center on Washington Boulevard in 1903, and Cougle Commission Company, one of the Midwest’s largest family-based poultry processors and distributors, which opened a Near West Side facility in 1925.²⁸ This manufacturing activity was fueled by waves of immigration to the Near West Side, which changed the demographic landscape significantly. The Irish, who were the first to arrive in the mid-19th century, were followed by Bohemians, Czechs, French, and German immigrants. While all were drawn to the area for different reasons, one common thread was the economic opportunity in the area’s abundance of jobs.²⁹

Two blocks north of the Randolph Market was the Fulton Street Market. While distinct in name, the two markets often overflowed into each other, such that the casual observer would only see one continuous market together. Fulton Street’s specialization in meats — poultry, game, veal, lamb, and other specialty meats — came from the market’s proximity to a large freight rail yard, where fresh meat was unloaded from refrigerated cars and brought into meatpacking facilities on Fulton Street to be processed and sold. The first pair of market buildings opened in 1887 under the Fulton Street Wholesale Market Company association. By 1928, there were at least twenty-two other meatpacking,
poultry, egg, butter, and cheese businesses located on or near Fulton Market Street, creating a thriving neighborhood.30

The Great Depression brought the markets’ commercial success to a crashing halt. Despite, or perhaps due to, its broad industrial base, Chicago suffered from the worst jobless rate in Illinois, reaching thirty percent in 1931.31 The value of manufacturing dropped from $3.88 billion in 1929 to $2.20 billion in 1931, and the number of Chicagoland wage earners in manufacturing fell from 551,000 in 1929 to 333,000 in 1933, its lowest point during the Depression.32 Businesses on the Near West Side were not faring any better than these numbers suggested. Better days came through the economic build-up to World War II; over 1,400 companies in the Chicago area were engaged in production for the war effort. Luckily for the Near West Side, this included many of its light manufacturers and food processing facilities, which produced everything from army rations to uniforms, shoe polish, and aircraft parts.33

Although the Near West Side’s industrial sector emerged from World War II thriving, driven by wartime and immediate post-war production boosts, its success was dampened by negative social, economic, and spatial transformations. Residential neighborhoods adjacent to these factories suffered from severe housing shortages due to a population influx that could not be sustained by buildings whose lifespans had already been exhausted. Latino immigrants and African Americans were beginning to make up significant portions of the area’s population; White residents signified their displeasure with their feet, fleeing to other neighborhoods or suburbs starting in the early 1950s.34

With the Chicago political and business elite considering the city’s central area to be “blighted” and seeing the non-White population as a threat, they coalesced support around newly elected Mayor Richard J. Daley (Daley I) to protect their interests. Daley I began a modernization and redevelopment plan for the city that was to ease their fears of a declining city by implementing urban renewal projects that would serve the dual purpose of clearing slums and acting as a buffer between the areas seen as desirable — the central business district and affluent White neighborhoods — and undesirable — industrial areas, Black neighborhoods, and poorer areas of the city.35

The building of the Northwest Expressway, today known as the John F. Kennedy Expressway and forming part of Interstate 90, severely affected the trajectory of the Near West Side. First conceived in the 1940s, the city’s plans for expressways included a point downtown from which radial expressways would extend out towards the suburbs; these
would provide faster routes for moving goods and foodstuffs while making it easier for suburbanites to travel to the city and contribute dollars to the local economy. The Kennedy Expressway, slicing between Halsted and Desplaines Streets, would become a new buffer between the Near West Side and the central business district. Ironically, this meant it went straight through the original Randolph Street Market. As the expressway was constructed through funds from the 1956 Federal-Aid Highway Act, this newfound rapid access did unlock a new route for goods transports between the Fulton and Randolph Market areas and the rest of the nation, which created new possibilities for producers to get their goods to market and enlarging the catchment area for companies sell their products. More devastatingly, however, these highways contributed to the suburbanization of industry as companies no longer needed to be located close to their urban consumers and could take advantage of cheaper land and operational costs elsewhere.

While the industrial heart of the Near West Side slowly declined, the rest fell quickly into disrepair and poverty. Chicago’s Skid Row was
on Madison Street, just a quarter mile south of Randolph. Its population expanded significantly in the wake of World War II, with flophouses and cheap hotels making up most of the housing for this transient population, whose existences were fueled by alcohol and drugs. Skid Row was mostly left alone in the 1950s, but the 1960s and 1970s brought societal changes that increased the political and business pressure on the City to do something. In the 1970s and 1980s, businesses were closed, residents were evicted, and buildings were left either empty or were demolished. Combined with a declining industrial sector — the city lost 200,000 manufacturing jobs between 1970 and 1980 — the West Loop, at this point, became an awkward assortment of meatpackers and cold storage units, light manufacturing, illicit activities, and empty buildings: a no man’s land.

The West Loop of the late 1980s is where this story begins. Given the site’s location, quality building stock, and existing infrastructure, the underutilized area stood ripe for re-development. First, the pioneers moved in, and their restaurants, studios, and loft conversions put the West Loop on the map. The area’s current political champion, Alderman
Walter Burnett Jr., was elected in 1995, bringing a pro-development ideology to a place that could only benefit from any dollar. Finally, large-scale conversions and development took hold under the realization that the West Loop was becoming a lively, urban, “live-work-play” community — in part by design, but in part by the serendipitous joining of industrial chic aesthetic with a burgeoning culinary scene, attractive loft-style residential living, and new and exciting workspaces.

**Chicago’s Zoning System**

In 1923, the City of Chicago passed its first comprehensive zoning ordinance. Beyond its use as a tool to reduce land-use conflicts, its passage was part of a significant effort to remake Chicago’s image as a modern and orderly city, above the dirty industry and corruption that notoriously characterized it at the time. At just 20 pages, the ordinance had four classes of use districts — residential, apartment, commercial, and manufacturing — each with its own set of regulations covering everything from apartment and commercial building heights to industrial hours of operation. Additionally, five types of volume districts governed maximum heights, percentage of lot coverages allowed, and the cubical area of the building in proportion to lot size. It was to be implemented by the building commissioner; a Board of Appeals would consider any amendments or variations, but these recommendations had to be approved by the City Council. The City Council could also overturn the Zoning Board’s denial with a two-thirds vote.

By the end of the 1920s, the volume of zoning change appeals had already outpaced the expectations of the zoning code’s authors, making it a much more complex and human-administrated document than anticipated. Changes during World War II diversified the number of use districts. The 1957 code, passed during Daley I’s first term, created a modern zoning map that combined use districts and volume districts into one classification. It also created a new policy called planned unit development (Planned Development, or PD) that would allow for an increase in the allotted floor-to-area (FAR) ratio of developments that met specific criteria. FARs in a zoning code dictate the maximum ratio of a building floor’s area in relation to the size of the lot that the building is on; for instance, a 2,000-square-foot lot zoned with a FAR of 3.0 would mean that a proposed development can have a total building floor area of up to 6,000 square feet.

The plan’s authors saw PDs as a method to accommodate new designs and afford developers greater flexibility on larger lots, roughly
those more than four acres. In theory, PDs are approved through a process that starts with developers submitting project proposals to the City and then participating in an interactive process with officials to reach a final plan that satisfies all parties. Pioneering PDs with significant city influence included the Illinois Center (which today, alongside Lakeshore East, forms part of the “New Eastside”) and Dearborn Park, two large mixed-use development areas adjacent to the Loop CBD. PDs have played a significant role in the development of emerging neighborhoods such as the West Loop, as they allow developers to skirt the complex and layering zoning regulations applying to an area through the filing of a single petition to the City Council and any affiliated agencies.

While the existence of a zoning code was to help sweep away the politics of land-use decisions and create a more scientific approach, Chicago’s strong-city council, weak-mayor political system ensured that aldermen would retain a high degree of control over zoning decisions. The 1923 code ensured that the council would have final approval over any zoning decisions; the council later adopted an unspoken rule that gave aldermen extensive leeway over zoning matters in their wards, which today is popularly known as aldermanic prerogative and is described in detail later in this study.

With Daley I’s election in 1955, the revitalization of the Chicago Democratic political machine, and the 1957 creation of the Department of City Planning to ensure City Hall’s seat at the table regarding real
estate decisions, a new political consensus was reached between the Mayor’s office and Aldermen, with developers taking the brunt of the costs. Professor Joel Rast notes that “as long as a particular alderman was loyal to the mayor and votes for the machine were being delivered in the ward in question, Daley I was unlikely to interfere in something as minor as a zoning variance.”

Developers knew now that they needed to approach aldermen and the planning department early in any proposed development to gain their approval. It remains standard practice for the Council to defer to aldermen on day-to-day zoning cases in their wards. Some efforts have been made to decentralize power from the Council and to make the process more transparent, especially as the complexity of zoning has increased. For instance, some aldermen have voluntarily enacted community zoning boards, an all-volunteer group to review all proposed zoning changes and provide a binding recommendation to the alderman. Critics say these boards are stacked with real estate agents, developers, and campaign donors who use this neutral tool to create an illusion of impartiality regarding re-zoning and development decisions.

Outside the Alderman’s offices, community groups have increasingly played a more prominent role in the process, publicly opposing or promoting specific development projects and organizing their membership to sway aldermen in one direction.

Today’s zoning system has not changed dramatically since the 1950s, with the last overhaul of the zoning code passing the City Council in 2004. That four-year process involved over 150 public meetings, exemplifying why this is not a frequent affair. The most recent substantial change to the zoning code occurred in 2016, when the West Loop was officially incorporated into the “downtown” area, allowing developers to seek greater building heights and density allowances than in non-downtown neighborhoods.

City Planning in Chicago

While the grid of Chicago formally starts from the 1830 Plat of Chicago, formalized city planning did not enter the discussion until the 1900s, when the “City Beautiful” movement came alive in Daniel Burnham’s 1909 Plan of Chicago. The Burnham Plan sought to beautify Chicago by improving the lakefront and creating an outer park system for the city, creating highways outside the city and coordinating rail and road transport within, and developing civic administrative and intellectual life centers. The Chicago Plan Commission (CPC) came into effect to
execute this plan. Although initially an independent organization whose members were appointed by the City Council, it was formally absorbed into the city government in 1939. Today, the CPC is responsible for reviewing proposals involving planned developments, the lakefront, planned manufacturing districts, industrial corridors, and tax increment financing districts – in essence, most developments that would require more than a zoning change to come to fruition.  

In conjunction with the zoning plan released in 1923, the Zoning Board of Appeals (ZBA) was created to review land use issues relating to the Chicago Zoning Ordinance. This includes proposed variations from the zoning code, uses that require review to determine compatibility with adjacent properties, and appeals of decisions made by the Zoning Administrator affiliated with the Department of Planning and Development.

These two bodies primarily dealt with development issues until the election of Daley I in 1955. Under his administration, planning power was consolidated in City Hall under a new Department of City Planning, which generated new city-wide master plans. The Department of City Planning was later renamed to the Department of Planning and Development (DPD), which today is the principal planning agency for the City of Chicago. Its official duties include overseeing the city’s zoning and land use policies and encouraging business and real estate development.

Lastly, the City Council established the Community Development Commission (CDC) in 1992 to oversee the implementation and management of tax increment financing districts. TIF districts are a land use plan and public financing method for improving local communities that are targets of or currently undergoing redevelopment. The CDC oversees the use of TIF dollars to fund private redevelopment projects and the sale of City-owned property located in TIF districts for development purposes.

There are three major types of actions that are taken regarding real estate development proposals: zoning changes, building permits, and planned developments. Zoning changes are usually filed with the City by the property owner or developer or, more infrequently, can be submitted directly by Aldermen to the Council. Once filed with the City, it is evaluated by the City’s Zoning Administrator under DPD. Assuming the request is legal, and all requirements have been met, it will be introduced into the Council as legislation for approval by the Committee on Zoning and the local alderman.
Building permits are generally handled directly by the City under the Department for Buildings; large projects work with department administrators, while smaller projects can be filed online. Zoning changes can be handled concurrently by DPD.\footnote{51}

Due to their scale and complexity, planned developments take many more steps than either of the types of projects above. Applicants typically approach their local alderman to identify any community concerns and gain support for the process. The plan is then submitted to the CPC, where a hearing is scheduled. DPD and Zoning Administrators will review and provide a recommendation on the project before the public hearing time is publicized through notices. The CPC Hearing then occurs, and the CPC will make a final recommendation before it moves to the Council’s Committee on Zoning. If it passes, it then moves to the full Council for approval. The local aldermen’s recommendation is almost always followed under aldermanic prerogative, a practice detailed in the next section.\footnote{52}

\textit{Aldermanic Prerogative}

The tradition of aldermanic prerogative, also known as aldermanic privilege, refers to the power of Chicago City Council members to initiate or block actions concerning their own wards. In a 2013 episode on WBEZ’s “Curious City,” now former Aldermen Joe Moore described Chicago’s political system as a “feudal system, where the mayor is sort of a de facto king. And each alderman is the lord – I guess, lady, for female aldermen – of their individual fiefdom.”\footnote{53} It is especially pertinent regarding land-related issues, and it has become a widely accepted practice that those wishing to gain exemptions to current zoning or other regulations must go to “kiss the ring” of the local alderman before moving forward with a project proposal. Notably, this power is not the result of any legislation but rather assented to by fellow aldermen, the Mayor’s office, and DPD.

Due to the outsized amount of control that aldermen have over actions in their wards, there is a direct linkage between their approval or rejection of potential projects in their wards and their political futures. As the Chicago Area Fair Housing Alliance points out in their 2018 report on aldermanic prerogative and civil rights, “these ‘fiefdoms,’ in turn, are plagued by an undercurrent of political influence concentrated among those who have their alderman’s ear – notably those with money, power, and election clout – that force aldermen to either capitulate to the
demands of their most powerful constituents or face ouster.”

In the mid-19th century, Chicago’s City Council only ordered street improvements or levied assessments if they were approved by the local alderman – ostensibly to protect the interests of local property owners. By the late 1800s and early 1900s, “council courtesies” became an informal practice that gave members veto powers for issues related to their wards. Examples include “dry(ing)” up liquor sales in their wards and zoning changes and variances.

Gosnell’s 1937 work on the Chicago Democratic machine traces the pseudo-institutionalization of aldermanic privilege to the Great Depression. By the 1936 election, an all-encompassing political realignment consolidated Democratic machine control over the city. The result was that all people seeking governmental privileges or protections had to come to those in office, due to the loss of the ballot box as a mechanism to register content or discontent with specific policies. Although national economic enterprises were relatively exempt from having to deal with local politicians, “the public utilities, the larger real estate interests, the local bankers, the contracting firms, the hotel and rooming-house proprietors, the small retailers, the liquor dealers, and other similar businesses were susceptible to political pressures.”

Even smaller bureaucratic moves, such as the enforcement of the building code or road improvements, were considered favors that the local political machine or politician would hand out; if those that benefitted failed to reciprocate, such as a donation to the alderman’s campaign fund, they would find the favor withheld or become a target for later persecution.

The practice of aldermanic privilege was turned into a political incentives system during the mayorship of Richard J. Daley (Daley I) from 1955 to 1977. As long as aldermen supported Daley I on issues affecting the city as a whole — including large-scale public projects, downtown redevelopment, and the budget — he deferred to aldermanic discretion at the ward level, especially for land-related issues. This arrangement allowed for Daley I to gain support in the Council and win votes in their wards while allowing aldermen to have widespread control over development, or lack thereof, within their ward. Although this arrangement came under threat during the Harold Washington administration, the general machine structure and the practice of aldermanic privilege survived and was revitalized by Richard M. Daley (Daley II) upon his election in 1989.

Aldermanic prerogative has no basis in Chicago’s zoning code or law. However, its wide acceptance by both aldermen and developers
has lent it a near-legal status when dealing with land-related issues. It has even been acknowledged by judges in federal court, stemming from cases involving local development in 1997 and 2009.\textsuperscript{58} There have been attempts to rein it in, such as a 1955 ordinance that put certain zoning variation petitions, such as driveway permitting, into the purview of the City’s bureaucracy and a 1997 ethics ordinance that required more transparency for Council proceedings.\textsuperscript{59}

In 2019, Mayor Lori Lightfoot signed an executive order formally defining the practice to prevent its abuse. The order defined aldermanic prerogative as “the power of an alderman to unilaterally approve, affirm, block or veto a departmental decision, whether such power is granted or required by the Municipal Code of Chicago or by tradition or custom.”\textsuperscript{60} Under the order, City departments are directed not to defer to the alderman. While there have been precedents for full Council votes going against the wishes of local aldermen, such as the approval of the Glenstar apartment development on Chicago’s Northwest Side in 2021, aldermanic prerogative continues to stay largely intact due to its implicit upholding by both aldermen and real estate developers, and the lack of changes to the city’s zoning code.\textsuperscript{61}

\textit{The 27th Ward}

Chicago’s municipal legislative branch is the City Council (Council), whose members are elected from the 50 wards that make up the city. The West Loop resides in the 27th Ward, which has been represented since 1995 by Alderman Walter Burnett, Jr. As of the 2023 Chicago municipal election cycle, he is the longest-serving Alderman on the Council and was additionally elected by his peers to serve as Vice Mayor.

On its surface, Burnett’s long tenure is not a surprise, mainly due to the tendency of the Chicago political machine to enable politicians to serve long tenures. However, in the opinion of many local real estate developers and watchers, Burnett has overseen the most dramatic change in the built environment and economic makeup of a ward in Chicago history. That he has been able to win re-election by wide margins every year despite the constantly shifting demographic makeup of his constituents is, what one Chicago real estate developer told me, “nothing short of masterful.”\textsuperscript{62}

Burnett was born in 1963. He grew up in the Rockwell Gardens and Cabrini-Green public housing complexes, both of which are located in today’s 27th Ward. At the time, Cabrini-Green was in the 42nd Ward,
which was controlled by Democratic committeeman George Dunne. As part of the Democratic machine that characterized Chicago at the time, Dunne gave out patronage jobs to build local political support. One of those job recipients was Burnett’s father, who was employed as a city truck driver and an assistant precinct captain, responsible himself for drumming up support for Daley’s administration and its allies.63

When he was 17, Burnett was swept up in an armed robbery put on by his coworker and one of his friends and was sentenced to six years in prison. While in jail, he earned his associate degree and a drafting license and was pardoned after less than two and a half years. Dunne — now Cook County President — got Burnett his first job after being released as a county highway department draftsman. As part of the machine, Burnett got more involved in Democratic politics in the 42nd Ward, eventually meeting his mentor, Jesse White, who is famous for serving as Illinois’ Secretary of State from 1999 to 2023. Putting his hat in the ring to be appointed to 27th Ward Alderman in 1992, Burnett was passed over by Daley II for Dexter Watson, but he was not deterred from running by the time the 1995 elections came around.64

Burnett’s predecessors, Rickey Hendon and Dexter Watson, were both famous for their showboating attitudes towards politics and aggressive nature when dealing with City Hall. Before his election to the Illinois State Senate, Hendon was known to be a strong proponent for his ward’s members, even if it was against City Hall’s agenda. The 27th Ward was described at the time as an area “flirting with gentrification on its
eastern fringe and hopelessness on the west." Hendon took a hard-line attitude against prostitution and illicit activities on Madison’s Skid Row but was unable to accomplish much by his election to the Illinois State Senate in 1992. His hand-picked successor, Watson, became known as a “die-hard member of the small but vocal anti-Daley faction.” In the 1996 election, Watson’s opponents blamed Watson’s combative relationship with Daley for the lack of improvements seen in the ward during his tenure.

At the time of the 1995 election, felons were disqualified from holding office in Illinois. Burnett’s opponents could have challenged his candidacy on legal grounds stemming from his felony conviction but decided instead to play the election in the court of public opinion, distributing flyers to voters illustrating Burnett’s face behind bars. This made the election not one about political issues, but instead about scare tactics. These backfired after Burnett’s heartfelt interview with the Chicago Sun-Times; with Daley and the Chicago Democratic political machine’s backing, Burnett won the seat. A year later, he helped Jesse White oust Hendon as the Democratic committeeman; White later helped Burnett get an official pardon before the 1999 election cycle, closing his legal vulnerabilities and setting up Burnett for a long reign as alderman of the 27th Ward.

BURNETT’S POLICIES

Early in his career, Burnett was known as a backbencher. His most controversial early move was his support for the destruction of the notorious Cabrini-Green housing complex; political observers at the time theorized that Daley supported Burnett in his election efforts to provide political cover for its closure and demolition. However, as development skyrocketed in the 27th Ward and his tenure has been extended by voters, Burnett has, as he described it himself, learned how to “raise a stink” and pressure the City to spend funds on projects he prioritized. One example of this has been the utilization of TIF funds in his ward for local infrastructure improvements, which was only made possible by his pressure on multiple mayoral administrations to spend the money in line with his vision for the ward’s development. An investigation by the Chicago Reader revealed that from 2004 to 2008, the 27th Ward received $239 million dollars in TIF investments. This was the second largest amount of TIF funding for any ward and almost ten times the average ward received in TIF spending over that time.
In 2008, Burnett was ranked as the No. 3 alderman regarding upzonings granted by the City Council, often approving replacing houses with condos within the West Loop. Thirty-four percent of his campaign money from 2002 to 2008 came from those working in the real estate industry, but Burnett denies that there is any connection between donations and upzoning. “We don’t personally tell anyone, ‘If you do this, you’re going to get this,’” said Burnett. However, given the neighborhood’s fast development in the last decade, his ties to real estate developers have been highly publicized, most recently the $160,000 he raised from the real estate industry during his 2019 campaign. That same year, local media reported that Burnett stormed out of a meeting with residents about a new condo development after being confronted over receiving campaign contributions from real estate developers.

Burnett has also pushed affordable housing legislation several times through the City Council. In 2010, despite opposition from the Daley II administration, Burnett proposed a measure to set aside $100 million a year from tax increment finance districts to build or preserve affordable housing, roughly 20% of total TIF funding across the city. The ordinance did not pass, leading Burnett to resign as chairman of the City Council’s Black Caucus. In 2014, Burnett spearheaded an effort
Burnett supported the city’s 2016 Affordable Requirements Ordinance, which established minimum affordable housing requirements for new residential developments with over ten units requiring City Council approval. Thirty percent of the 19,400 new units under the city’s 2016 Affordable Requirements Ordinance have been built in the 27th Ward. However, only 8% of the ARO-subject units that developers in the 27th Ward have been obligated to build have actually been produced in the ward as on-site affordable housing; the remainder were paid off as fines to the city for not meeting ARO requirements or have been built off-site.

Burnett’s longevity is a surprise to many, but expected by those who know him. Developers who have worked in the 27th Ward say he is a calculating man who knows precisely the stakes he is dealing with in every situation and that he has kept the same principles he had when first elected in the 1990s. Some argue that he is a roadblock to development, while others argue that his political longevity has helped developers feel comfortable about projects in his ward. Regardless, his pro-development stance has been both surprising — given the political calculations of development due to aldermanic privilege — but may be a secret to how he has been able to exist for so long. The vast scale of development in the 27th Ward has brought in billions in investments and a significant number of residents, helping to shape a more friendly electorate that
brings in more new votes to outweigh any opponents of his pro-development agenda. This constant in political leadership is yet another example of the special context that the West Loop finds itself in — a term length almost unheard of in modern-day municipal politics.

**Concluding Remarks**

For the past century, Chicago has been a pioneer in several facets of urban development. Chicago was one of the first major American cities to pass a city-wide zoning code, yet it also inadvertently invented the practice of aldermanic prerogative. While aldermanic prerogative holds aldermen accountable to their constituents and hypothetically allows them to represent their interests in the most direct way possible, it comes at the expense of the city operating as a system of ‘fiefdoms’ from real estate development and political perspectives. The city has been successful at pursuing large-scale urban development initiatives but has become notorious for its urban renewal policies and uneven development between the CBD and neighborhoods. The West Loop’s unique political situation, namely the longevity of Alderman Walter Burnett, Jr., also represents a factor in the area’s development that is hard to find in other contexts. These factors are important to understand as context for the West Loop’s development, both in the limitations they put on the possibilities for development and as enablers for the significant transformations that have occurred. Each factor influences why the West Loop’s development story has been so unique, which will be expanded upon in the next part of this study.
As one Chicago real estate developer told me, the West Loop’s transformation comes down to three factors: location, politics, and money. The first explains why people focused on the area in the first place; the second explains how competing visions for the area were established and how those visions played out; and the third explains how the area was finally transformed from a hundred years of industry and poverty into the glitzy, high-end neighborhood that it represents today.

The 1970s and 1980s represented a large, unstable shift in the Chicago political landscape that manifested itself in shifting visions for the city’s development. A year after his election to a then-record sixth term in 1975, Daley I died in 1976, leaving a large power vacuum that took several mayors to fill. Alderman Michael A. Bilandic took over as mayor pro tempore, but after several labor disputes and heavy scrutiny after mishandling the aftermath of the 1979 Chicago blizzard, he lost the Democratic primary to Jane Byrne. Financial turmoil and additional labor strikes shifted public support away and towards Mayor Harold Washington in the 1983 election. During his first term and against extensive opposition in the City Council, Washington was able to push through progressive reforms around government transparency, improving city services, and attempted to shift the City’s long-standing development agenda from focusing exclusively on downtown to an approach inclusive of all neighborhoods. After he died in office in 1987, Eugene Sawyer served the remainder of Washington’s term. He pursued many of his policy priorities before losing the 1989 election to Richard M. Daley (Daley II), who was Mayor for the next twenty-two years.

The relative instability in City Hall led the West Loop to languish
in its deteriorated state; ‘Skid Row’ maintained its status as a hub for the urban poor and illicit activities into the early 1990s, while the plague of deindustrialization slowly sucked manufacturing jobs out of Chicago. Daley’s policies of maintaining the West Loop as a buffer industrial zone between poorer neighborhoods and the Central Business District further solidified its position as a no-man zone. Although several city plans passed between the 1970s and 1990s touted potential new visions for the area, it wasn’t until the late 1980s when the area’s first private investments hinted at a new direction for the neighborhood.

_A Future for Skid Row_ will review the City’s plans for the area from the 1950s through the 1980s, reflecting City Hall’s dreams that the area could once again be the hub of an industrial resurgence that would turn its fortunes around. While few of these plans resulted in any concrete actions, some plans laid the foundation for the “live-work-play” mixed-use environment that would begin to manifest in the late 1980s with the arrival of the first restaurants on Restaurant Row, Harpo Studios, and the first loft conversions by Annie Properties.

_Past the “Potemkin Village”_ starts with the City’s recognition that the pace of development in the West Loop reached a level it could not ignore, requiring more official public attention and investment to support new private enterprises in the area. Reviewing a mix of plans and public interventions brought on by the 1996 Democratic National Convention and subsequent events, the West Loop’s newfound spotlight and increasing developer demand set the scene for future conflict between existing industrial businesses, developers, and the City.

_From Financial Crisis to Live, Work, Play_ starts at the 2008 global financial crisis and explains how developers took advantage of capital markets and urban America’s economic woes to exert more influence over cities’ political agendas. With a resurgence in urban fortunes in the mid-2010s resulting in a revival of demand for residential and mixed-use development near the CBD, developers and corporations were able to push the City into allowing more zoning concessions than ever before, fundamentally changing the fabric of the West Loop into the vibrant neighborhood it is today.

Albeit brief, the last section, _COVID-19 & Speculations_, reflects on the impact of COVID-19 on urban development trends and the West Loop’s real estate market and how these are reflected in emerging policies and development proposals. Notably, the lifting of the remaining substantial residential development limitations in the Fulton Market area and developers’ shifting focus from office space towards a mix of
residential, commercial, and office development reflects a further step in the deindustrialization of the West Loop, turning it entirely into a new, mixed-use extension of the CBD.

**A Future for Skid Row**

At the end of the 1940s, Chicago’s Near West Side was home to the “Land of the Living Dead,” the eloquent name bestowed upon Skid Row by the Chicago Daily News and popularized nationwide by TIME Magazine. Centered along Madison Street, Skid Row was “largely an unchecked haven for alcoholism, poverty, crime, and down-and-outers from all walks of life.” Consisting of mostly single-room-occupancy hotels, taverns, alcohol stores, and cheap restaurants, the area accommodated those of Chicago’s lowest socio-economic classes, some of which established a semi-permanent presence on the block. Police rotated through the neighborhood day and night, with shifts mainly consisting of picking drunks off the streets and out of doorways.

To the north, Fulton Market and the surrounding industrial area were in the middle of a slow decline. While meatpackers, other food

---

2.2 Skid Row as seen in 1960, featuring a restaurant with hot dog and whiskey deals.

food producers, and clothing manufacturers maintained their presence in the area due to its proximity to their target markets in the CBD, heavy industry dispersed mainly in line with deindustrialization trends across most of urban America. To the south and west, urban renewal efforts would soon target poorer tenement neighborhoods. To the east, the construction of the Northwest Expressway in the late 1950s demolished tenement houses and sliced the area off from the CBD. Isolated and slowly dilapidating, the entirety of the West Loop suffered from economic malaise and a lack of direction or capital for its future development.

Uncertainty over this area resulted in a series of master plans issued by the City, starting with the area’s inclusion into the Development Plan for the Central Area of Chicago during Daley I’s first term as mayor. The Plan’s dreams for resurrecting the urban industrial sector fell short without private investment; subsequent plans slowly softened their stances on maintaining the Near West Side as a manufacturing hub, reflecting the realities of deindustrialization. Meanwhile, the lack of continued private investment in the neighborhood led to widespread real estate availability, manifesting itself in dilapidated and abandoned properties ripe for demolition or reuse. It was not until the 1980s that the area received some level of private investment, which would shift the neighborhood in a direction unanticipated by those in any planning office.

THE MASTER PLANS OF THE 1950s AND 1960s

In 1958, the City of Chicago’s new Department of City Planning, created during Daley I’s first term, prepared its Development Plan for the Central Area of Chicago. The City described its mission as providing “the unlimited opportunity for a rich and varied life that only a great city can give.” Its main conduit for doing so would be through the redevelopment of blighted industrial and commercial areas surrounding the CBD. Among its significant proposals included the creation of a new government center downtown and the relocation of the University of Illinois at Chicago from Navy Pier to a former industrial use area in the South Loop and Dearborn Park neighborhoods.

Tucked into this 54-page proposal were two paragraphs about the Near West Side. The first argues for limited redevelopment of light industrial and commercial uses for the entire area. The second notes the abundance of “blighted residential portions and submarginal commercial
and industrial development” that should be cleared, leaving available land for “construction of modern buildings, with adequate off-street parking and loading space.” Daley’s plan aimed to convert the West Loop into a wholly industrial and commercial space, removing any residential components from the area and leaving it as an industrial complement to the CBD.

This plan was not followed by Daley I’s administration, which instead solely focused on investments in the CBD to facilitate Chicago’s evolution from a slowly fading industrial powerhouse to a corporate-centric global city. However, this plan did form the basis of later, more localized plans, including the late 1960s Central West Redevelopment Plan. Its goals at the time were to spur development through new housing developments, high-density development at transit nodes, new commercial zones, and the provision of land for public spaces — designations at odds with the industrial uses outlined in the City’s 1958 plan. This new redevelopment plan stood through the early 1990s as the City’s agenda for the area immediately west of Fulton Market, but through a series of amendments and in the face of shifting development trends — namely a lack of private investment and the stubborn presence of industrial uses — the plan was rendered irrelevant by the early 1990s.

MADISON-RACINE REDEVELOPMENT PLAN, 1976

Starting in the 1970s, the City began to scrutinize the Near West Side as Skid Row became a prime target for urban renewal. The Madison-Racine Redevelopment Plan was released in 1976, striking at the heart of Skid Row along Madison Street. A summary of the report published in 2000 recalled that the area’s land use was made up of “mixed-industrial, commercial/service, retail/wholesale, residential, single room occupancy uses, and parking/storage lots,” with a number of vacant lots interspersed. This area described was a sub-section of a larger area defined by the City as an Urban Renewal Area, which wholly suffered from older, obsolete structures in very poor condition, thus requiring a more “intensive acquisition plan by the City.” Although there had been some private and public sector activity in the area, it was not enough to have made a significant impact on reversing the area’s ‘blighted’ condition, which included issues of deterioration, excessive vacancies, the existence of structures below minimum code, and excessive land coverage.

As passed in 1976, the Madison-Racine Redevelopment Plan
proposed a general redevelopment initiative that would work to retain and strengthen businesses, remove obsolete and substandard buildings, provide marketable land for commercial and industrial development, and redesign a street system that adequately provided space for parking, traffic flow, and loading. Its goals were ambitious for an area that had received minimal public investment for decades. Less than a year after the plan was published, the Area was redesignated as a blighted commercial district, signifying that the plan was unlikely to substantially impact existing conditions.

In the 1980s, the City commissioned several studies, including the West Loop Adaptive Reuse Analysis Plan (1983) and the West Loop Task Force Report (1985), in an attempt to solve these longstanding issues. However, both neglected many areas of the Near West Side and Randolph/Fulton Market in favor of more well-known areas closer to downtown, such as Greektown along Halsted Street and areas across the expressway closer to the CBD. The West Loop continued to languish in its dilapidated condition as resources and attention were focused elsewhere. A 1988 report on the area indicated that despite these plans and attempted action, the Madison-Racine Redevelopment Area had “not been subject to comprehensive redevelopment through investment by private enterprise and it is not reasonably anticipated to be developed in a comprehensive manner without the adoption of a redevelopment plan and project.” Without significant investment occurring and with
overlapping, competing, and contrasting visions for the area pushed by the City throughout this time, Skid Row sat as it always had: a no man’s zone, with no one to take stewardship over it.

REAL ESTATE TRENDS PLAN, 1988

As the City’s and citizens’ patience towards Skid Row strained thin and political pressures rose over decades, calls to re-develop the area came at the same time as calls for investment in Fulton Market and other areas. In 1988, a Real Estate Market Trends report was prepared for the DPD, which subdivided the Near West Side and areas further south into six districts that reflected present and future development trends. With Randolph Street as a delimiter, the area north of Randolph was designated as an area to attract storage operations and other businesses suitable for an older industrial area. The area south, including Skid Row, was to be marketed as a business district that could compete with suburban rent levels, alongside new townhouses and convenience retail development.\textsuperscript{90}

While written before the time that the term was popularized, the 1988 Real Estate Trends Plan was the earliest sign of the ‘work, live, play’ mixed-use model that has been developed in the West Loop. Although this vision was articulated only for a small, rectangular area roughly spanning one-half of a square mile, the emphasis on parallel commercial and residential development adjacent to industry and in proximity to the central business district are the same ingredients that have been identified as essential to the ‘work, live, play’ model adopted widely by American cities currently going through modern renewal efforts. Building on this was Randolph’s designation in the plan as a food-and-related businesses corridor, promoting increased consumer activity through improved streetscaping and access. Envisioning the Near West Side as an emerging community and a potential leisure destination for the city’s residents, the plan additionally suggested holding a farmer’s market during non-rush hours to highlight the area’s historical and current connections to the food industry.

PRIVATE DEVELOPMENT INITIATIVES

Despite the number of policy frameworks coming out of City Hall in the mid-20th century, one of the main uses still unaddressed by plans for the West Loop at this time was declining industrial activity and
employment. Manufacturing was a significant employment sector through the mid-20th century; at its peak in 1967, the sector employed over 1 million people in the Chicago metro area.

Save for a 9-year period between 1958 and 1967, manufacturing employment in the City of Chicago steadily decreased from 668,000 jobs in 1947 to 221,000 in 1987, decreasing at a rate three times faster than Chicago’s overall population.91 While the food products sector, which dominates Fulton Market and the remnants of the West Loop’s industrial base, performed better than other industrial sectors in the latter half of the 20th century, employment in food products was still down 43% across Chicago from 1967 to 1990.

This decline in inner-city industrial employment and increased industrial suburbanization left many buildings and open lots ripe for investment. Although many at this point had written off the West Loop as an area not worth investing in, there were a few entrepreneurial developers, artists, and businesspeople who were lured to the area due to its proximity to the CBD. Their original projects, albeit small in scale and capital in comparison to what was to come, would be proving projects that would guide the future of the West Loop for years to come.

It is worth noting that despite deindustrialization and the general economic malaise that had afflicted the area, the area still had a very decent built environment, albeit one needing a bit of aesthetic improvement. The brick loft-style buildings that had housed small and large manufacturing facilities alike had done well in standing the test of time and were well suited for adaptive reuse projects.92 Thus, it was only time until someone would fill these buildings, and the answer would soon come in residential and artist live-in and studio conversions.

In “Loft Living,” Sharon Zukin93 tracks the beginning of loft-style conversions to the 1960s and 1970s when it became fashionable in Western European capitals and large American cities to live in former manufacturing spaces. These spaces opened due to the erosion of the urban manufacturing base, influenced both by deindustrialization and the suburbanization of manufacturing operations. Initially, loft spaces appealed to artists and similar creatives, who appreciated the ability to create live-in studio spaces. The low rents in these areas helped to compensate for the relative inconvenience of living in a non-residential or mixed-use area, as well as the negative quality of life influences that could come from living in the middle of an industrial area. By the end of the 1970s, the secret was out, and the economic and aesthetics of “loft living” were reshaped from accommodating grungy artists to those
seeking a “bourgeois chic” vibe. Increased demand for residential lofts shifted the consumer landscape from artists to investors, looking to flip cheap real estate to create a new style of living catering to the tastes of wealthier clients.

Chicago was resilient to the loft living phenomenon until the 1980s, namely due to a perceived lack of available real estate and the strict zoning observed in many industrial areas. However, for the more entrepreneurial or risk-oblivious, loft living represented a new frontier in urban redevelopment and a potential scheme for getting rich. The first loft conversions hit the West Loop market in 1988, stuck between the industrial areas of Fulton Market and Randolph to the north and Skid Row to the south. However, the first permanent residents to the area would be the first in a deluge to come.

ANNIE PROPERTIES

Chicago’s pioneers in the loft-conversion market were Lewis and Anne Kostiner. Moving into real estate for the financial stability it offered over their previous experiences in the art world, they worked on several projects on the city’s North Side before deciding to explore another market. Originally from the Little Italy neighborhood, situated south of today’s West Loop, Anne knew the area through its reputation for unruliness and from personal experience photographing the meatpackers and produce markets in the area. Their first business visit did little to change their opinions, seeing a mix of abandoned buildings and small businesses, including florists, kitchen equipment, and paper suppliers. The neighborhood was mostly emptied out by the evening, the neighborhood abandoned save for prostitutes and those stuck out on Skid Row.

For two reasons, the couple was sold on what would be their first purchase, a 140,000-square foot, 5-story timber and concrete building at 1327 West Washington Street. First, gazing out on the Chicago skyline from the building’s roof made them realize that its proximity to the CBD could be incredibly attractive to those willing to try out a new neighborhood. Second, the neighborhood’s industrial and manufacturing roots meant that most buildings were quite solidly built. Given the building’s strong and stable structures and the sturdiness of their facades, only the interiors would have to be redone to make them habitable, making these projects much more financially viable than comparable new-build proposals. These factors made the neighborhood ripe for
2.4
A recent photo of 1327 West Washington, which is still a loft apartment building.

After their initial purchase in 1988 and with their limited capital, they went on a small shopping spree and began to imagine the future of their buildings: high ceilings, expansive spaces, and an overall funky industrial loft vibe. Industrial adaptive reuse projects were not wholly new to the Chicago market at this time; the River North area had seen a few plants and manufacturing buildings converted to loft-style office and gallery spaces in the 1980s, while artists had personally converted loft galley spaces into live-in gallery and studio spaces. The few residential loft conversions that had been done would be considered rudimentary today; a Chicago Tribune article from 1990 complains that the “long, windowless walls” meant that tenants often dealt with “artificial lighting and skylights,” diminishing the appeal of these projects. The Kostiners’ projects were different, with tenants’ needs guiding their development. Whether it was parking, in-building laundry, 24/7 security, air conditioning, outdoor spaces, or attracting restaurants and commercial activity to the area, the Kostiners saw their projects as preserving Chicago’s manufacturing history and as one part of a greater re-development project for the Near West Side.

The Kostiners converted several buildings in the early 1990s and were successful at personally attracting businesses to the area for their re-development; there simply had to be someone to do it.
tenants to frequent, including the fledging Wishbone takeout spot described below in the Restaurant Row section. Their work, however, was done without input nor guidance from the city, which led the Kostiners to personally lobby City Hall to give the Near West Side some attention. As there were very few permanent West Loop residents at this time, public infrastructure in the area was pitiful at best, if not nonexistent. Garbage pickups were infrequent, walk and stop signs were missing, sidewalks had gigantic cracks and chunks missing, and illicit activities overran public gathering spaces. Anne Kostiner submitted a video to Mayor Richard M. Daley’s office (Daley II) with the Kostiners’ vision for a new, mixed-use, revitalized West Loop. The video starts with what Alderman Walter Burnett Jr. remembered as, first and foremost, a call for sidewalks — echoing Jane Jacobs and other urbanists’ arguments for sidewalks as the core public spaces and fabric of a neighborhood. Intrigued, City Hall was convinced to dedicate some funds to public infrastructure improvements in the area, which the City quickly doubled down upon after winning the right to host the 1996 Democratic National Convention.

The Kostiners’ lofts attracted young middle-class professionals from Lincoln Park and other more upscale professional neighborhoods, as well as more artsy types that could well utilize the large loft spaces being marketed by their company, Annie Properties. The Kostiners eventually expanded into condo conversions as well, and this more permanent population likely laid the foundation for continued neighborhood improvement. The pace of development certainly sped up as other developers witnessed the Kostiner’s success and wanted their own share of the market. Looking back, Anne and Lewis agree that if they hadn’t rehabbed the old industrial lofts starting in the 1980s, the buildings would have been torn down. It was hard for developers or City Hall to look past the reputation of Skid Row, but less than a decade later, condo developers were scouring the area for conversion projects.

By 2000, the Kostiners were finished with the real estate business, facing increased competition from wealthier and more established real estate developers who had begun to pay attention to the West Loop. They sold their portfolio to American Invesco, a large condominium developer based in Chicago, and quietly slipped into retirement. Regardless, their legacy lives on in having proven that three decades ago, the West Loop was worth taking a second look at, and taking on significant risks in creating a proving project for the West Loop’s future beyond industrial use.
HARPO STUDIOS & OPRAH WINFREY

In January 1984, a new host of “AM Chicago” on WLS-Channel 7 took over from a previous job in Baltimore. Before the end of February, she had become the most popular daytime host in the Chicago market, described as a “love at first sight” relationship between her and the city. This woman was Oprah Winfrey, who would go on to be named one of the most influential and famous women in the entertainment industry, touching the lives of millions.

In 1988, Winfrey led a small team of investors to purchase a TV and film production facility on the Near West Side. Originally built in the 1950s and described as an old-armory-turned-film-production facility, the 88,000-square-foot complex at 1058 W Washington Blvd covered an entire city block with three television and film studios. Winfrey said that she was first attracted to the area because of its potential for development. “Industry in this city has to move west because there’s no place left to go,” she said. “It’s a great area for development, a great area for real estate investment, as well as a great creative investment.”

The City was ecstatic, seeing the acquisition and the $10 million in improvements to the site as a potential boon to the City’s attempts to encourage industrial development in the area as established in the 1988 Real Estate Trends Report.

When Harpo opened in 1991, people considered the studios and the few restaurants in the area, notably Wishbone, as an “urban island.”

2.5
Harpo Studios, pictured before its 2016 demolition.
Joel Nickson, one of the co-founders of Wishbone, remarked that during the liquor license approval process, the only neighbors he would have to notify would be the men who slept at the homeless shelters or flophouses dotting the area at the time. In a 2015 interview, Winfrey remarked “we were here [in the West Loop] when there was nothing but hoes and rats on the street.” Nevertheless, the site allowed Harpo Studios to boom in its production of both Winfrey’s daytime talk show and other ventures. When the studio officially opened, Winfrey was taping up to 220 talk shows each season, bringing hundreds of people during weekday tapings to the neighborhood. Local media estimated that about two-thirds of her visitors came from the Chicagoland area, and one-third of viewers came from out of town, bringing regional, national, and international audiences to the Near West Side. The studio’s qualification for point of interest signs on the city’s roads by 1995 signified that it had met the 200,000 annual visitor threshold, a major feat for a site in a run-down, industrial neighborhood.

More importantly for the neighborhood’s overall development, this semi-permanent population of employees and consumers that Harpo Studios cultivated resulted in stores and restaurants springing up on the few
blocks around the campus to support their needs and wants. More importantly for the neighborhood’s overall development, this semi-permanent population of employees and consumers that Harpo Studios cultivated resulted in stores and restaurants springing up on the few blocks around the campus to support their needs and wants. While the residential boom of the time was not directly tied to Harpo – although overall gentrification pressures, especially related to the provision of social services on Skid Row were – Harpo’s spotlight on the Near West Side undoubtedly raised its profile. Although Oprah denied that the studio’s possible benefits for the city were ever considered in her plans, many credit her as being a huge benefactor in helping people realize that the Near West Side was worth considering for development.

After twenty-five seasons, the Oprah Winfrey Show broadcasted its last show on May 25th, 2011. Those in the West Loop saw it as a bittersweet ending. Business owners in the West Loop said that although crowds would be thinner, the neighborhood itself had developed enough to support itself. Julie Serrano, a manager at a marketing and printing company in the West Loop, said that “it is almost like the West Loop (has been) a little kid on training wheels, and now [is] being sent off.” Harpo Studios fully moved its operations to Los Angeles by 2016, and the site was sold to Sterling Bay, a local developer, for $32 million. Original plans for the redevelopment of the site included a combination of office, restaurant, retail, apartment, and hotel elements; the site today hosts the global headquarters of McDonald’s, a Walgreens, and several smaller corporate offices.

RESTAURANT ROW

Similarly attracted to the area because of its potential for development, cheap real estate, and “industrial chic” aesthetic, restaurateurs began to descend on Randolph Street in the early 1990s. Jerry Kleiner has been credited with starting what is today known as “Restaurant Row” on Randolph, one of Chicago’s premier culinary strips. Living in an Annie Properties loft at the time, Kleiner saw opening restaurants and clubs as a way to give people in the West Loop a place to go out, in addition to attracting attention from around the city. His first restaurant, Vivo’s, opened up on Randolph in 1991. Seeing the area as artistic and “on the edge,” attributes that would attract a younger crowd looking for the next big thing, two more restaurants by Kleiner and his partners would open within the next five years.
Randolph Street’s location, close to the CBD and adjacent to highway access to the United Center, was credited with elevating its profile with Chicago Bulls fans during the team’s 1990s ascension. By the end of the decade, most restaurants were packed. Chicago Magazine opined, “An excitement so charged the air that all you had to do was say ‘Randolph Street,’ and there was some vague expectation of fun.”

South on Washington Boulevard, Wishbone Restaurant opened in 1992. Its first location opened two years prior in the West Town neighborhood, but Lewis and Anne Kostiner convinced the owners to open up a bigger restaurant near their loft conversion projects, giving their tenants a place to eat and Wishbone a bigger location than they ever imagined. The Southern food restaurant was a hit, not just with locals but with those from across the city. Oprah’s audiences and staff filled seat after seat, workers from nearby union headquarters would stop in, and Wishbone became the place-to-be for meatpackers and produce workers getting off their shifts early in the morning at 7 am. Nickson estimates that by 1994, Wishbone was serving 700 people for breakfast on Saturday mornings.

Restaurant Row and the culinary industry helped propel the West Loop’s meteoric rise in two ways. First, the popularity of its restaurants put the area on the map as a regional culinary attraction, helping the area overcome the stigma of the Near West Side’s then-gritty and

An undated photo shows Wishbone as it opened in the West Loop in the early 1990s.

impoverished image. Even as late as 2005, reviews of restaurants in the West Loop described the neighborhood as a “rough part of town” filled with “too much truck traffic,” but its rising status gave people enough curiosity to take an opportunity to experience the area, being a part of a vision for the West Loop beyond its industrial uses at the time. Second, it gave people a reason to move and stay within the West Loop, providing a commercial base that would be able to hold the neighborhood together, giving nearby residents a place to eat and gather. Similarly to Annie Properties’ innovative residential loft conversions, Restaurant Row’s success was a way to uphold the historical food-centric nature of the neighborhood while developing a crucial part of the West Loop’s mixed-use urban fabric today.

DISCUSSION

The bold master plans that emerged from City Hall in the 1950s and 1960s reflected a sentiment across urban America that the urban industrial and manufacturing base would continue to play a dominant role in urban economies for the foreseeable future. Importantly for Daley I’s administration at the time, these plans also reflected confidence in the organized labor and manufacturing coalition that had consistently backed him on the city’s political scene. Even though, by the mid-1970s, it was clear that urban industrial employment would continue to fall and a new vision would be needed to ensure the economic success of currently industrial-heavy areas, there was little movement nor innovative thinking to change the status quo, reflecting both the wish to maintain an urban manufacturing sector and to not upset Daley’s political coalition.

After Daley I’s passing, the flurry of plans for the West Loop that came out through the 1980s reflected clashing political philosophies in City Hall and confusion over what the neighborhood should look like in a post-urban industrial world, whether or not City Hall was able to admit that this was the future. Although by the late 1980s, City Hall was ready to concede that industrial development on the Near West Side would likely be constricted to the more heavily utilized areas around Fulton Market and north of Randolph Street, it likely did not anticipate that the initial steps towards a new, mixed-use development vision for the Near West Side would take such a strong hold south of Randolph.

Amid the City’s clashing visions for the neighborhood, it is notable that development at this time was solely undertaken by private initiatives, interchangeably between residential developers and
commercial entrepreneurs. The City’s lack of cohesive plans for the area, and reluctant support after Anne Kostiner’s personal pleas to Daley II’s administration, reflects a more reactive policy framework that is reflective of City Hall’s overwhelming focus on CBD development rather than neighborhood development from the mid-20th century thru the 1990s. Between Anne Properties, Harpo Studios, and Restaurant Row, it was private investment and stimulus that would continue to drive the economic development of the area.

The beginning of adaptive reuse projects in the area also represents a significant turning point. As Zukin notes, once a loft is converted to residential use, it cannot be converted back to industrial use.\textsuperscript{116} Loft conversions were not simply a threat to industrial uses but could mark the death knell for the dream of an urban industrial resurgence; their conversion was permanent in a way that the de facto abandonment of many of these properties was not. However, given the desolate economic situation of the 1980s Near West Side, combined with a non-cohesive vision from City Hall and a lack of a permanent population base that had the organizing power to influence development in the area, these first developments were the start of what would be a non-reversible movement towards a mixed-use future for the West Loop.

\textit{Past the “Potemkin Village”}

By the mid-1990s, Chicago’s West Loop was finally getting a place on the City’s agenda. Between the increasing number of proposed residential loft conversations, the hundreds of guests pouring into Harpo Studios on filming days, and those visiting the area’s restaurants and nightlife, the momentum of development in the neighborhood was hard to ignore. What used to be a barrier between the CBD and further-flung neighborhoods was suddenly a destination itself and a conduit to access other large-scale public development initiatives, such as the new United Center arena west of Ashland on Madison Street. Soon, the City would determine that the West Loop would require a facelift – if not structural change – to accommodate the hopes and dreams that many had for the neighborhood.

Development trends during this time played out block by block, with zoning, current inhabitants, industry, developers, and the City’s plans all taking a role in influencing the neighborhood’s initial development path. Randolph Street became a strict delimiter between protected industry to the north and new mixed-use development to the
south. Madison Street took center stage during the Democratic National Convention and would house much of the up-and-coming development, especially commercial uses that could support the growing number of residents. Washington Street’s large (and mostly underutilized) industrial lofts would be a staging ground for residential conversions, building a population that would define the neighborhood.

By the turn of the century, the city would seek to have it both ways: protecting its urban industrial dreams through the implementation of protectionist zoning policies while allowing relatively unfettered development to happen outside of the Fulton Market area. Its actions would set the lines for future conflict; but the sky would continue to be the limit for new projects proposed in the West Loop.

**INDUSTRIAL PROTECTIONISM & PLANNED MANUFACTURING DISTRICTS**

Across Chicago in the late-1980s and early-1990s, industrial businesses and City Hall were beginning to realize the threat that conversions of former industrial property posed to the remaining urban manufacturing base. Because of the outsized position that organizing labor and manufacturing has played on Chicago’s political scene, combined with a general desire to maintain what were perceived as good-paying, blue-collar industrial jobs in the city, the City and its public agencies began to put forward a series of plans that would protect industrial jobs through innovative land use policy.

Planned manufacturing districts (PMDs) are a zoning designation in Chicago that preserve large tracts of existing industrial-use land exclusively for that purpose. Passed in the late 1980s by the City Council, the City’s Zoning Ordinance defines the purpose of a PMD as to foster the city’s industrial base, maintain a diverse economy, strengthen existing manufacturing areas to encourage further private investment, and help plan and direct city programs and initiatives to promote local industrial growth.117 Amid the increased displacement of industrial businesses and new conflicts regarding land uses brought on by new loft conversion projects, this land use policy was seen as a way to prevent real estate speculation in industrial-heavy areas that would push manufacturing facilities and plants out of the city, while keeping their costs, namely those related to property values, artificially low to offset the costs of doing business in the city. Ideally, these would maintain local, middle-class industrial jobs amidst a large-scale shift towards a service-based economic
development strategy that had defined Chicago since the mid-1950s.\textsuperscript{118}

There are two aspects of PMDs that both protect manufacturing and allow caveats for future development. First, after a PMD is approved by the City and the City Council, planned development (PDs) are the only way for non-PMD approved use projects to be proposed for an area. PDs must go through a two-step approval process similar to zoning changes, first being informally approved by the alderman and the City’s planning department before formally being granted by the City Council. This invites additional opportunities for public and government scrutiny of the project in question, which is essential when considering the proposed developments’ effects on already vulnerable industrial zones. However, the increased involvement of aldermen in the PD approval process in comparison to regular zoning changes raises questions about the role of aldermen and their relationships with developers whose projects are going through the approval process, which could have a positive or negative effect on existing industrial businesses and zoning.

Second, PMDs’ district-wide nature limits real estate speculation in industrial areas that have potentially attractive alternative uses, which keep the value of land artificially low. While this works to maintain industrial operators in the area, this also means that they make it a ripe target for potential investment by developers later on if they see a potential PD project as an avenue for profit. Notably, the existence of PMDs has encouraged developers to choose industrial buildings directly adjacent to the PMD for conversion, artificially inflating land values around the PMD. This, in turn, can put additional developmental pressures on the PMD that could encourage industrial users to bail on the district anyway, given the huge profits that could be gained through selling their properties. One real estate developer remarked to me that, for instance, within the PMD that houses Fulton Market, “businesses that were getting fairly marginal [in their operations] were getting offered upwards of $10 million for their land, more money than they would make in decades in the business.”\textsuperscript{119} While PMDs protect businesses in their current states, they do not take into account future planning and circumstances that could make it relatively untenable for businesses to continue operating, even with the benefit given to them through these advantageous land use frameworks.

As policy solely focused on land use, one perspective that PMDs cannot address is the lack of support to ensure the jobs that they protect are accessible or attractive to potential employees, whether it be salary or living support. During the debates over the passage of PMD 1, based
around the Clybourn Corridor in the late 1980s, a Hispanic area resident and worker said that he used to have a cheap apartment in the area, which was “now $1700 and the job where I had a good union wage is now a condominium […] The choice is this: working at a good manufacturing job or working at a service industry job to get McDonald’s wages.”

Although focused on the dynamic between service jobs replacing manufacturing ones in urban areas, the issues being identified may not be simply based on protecting manufacturing jobs as much as it is a crisis of affordable living in the city. Regardless of the PMD’s efforts to keep costs low, it has limited effects on the operational structure of the businesses it is protecting, lacking the more structural change that may be needed to ensure the longevity of the urban industrial base.

PMD 4, also known as the Kinzie Corridor, was enacted in 1998 by the City. It was prompted by the increased level of re-development observed adjacent to the Fulton Market meatpacking and light industry area since the late 1980s and early 1990s. The Kinzie Corridor is different than other PMDs passed before or after it because of its smaller-scale buildings, light industrial uses, and the presence of mostly family-owned and small businesses. This stands in stark contrast to the larger complexes and heavy industrial uses that continue to characterize most PMDs. Its built landscape reflects the era in which the district thrived: mostly one- or multi-story brick warehouses and factory buildings dating back to the late 1800s or early 1900s, different from current manufacturing and logistics firms’ preferences for large, single-story modern buildings that simplify their operations. However, the PMD was deemed necessary to stem the flow of businesses out of the Kinzie Corridor to other areas of the city or suburbs, as well as to appease the strong labor base of manufacturers, meatpackers, and food service businesses in the area.

Each PMD has a list of specific industries that are allowed to operate within the bounds of the district without special permission or zoning allowances from the city. In the Kinzie Industrial Corridor, where the West Loop and Fulton Market areas are located, these include businesses from art galleries and daycare centers to machinery sales and slaughterhouses. This reflects the encroachment that industrial and manufacturing businesses perceive from the cultural sector and more service-based businesses, given their presence in the neighborhood and under the allowed uses. However, the most important thing for them was a ban on further residential and commercial development, which was in line with the PMD’s mission to protect manufacturers from encroaching development.
Although PMDs protect industrial areas from residential and commercial encroachment, their implementation plans do not clearly outline long-term plans for public investment and the encouragement of further development in these areas. Four years after the passage of the first PMD in 1988, the City prepared a report on ‘Corridors of Industrial Opportunity’ that would be considered the City’s highest priority areas for long-term development and investment. The main tool for maintaining these corridors’ industrial character would be through the re-zoning of all non-industrial properties to industrial zones, as well as prohibiting the future re-zoning of industrial land to non-industrial use, except through a Planned Development proposal. The West Side was the first to have corridors designated, and the City’s plans specifically targeted the Near West Side, encouraging new public and private investments within, and the expansion of, Fulton Market. As part of the plan, the city would additionally work towards increasing truck clearance in the area and improving major traffic routes to alleviate future congestion, adapting the built environment to accommodate modern industrial uses and operations.

DPD doubled down on the area’s food product and industrial history in its 1995 Chicago Food Wholesaling Market District Revitalization Feasibility Report, which focused on promoting private redevelopment and modernization efforts, implementing infrastructure improvements, arranging development and redevelopment incentives, creating a unique identity for the market area to distinguish itself from ongoing development in other parts of the Near West Side, and developing the eastern and western halves of Randolph Street with food service businesses and wholesale food distribution businesses respectively. In line with recommendations from the ‘Randolph Street Market Planning Report’ published the same year, and with preparations for the 1996 Democratic National Convention, the City completed extensive street and streetscape improvements on Randolph Street.

In 1996, the Kinzie Industrial Corridor entered the planning literature through its identification by the Industrial Council of Northwest Chicago’s Strategic Plan. The plan recommended turning the corridor into a modernized, urban industrial area to protect its current uses while encouraging further business expansion and attraction. The study’s findings revolved around the need to improve, stabilize, and develop the Randolph Market as a wholesale food distribution center first and foremost. The Kinzie Industrial Corridor was shortly thereafter implemented as official land use policy, restricting land use in the area to
2.8
A diagram labeling the city's declared industrial corridors and planned manufacturing districts (PMDs).

industrial uses only. This Strategic Plan, the 1995 Feasibility Report, and the original 1992 Report on Industrial Corridors became the three bases upon which PMD 4 and its accompanying tax increment financing district were passed in 1998.

EYES ON THE WEST SIDE: THE UNITED CENTER DEVELOPMENT

Although outside the defined boundaries of the Near West Side, one of the first major public investments in the area since the 1960s came from the traffic that would flow through it. The United Center, home to the Chicago Bulls and Blackhawks sports teams, opened its doors in 1994, replacing the aging Chicago Stadium across Madison Street. Sold to residents as a catalyst to rejuvenate the Near West Side and encourage development around what was a derelict neighborhood at the time, the stadium was built entirely with private financing organized by the owners of the Chicago Blackhawks hockey and Chicago Bulls basketball teams, which both continue to play at the Center today. The city and state spent $20 million in infrastructure improvements near the arena, some of which extended into the Near West Side along the Madison Street corridor.

The United Center was simply one part of Daley II’s efforts to expand the Loop, beautify it, and build the CBD and the city’s economic resilience. Beyond bringing in fans for two separate sports seasons, the stadium also played host to the 1996 Democratic National Convention, described in detail below. Although Daley framed the United Center as the “first step in the rebirth of the Near West Side,” much of the neighborhood’s transformation came from sources outside the arena’s development, mainly in subsequent public investments in the surrounding area and the city’s attempts to guide development.

DALEY II’S “POTEMKIN VILLAGE” AND THE 1996 DEMOCRATIC NATIONAL CONVENTION

When Chicago was awarded the rights to the 1996 Democratic National Convention (DNC), many thought back to the last time the city had hosted a DNC event. The social unrest that marked the 1968 conference had marred the city politically since, and the pressure was on to put on a good show. As part of its bid for the convention, Chicago proposed that events would occur in the then newly constructed United Center, located further west of the CBD than the West. CNN’s pre-DNC reports
described the United Center as “a 23,000-seat sports complex in a run-down neighborhood,” providing an early look at the optic and PR challenges that would need to be overcome for the West Loop to shine by 1996.\textsuperscript{129}

While the West Loop had been going through some private-led re-development by this time, it was not happening at a pace fast enough for the Daley administration to be satisfied, at least visually. The two main targets for re-investment were the main arterial roads linking the Loop to the United Center: Randolph and Madison Streets.

By 1996, the on-street Randolph Street Market had only been closed for a handful of years, yet wholesalers and manufacturers still had a significant foothold in the neighborhood along the former market’s boundaries. The city spent $5.9 million on a renovation project to reduce the number of lanes for through traffic from three to two, also installing medians filled with trees and shrubs to separate these lanes from the newly-built service drives for wholesale trucks. To add to the visual appeal, 40-foot tall steel streetlights with decorative cast-iron bases and ornamental lamps were added inside the medians. Critics saw these as beneficial for breaking down the vast wideness of the road in its post-market period, but its artificiality was clear as “it [tried] to endow a work-a-day Chicago street with a trumped-up monumentality.”\textsuperscript{130} This feeling of artificiality was only enhanced by these renovations ending at Randolph’s intersection with Ogden Avenue, from which a “brown traffic sign, with an arrow, [directed people] to the United Center.”\textsuperscript{131}

On Madison Street, a similar set of improvements took place. The street was repaved, new sidewalks were poured, and 4-foot wide concrete planters were placed in the median. Their emptiness in adding to the environment, however, was embodied by city planners’ descriptions of them as “coffins.”\textsuperscript{132} Madison also received the Antique-style lamp treatment, yet these improvements were also not extended west past the United Center, providing a very tangible indication to where the City’s priorities were.

Although these improvements were some of the first investments in public services the area had seen in decades, it is still debated whether these were actually put in place to be anything more than eye candy for convention delegates and media passing through the area on their way to the convention center. Indeed, the DNC’s own transportation plans indicate that no “official” accommodations were anywhere close to the stadium, with convention shuttles running non-stop between the United Center and the CBD.\textsuperscript{133} On Madison, there were reportedly a few
pioneering restaurants and hotels in the area, but more common were the pawn shops and check-cashing stores amid empty buildings. Critics called the improvements in the Near West Side as creating Daley’s “Potemkin Village,” using a façade to hide the more undesirable reality of the Near West Side at this time. However, some saw the DNC’s attention in the area as a huge benefit for the West Loop and other neighborhoods, putting in over a decade’s worth of improvements within a short time span.\textsuperscript{134} Daley spent more than $60 million to beautify the city; the artisanal streetlamps alone cost more than $1 million.\textsuperscript{135}

Despite these relatively hollow investments, the DNC helped put a national spotlight on the West Loop and raise its profile in the eyes of developers. It was clear from here that the City saw promise in the West Loop, but they did not have a plan for how to encourage actual substantial changes in the area’s residential, commercial, and industrial makeup, save for the realization that they could likely not do it alone. Thus, while these investments served as a vote of confidence in the area — and to put on a façade for the world — it was going to require a lot more to lift the area out of its economically depressed state.
TAX INCREMENT FINANCING DISTRICTS

Tax Increment Financing Districts (TIFs) are a public financing method for the improvement of local communities that are targets of or currently undergoing re-development. TIFs were designed by the state’s Tax Increment Allocation Redevelopment Act, which allows taxes to be levied by municipal governments in proposed redevelopment project areas to reduce “blight” and promote investment. These funds can be used for a variety of projects; some include building and repairing roads and infrastructure, cleaning polluted land, and putting vacant properties back to productive use in conjunction with private development projects.

In Chicago, the process of creating a TIF is entirely controlled by the City. First, an area must qualify as “blighted” (exhibiting blighted conditions) or a conservation area (at risk of being a blighted area). This is determined through an eligibility study that shows the area is at risk or meets one or more of the thirteen characteristics of “blight.” Additionally, a redevelopment plan is usually proposed at the same time, which describes the area’s eligibility for a TIF, the City’s development priorities, and the plans for the distribution of funds collected by the creation of a TIF. Next, the district is proposed in front of the CDC, which reviews it at a joint review board meeting comprised of public officials from any taxing bodies affected by the TIF district (including, but not limited to, the City, school district, Cook County, and other bodies) as well as public residents. After the Board votes, the TIF proposal is thrown back to the CDC in a public meeting, and the Corporation’s recommendation or lack thereof is transmitted to the Council for a final vote.

TIF programs work by freezing the amount of property taxes that governmental bodies can collect in a district for up to 24 years. At the time a district is created, the taxing authority calculates the total value of all real estate within the TIF, which is called the equalized assessed value (EAV). Any property taxes deriving from increases in property values over the EAV are sent into a TIF-specific account separate from regular tax collection. Money in each TIF district’s account is supposed to be spent on projects in that district, according to priorities set by the City. Common projects include public works projects, infrastructure and transit development, schools, job training programs, and small business loans, but a large portion of TIF funding also goes to for-profit, private development projects. In Chicago, several bodies have a say in the allocation of TIF funding, including DPD, CDC, and the City Council.
TIF-funded developments generally fall into two categories: for-profit projects that are not financially feasible without public funding, or projects that will not generate enough revenue and therefore need public funding to get off the ground. Redevelopment Agreements established between the City and developers receiving TIF funding are not allowed to use funding towards the direct construction of a private development but can be used for the acquisition of land, environmental cleanup, and site preparation — essentially, any of the steps before actual construction.\textsuperscript{139}

Although TIF funding is technically supposed to be invested into the district from which the funds originated, funds can also be transferred to adjacent TIF districts in a process called “porting.” In typical Chicago fashion, this turns TIF funding allocation into a political game in which aldermen must convince the City to spend the money in their TIF accounts (or adjacent ones) on the same priorities that they and their constituents have expressed. While each alderman gets approximately the same amount out of the public city budget to spend on infrastructure improvements — roughly $1.3m a year — TIF funding can significantly exceed that. From 2004 to 2008, the 27th Ward received an average of $47.8 million dollars a year in TIF funding.\textsuperscript{140}

**TIFs IN THE WEST LOOP**

The Kinzie Industrial Conservation Area TIF was proposed after the passing of PMD 4, which noted that because of the area’s unique makeup of local businesses and light industry, it has the largest number of firms compared to any of the City’s designated industrial corridors. The original proposal notes the increasing conflict between commercial, office, and residential loft demand with existing industrial and distribution uses in the West Loop and Fulton Market area. Major issues in the area cited by the City include “deleterious land use or layout,” depreciation of physical maintenance, obsolescence, a lack of community planning, and structures below minimum code standards.\textsuperscript{141} Due to the lack of large sites for new industrial development, congestion, and the high cost of doing business in urban environments, the TIF aims to maintain a level of public investment in the area that can accommodate production and transportation needs, compensating for the disadvantages that its regulatory and cost environment present to manufacturing and industrial businesses.

To the south, the Near West Redevelopment Project Area TIF
A map of the two TIF districts in the West Loop: the Kinzie Industrial Corridor TIF in light blue, and the Central West TIF in dark blue at the bottom. Red dots represent buildings or sites that have seen TIF investments; yellow squares indicate infrastructure improvements funded by TIF funds.


(now the Central West TIF) was expanded in 1996 to cover the industrial area around Randolph, essentially covering all parts of the West Loop not covered by the Kinzie Industrial Conservation Area TIF. Its objectives are vague in nature: improving the economic vitality of the area through sound development, creating job opportunities, encouraging the development of mixed uses, and achieving desirable changes in land use through coordinated public/private efforts.  

As the TIF system rewards districts that experience the most property value appreciation through increased development and demand, the Central West and the Kinzie Industrial Corridor TIFs are two of the highest-performing TIFs in the city, namely as they were established before the pots-2000 rush of development. Burnett said that the 27th Ward receives so much TIF money because of “the work we’ve done,” putting money into streetscaping and other neighborhood beautification efforts that can push up property values.  

Although there are areas within the West Loop not in either TIF district, they have still had TIF funding allocated to improvement projects. These funding streams are expected to continue as the Kinzie Industrial Corridor TIF has been extended to 2034; the Central West TIF is due for renewal this year.
Amid all of these developments, the City had still not released an updated plan for the entire West Loop that incorporated recent development trends. In February 2000, DPD commissioned a Real Estate Needs Assessment for the Randolph/Fulton Market Area to investigate significant redevelopment pressures in the area. The study found that 59% of businesses intended to stay in the area, while 41% of companies were likely to relocate. Additionally, public and road infrastructure issues in the Market area were leading to constraints on business operations, as well as conflicts between businesses and new commercial and residential developments.

In its wake, DPD commissioned the Near West Side Area Land Use Plan in 2000, identifying opportunities to improve the Near West Side’s land use mix, physical conditions, and transportation system. DPD identifies the area’s excellent transportation system and proximity to the Loop as reasons for its rapid growth, yet its “growing pains” stem from rapid residential development, conflicting land uses, deteriorating streetscape, traffic congestion, and limited parking. It defines the area’s character as active, mixed-use, and low-density, already setting a stage in which high-density projects would be discouraged. At the time, most of the area was zoned for shorter, smaller buildings; most of the study area was zoned at a FAR of 3.0 FAR, while the Fulton and Randolph Market areas are at an even lower FAR of 1.2, reflecting the one- and two-story old warehouses that characterized the built environment at the time.

The Plan notes that over 4,000 new or rehabilitated residential units had been developed, planned, or proposed, and there was a need to diversify housing opportunities with various sizes and building types. Their housing type suggestions include townhouses and single-family houses, reflecting the City’s wishes to keep the area as a lower-density area. More importantly, the City prioritizes commercial and industrial uses in the plan; the former to serve existing residents and tenants, and the latter to provide businesses that serve others in CBD with spaces to operate. Again, without stating it explicitly, the City is pushing for a mixed-use vision that can provide a foundation for a dynamic neighborhood.

Although the buildings targeted for reuse projects were in a decent condition, reflecting comments from real estate developers about the ‘good bones’ of the West Loop’s loft buildings, the Plan notes that many buildings and storefronts at this time had a dated appearance and...
needed façade and other aesthetic improvements. Notably, the City instructed that any developments or improvements be in line with the area’s low-scale density and increasingly residential character.

In its actual land use framework, the Plan reflected the City’s wishes to restrict high-density development to the east side of Halsted alongside the Expressway, as close to the CBD as possible. New office and commercial use were promoted in line with the Plan’s mixed-use vision, and Randolph and Fulton Markets were declared to be only industrial and commercial zones, again re-emphasizing that no residential development should occur north of Randolph. The plans emphasize that DPD is willing to work with any companies to improve their current industrial sites or relocate to nearby locations in the Kinzie Industrial Corridor, underlying the priority that DPD placed on protecting industrial production and operations in the neighborhood. In its descriptions of Randolph and Fulton Market, the Plan notably only focuses on improving streetscapes to facilitate future development without articulating any substantial plans for the area. This may have been strategic to not appear that they were favoring existing industrial uses over potential development but indicates additionally that there was uncertainty over how to treat the existing industrial uses of the area amid increasing demand for development and the political and economic considerations of urban industry.

DEVELOPMENT TRENDS AT THE TURN OF THE CENTURY

Many of the major multi-family and commercial real estate deals conducted during this time were for adaptive reuse purposes. Riding the loft demand of the 1990s and 2000s, combined with a steady supply of under-utilized buildings, it was much easier to convert existing buildings rather than incur additional construction costs by building a completely new structure. As loft buildings were bought up along Washington Street, developers began to head north towards Randolph and the recently declared Kinzie Industrial Corridor area. Disputes between the then-newly elected Alderman Walter Burnett, Jr. and developers came to a head, with merchants and manufacturers heavily petitioning Burnett to slow conversion projects for fear that enough companies would be pushed out of Fulton Market and the industrial base would collapse on itself. By 1999, Burnett had filed a measure in the Council that would result in a total conversion ban within the Fulton Market area, defined as anywhere in the West Loop north of Randolph. Daley II talked Burnett
into accepting a compromise where loft conversions could only take place if the unit size was equivalent to one unit per 2,500 square feet of lot size. While framed as a victory for Fulton Market’s faltering industrial sector, the dispute between Daley and Burnett would hint at the complexities that any development vision for Fulton Market and the West Loop would have to contend with.\(^{147}\)

Amid these tensions, new-build development also began to take off. On Madison Street, authors Costas Spirou and Larry Bennett counted eleven residential projects in the works in July 2000 between Halsted and Ashland on Madison, which consisted of a mix of reuse projects and new townhouses and low-rise developments.\(^{148}\) Most notable, though, was the opening of Skybridge in 2003, a gigantic two-tower complex rising 39 stories above the Near West Loop. On Halsted between Washington and Madison, it crashed records in height and scale, serving as a notable exception to the community-advocated building height limit of 9 to 10 stories. There were significant accommodations made in its design to incorporate it into the current neighborhood, including a two-tower design to break up its mass, retail space for a grocery store on the ground floor, and high-level amenities combined with its proximity to the CBD to attract young professionals and families to the area.\(^{149}\)

While it would be one of the only tall developments in the West Loop until after the 2008 financial crisis, it was simply a precursor of what was to come and a symbol of the continuing influx of attention and residents into the West Loop. By 2006, Burnett had again drafted a rezoning measure for the Fulton Market area to be limited to only
manufacturing and business usage after a developer sought to build a 40-unit condominium development in the middle of Fulton Market that would have abided by the regulations on minimum unit size as passed in 1999. Making matters worse, Fulton Market food wholesalers and Restaurant Row owners had begun to call inspectors on each other, escalating tensions further. With community organizations and developers both believing that the writing was on the wall for the industrial sector in Fulton Market, disputes would only continue for the time being.\textsuperscript{150}

\textbf{DISCUSSION}

Given the City’s lack of attention to the West Loop in the early 1990s, it is reasonable to assume that Daley II’s administration and planning office was caught relatively off-guard by the increasing popularity of the neighborhood and the threat it would pose to the remaining industrial base — both economically and politically. Through a flurry of public investment, such as through the United Center and 1996 Democratic National Convention-related improvements, as well as through the implementation of several innovative land use and taxation policies, the City was able to put its mark on the West Loop’s current and future development processes. Not only was the City able to stem, at least from a land use perspective, deindustrialization and the loss of manufacturing and industrial businesses, but it was able to set up a future land use framework to ensure the co-existence of a mixed-use neighborhood and industrial area together in the West Loop.

However, these plans were not enough to placate all involved parties and even potentially exacerbating tensions further. While the City and Alderman Burnett lined up behind manufacturers and long-standing businesses in the Fulton Market district, this political-industrial alliance was not enough to turn around the momentum of development away from the Fulton Market area, only encouraging repeated conflict through the 2000s. It is hard to hypothesize whether a stricter line on non-industrial development north of Lake Street may have placated industry more, yet the makeup of the Kinzie Industrial Corridor itself may have lent itself to why the conflict was inevitable. The Corridor’s smaller buildings and light industrial uses made it incompatible with modern manufacturing and logistics firms’ preferences for large, single-story buildings that could simplify their operations. Additionally, from the beginning of the establishment of PMDs, it was clear that light and
heavy industries had different opinions on the protection of industrial zoning. While heavy industry’s requirements for buffer areas necessitated the PMD to help protect their operations from future encroachment, light industry owners wanted the option to determine their futures, whether in business or selling to developers.\textsuperscript{151} While not all properties in the Industrial Corridor were subject to the restrictions imposed by the PMD, it is not hard to extrapolate that businesses within the Industrial Corridor were caught between wanting to continue their longstanding economic success while attempting to ignore increasing development pressures, leading to conflict that not even the City could mediate.

Overall, these protections for industrial use were not sufficient to protect manufacturing and other industrial jobs. From 2005 to 2013, major changes in employment occurred in PMD 4; overall employment was up 78\%, yet manufacturing employment was down 35\%. The biggest gains were seen in administrative employment, whose numbers shot up from 937 to an astonishing 7,555.\textsuperscript{152} The new dominant sectors are seen under the administrative category. Whether the City and industrial businesses in the West Loop liked it, the character of the neighborhood was changing. As foreshadowed in the 1988 meeting for the establishment of the Clybourn Corridor PMD, while the land of industrial businesses could be protected, the people they employed and the business’ operations themselves were at the mercy of external economic forces, threatening their long-term viability.

\textit{From Financial Crisis to Live, Work, Play}

Development in the mid-2000s showed no sign of abating between sustained demand for residential conversions, skyscrapers jumping the Kennedy to become part of the West Loop’s most eastern built environment, and new commercial development supporting those living in the neighborhood. Tensions dating back to the early 1990s continued to fester, growing more intense as industrial businesses felt only more threatened by the development being seen south of Randolph.

In 2008, the Global Financial Crisis brought everything to a grinding halt. Real estate investment trusts went into bankruptcy, with some never to emerge, too saddled by debt or upcoming loans to recover. One index of Chicago-area commercial property values dropped 42 percent between fourth-quarter 2007 and first-quarter 2010.\textsuperscript{153} Foreclosures permeated the Chicago area market, while vacant lots and abandoned projects dotted the urban landscape.
Yet, some real estate developers were able to capitalize on the negative market conditions to push further development. First publicized in deals focusing on the CBD and South Loop, this trend quickly spread to the West Loop, with some developers seeing this as an opportunity to venture into spaces that may not have been financially or politically feasible to develop. By the mid-2010s, Chicago’s real estate market was roaring back, and the City was put back on the defensive to guide development, reacting to market trends rather than fully being able to push its own vision for development. This time, however, the City had less leverage than in its pre-2008 state. With Mayor Rahm Emmanuel’s election, developers and private enterprises had someone in office who would work to push some of their interests forward.

A CRASH COURSE IN REAL ESTATE FINANCE

Speaking to developers about real estate finance has elicited two major lessons. First, real estate is a cyclical and economically sensitive sector; second, it is a capital-intensive business. The first does not have much to do with financing, except that projects need to have the right timing entering the market for fear that they may sit without tenants and depreciate. Cycle lengths depend on the market sector but typically correlate to the length of average leases. For instance, apartments may have anywhere from a one-to-three year cycle depending on the length of leases and taking into account an average of a year or two to construct, while offices have a much longer cycle length due to the longer leases and significant time to build and plan these projects.

The second has everything to do with financing a real estate project. The cost of capital, or the cost of attaining funds to develop a project, is one of the most important inputs into a development’s financial model, determining whether it can be a financially feasible project or needs to be sent back to the board. The cost of capital is related to interest rates set by the US Federal Reserve because the majority of capital used in purchasing and operating a commercial real estate development will be in debt — money borrowed to finance an investment. Typically, when interest rates are rising, developers will have to pay a higher interest rate on the money that they are borrowing; hence, the cost of acquiring that capital rises. When interest rates fall, developers pay less, meaning the cost of capital falls.\(^{154}\)

The capital stack consists of the different types, or layers, of capital that go into purchasing and operating a real estate investment. It
is a set of agreements that outline who will receive revenue generated by the development and in what order; they also outline who has the right to foreclose on the asset in the case that the equity owner defaults on the mortgage. The four types of capital, in lowest to highest priority, are common equity, preferred equity, mezzanine debt, and senior debt.

Common equity is often held by the developers, while senior debt is usually held by large investment funds, pension funds, or banks. Senior debt typically consists of around 75 percent of the total project cost, while common equity can comprise anywhere between 5 and 10 percent of the total project cost.

In the priority order, senior debt lenders will be paid before any other investor is given a return on its investment, and common equity investors will be paid last. However, common equity investors could end up earning the most profit because they receive the payment of everything left over after other investors have received their agreed-upon returns, while those holding debt simply have their debts repaid under the previously agreed terms.\textsuperscript{155}

Real estate developers are generally categorized into two different pools: institutional developers and individual developers. The former include folks such as Sterling Bay — one of the largest investors in the West Loop — whose capital often comes from pension funds and other financial institutions.\textsuperscript{156} They are likely to do many types of projects, regardless of the return profile, because their backers’ risk tolerance and expected returns are relatively low. In the other pool, individual developers can get their capital from a variety of sources and are likely to invest in only higher-risk, higher-return projects because of higher return expectations. While many of the original developers involved in adaptive reuse and new construction projects in the West Loop at this time were individual developers, there were a few institutional developers involved in projects on the outskirts of the West Loop, a sign that the real estate market in the West Loop was entering a maturing phase.

2008 AND BEYOND

When the Global Financial Crisis and Great Recession hit in 2008, economic investments came to a grinding halt. To encourage any type of economic activity, the Federal Reserve slashed interest rates to effectively 0\% (0.25\%), the lowest it had ever been. Ordinarily, this would be great news for real estate developers, who would jump on an opportunity to use cheap debt to fuel speculative projects. However, given the massive
financial losses suffered by financial institutions and real estate developers alike in the fallout of the Global Financial Crisis, no one was able to build for at least a few years. Furthermore, even if developers wanted to build, there was not enough working capital floating around to be able to fund the debt required to reach anywhere near previous levels of development. From the fourth quarter of 2007 to the fourth quarter of 2008, U.S. large corporate loans from large commercial and investment banks for real estate purposes fell from $11.3 billion to $4.5 billion, a 60% decrease.\(^{157}\)

In 2011, real estate developers had begun to get back on their feet, scraping around for capital at near-zero interest rates to start any development they could. Related Midwest, one of the largest developers in Chicago, started buying up unsold condominium developments in the South Loop to sell when the time was right. AJ Capital, a Chicago-based hotel company and hotel developer, helped resume post-GFC development in the West Loop after buying a warehouse on Green Street between Randolph and Washington Streets to convert into a Soho House high-end boutique hotel.\(^{158}\) Within a few months, Sterling Bay will have announced its deal for the Fulton Market Cold Storage Building, which would soon thaw out any residual hesitation for developers to jump into the neighborhood.

**UNLOCKING THE NEIGHBORHOOD: THE MORGAN ‘L’ STOP**

Until the opening of the station on Morgan in 2012, Fulton Market and the West Loop did not have a rapid transit link to the rest of the city. The Lake Street Elevated (today’s Green and Pink rail lines) runs above Lake Street connecting the West Side to the CBD, but trains had not stopped anywhere within the West Loop since the closure of the Halsted Street station in 1994.\(^{159}\) Originally, a station at Morgan Street was to be constructed to replace Halsted immediately during the two-year closure of the Lake Street and South Side Elevated lines from 1994 to 1996, but it was not until a study in 2002 that unlocked a clear argument for the building of a new station. First, the rapid development around Morgan meant there would be a good ridership base for the station; second, there was strong community and business support for a new ‘L’ stop; and lastly, there was available funding from the Kinzie Corridor TIF that could be used to build the stop. The 2006 opening of the Pink Line between the Loop and the western suburb of Cicero, which would stop at the planned Morgan station, also meant that riders would benefit from
from roughly double the train frequency in comparison to other station proposals.\textsuperscript{160}

The station was finally opened in 2012 to great acclaim. Experiencing even more development in the decade between the plan and its opening, Mayor Rahm Emmanuel remarked that the station would “only accelerate […] growth [in the West Loop], both residentially and commercially. And with that, we’ll get greater property taxes, greater
economic growth. People will see a revitalization of a neighborhood that's already on the move without it, this will only accelerate that.” Beyond its potential for transit-oriented development, its opening has been heavily cited by corporations as a reason for moving to the area. Within the first year of operation, weekday ridership increased by more than 40 percent, and there was a consistent increase in ridership until the COVID-19 pandemic.

STERLING BAY & GOOGLE

Ask those on Chicago’s real estate scene to name the most influential real estate developer in the redevelopment of the West Loop, and they would and still will tell you it is Sterling Bay. Ask them then to name the project that kickstarted the West Loop’s transformation into the mixed-use neighborhood it is today, and they will tell you it was Sterling Bay’s 2012 deal for the Fulton Market Cold Storage (FMCS) building, which would later be re-developed into such an attractive office space that it landed Google’s Midwest headquarters.

Sterling Bay was founded in 1987 by Scott Goodman and quickly became one of Chicago’s most prolific institutional developers. Specializing in commercial real estate, the company had already bought, renovated, and sold several office buildings in the Loop area by 2010, supported by funding from the billionaire Pritzker and Crown families in addition to several Wall Street investment firms. In 2011, the firm agreed to purchase the FMCS building at 1000 W. Fulton Street for $12 million after a competitive bidding process. A hulking 10-story brick warehouse that was previously used to store perishable items before their distribution to wholesale and retail businesses, it was the largest building by far in the Fulton Market area at the time. Developers prized the property for both its potential for reuse and the zoning allowances that would apply to the property if the building was not able to be refitted. Sterling Bay aimed to turn it into a high-tech office development, which required extensive meetings to drum up local support for a zoning change. Previous attempts to develop the site into a residential project had run into extensive opposition from meat and produce companies in the Market, but Sterling Bay’s emphasis on job creation and large amounts of parking for tenants helped assuage fears that it would interfere with the day-to-day operations of the market.

Agreeing to acquire the building was an immense bet in itself; the story that Sterling Bay did not know whether the building would be
structurally integral after 90 years of built-up permafrost in the interior of the building was melted has become a legend in the Chicago real estate community. Furthermore, being an institutional real estate firm in a still-maturing market meant that the company was taking a large risk in pursuing this project in comparison to the more conservative risk profiles of their investors. Fortunately, the defrosting operation was successful, and the structure was quickly gutted and renovated with floor-to-ceiling windows and ground-floor retail. By 2013, talks that Google would be moving into the project had hit the Chicago press, fueled by the area’s increasing attractiveness and the extensive available real estate to accommodate rapidly expanding companies. Getting Google to move to the West Loop would have more of an effect than just Google moving, as it would likely drive further major corporate clients into the Fulton Market area, building up its employment base and solidifying its status as an up-and-coming “live-work-play” area. According to Chicago tenant broker Bob Chodos, who was not involved in the deal, “Google is an unbelievable engine. Wherever [Google goes] gets bigger.”

By the end of summer 2013, it was confirmed that Google was moving into 200,000 square feet in the building, representing roughly 40 percent of the building’s marketable square footage. Google cited the neighborhood and the new public transit access at the Morgan ‘L’ stop as factors in its relocation. By 2015, Sterling Bay was already reaping a massive return on its investments, with a refinancing round valuing the building at $275 million, or about 23 times its acquisition price. As it neared the finalization of the Google deal, Sterling Bay rapidly acquired many other properties in the neighborhood, looking to capitalize on how the neighborhood was bound to change after the arrival of Google. As of April 2024, Sterling Bay’s website showcased ten creative office projects and two residential office projects in the West Loop/Fulton Market area that totaled over 4.6 million square feet of commercial real estate space and 632 residential units.

The opening of the FMCS project had both short- and long-term effects on the area’s development. First, Google received new, flashy, top-of-the-line office space in a refurbished industrial building, which allowed it to continue expanding its Chicago presence while adding a stamp of legitimacy to the area’s potential for office development. Second, it sparked a rush for real estate acquisition in the area, both for developers who were aiming to develop office spaces for Google-adjacent firms and for those who wanted to market similar new office spaces to other firms willing to risk a move out of the CBD. Lastly, this anticipated influx of
The Fulton Market Cold Storage Building as pictured soon after its opening in the early 1920s, and the converted 1K Fulton Google Midwest HQ building in 2015.


firms and the increase in real estate prices around the FMCS project has contributed to increased deindustrialization and the exiting of industrial and food product firms from the Fulton Market area because of market opportunities or unaffordable rents. Although Google’s plans were in line with all city regulations and plans for the area — such as restrictions imposed by PMD 4 — they did not incorporate the “Google effect” that would end up undercutting many of the industrial protections put in place.

**SPEEDING UP: THE FULTON MARKET INNOVATION DISTRICT**

By the mid-2010s, the type of projects that developers were pursuing in the neighborhood shifted. The neighborhood was starting to hit a temporary ceiling in the demand for residential and commercial conversions as supply was beginning to outstrip demand for existing buildings. Skybridge was the first skyscraper to be built in the West Loop in 2003, but there had not been one built within the interior area of the

---

City of Chicago
West Loop yet. With increasing real estate prices and land constraints, and with the groundbreaking density and scale that the FMCS project exemplified, developers began to think about building up rather than out.

In May 2014, the city announced its proposal for how to maintain the neighborhood for its current occupants while encouraging responsible development. First, the city was designating parts of the Kinzie Industrial Corridor, including Fulton Market and Randolph, as an “innovation” district. Bounded by Hubbard Street to the north, Halsted to the east, Randolph to the south, and Ogden to the west, the 217-acre district was proposed to preserve the area’s existing 10,000 jobs while accommodating new development. A growing trend in former urban industrial areas, these innovation districts attempt to attract firms that use technology to produce “real and virtual goods” and are part of a greater development movement towards live-work-play areas through their increased compatibility with residential and commercial uses. The City decided to market the Fulton Market as such after corporations’ spike in interest in the area following the announcement of Google’s move and its proximity to public transportation and the CBD. Specifically, the City announced that it intended to preserve existing jobs while accommodating private sector investments that could reinforce the area’s expansion as an “innovation-driven employment center.”

Second, the City was going to designate a landmark district within the new Fulton Market Innovation District, which would put historical protections on several buildings along Fulton, Randolph, and Sangamon streets. Although within the FMID, these protectionist regulations would supersede the FMID’s pro-development guidelines. While there were 53 other landmark districts in the city established by this time, this was the only one established for an industrial district and one of the only ones whose main, publicly intended purpose was to slow down encroaching development.

With this dual innovation and historic district plan, the City was able to cast itself both as a defender of local landowners and as an advocate for development, placating all sides. For instance, the plan first notes that “at the request of local landowners, roughly half of the planning area is zoned C-1, which restricts most uses to small-scale business endeavors.” However, the City acknowledges in its document that future development proposals would exceed the C-1 zoning requirements, which justifies the new guidance and allows the City to backpedal on its low-density guidelines to allow for future development. The City established that any new development would need to be made
in context with the current built environment around the Fulton Market area, keeping the area’s light industrial visual identity and lower density. Acknowledging private developers’ role in the area’s transformation, the City blamed ‘real estate speculation’ for displacement and changes in the area’s character and uses, casting itself as a protector of local businesses and coordinator for growth for future growth.

That June, the city announced $42 million in improvements to be made to the proposed Fulton Market Innovation District (FMID) area. The bulk of which would go to infrastructure improvements such as street paving and sidewalk repairs along the most heavily trafficked streets, but notable was the $500,000 gateway arching over Fulton Market at Halsted Street to welcome visitors to the proposed historic district. This was the first public effort by the city to define the district publicly as the Fulton Market district, becoming a tangible mark of the opportunities for tourism and leisure that they saw in the district while playing up the significance of its historical industrial roots.

In July, the FMID was officially approved by the Chicago Plan Commission, with Burnett finally throwing his support behind it. The plan had some tweaks to the original proposal, importantly restricting residential development to areas solely south of Lake Street, keeping the PMD restrictions intact. However, it also acknowledged the changing nature of the Fulton Market area; among the area’s typical building uses, it listed offices, high-tech offices, co-working offices, restaurants, coffee shops, bakeries, and more — a far cry from the days in which it was reserved solely for manufacturing and wholesaling. Three groups — the Randolph/Fulton Market Association, the West Loop Community Organization, and the Neighbors of the West Loop — supported it, while the West Central Association opposed the plan for being too restrictive.

Throughout its approval and implementation, public opinion on the FMID has been mixed. Many property owners, business owners, and developers opposed it due to the restrictions on adapting buildings to changing business environments and trends. In a 2015 mail campaign sent out by the city to judge business and residents’ opinions on the FMID proposal, the city received 106 objections and five votes in favor; sixty-three forms were not returned. On the other hand, residents saw it as a potential mechanism to preserve the neighborhood’s character in the face of rapid development, freezing it in time with the attractive characteristics of why they moved to the area in the first place.

In early 2017, the City’s $42 million in improvements were put
to work as a $19.6 million project to fully reconstruct Fulton Street began, financed by TIF dollars. Described as a “minimalist” design, it included granite-cobbled intersections to recall the area’s history, widened sidewalks and tree plantings, and new parking zones for industry and commercial use alike.\(^{179}\) Fulton Street between Halsted and Ogden was additionally renamed Fulton Market Street, as reflected on the area’s newer street signs and several businesses’ websites. In a 2021 update on the implementation of the FMID, the City reported that 43 projects valued at $14 billion had been approved in the area, including over 1,700 hotel units, 3,800 residential units, and more than 8 million square feet of commercial spaces.\(^{180}\) It also reported the continued relocation of wholesalers and industrial manufacturers to other areas in the city due to financial, operational, and human resource reasons, mainly to other industrial corridors in the city.

**USING MOMENTUM FOR GOOD: THE AFFORDABLE HOUSING REQUIREMENT**

Both updated in 2015, the Transit Served Location (TSL) and Affordable Housing Requirements (ARO) Ordinances both shaped the face of development in the Fulton Market area. The TSL provisions were created to promote high-density development around quality public transit options, including reduced parking requirements, height area increases, floor-to-area ratio (FAR) increases, and minimum lot area reductions. This allows for the building of more residential units in an area without the required re-zoning initiatives. The ARO requires residential developments to provide a percentage of units at affordable prices if a zoning change is granted that increases project density, allows

As not-so-subtly pictured in Sterling Bay’s 2014 recap book, developers were not fans of the landmarking proposal for the Fulton Market district. This book was housed in Mayor Rahm Emmanuel’s Office before its donation to the Chicago Public Library after his departure from office.

With Google having moved into the West Loop, other companies began to see the potential of newly renovated, loft-style office space, similar to the residential renaissance of the area twenty years prior. To attract both new companies into the West Loop and appeal to expanding sectors such as technology, many of these conversions were transforming industrial buildings into Class A office spaces, representing the newest and highest quality office spaces in the market. While there may be no objective way
to judge office space, Class A office spaces are described as new to like-new, located in desirable neighborhoods, with appealing aesthetics and top-tier amenities that are able to capture rents much higher than the average market rate.\textsuperscript{183} According to Joe Cahill, a columnist with Crain’s Chicago Business, part of the post-Great Recession boom in office demand was driven by a new supply-demand relationship articulated by Chicago’s tech industry boom. Tech businesses tend to demand beautiful spaces that can accommodate their high-earning workers and have been historically attracted to the loft-style office spaces that have been cultivated in the West Loop.\textsuperscript{184} Thus, the West Loop was positioned well to take advantage of the 2010s technology sector boom in a way that areas with older office spaces and corporate building stock, such as the Loop and the River North area, were unable to.

By 2015, building sales in downtown Chicago had completely recovered. In 2017, Chicago’s retail demand supported an average annual rent increase rate of 2.2\% citywide. In the Fulton Market/West Loop area, the rate was over four times as much at 8.9\%. By 2018, the Fulton Market area was commanding a higher office rental rate than the CBD as a whole, at about $41.05 per square foot.\textsuperscript{185} By 2019, it was the highest in the city, a position it has kept nearly every quarter to the present day.

A CASE STUDY IN THE WEST LOOP’S ATTRACTIVENESS: MCDONALD’S

The most well-known company that has moved its headquarters to the West Loop may be the Golden Arches: McDonald’s. After moving its headquarters from Chicago to suburban Oak Brook in 1971, the company decided 45 years later that it was time to return to the city, moving into a newly-built site developed by Sterling Bay. Described by the Chicago Tribune as the “latest corporation moving to be closer to the millennials they want as employees,” McDonald’s CEO Steve Easterbrook described this move as revitalizing its business through proximity to customers, “encouraging innovation and ensuring great talent is excited about where they work.”\textsuperscript{186} A case study by the Metropolitan Planning Council doubled down on new talent attraction as the main reason for McDonald’s relocation, noting that McDonald’s human resources department saw that most job applicants lived in Oak Brook or nearby towns, and those living in the city were not willing to consider working at McDonald’s because of the commute. Furthermore, retention was difficult, especially for lower-wage workers whose...
commutes involved one or more public transit transfers. McDonald’s did not receive any government incentives for the move into the city, showing that the pull factor of the West Loop and Chicago was enough to relocate a massive corporate headquarters of 2,500 people.

The site where Sterling Bay developed McDonald’s headquarters was the previous site of Harpo Studios, which was the first major commercial venture in the neighborhood before relocating to California in 2014. Although the development faced typical community opposition around issues such as parking and traffic flow, a tangible sentiment shift was noticed as locals began to see development as inevitable, especially after Google’s move in 2015. After a year and a half of construction, the nine-story building officially opened in June 2018. Beyond the thousands of employees that arrive each workday, the ground floor is also home to a “global” McDonald’s location. Featuring a rotating menu of specials from regional McDonald’s menus around the world, it has turned into a tourist attraction itself. One YouTube Shorts video showcasing menu items received over 5.5 million views by April 2024, a testament to the hype created by the headquarters and its consumer-facing experiences.

While a much larger development than many other corporate operations in the area, McDonald’s is one large case of the overall transformation of the area to a service-based economy and illustrates the cycle that has helped reinforce its new corporate character. Looking to attract a younger and more well-educated demographic of workers, a corporation moves closer to where those workers are or want to be. This helps gain access to a larger talent pool that expands as more people move into the neighborhood to take advantage of its amenities and job opportunities. More companies continue to relocate into the area to take advantage of this talent pool, which reinforces the cycle. The economic dominance of these companies and their employees ends up squeezing out lower-income businesses and residents; in the West Loop, this means that although McDonald’s is not in direct competition with the meatpackers and light industrial businesses that may still be remaining, the development that it and other companies induce continues to push them out.

THE EXPANSION OF "DOWNTOWN"

Mayor Rahm Emmanuel was elected to office in 2011, quickly bringing a pro-development, pro-business perspective into office. His development
attempting to leverage those investments to help poorer communities on the city’s south and west sides. During his two terms in office, Emmanuel focused heavily on courting companies to relocate their headquarters or major regional offices to Chicago; the *Chicago Tribune* counted at least 50 corporate headquarters moving inside the city limits during his tenure. These movements, as well as expansions of businesses already with a presence in Chicago, helped drive additional office space development in the 2010s as well as residential and commercial demand to house and serve workers relocating to the city.

To leverage these new investments and help poorer communities, Emmanuel decided that for zoning purposes, the definition of “downtown” would be expanded to allow for larger and more dense development than under neighborhood guidelines. While the downtown zone had already included the area of the West Loop south of Randolph Street and east of Racine Street, this would expand downtown zoning allowances to the entirety of the West Loop, including the West Loop area. In some cases, this would allow for up to the proposal of projects with approximately quadruple of the previously allotted FAR based on previous land use plans for the area, namely on Randolph Street, Lake
Street, and the Fulton Market area, as long as the proposed development fit within “the size and scale of nearby properties and ongoing development trends.”

However, downtown-style development allowances would come at a price to developers. Under the Neighborhood Opportunity Bonus program, FAR bonuses were made available to new construction projects that were willing to pay a fee equal to the cost of one square foot of floor area times 80 percent of the median cost of land per buildable square foot, as set by the city. Specifically in the West Loop, this was set at a cost of $29/sq foot, meaning that developers looking to build larger buildings than the FAR that the zoning of their lot required would pay roughly $23.20 per additional square foot that they were looking to construct, subject to finalization with the city. Ten percent of the bonus revenues would go to a Local Impact Fund, which supports infrastructure and other public improvements within one mile of the development site; eighty percent of the bonuses would go towards economic development grants for under-served neighborhoods.

All developments wishing to take advantage of the NOB program would be processed as PDs. This would require more aldermanic support than projects that simply fell into the existing zoning regulations that the city had set out, opening new avenues for aldermanic and local input into new development into their neighborhoods, and similar to the way that large-scale development projects had already been processed within PMD 4.

Beyond the possibilities for development that this created, this rezoning was also notable for its symbolic incorporation of the West Loop into the downtown CBD itself. With the CBD’s focus on service industries, this geographic incorporation reflects both the shift of the West Loop from a manufacturing- and industrial production-based economy to one increasingly dominated by technology and services, as well as the increased demand by businesses for office spaces and downtown-style development in the West Loop. Now declared part of the downtown area for all land use intents and purposes, this additionally serves as a signal that the City is letting go of its dreams for an urban industrial resurgence in any part of the West Loop, giving into the demands of developers and the city’s predominately service-based economy.
CAVING INTO THE PRESSURE: REVOKING PMD 4

In October 2017, in line with the implementation of the Fulton Market Innovation District plan, the City proposed and passed the repeal of the existing PMD 4 east of Ogden Avenue, the portion that covered portions of the West Loop. In its place, it reinstituted a manufacturing zoning overlay district that would permit existing uses, prohibit residential uses, and limit future zoning amendments to downtown service and downtown mixed-use districts, each of which would be forced to go through a public review process along with the standard review by DPD staff. Notably, this zoning overlay still explicitly prohibited residential development in the area. Lastly, the area would have an expanded Neighborhood Opportunity Bonus applied to it, meaning that developers could take advantage of new downtown zoning FAR bonuses by paying into the program as those developing projects in other parts of the West Loop would.

The City justified this change by being able to provide adequate space for a broader range of businesses while still protecting against encroachment from land uses at odds with the industrial nature of the area, namely residential, entertainment, and hotel uses. They additionally described this change as necessary due to the changing land use and employment dynamics within this portion of the PMD, which include a decrease in manufacturing uses and an increase in commercial and transportation uses between 1990 and 2017. Notably, manufacturing employment in the now-deactivated eastern portion of PMD 4 decreased by 68% between 2002 and 2014, while the top two employment sectors in 2014 were leisure/hospitality and IT/management. Along with the expansion of downtown zoning to the West Loop area in 2016, this move can be interpreted as in line with the Emmanuel administration’s goals of economic development through the attraction of corporate capital, lifting restrictions on the development and expansion of office and commercial space in attractive real estate markets.

DISCUSSION

Without the recession brought on by the Global Financial Crisis, it is hard to see how this opening for mass development could have occurred. What was previously a hot real estate market in the West Loop, characterized by extremely tense relationships between manufacturing and wholesale food businesses, the restaurant industry, and commercial
and residential developers, was essentially wiped out overnight as the capital to build projects disappeared, essentially freezing the built environment in time. With businesses’ and developers’ efforts focused on their own survival, tensions receded into the background as Chicago looked for an economic engine to bring it out of the Great Recession’s doldrums.

After Emmanuel’s election in 2011, the adoption of a pro-business, pro-development agenda in City Hall redirected the West Loop’s development direction to one of increased corporatization. Fueled by the opening of the Morgan ‘L’ stop in 2012 and the announcement of Google’s move to Fulton Market in 2013, this trend was only accelerated as demand for office, commercial, and living spaces increased. Although demand was perceived to be out of control by 2014, the Fulton Market Innovation District represents the City’s conflicted position between pursuing a development path established by market forces versus maintaining the district’s historical character, either for industrial use or for its commercialization as a food and leisure destination. One can interpret the plan as the City buying time for itself to determine which path of development the West Loop would take during this time through the restriction of building density and heights in the Historic District while allowing development in the rest of Fulton Market and the West Loop to continue unabated.

The Fulton Market District sign pictured at night. The sign was one of first public investments made in the district after the implementation of the FMID proposal.

The simultaneous passage of both a Historic District designation and Innovation District labeling reflects the recharacterization of Fulton Market as not simply a place of food and material production but one where corporate activity is considered an equivalent priority. Indeed, the FMID framework may be the first time that the City has determined that the worth of professional industries and industrial businesses is the same within the West Loop, encouraging the production of tangible goods while also opening avenues for the increased development of office space for companies that are looking to relocate or expand in the attractive West Loop market. The high-profile case of McDonald’s illustrates that the technology, FIRE, start-up, and Fortune 500 companies making their homes in the West Loop are attracted to the city as a means of drawing new talent, requiring both an attractive location and office space itself. The Emmanuel administration was more than willing to accommodate this as part of its downtown corporate relocation and economic revitalization agenda, but more importantly, was able to use land use changes, such as the expansion of downtown zoning and the repeal of what was portrayed as an outdated manufacturing protectionist policy, to help accommodate skyrocketing demand.

In the four years between the proposal of the FMID in 2013 and the repeal of PMD 4 east of Ogden in 2017, over 30 food wholesale businesses shut down, mainly along the Fulton Market and Randolph
Whether they closed or relocated to other industrial corridors, their absence is one indication that the FMID and the Historic District designation was an insufficient attempt to reverse the structural trend of deindustrialization or prevent the exodus of the businesses that gave Fulton Market its namesake and character. Reflecting on the FMID today, it can be best seen as a city-led attempt to remake the market’s image and commercialize it to market its new commercial- and office-led development scene.

With the expansion of downtown zoning came a swath of new projects that threatened to irreversibly change the character of the neighborhood. By February 2018, Related Midwest was pursuing the tallest projects built west of the Kennedy since Skybridge’s opening in 2003, including a 58-story apartment and hotel tower at Randolph and Halsted and a 51-story condo tower at Randolph and Peoria. While the development close to Halsted was described as more palatable to residents, opposition to the 58-story tower being built close to the heart of the West Loop sprung up quickly. Even Alderman Burnett, who had softened his stance on development in the West Loop at this time, had noted that “nothing over there is 50 stories” and “50 stories is just too much.”

Ironically, Related argued that it had designed its projects in accordance with the design guidelines adopted in the FMID plan, describing its skyscrapers as in a “warehouse district cool” style with an industrial aesthetic. However, with projects that are ten or twenty times the average building height of the immediate area, it is hard to say how any project that tall would be able to blend in aesthetically with the area, much less be accommodating to the historic properties surrounding it.

While the City’s investments at this time mainly focused on infrastructure that supported tourism and commercial businesses, such as the re-paving and labeling of Fulton Market, real estate developers took an increasingly larger role in attempting to build a more cohesive neighborhood fabric in the area, seeing it as an opportunity to build up even more demand for projects in the development pipeline. One example involves a redesign proposal for Randolph Street; Related Midwest proposed closing off portions of the inner service lanes to vehicular traffic and converting them into a combination of widened sidewalks, patio spaces for businesses, and bike lanes. Another example includes discourse around the establishment of a Metra commuter rail station for the neighborhood, which had been proposed for years by local community groups. In 2018, Sterling Bay announced that along with its plans to purchase the Archer Daniels Midland wheat mill, it would
incorporate a commuter rail station into its development plans in order to support mobility in and out of the West Loop, creating a quicker commute path for those coming from the west and northwest suburbs. These investments would add amenities that increase the attractiveness of the West Loop as a “live-work-play” destination but also serve as examples of the private sector’s leadership in taking over roles formerly played by the public sector in determining the infrastructure needed to support growth and, in turn, the most cohesive image for the neighborhood’s future.

Although the City’s land use policies and overall urban planning strategy at this time are more reactive than forward-thinking, this time differentiates itself from the 1990s through policy more aligned with new business development than protecting former industrial uses. Through the City’s implicit endorsement of a new, corporatized, mixed-use vision for the West Loop, the neighborhood is closer to reaching the vision of a “live-work-play” community first articulated by the City itself in the late 1980s.
COVID-19 and Speculations

At the beginning of 2020, Chicago’s real estate market was continuing its upswing. Chicago’s CBD office market reached decade highs in leasing and new construction, with city averages pushing over the $40-per-square-foot mark by the end of 2019. Although there were rumbles that the construction boom of the previous decade was going to inevitably bust, over 30 major high-rises were still under construction in the expanded CBD area, not to mention hundreds of millions of dollars being invested in Chicago’s non-CBD neighborhoods. And for the seventh year in a row, the Chicago metro area was named the top American metro area for corporate investment, with business publication Site Selection tracking over 416 business expansion and relocations totaling $5 billion in investments.

Then, the coronavirus pandemic arrived in Chicago. By March 21st, Governor J.B. Pritzker called for a statewide shelter-in-place order, which lasted over two months. Across the country, urban citizens flocked to the suburbs and rural areas, first due to the lack of density and, therefore, a lower risk of COVID-19 spread, and then reflecting a more permanent work-from-home trend. On the financial side, suburban and rural property values were driven up by increased demand, while urban areas stayed flat or decreased. By the end of 2020, the office occupancy rate in Chicago was barely hitting 20%, similar to other large metro areas around the nation. The future of Chicago’s real estate market was uncertain at best and abysmal at worst.

Since then, demand has recovered to about half of pre-pandemic levels, reflecting the city’s mix of industries that have returned to the office (primarily finance) and those that are adjusting to work-from-home strategies (primarily technology). During this time, major cities across the United States have been changing the way they approach planning to retain their populations and attract newcomers. In the Loop, for instance, the City has been promoting office-to-residential conversions on LaSalle Street, the City’s historical financial corridor, in efforts to shift the area from its historical 9-to-5 corporate focus to a vibrant, mixed-use neighborhood.

Investments into the West Loop pre-COVID have paid off in the post-pandemic era, with residents continuing to move into the area as its mixed-use character and proximity to the CBD attract both those newly in the remote-work market and those working in more traditional, white-collared jobs. The area continues to command the highest office rental
rates in the Chicago area, reflecting demand for the area’s amenities and character.

NEW FRONTIERS: RESIDENCES NORTH OF LAKE STREET

By May 2020, things looked dire as the City faced both the short-term issues of managing the pandemic and the long-term potential issues of the pandemic’s effects on economic development. Facing these challenges, Alderman Walter Burnett Jr. announced his support to reverse a ban on residential development in the Fulton Market area, bound by Halsted to the east, Lake Street to the south, Ogden to the west, and Hubbard to the north. This was a huge reversal of his original support of a complete residential development ban in the area during the late 1990s. Burnett remarked to Block Club Chicago that developers and zoning attorneys had been “sweating him” and “begging [him] for a long time,” but “with the economy going the way it’s going, we’re trying to help keep the economy going in the city by opening the floodgates to Fulton Market residential development.”

The Department of Planning and Development backed Burnett’s proposal in 2021, encouraging the city to lift the restrictions on residential development as a recommendation tucked into its FMID Update report.205

The City Council formally lifted the ban in April 2021, with Burnett marking the move as a “shot in the arm” for the city as it recovered from the COVID-19 pandemic.207 It has been yet to be seen whether the lifting of the residential development ban has served as a true death knell for industrial businesses in the Fulton Market corridor. Burnett noted that in recent years, owners had essentially become millionaires overnight by selling their properties and moving their industrial businesses elsewhere. With neighborhood groups also advocating for the moratorium to be lifted to help support existing businesses in the area, the combination of COVID-19 and an unrelenting, decades-long pressure campaign from developers may have finally struck down the last major restriction to full, unfettered development across the West Loop.

PUTTING MORE LIVE INTO LIVE, WORK, PLAY

Even before its approval, developers had submitted proposals for residential projects north of Lake Street but outside of the zone from which development was banned. With its approval, the floodgates did
open as expected, with proposals inundating the City’s planning offices. One- or two-story brick industrial buildings were to be demolished for gleaming steel skyscrapers tens of stories high. According to one 2023 count of ongoing projects in the West Loop, over 5,900 residential units were proposed or under construction in the previously prohibited area.\(^{208}\) To put this into context, the number of units being proposed is a more than 1-to-1 increase over the current population of the area and its immediate proximity as of the 2020 census.

In interviews, several developers did note that office demand was slowing down and that some developers who had solely focused on developing office space in the past, notably Sterling Bay, had started developing residential projects for the first time. As one example, the City approved plans for a 16-story life sciences office and laboratory building at 400 N Elizabeth in November 2021, located within the former non-residential zone. By December 2023, the developer had re-submitted its plans, replacing its original proposal with a residential project that would total 724 apartments within two towers.\(^{209}\) With already 5,000 residential units under construction or proposed at the time the proposal was submitted to the city, this was an intense vote of confidence showcasing a shifting market from office to residential demand.

Beyond the influx of residents expected within the next decade, it is worth noting that the lifting of the ban also helped solidify the
commercial inroads that had been made into the Fulton Market area. Not only is this new residential development simply about creating more units to meet demand, but it is also a strategy to support the increasing mass of restaurants, hotels, offices, and shops that have sprung up in the last decade, making the West Loop into the mixed-use neighborhood it is today. In this “Live-Work-Play” vision for the West Loop, there is no room for manufacturing or industrial uses. Similarly, it is not far-fetched to expect this part of Fulton Market to disappear, too.

DISCUSSION

Given the rapid pace of development in the Fulton Market area, unabated even by COVID, Chicago was also home to what was marketed as the first post-COVID office building. Incorporating features such as touch-free elevators, motion and foot-activated features, medical-grade air purification technology, and smaller floor plans to reduce airborne particle transmission, Fulton East was designed to buck the trends of pre-COVID, large footprint facilities being marketed to the technology companies that were eagerly flocking to the area. Created on a bet that office space requirements would change similarly post-COVID as they did in the post-9/11 era and with the advent of technology companies, this first building showcases Fulton Market’s track record for innovation that other parts of the city may have a harder time competing with, while commanding record high rents.

Now that the West Loop has reached a peak in its development thus far, those in the West Loop may have to reflect on the changes in the neighborhood in the last thirty years and which who the neighborhood is now for. On the one hand, the area has achieved extraordinary economic success, with the area’s average income and rent rates rising and an influx of high-end commercial and leisure ventures catering to the high-income population working in the West Loop’s technology and commercial offices. On the other hand, the West Loop continues to miss its affordable housing goals, especially with the recent influx of development north of Lake Street. The City originally set a goal of 30 percent affordable housing units for new residential developments in the previously off-limits area, and residential developers were expected to apply for low-income housing tax credits and bonds to finance the construction of the additional 10 percent in affordable units, on top of the 20 percent already mandated by the city. However, none of the Fulton Market developments approved by the City Council from
Development is complicated, with overlapping plans sometimes not reaching alignment, such as this example with affordable housing. However, this newfound focus on affordable housing development does signify that the market is maturing, where developers and the City can now reflect on who their development policies are cultivating a neighborhood for.

Nonetheless, with projects already pivoting to reflect emerging post-COVID real estate trends, the large, adaptable, high-quality office spaces that West Loop developers have created, and the attractive commercial and leisure environment that continues to be cultivated, the West Loop’s adaptability and the continued attention to the neighborhood is reflective of its anticipated future success. Although industrial businesses may be by and large gone, it has reached the goals imagined nearly four decades ago by the first developers in the area, with the only question being how much further people will go in building up and out.
COMPARATIVE ANALYSIS

The West Loop’s transformation since the 1980s came as a result of the way the City, developers, and other parties decided to confront the structural, economic shifts that urban areas across the United States faced: namely deindustrialization and the suburbanization of industry and a major urban economic realignment towards service-based economies. Although its resurgence came at a slower pace than other areas, its overall playbook and path have similar characteristics to more well-known examples of urban industrial re-development, such as SoHo in New York City. The West Loop’s development has been undoubtedly shaped by some unique political and economic developments, whether the practice of aldermanic prerogative making its development path more susceptible to changing demographics and political winds or the several waves of economic investment and financial crises that it has had to weather. This next section will compare the story of the West Loop to two other famous examples of urban industrial re-development — New York’s West Chelsea District and New Orleans’ Warehouse District — to investigate to what extent the West Loop’s path is typical of other deindustrializing urban American areas, and to what extent it is a special case.

NEW YORK CITY’S WEST CHELSEA DISTRICT

The High Line is perhaps one of the world’s most famous industrial adaptive reuse projects. When it opened in 2009, then-Mayor Michael Bloomberg declared that it would be “an extraordinary gift to our city’s future.” Over a decade later, the 1.5-mile linear park sees an average of eight million visitors
a year, quickly becoming one of Manhattan’s most well-known public parks and tourist attractions. While its adaptive design was praised as an innovative approach to creating public infrastructure, it has also been seen as one of the main catalysts for the gentrification of the West Chelsea District.

Since the early 1800s, West Chelsea was an industrial area defined by its manufacturing, meatpacking, and food products industries, similar to Chicago’s West Loop. Due to the concentration of industry in the area, railroad tracks were laid at street level to facilitate food deliveries to the neighborhood and other areas south. Unfortunately, this created deadly conditions for pedestrians, with over 540 people killed by trains by 1910. As a result, the city led efforts to build a safer, elevated route for trains, and the West Side Elevated Line opened in 1934. The Line transported millions of tons of meat, dairy, and produce, often directly to factories that the rail line directly cut through.

By the 1960s, a mixture of deindustrialization and suburbanization of industry combined with increased trucking led to declining train traffic. By the early 1980s, all traffic had stopped, and the line was essentially abandoned. Amid New York City’s financial crisis of the 1970s and 1980s, it became a visible sign of the city’s degradation, a symbol of crime and illicit activities such as drug dealing and prostitution rather than industrial might. It became an easy target for the City government and developers, who rallied to tear it down and saw it as an obstacle to re-developing the area. Due to federal regulations, it could only be dismantled if legally considered abandoned, which it was not by its operator, Conrail. A 1990s lawsuit backed by then-Mayor Rudy Giuliani failed in court. But, after a decade of developers and politicians witnessing the revitalization of the nearby West Village and Meatpacking Districts, leading to massive growth in property values, a new lawsuit in 1999 filed against new owners CSX Transportation led all sides to reconsider their stances.

At a summer 1999 community board meeting about the High Line’s future, two local residents met and later founded the Friends of the High Line, currently the nonprofit behind the High Line Park. By 2002, the stars had aligned between the two founders’ political connections, funding from a new generation of philanthropists, and a change in city administration to the pro-development mayorship of Michael Bloomberg. Armed with a new projection that that $100 million spent on the High Line proposal would generate $262 million in new revenues over the park’s first twenty years, mainly through additional incremental tax
revenue, the city was sold. However, before construction was allowed to begin, the area had to be re-zoned for the project to move forward. Out of this, the 2005 West Chelsea Zoning Proposal was proposed and passed. Marketed as a promised second phase after the initial 1999 re-zoning of the Chelsea neighborhood directly to the east, which mainly took the form of lowering density to preserve building heights while allowing additional residential development along certain corridors, the 2005 proposal changed former manufacturing zones into commercial and residential zoning along the main north-south arterials of Tenth and Eleventh Avenues and some mid-block areas. The remaining manufacturing areas were maintained not for existing manufacturing uses but rather for non-commercial art exhibition and gallery usage.

Most importantly, because the West Side Elevated Line was not being demolished under these new plans, a zoning tool called transferable development rights was implemented along the High Line corridor, which allowed property owners to transfer their air rights to nearby land and extended the height limit to which they could develop other properties in the area. Essentially, the city was allowing property owners and developers to trade the right to develop projects directly adjacent to the High Line for the right to develop taller projects slightly further away from the High Line, exceeding the new zoning regulations put in place but protecting future parkgoers’ views from the structure. Property owners and developers quickly supported this plan, and its smooth sailing through the New York City Council formally allowed construction to start in 2006.

By 2009, the High Line opened. Just as quickly as it opened, rapid re-development began to hit West Chelsea, and its evidence is tangible in the built environment. One local resident commented in 2013 that the “wonderful High Line that [West Chelsea residents] initially
imagined as a unique public space was fast becoming a canyon through a wall of luxury high-rise condos.”218 Lang and Rothenberg comment that “for High Line strollers, gazing on the cityscape has been reduced to staring into the living spaces of the wealthy.”219 Regardless, the High Line has brought in an unprecedented amount of attention to the area, including from developers — estimated at roughly $2 billion dollars within two years of the High Line’s opening.220

**DISCUSSION**

The redevelopment story of Chicago’s West Loop and West Chelsea have several similarities. First, both were historically predominately manufacturing centers whose bases were in the manufacturing, meatpacking, and food products industries. Second, they have re-developed significantly since then into lively, mixed-use neighborhoods through a combination of adaptive reuse and new-build projects. Third, both areas experienced significant re-zoning projects with developer backing, albeit at different times and paces. Namely, New York’s developers received it in one sweep with the 2005 West Chelsea Rezoning Plan, while Chicago’s developers chipped away at restrictions over the course of the 2000s and 2010s. Lastly, they followed roughly the same steps in the transformation of their areas’ social, cultural, and economic
geographies. First, artists and the cultural industry moved in, or populations that may be deemed the pioneers. These were followed by ‘risk takers,’ or those who were attracted to the loft-style, former industrial living spaces created in the industrial landscape. Finally, these were followed by waves of middle-class and professional workers whose more permanent presences fundamentally shifted the character of the neighborhood.

However, there are two fundamental differences between these areas’ growth patterns. First, West Chelsea notably had a landmark project in the High Line through which public investment and political capital was funneled, to the tune of over $120 million dollars by New York City and tens of millions more from the state and federal government combined. The West Loop, on the other hand, has had funding come through mainly public infrastructure improvements and some efforts to market the neighborhood, such as gateway infrastructure for the Fulton Market Historic District. Second, efforts to redevelop West Chelsea were much smoother given the lack of organized manufacturing sector-based resistance to re-zoning, with developers’ interests and city officials’ goals largely aligned. Meanwhile, the West Loop’s redevelopment story has
been notably defined by conflict between city officials — whose plans have been, in a way, influenced by the protection of historic manufacturing and industrial uses — and real estate developers looking to develop commercial and residential projects.

Looking at West Chelsea, the differences in business displacement and property values are tangible. In their 2014 study of the West Chelsea area, Currid and Yoon find that businesses established after 2000 are less likely to close their businesses in comparison to their counterparts in other parts of Manhattan (below 59th Street). In contrast, businesses that were established before 2000 have a much higher chance of experiencing business closure, especially businesses operating in the gallery, art, construction, manufacturing, administrative, and public services sectors. Annual business turnovers nearly doubled after the opening of the High Line, representing both the additional commercial spaces added in the continued re-development of West Chelsea and the risks of doing business in areas with higher real estate costs.

On the real estate side, a 2016 study by the real estate website StreetEasy found that resale values for apartments adjacent to the High Line rose 10% faster than for comparable apartments a few blocks away. A 2017 working paper found that the median resale price for real estate in Chelsea reached $2.1 million dollars in May 2016, over 100 percent more than the real estate value in the “comparison area” one avenue eastward.

The differences in the public sector’s approach to re-development in the West Loop and West Chelsea reveal that while public interventions, if not strictly enforced, may only have limited effects on halting real estate development, they can affect the speed at which these re-development processes occur. In Chicago, although the City has taken on various roles and policy approaches since the 1980s, it has overwhelmingly played a mediating role between developers, residents, and local businesses. While this may be a factor of aldermanic prerogative and the complex public accountability and political questions that this, the City’s land use plans and various overlay implementations in the West Loop allowed for a relatively slow and stable rate of re-development over time. In West Chelsea, however, developers and the city were aligned on efforts to redevelop the High Line and rezone West Chelsea, which led to a faster pace of re-development through increasing real estate prices and the relocation of businesses outside of the area.
New Orleans’ Warehouse District

New Orleans’ Warehouse District is another example of the successful adaption of a former urban industrial and manufacturing area, following a similar development pattern to the West Loop. The Warehouse District is now known as home to New Orleans’ fine arts scene, luxurious loft-style apartments and condos, and an increasingly impressive culinary selection. Its beginnings trace back to the early 1800s when it was one of the first neighborhoods directly related to port commerce and support facilities. Its large warehouse structures housed retail and wholesale stores, cotton and sugar presses, storage facilities, iron foundries, light manufacturing facilities, and more. While it started out as a residential and commercial mixed-use area, towards the late 19th century, development in the area converted it solely into commercial and industrial uses, again tied to the nearby port. This growth continued through the early 20th century when more serious manufacturing facilities were constructed in taller and larger concrete-and-brick buildings.224

By the 1950s, the Warehouse District was facing the same issues that many urban industrial areas were dealing with: deindustrialization and the suburbanization of manufacturing, additionally egged on by heavy taxes levied by the State of Louisiana on warehousing and industrial uses in the area. By the 1970s, some artists began to populate the area due to the large warehouse spaces available and attractive rents. This shifting neighborhood composition was best symbolized by the opening of the Contemporary Arts Center in 1976, which still maintains its reputation as a cultural hub for local and international art.225

During this time in the 1970s, the adjacent Central Business District was experiencing exceptional growth, in part due to demand and in part due to the lack of cohesive zoning regulations in the area. Amid uproar from preservationist groups, the city created a Growth Management Program to focus development where high-intensity land use already existed and ensure that development elsewhere accommodated the historic natures and uses of their respective areas.226 This manifested in the Historic Districts Landmarks Commission (HDLC), which designated the Warehouse District as one of its first “full control” local Historic Districts in 1978. Under local guidelines, the HDLC was now responsible for regulating exterior changes that were visible from the public right-of-way, essentially ensuring that all exterior work and development needed to be approved by the HDLC.227
The 1984 World Fair brought tens of millions of dollars in investments to the Warehouse District, the Waterfront, and the Central Business District. Beyond street services and other infrastructure improvements to accommodate the expected crowds, the organization behind the World’s Fair -- Louisiana World Exposition, Inc. – improved several warehouses close to the Waterfront and converted them into spaces for concessions, exhibitions, and performance areas during the Fair. Around this time, Pres Kabacoff, the son of one of the Fair organizers, bought a warehouse and decided to convert it after the Fair into a residential building — the first new mixed-use development in the area since the 1800s. The project was a success, and despite the financial challenges of the 1980s immediately following the World’s Fair, the neighborhood experienced significant growth through commercial and residential adaptive reuse projects, especially as the area continued to be commodified for New Orleans’ tourist-based economy.

Today, the area has essentially completely deindustrialized. The area is mainly zoned as CBD-2 and CBD-6, both of which allow very limited industrial uses; the former only allows printing establishments or research & development facilities, and the latter only allows for mini-
warehouse operations.\textsuperscript{230} Under the City’s 2010 Master Plan, the area’s zoning would be simplified into a mixed-use, high-density use that would allow the Warehouse District to evolve into a “vibrant, 24-hour residential, dining and cultural community, but restricts the height of new development.”\textsuperscript{231}

\textbf{DISCUSSION}

New Orleans’ Warehouse District and Chicago’s West Loop followed similar development patterns, albeit at different times, and their futures have diverged slightly because of the discrepancies in strategies followed by both developers and city planners. Both areas share a similar industrial and manufacturing-heavy history through the mid-20th century, then experienced a significant decline amid the post-WWII suburbanization and dispersion of urban manufacturing centers. Residential loft conversions were some of the first interventions made in the neighborhood by entrepreneurial real estate developers in the 1980s, and both areas also saw artists and the creative industries as the first occupiers of post-industrial loft workspaces. Looking towards the future, both have been imagined as relatively affluent, dense, mixed-use areas by city policies and real estate developers, who have more or less converged on similar visions for the district.

Three discrepancies between the development of the Warehouse District and the West Loop include New Orleans’ focus on developing the arts scene, funnels of public and private investment through the 1984 World’s Fair, and the strictness of the City Council in enforcing a zoning code and historic district designation that has been relatively successful at guiding development within their vision for the last forty years. Although New Orleans has played – and continues to play – an important role as a major port along the Mississippi River, its main economic driver today is tourism. The city’s prioritization of this sector has been reflected in the major infrastructure projects it has pursued in the last fifty years, including the opening of the Superdome in 1971, the construction of the Ernest N. Morial Convention Center for the 1984 Louisiana World Exposition, and the revitalization of the city’s waterfront after its industrial deactivation in the late-20th century. Reimagining the Warehouse District as New Orleans’ designated district for the arts, reflected in the marketing of the district as the “Arts District of New Orleans” or “Arts/Warehouse District,” and specifically prioritizing the development and protection of artists’ spaces and art galleries in the area is one leg of
the city’s overall strategy for economic development centered around tourism and leisure-based enterprises. Second, although financially unsuccessful, the 1984 World’s Fair gave the redevelopment process of the Warehouse District a huge jumpstart due to the direction of local, state, federal, and private funds into the rehabilitation of infrastructure and warehouses in the area, sparking inspiration and providing a model for what adaptive reuse could look like. Lastly, developers’ adherence to the Warehouse District Historic District guidelines and the lack of planned development or conditional use developments in the district, save for a handful of hotel developments along the periphery of the Historic District, including the Harrah’s New Orleans Hotel and Casino complex, has maintained the district’s industrial aesthetic from the pre-redevelopment era.

The result of this is seen in the built environment of the Warehouse District today, which includes only two or three buildings that are more than ten stories tall and are mostly located along the main arterial roads of Convention Center Boulevard and Poydras Street. This is unlike the West Loop, where only seven out of the current fifty-seven developments proposed or under construction are shorter than
than ten stories. Additionally, many of the re-development projects in the Warehouse District are adaptive reuse, resulting in the visual identity of the built environment still defined by the 19th century Greek Revival and Italianate styles, especially the use of brick. Walking around the Warehouse District, visitors would not consider it highly gentrified because of the continuity of the built environment and its historic nature. The West Loop, on the other hand, sports a mixed-material built environment reflecting the popularity of materials in the eras that each building was built in, and a variety of building scales from the one- to two-story warehouses of the Historic District to the tall, steel skyscrapers that despite their “industrial chic” style and use of materials similar to other buildings in the neighborhood, cannot blend in.

Lastly, the West Loop has seen a huge expansion in office spaces, namely Class A office spaces that have facilitated the move of large technology and biotech companies into the area. The Warehouse District has instead prioritized its identity as an Arts District to promote the tourist economy, with office development instead being prioritized in the adjacent Central Business District. Both areas’ makeups reflect the developmental priorities and strengths of their respective cities, offering clues to the economic makeup and direction in which each city sees its future.
This study recaps the dramatic changes that have occurred in the West Loop over the last four decades. As an area dealing with the economic and social disadvantages of Skid Row and a declining industrial and manufacturing base, the neighborhood’s cheap rent, decent infrastructure, and proximity to the CBD made its own case for why entrepreneurial developers and businesspeople should consider the area as a development opportunity. As the West Loop slowly acquired a critical mass of newly developed projects, aided and encouraged in part by public investments in infrastructure around the neighborhood, tensions with industrial operators increased, with the City acting as a mediator and delineating boundaries for development to maintain a semblance of peace. After the Global Financial Crisis and the ensuing recession, the City’s development goals and the economic calculus of development changed, resulting in the re-drawing of these boundaries and new development sprouting up in areas north of Randolph recently vacated by industrial businesses. Although the pace of development was already quick, COVID-19 served as a death knell for industrial businesses and has led to the complete lifting of all restrictions on development possibilities in the West Loop, leaving the area open to the whims of the market and what proposals developers bring to the board.

Returning to Fainstein’s description of the dilemma faced by governments pursuing urban and economic development proposals, notably their reliance on the private sector to finance such growth, the West Loop is a clear example of private development leading urban transformation. However, it is not just through capital that private developers enabled the West Loop’s development, but through their innovation in defining a future
vision for the neighborhood itself. Considering the transformative role that players such as Lewis and Anne Kostiner and Jerry Kleiner took in establishing the basis for a mixed-use community in the West Loop, the area’s change was not initially led by municipal planning initiatives but instead by entrepreneurial developers, businesses, and artists that saw potential in the area’s neglected and underutilized spaces. Later, it was innovative, proving projects such as Sterling Bay’s transformation of the Fulton Market Cold Storage Building that became catalysts for a new type of mixed-use, office, and commercial-centric development. Kickstarting multiple waves of development since the 1980s, these sets of private investments indicate a trend where urban redevelopment can be significantly influenced by private entities, especially in settings characterized by underutilized properties or infrastructure.

This is not to say that the city allowed this development to occur without restraints or guidance, however. Once picking up on the trends of urban development occurring in the Near West Side, the City responded in the late 1990s with the implementation of industrial protectionist land use policies that reinforced the segregation between the area’s industrial core and the mixed-use and residential development occurring in the south. The implementation of PMDs and industrial corridor zoning helped to stem what would likely been an influx of residential and commercial projects encouraged by speculative real estate development, while the establishment of TIFs ensured that returns from projects in the Corridor and in other parts of the West Loop were returned for investment into infrastructure and public services to serve the area. Although certainly contradictory at times — the FMID and Historic District policies presenting the biggest example of “preservation” yet encouraging development that would drive out the businesses that created Fulton Market in the first place — the City has played a core role in enabling industrial businesses in the West Loop to continue operating several decades after what would have ostensibly been their end, pushed out by market forces.

Furthermore, the West Loop exemplifies the relative success of the City’s zoning policies and regulatory frameworks in successfully accommodating and fostering the type of mixed-use development that has manifested in the last decade. Although the zoning map indicates that many of these projects were enabled using the planned development mechanism, effectively skirting general zoning regulations in favor of special exemptions, the City’s successful expansion of downtown zoning and the additional flexibility allowed under these more generous zoning
regulations have helped facilitate the neighborhood’s transformation into a “live-work-play” environment.

Lastly, the West Loop provides an interesting case study into balancing economic growth, a major priority of cities today, with inclusive development and historic preservation. Part of what has allowed the West Loop to be so successful at maintaining elements of its past built environment was simply that the area had an abundance of decent, large, durable buildings that were ripe for reuse projects, either of commercial or residential natures. The maintenance of many of the large, loft-style buildings, even amongst all the new developments occurring, has allowed the neighborhood to still maintain its industrial chic brand while accommodating increased demand for non-industrial uses. However, given the area’s tendency for older and smaller building stock in comparison to other industrial corridors in Chicago, reflective of the small business-dominant makeup of the West Loop, this has resulted in several structures still being destroyed to make room for larger developments.

Again, the FMID and Historic District represent the City wishing for the best of both worlds to occur: economic growth through innovation and the creation of real and virtual goods, and the maintenance of the Market’s “historic” character through the preservation of several key buildings. With development in the FMID taking off from reuse projects to skyscrapers, the historic district’s footprint and built environment are now dwarfed by what surrounds it. Moreover, although the historic district was able to maintain the built environment of the past, its identity has been commercialized and co-opted by those not belonging to the original industries of manufacturing, meatpacking, and manufacturing. Although the City has done its best to enable simultaneous economic growth and historic preservation, its effect has been the creation of a hodge-podge neighborhood that neither fully honors the built environment of the past nor present, despite its relative success at cultivating cultural capital and mixed-use development that makes it an attractive place to live, work, and play.

Taking the West Loop’s story, this is a story about industrial replacement and the remaking of urban landscapes. Over the last thirty years, the development track of the West Loop has caused the City to have to consider who it prioritizes in the fight for its economic and urban future: a shrinking but mighty manufacturing base or real estate developers looking to re-make the neighborhood into a marketable LWP environment. It is also a fight over who has control over the
development agenda of the City: the people’s representatives and the bureaucracy that evaluates projects, or real estate developers and the capital that backs their plans. The success that the West Loop has experienced in its re-development serves as a warning shot for urban industrial and manufacturing districts, especially those in “conflict zones” or acting as buffers between the CBD and residential neighborhoods. However, the West Loop also offers one example of how to facilitate a built environment transition from an industrial core to a mixed-use powerhouse, offering a blueprint for navigating a duality of visions between an urban manufacturing renaissance and facilitating mixed-use development.

Lessons from the West Loop

Amid the rapid gentrification and re-development of the West Loop, it may be a miracle that there are still urban industrial businesses operating there at all. It is reasonable to assume that without the special attention given to these industrial businesses during re-development processes taking place over the last few decades — in large part due to the perceived economic importance of the urban industrial sector and their large political power — gentrification processes taking place in other parts of the West Loop would have converted the Kinzie Industrial Corridor and Fulton Market into an exclusively sans-industry, mixed-use development project. Given the several layering protective land use policies that have covered the Kinzie Industrial Corridor over the last four decades, in addition to the ways that general zoning practices were applied to the area, there are several takeaways from this urban laboratory in regard to the efficacy of industrial zoning and land use policies, strategies for protecting the urban industrial sector, and the ongoing relocation of industry outside of “conflict zones” close to the CBD to other parts of the city and metropolitan area.

As municipal governments have uncovered over the last half-century, protecting and promoting the growth of the urban industrial sector is an incredibly complex issue. This is only exacerbated when these sectors are concentrated in “conflict zones,” stuck between CBD development on one side and residential neighborhoods on the other. Many one-pronged approaches, such as the passage of favorable economic incentives to promote the expansion of or continued industrial operations, have failed in creating the resurgence of industrial activity anticipated. Chicago’s PMDs, industrial corridors, and other industrial
protectionist land use policies have seen moderate success in some areas as a one-pronged policy but have failed to protect industrial businesses in the Kinzie Industrial Corridor from encroachment by commercial, office, and residential developments. Industrial businesses in urban settings already face a less favorable business environment offered by urban locations in comparison to suburban or rural locations, increased costs of labor, increased costs of facilities and land, and potential issues with transportation infrastructure and access to suppliers.\textsuperscript{234} All these issues are exacerbated by the redevelopment of their home neighborhoods, leading to increased conflict and tensions with new neighbors.

As alluded to in the first hearings on the Clybourn PMD, if the goal is to not just slow the outflow of industrial business from urban areas but stem or grow their numbers and scale, there should be a comprehensive set of policies and frameworks that help businesses stay in cities, thrive in cities, and support their operations and employees alike. PMDs and other industrial land use policies are one strategy for helping protect urban industrial businesses, artificially lowering land prices through restricting alternative uses and giving businesses a lower cost base. While outside the scope of this paper, businesses should be enabled to thrive through economic benefits and incentives, such as tax rebates. Lastly, to support the staff that enable these businesses to operate, the development of affordable housing and access to public transportation and other services to support those working in blue-collar industries is essential to ensuring the success of employees and businesses alike.

However, it is also worth wondering whether there is a new sense of inevitability when it comes to urban industry and manufacturing. Former 43rd Ward Alderman Edwin Eisendrath, who introduced the original PMD ordinance, said in a 2019 interview that “our economy was changing, and it was the best I could do in the late 1980s” and that he “never thought [PMDs] would last 30 years.”\textsuperscript{235} While the districts themselves have largely stood the test of time, it is hard for the intent of PMDs to stand against development pressures when both developers and businesses perceive themselves as having something to gain. It also does not hurt that over time, visions for neighborhoods and their accompanying land uses change, and Chicago’s municipal government has not had the best track record for providing coherent and consistent land use plans, much less strictly abiding by their own plans. In a highly publicized case in 2016, Finkel Steel moved its steelmaking plant from the Clybourn Corridor PMD to the South Side, leaving the PMD empty.
4.1
Demolition of the 1897-built ADM Wheat Mill at 1300 W Carroll Avenue, the company moved its production to rural Mendota, Illinois in 2018. Sterling Bay is now building a 14-floor office building on the site.


and selling the land to a developer amid recognition that both could stand to gain financially from such a deal. Two other PMDs on Chicago’s North Side have been reduced by 50% and 75%; the eastern portion of PMD 4, the Kinzie Corridor, was recently tossed out in favor of a less restrictive land use classification that opened up opportunities for commercial and office development.

PMDs have only limited success in countering real estate market trends. As one prominent Chicago real estate developer told me, “Developers are like water: if you have a leak, it’ll find its way into the house.” Developers will go anywhere they believe they can rent and sell apartments, and if an area is a PMD, they are willing to go around the official boundaries to find adequate building stock or land for conversion and development. The increased pricing pressure along the periphery of the PMD adds additional complications to efforts to attract new businesses or expand and renovate existing industrial businesses.

Combined with the allowances for planned developments within PMDs, this fluid land use environment provides a subtle yet existential fear that cities could allow for development to occur at any time, depending on
shifting economic and political winds, and weakens confidence that the city is sticking by its industrial businesses, especially in developing neighborhoods. The West Loop’s history calls into question whether the urban industrial renaissance was over before it even started, yet future studies should investigate whether this is something limited to the “conflict zones” stuck between neighborhoods and the CBD or if this is an all-encompassing urban phenomenon.

Despite this, Chicago should still be applauded for maintaining industrial uses and manufacturers as part of the discourse within urban planning, especially in a CBD-adjacent area. As the case studies of the Warehouse District in New Orleans and West Chelsea in New York City show, these voices can disappear quite quickly as economic development and renewal are prioritized over the maintenance of legacy industries. The use of zoning to achieve their objectives of development exemplifies the efficacy of land use policy in kicking industrial businesses out; Chicago provides a useful counterexample to how a similar framework can be used as a first step towards a more comprehensive urban industrial retention strategy.

Notes for the Future

It would be misleading to suggest that the City of Chicago was ever not ‘in control’ of development trends occurring in the West Loop. As explained in the City Planning in Chicago section, there are several steps in which administrative bodies and elected officials can reject a development plan. However, looking at the City’s planning strategies over the last fifty years reveals that the City was able to influence the direction of development much more effectively when enacting land use policies and measures that could be classified as more proactive than reactive. For instance, proactive development in the mid-1990s in anticipation of the 1996 DNC and future growth in the area helped to provide the infrastructure that developers capitalized on. Similarly, proactive development in the early-to-mid-2000s generally followed the guidelines of the 2000 Land Use Plan, maintained in part by strict zoning overlays that resulted in conflict only when these were broken using planned development exceptions or through “loopholes,” such as those used in the protesting of loft construction in the Fulton Market core. In contrast, reactive development in the late 1980s and early 1990s resulted in early developers creating plans for the neighborhood before the City even began to pay attention, making their mark on the built environment
while starting to market a vision of a future mixed-use neighborhood to the greater Chicago market and beyond. In the mid-2010s, the reactivity of the FMID and Historic District plans resulted in mixed outcomes; although development has ostensibly occurred within their guidelines, they were not sufficient to stem the outward flow of businesses that produce physical goods nor to moderate the physical scale or aspirations of proposed developments.

One way for the city to close the gap between proactive and reactive policies would be to regularly update land use plans for neighborhoods while responding quickly to private developments and changing neighborhood dynamics. Although there was major conflict in the early- and mid-2000s between restauranteurs, developers, and industrial businesses regarding the direction of the neighborhood, it forced the City to quickly create policy frameworks that would mediate immediate disputes while casting a meaningful sign to which direction they believed the neighborhood should be moving in. In contrast, the City in the mid-2010s and early 2020s seems to have abdicated any thoughts of responding to longstanding resident requests, with developers instead presenting proposals for the construction of a Metra commuter rail station for the neighborhood or to transform Randolph Street into a more public outdoor space. The City’s plans have been eager to investigate public infrastructure provision in the past for industrial uses, whether expanding roads or improving utility access. The City can capitalize on a similar approach to responding to residents’ concerns about walkable infrastructure, improved linkages to downtown and other neighborhoods, or the provision of green spaces to reclaim developers’ control over the re-development process while making the West Loop a continually attractive place to invest.237 One step in this direction is the inclusion of the West Loop in the upcoming 2024 Central Area Plan Update, which will hopefully provide a comprehensive development vision for the West Loop while symbolically including the area within CBD-oriented planning discourse for the first time.

This study also calls into question the unique political incentives or disincentives for real estate development in Chicago, caveating that the growth occurring in the West Loop may not have occurred if the political costs and benefits of growth were not so tangible for municipal authorities. Due to the practice of aldermanic prerogative, the effects of any proposed or realized development project in a ward are directly tied back to the alderman’s approval or disapproval of a project. In a city with a relatively low council member-to-citizen ratio, and considering the
tangibility of changes to the built environment, voters can make their opinions on an alderman’s development record easily heard at the ballot box. While a few real estate developers confided in me that Burnett had realized in a changing neighborhood, the election math meant it was easier to encourage development and gain a large number of votes from those newly moved into the neighborhood in exchange for losing a small number of votes from those opposed to development, few other aldermen have the same opinion. Indeed, the impact on development is so severe that the U.S. Department of Housing and Urban Development (HUD) ruled in November 2023 that Chicago has wrongly limited the development of affordable housing by allowing City Council members to exercise aldermanic prerogative. The incentive structure for aldermen is complicated; more money comes into your ward with developments, especially those benefitting from TIFs, yet development and changes to the neighborhood fabric can be something extremely hard to convince your constituents of. The City is currently in negotiations with HUD on an informal resolution, the outcome of which could change the development equation that aldermen face and help spread out the furor of development that has seized the West Loop in recent decades.

The City has additionally done a good job of redirecting industrial growth to other PMDs while it fades out in “conflict zones” such as the West Loop. Anecdotally, in its 2021 FMID Update report, the City shows that three food companies, the oldest one having opened up in the West Loop in 1895, all relocated to industrial corridors on the city's Southwest Side. Given the economic growth and potential for development that an industrial base was able to unleash in the West
Loop, the important role industry can play as an economic engine for lower socio-economic communities, and the outsized role that unions and industrial workers play in municipal politics, the City should continue to redirect industrial growth to other parts of the city. A death knell in urban industrial “conflict zones” should not mean the end of urban manufacturing, as much as it can be a redirection of opportunity to other areas.

As this study shows, the West Loop has faced similar issues to many other urban manufacturing centers attempting to re-make themselves in the 21st century, yet its unique political and economic circumstances make it so that the public policy or development approaches that were used here should not be simply reallocated to other neighborhoods. What worked in the West Loop would likely not work in the exact same way if applied to Goose Island (PMD 3) or Clybourn (PMD 1), much less in a different city. Instead, the West Loop’s story helps outline several stages of industrial displacement and gentrification that can be used, within a stage model of gentrification, as lessons and indicators for developers, planners, and municipal officials in Chicago and across the United States.

In summary, the first stage consists of initial contact between pioneers and the industrial landscape. In the West Loop and other inner city industrial areas across the United States, industrial gentrification first occurred through real estate developers targeting abandoned or under-utilized loft buildings for adaptive reuse developments, outfitting them into apartments and studios to attract the bohemian class, artists, and daring young professionals. A few risk-taking commercial ventures open in the area, looking to capitalize on a re-framed, romanticized version of the area’s gritty, industrial aesthetic. Cultural or entertainment ventures may also help establish the area as an up-and-coming area on the map, such as Harpo Studios or the development of the United Center, which were both attracted by the potential for development in the neighborhood brought on by cheap land or existing buildings and easy access to their intended audiences and market. The threat to industry may not be clear yet, and oftentimes municipal authorities themselves have not realized that anything is changing in the neighborhood.

Second, a risk-tolerant wave of development hits the neighborhood as the real estate market begins to come to terms with its potential value and increasing demand. Institutional developers may begin to invest in adaptive reuse or conservative new-build projects, with a mix of apartment and condominium development creating a more permanent
population base in the area. A consumption and leisure-oriented economy of restaurants, stores, and other commercial ventures sprout and draw outsiders to the area through the excitement of a new area, but there are also smaller commercial ventures opening to serve the residents of the neighborhood themselves, such as cafés and restaurants. More risky service-sector companies may move in and take advantage of the same loft-style aesthetics that swept the first wave of residential development into the neighborhood. Industrial operators begin to confront operational constraints from increased traffic, rents, and infrastructural stress. Tensions rise in the neighborhood, and industrial businesses start evaluating their options for an out.

In the third stage, development is driven by risk-averse developers who have observed the maturing market and will invest in new-build projects as the building stock and potential for adaptive reuse projects fade. The services sector moves in with large amounts of capital and employees, encouraging office development and influencing a substantial shift in the demographics of the neighborhood, mainly through new residents’ and workers’ purchasing power. Development proposals seek vertical expansion as land becomes a limited commodity, becoming increasingly dense to accommodate the continually growing demand for residential, commercial, and office spaces. As commercial ventures begin to market themselves to an increasingly wealthy and privileged clientele and residential population, the threat to industry becomes clear. The issues from the previous phase continue, such as operational constraints and skyrocketing rents, but industrial attrition from the neighborhood and development pressures make it increasingly hard for businesses to economically justify staying in the area.

Finally, the area reaches the pinnacle of industrial gentrification, pushing out any traces of the industrial and manufacturing sector, save for the most stubborn of businesses or low-impact businesses that work to accommodate the consumer needs of the maturing mixed-use neighborhood. Some examples from the West Loop include wholesale grocers and coffee roasting facilities. New development continues to reach higher, both in terms of levels of capital and scale, completely overshadowing the former fabric of the neighborhood. The industrial base is gone, merely reduced to an aesthetic and brand through the selective preservation of buildings, facades, and other public-facing features of the historic built environment. The area’s metamorphosis from industrial zone to another node in the global services economy is complete.
This case study hopefully enhances our understanding of industrial gentrification and the tools that American cities have used in attempts to stop or slow the process. This also offers a point of reflection for the future of industrial planning within urban economic and development policymaking. In the West Loop, the process of industrial gentrification is almost complete. Despite the intensity of conflict regarding land use policies and the future of the neighborhood that characterized industry’s halting displacement from the West Loop through the early 2000s, the dual blow of the Great Recession and COVID-19 facilitated an economic and political realignment that led the City to shift its position from mediator to facilitator of development and gentrification. The West Loop’s development track is something that many cities are envious of around the country, and it continues to be one of the hottest real estate markets across the United States, with developers and institutional investors continually looking for opportunities to stake their claim in the neighborhood. However, its changes have been so dramatic that there are few businesses or stakeholders that are still around and have been able to weather all the West Loop’s changes, save for those that had a part in facilitating its changes themselves.

The fight over the West Loop’s development is a microcosm of a larger fight over the direction of urban American development in the 21st century and of the ways that private interests and municipal governments can oppose each other or collaborate in efforts to develop what they deem to be better ways of living. The West Loop offers one attractive example of how to develop a thriving “live-work-play” community, completely turning around its economic fortunes as compared to a few decades ago. However, this example does come with a warning: once you go forward, sometimes, you cannot go back.
Appendix A: A Quick Guide to Chicago’s Mayors and Their Development Policies

RICHARD J. DALEY, 1955-1976 (DALEY I)

First elected as Chicago’s mayor in 1955, Daley was a juggernaut in Chicago’s political scene. Although Chicago’s municipal government structure vests most power in the City Council, Daley’s position as the chairman of the Cook County Democratic Party allowed him to force most of his policy proposals through the Council for fear of any consequences the next election cycle.

Daley’s urban development policies are situated in the context of suburbanization, specifically white flight in the 1950s. His urban renewal policies separated wealthier white and poorer Black and non-White populations in the city; highways, housing developments, and other major public works were built to push Black populations away from the city center and displace them to outlying neighborhoods. He dumped funds into building up Chicago’s Loop Central Business District, encouraging the development of modern office buildings, McCormick Place, and the Civic Center complex. Critics accused him of developing two cities and creating a divide between downtown and neighborhoods. Nonetheless, Daley is looked upon fondly in history, with a 1993 survey conducted by the University of Illinois at Chicago ranking Daley as the best big-city mayor to serve in office post-1960.
MICHAEL BILANDIC, 1976-1979

Bilandic was selected by the City Council to serve in the wake of Daley’s death. He continuing many of Daley’s development policies, with his crowning achievement being the unlocking of funds for a crosstown expressway that would have cut across Chicago’s Northwest, West, and Southwest sides. He was sidetracked by an abundance of labor disputes during his mayoral tenure, and was defeated by Jane Byrne in the 1979 Democratic primary, who promptly canceled his expressway project.  

JANE BYRNE, 1979-1983

During her one term, Byrne focused heavily on the arts, seeing the city’s entertainment and cultural landscape as a path for revitalization and renewed interest in the city. On the development side, she continued the Daley-era focus on developing the CBD and was criticized for not investing enough in minority neighborhoods; Byrne was required to return $28 million in community developments that the federal government said were used improperly. In her final budget, Byrne allocated two-thirds of economic development capital improvement funds to the CBD, although downtown businesses only employed 18 percent of Chicago’s workforce. Although she brought attention to issues in Chicago’s public housing system through an infamous three-week stay at the notorious Cabrini-Green housing complex, little changed during her tenure. She was defeated in the 1983 Democratic Primary by Congressman Harold Washington, who represented Chicago’s West Side.

HAROLD WASHINGTON, 1983-1987

Washington was an outsider to the Chicago political machine; as the first Black mayor of Chicago, he faced withering opposition from White constituents and City Council members alike. Only a 1986 court order that required the redrawing of the Chicago ward map allowed for a breakthrough that allowed for some of Washington’s political priorities to be implemented, including government transparency, improving city services, and community development and empowerment.

Washington’s policy platform, now known as the Washington Papers, was released during his first-term campaign in 1983. It advocated for replacing the widespread spending on land clearance for new construction (to the tune of $20 million a year) with a process
centered around citizen participation, and the creation of new neighborhood planning boards to cooperate with city agencies on planning local development projects. Instead of focusing only on gentrifying areas adjacent to the Loop, which Washington charged Byrne with doing in her Chicago 21 plan, he would focus more on retaining small locally owned businesses and the neighborhoods they served. Later, Washington’s Chicago Works Together plan received high praise from progressive groups for a bottom-up approach that was willing to pursue a path of economic development that started with a focus on disadvantaged communities.

Washington also had a pivotal role in lending official City support to the first Planned Manufacturing District (PMD) proposal in 1987 on the Clybourn Corridor, three weeks before his death. Unfortunately, Washington was unable to implement many of his priorities as he passed away from a heart attack in 1987, shortly after re-election. David Orr was briefly acting Mayor of Chicago until the selection of Eugene Sawyer as his replacement.

EUGENE SAWYER, 1987-1989

Sawyer largely based his own policies on continuing the policies of the Washington administration. He was a large supporter of the implementation of PMDs during his mayorship, overseeing the implementation of the first PMD along the Clybourn Corridor in 1988. He lost election in 1989 to Richard M. Daley.

RICHARD M. DALEY, 1989-2011 (DALEY II)

During the 1989 campaign, Daley surprisingly came out against PMDs and the protection of industrial land, advocating for a more market-driven, laissez-faire approach to development. In a particularly combative interview with representatives from community development groups, Daley said, “I don’t want a factory in my neighborhood,” advocating for the entire Chicago River to be saved for residential and commercial uses rather than its majority industrial use at the time. Many feared that Daley would go back to his father’s development strategy, looking at the incremental property tax revenue generated by new residential or commercial development and, therefore, focusing on the priorities of real estate developers downtown and in other high-demand areas.

During the first decade of Daley’s leadership, these anti-
manufacturing attitudes were not fully realized. PMD 4, the Kinzie Industrial Corridor, which encapsulates the northern part of the West Loop, was passed and implemented by Daley’s administration in 1998. However, Daley did follow his father’s development theory in channeling public funds toward downtown development. Navy Pier and the Museum Campus were both completed within his first decade, with Millennium Park under construction at this time. These large-scale, publicly-funded projects were used to both stimulate a tourism economy and overall urban growth by continuing to expand Chicago’s economic base.249

At best, this meant that his attention was directed away from neighborhoods towards the CBD. At worst, his “regime” represented only the best of the “new urban-growth consortium of developers and real estate and sports entertainment interests and the auxiliary business, financial, and legal services,” meaning those whom he listened to were only those with interests in the CBD.250 Daley turned the national economic boom of the 1990s into opportunities for the development of middle-class, gentrified neighborhoods through rezoning, condo conversions, transportation improvements, infrastructure investments, and more. However, those on the lower-income end of the spectrum continued to suffer, with housing shortages and stubbornly high poverty and unemployment rates being a hallmark of his tenure.

He wielded TIFs, the tax increment financing system, to push forward his own development vision for Chicago; his selective allocation of funding gave him unprecedented power to guide urban development across the city. Critics said that Daley managed TIF funds as if they were his personal slush fund, funding his priorities and those of his allies on the City Council. His 2000s strategy of privatization was additionally criticized as giving the city short-term financial outs in exchange for long-term financial pain. He declined to run for a seventh term in 2012, replaced by Rahm Emmanuel.

RAHM EMMANUEL, 2011-2019

Emmanuel was characterized by most real estate developers as a pro-business politician, albeit some developers took issue with policies that encroached on the profitability of their developments, such as the Affordable Requirements Ordinance. Emmanuel took pride in his goals of luring companies from the suburbs to the city, and his efforts were directly linked to the development of hundreds of thousands of square feet of office development space Downtown, particularly in the West
Loop and Fulton Market areas. In efforts to encourage affordable housing and public transit usage, Emmanuel allowed developers to cut parking spaces near transit sites.

Crain’s Chicago describes Emmanuel’s commercial real estate development playbook as “first, boosting projects downtown to help lure residents and jobs into a city roaring back from the Great Recession,” then leveraging those investments to help poorer communities on the city’s South and West sides. One developer was quoted as calling Rahm’s Planning Department policies as “forward-thinking,” especially in consideration of re-zoning and the development of dormant sites. However, similar to mayors before him, Emmanuel faced criticism that his development agenda neglected neighborhoods in favor of the CBD.

LORI LIGHTFOOT, 2019-2023

Lori Lightfoot came into office in May 2019 and quickly attempted to change the game of development in Chicago through her efforts to limit “aldermanic prerogative,” or the de facto power given to Aldermen on the City Council to control affairs within their wards, including the approval or rejection of zoning requests and development proposals. When it comes to zoning, however, little has changed. Lightfoot additionally overhauled the 2008 Affordable Requirements Ordinance to tighten up loopholes that allowed developers to skirt or get out of affordable housing requirements.

Lightfoot’s signature economic initiative, Invest South/West, aimed to reverse decades of public and private disinvestment on the city’s West and South Sides. Initiated in the fall of 2019, the initiative targeted the commercial cores of 10 neighborhoods that aimed to promote the development of mixed-use construction projects, the reuse of historic buildings, new plazas, and other public infrastructure improvements that could help provide a foundation for continued investment. Critics said that the $750 million dedicated by the city to the plan would be nowhere near enough to make a tangible difference. By the fall of 2021, the amount of capital committed by private and non-profit sources surpassed the amount of public funding allocated to the initiative. Many developers praised the plan for elevating minority-led firms to work on large-scale projects and focusing on neighborhoods that have been neglected for decades. Despite Lightfoot’s defeat in the first round of the 2023 mayoral election, several signature projects from the initiative continue to be in development or under construction today.
Although only in office for a year at the time of this paper, what has been revealed as Brandon Johnson’s progressive-leaning development strategy has consisted of a balance between encouraging equitable development across neighborhoods and pushing forward any and all real estate development projects due to urban economic challenges in the post-COVID-19 era. His Bring Chicago Home ballot referendum which proposed taxing real estate deals over $1m to fund affordable housing developments – failed to pass on the 2024 primary election ballot; its replacement plan is to borrow $1.5 billion to fund projects while phasing out TIF districts to increase the City’s general revenue. Johnson has additionally worked to cut red tape for real estate developers to expedite residential and commercial development in the city, including streamlining the permitting and public comment process for proposed developments and making adjustments to the city’s zoning rules to allow for different types of residential development in single-family housing zones.
NOTES

Contextualizing Chicago and the West Lopo

9. Ibid.
12. Curran, “From the Frying Pan to the Oven.”
26. Ibid., 21.
28. Fairbanks, Chicago’s West Loop, Then and Now, 92-94.
33. Ibid., 97.
34. Pauillac, “Near West Side.”
37. Ibid.
40. Ibid., 20-21.  
41. Ibid., 45-54.  
49. “Planning and Development: Commissions.”  
62. Personal interview, January 10th, 2024.
64. Ibid.
67. Ibid.
68. Ibid.

The West Loop’s Transformation

81. Fairbanks, Chicago’s West Loop, Then and Now.
82. City of Chicago Department of City Planning, Development Plan for the Central Area of Chicago, 1958.
83. Ibid.
84. Rast, Remaking Chicago.
85. City of Chicago Department of Planning and Development, Near West Side Area Land Use Plan, 2000.
86. Ibid.
87. Ibid.
88. Ibid.
90. City of Chicago Department of Planning and Development, Near West Side Area Land Use Plan.
92. Fairbanks, Chicago’s West Loop, Then and Now.
93. Zukin, Loft Living.
94. Fairbanks, Chicago’s West Loop, Then and Now.
96. Fairbanks, *Chicago's West Loop, Then and Now.*
98. Ibid.
102. Lipinski, “Oprah Winfrey Buying West Side Tv Studios.”
111. Fairbanks, *Chicago’s West Loop, Then and Now.*
113. Fairbanks, *Chicago’s West Loop, Then and Now.*
119. Personal interview, April 3, 2024
120. Ducharme, “Planned Manufacturing Districts.”

122. Ibid.


125. City of Chicago Department of Planning and Development, Near West Side Area Land Use Plan, 75-76.

126. Ibid., 57


128. Ibid., 157


131. Ibid.

132. Ibid.


134. Banisky, “This Chicago Street Is No Dead End Life.”


138. Ibid., 12.

139. Ibid.


143. Joravsky and Dumke, “The Shadow Budget.”
144. City of Chicago Department of Planning and Development, Near West Side Area Land Use Plan, 81.
145. Ibid., 5.
146. Ibid., 17.
148. Spiro and Bennett, It's Hardly Sportin’, 158.
156. Personal interview, January 10, 2024.


169. Ori, “From Cold Storage to Cool Offices.”


174. Ibid.


176. City of Chicago Department of Planning and Development, Fulton Market Innovation District, 9-11.


181. Ibid., 13-14.


192. Ibid.
195. Ibid., 21.
196. Ibid., 22.
198. Ibid.


**Comparative Analysis**


221. Matthews, “NYC’s High Line Park Marks 10 Years of Transformation.”


Conclusion

236. Personal interview, April 3, 2024.

Appendix

245. Ibid.
246. Rast, Remaking Chicago.
247. Ibid.


253. “Executive Order No. 2019-2 (Reform to Aldermanic Prerogative).”


BIBLIOGRAPHY


Girardet, Evelyne. “CITY ENSURES THERE’S NO SIGN OF CLUTTER.” Chicago Tribune, May 1, 1995, sec. CHICAGOLAND.


Lipinski, Ann Marie. “Oprah Winfrey Buying West Side TV Studios.” Chicago Tribune, September 18, 1988, sec. CHICAGOLAND.


Reardon, Patrick T. “City Plans to Set aside Industrial Corridors.” Chicago Tribune, March 13, 1992, sec. CHICAGOLAND.


———. “COMPROMISE NEAR ON FULTON DISTRICT.” Chicago Tribune, October 22, 1999, sec. METRO CHICAGO.


