

December 06, 2016

OPINION

Trump's infrastructure plan could benefit Chicago—but we must act



Photo by Ron Cogswell via Flickr.com

President-elect Donald J. Trump's [trillion-dollar infrastructure plan](#) offers Chicago a unique opportunity to grow its rapid transit and commuter rail systems—and in so doing, stimulate large-scale private investment.

The Chicago Central Area Committee and the Alliance for Regional Development—two civic groups advocating strategic investment in Chicago and the surrounding tri-state region—believe the Trump plan could do two things. First, it could help launch the Connector, the new rail line CCAC has



proposed for the central area. The Connector would serve the thousands of new workers and residents being added each year in Chicago's booming core.

Second, the plan could help pay for an upgrade of the Metra Electric commuter line on the South Side plus commuter rail improvements in the tri-state region, including southeast Wisconsin and northwest Indiana in addition to Illinois.

Crain's columnist Greg Hinz has written that the initiatives CCAC and ARD have proposed embody "a level of big-think city planning that has almost disappeared in the past couple of decades."

The question is how to pay for them. The Trump plan, advanced by University of California-Irvine

business professor Peter Navarro and investor Wilbur Ross, designated as secretary of commerce, offers a possible answer. The plan calls for projects to be undertaken by the private sector, with tax credits as an inducement.

The implication is that infrastructure investments must generate sufficient revenue to pay off debt and return a profit to investors. An example is a toll road.

Most transit improvements don't generate a positive revenue stream and so are poor candidates for private investment. The exception is transit that facilitates development of nearby property.

If a transit improvement project and the private development it catalyzed were financed jointly, through a public-private partnership, a well-conceived venture could throw off substantial revenue. Tax credits would supercharge such a deal, increasing its attractiveness to investors.

Chicago is ideally positioned to benefit from this approach. It's one of the few major U.S. cities having a thriving core surrounded by abundant vacant land. Some of these sites—such as the vacant former rail yards in the South Loop—have been dormant for years, largely for lack of transit access, despite advantages such as proximity to downtown and water views. Today they're a critical resource to capture the next wave of development as transit-served, readily developable sites become scarce.

These vacant sites, most of which are familiar to Crain's readers, are prime candidates for the transformative effect of transit. The rail improvements our groups have proposed would serve virtually all of them—thereby creating transit villages in underserved areas, enabling workers from all parts of the city and region to reach jobs in the growing core.

Federal tax credits plus private investment wouldn't pay the full cost of new rail. Local public funding from sources such as transit TIFs would also be needed. But the Trump plan could ease the local burden.

None of this is guaranteed. The Trump plan for now is only a concept. Questions have been raised about its feasibility. Nonetheless, the plan has strong backing—and, potentially, not just from the president-elect.

Indiana is seeking federal funding to expand the South Shore rail line, which carries commuters from the northwest part of the state to downtown Chicago. The Connector would distribute those commuters within the expanded central area.

Together, the two initiatives would constitute a multistate project of regional significance. Such a venture could earn bipartisan support. We believe this opportunity warrants timely exploration so that our region's congressional delegation can help shape the enabling legislation for the Trump plan.

John Buck is former chair of the Metropolitan Planning Council. Steve Fifield is chair of the Chicago Real Estate Roundtable. Greg Hummel is chair of the Chicago Central Area Committee. Paul Jones is chair of the Alliance for Regional Development. Ed Zotti is a transit consultant for CCAC.