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## What's Next?

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Case-Shiller finally reported a rise in property values in the Chicago metro market, albeit slight. Such data, as good as it is, masks the wide diversity within the region and is, in the aggregate, negatively impacted by the slow processing of foreclosures and the seemingly increased effort by owners and banks to do short sales. We interpret the data to suggest that the slide in values is ending and property value will begin to rise again. This will be good news for all, although the way we cap property tax levies in Illinois rather than rates helped moderate the impact on the way down and will mute it as well on the way up. The beneficiaries will include TIF districts that were using area-wide growth to help generate revenue. As and when new development picks up, others will benefit as well. This suggests that local fiscal conditions will stabilize. While in the fifth year of an economic recovery, one would normally become cautious that the next recession is just around the corner; this recovery has been so slow that, perhaps, we have a little more room to grow. Here are two key forces that might shape municipal actions for the next few years:

1. The Millennials Are Turning 30. Despite the hand-wringing about the difficulty of getting a job out of college, the vast majority of recent graduates are employed. As best as we can determine, college graduates between 22 and 29 have unemployment rates about 2 percentage points lower than the labor force as a whole. Right now, this age group, numerically larger than the "boomers," is attracted to downtown living and in any case, should mostly be in rental housing as they are not yet fully "settled." But as they marry, have children and crest over the big "3-0," priorities will likely change. While it is very possible to get your children into the "right" Chicago Public School, it requires a level of effort that many are reported to want to avoid.

This creates opportunity for suburban communities to review how their housing stock and community amenities can help attract the next generation. Given the employment gains in Downtown Chicago, rail commute suburbs will have an advantage, but not exclusively. There are areas in the city that revived in part because people who wanted to live and play in the city could readily access the Kennedy or Eisenhower to get to suburban workplaces.

Of course, the suburbs have always excelled at providing schools, park districts and libraries. But this new cohort can be expected to request some changes. As emerged in the last generation, in most cases, both spouses will be working and it is now more likely that both will be in demanding careers. What might be some of the changes needed? Nanny suites within houses? In-law apartments? Coordinated 7 AM to 7 PM child services (before and after the school day)? How might these challenge current zoning and collaboration among districts?

2. The Boomers Will Continue to Be a Disruptive Force. Chastened perhaps by loss of wealth – particularly housing wealth and anticipated unending stock market gains – many boomers are not as ready to move to condominiums or adult communities as anticipated. As housing values recover, however, and if enough Millennials choose suburban living, interest in condominiums and adult communities will again recover. There is also likely to be increased interest in continuing care retirement communities both on "campuses" and in suburban downtowns. Expanded senior services may be demanded as some who cannot sell their homes for enough to make a move join the majority of empty nesters who want to stay in their homes and communities. Seniors may seek more services to help them age-in-place. An organization in Chicago is pioneering the kind of services and connections involved in the Lincoln Park neighborhood (Lincoln Park Village) and may be a model. As noted on their website, in addition to sponsoring and coordinating many activities, "carefully screened service providers are available to help with:

- Quality housekeeping and handyman services
- Computer training and troubleshooting
- Hands-on help with Medicare, long-term care and Medicare Part D
- Rides from volunteer drivers to medical appointments, grocery shopping and Village events and activities."

While some communities already provide such services, and other agencies are responsible in many locales, some municipalities will be called upon to expand support to seniors. Others are seeing requests for rezoning or other changes to accommodate continuing care retirement facilities.

These and other trends and conditions will lead to continued demands that local governments play active roles in development, including reviving downtown/TOD projects, addressing requests for different land uses such as senior complexes, ensuring that there is sufficient market demand that projects are community assets for the long haul, and evaluating project requests for financial assistance. Careful review and analysis can identify the public interest and shape assistance and involvement that is limited, but effective, in enhancing the community and its future.



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