

Proposed to City Council on June 28, 2017

Industrial Corridor System Fee

Addressing Impacts to the Industrial System

Chicago's Industrial Corridor system consists of 26 contiguous geographies ranging in size from 70 to 3,500 acres. Developed over 150 years, the system is an essential part of the region's economy by providing stable work environments for new and expanding manufacturers, wholesalers and distribution companies. The system also includes 15 Planned Manufacturing Districts (PMDs) that provide added zoning protection to portions of the corridors. Loss of land used for industrial purposes within individual corridors can negatively impact the system as a whole. Loss of industrial space in PMDs can further weaken these protections and impact the viability of the City's industrial economy.

The Industrial Corridor System Fee is intended to mitigate the loss of industrial space in areas designated as conversion areas. The "North Branch Framework" plan adopted in May 2017 by the Chicago Plan Commission identified conversion areas in the North Branch Industrial Corridor. Conversion areas are sections of an Industrial Corridor where the City is proposing to convert Planned Manufacturing District (PMD) zoning to its pre-PMD zoning. In the North Branch, conversion areas are located in Subdistrict A and Subdistrict C of the North Branch Corridor Overlay (NBCO). Figure 1 shows the conversion areas where the fee would apply.

Fee Trigger

The fee would apply to any project within a conversion area that requests a further zoning change from a pre-PMD zoning district classification (M or DS) to an allowed non-manufacturing district (B, C or DX). Projects that do not request a further zoning change will not be assessed the fee.

Fee Calculation

The Industrial Corridor System Fee will be charged per square foot of a proposed development's net site area. Net site area includes all of the land within the boundaries of a development site, less the area of all land required or proposed for public use and not used for the purpose of calculating floor area ratio or other bulk and density regulations. The fee would be based on a portion of the estimated cost to replace industrial property lost to non-industrial redevelopment. The full cost to replace industrial property is set by the Department of Planning and Development and currently estimated at \$49.00 per square foot. The cost is based on an analysis of recent property sales and case studies of industrial projects within the Industrial Corridor system, citywide estimates of average environmental remediation costs, and industrial street rehabilitation costs. Applicants will only pay 25%, or "Developer's Share", of this cost.

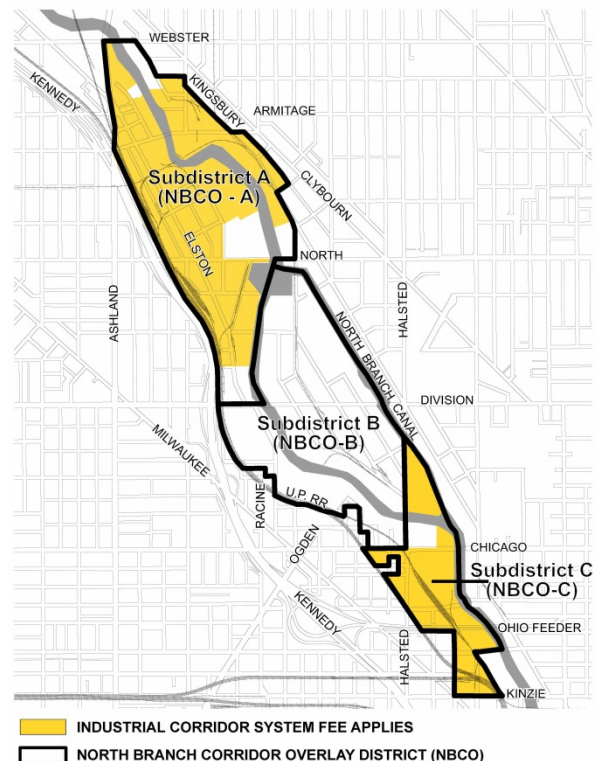


Figure 1: Conversion areas in the North Branch Corridor Overlay District

This document is for informational purposes only. Please refer to the ordinance for complete information. In case of a conflict between the information contained in this document and the ordinance, the ordinance will govern.

Proposed to City Council on June 28, 2017

The total fee is calculated using the formula below.

$$\text{Fee charged per square foot} = \text{Net site area} \times \text{Cost to replace Industrial Property} \times \text{Developer's Share}$$

The fee and formula will be updated by the Department of Planning and Development at least once every five years.

Payment of Fees

The fee is payable at the time of building permit issuance based on the estimated industrial land replacement cost at that time. Fees may be paid pro rata for multiphase development projects with individual building permits based on the size of each phase as a proportion of the entire approved development.

Use of Funds

All funds generated through the Industrial Corridor System Fee will go into the Industrial Corridor System Fund and used to preserve and enhance the city's industrial base, support new and expanding industrial uses, and ensure a stable future for manufacturing and industrial employment in Chicago. The funds will be available for qualifying projects in eligible Receiving Industrial Corridors identified in Figure 2. Examples of eligible costs include acquisition of land or buildings, rehabilitation of underutilized or out-of-date buildings, environmental site assessment and remediation, demolition of buildings or structures, and/or construction or rehabilitation of key support infrastructure.

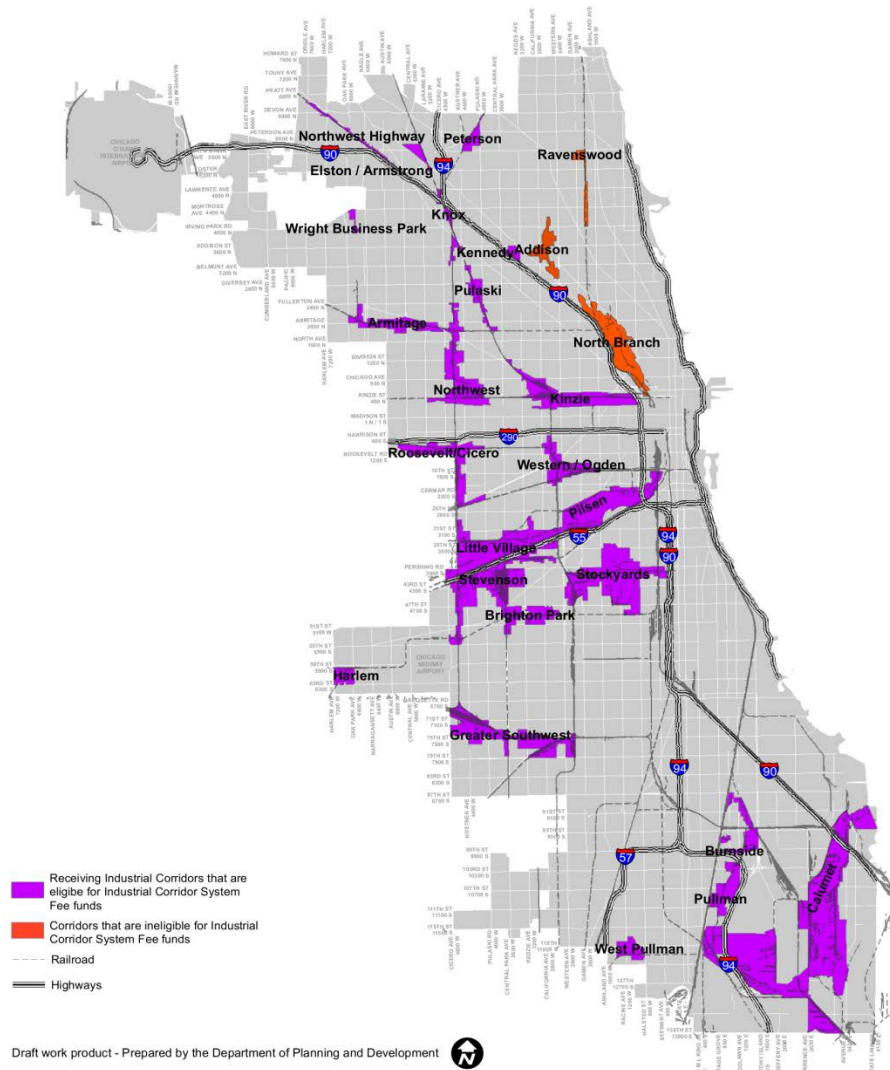


Figure 2: Industrial Corridor System and Eligible Receiving Corridors