

11/6/05 RHI Conference Remarks

Thanks _____, (marijuana-boomers-Frito Lay). I commend the Institute for sponsoring this conference and appreciate having the opportunity to participate, but I'm relatively new to this agenda and am really here to learn rather than to teach... in fact, I wondered why Jim selected me to be on the panel, but it occurred to me that I often get picked for reasons passing understanding (homeless guy story).

I retired from corporate life a couple of years ago and now do some consulting, some real estate development and a lot of volunteer work, which includes serving on several non-profit advisory boards and as president of my Condominium Association. In July, I was elected president of the River North Residents Association in a hotly contested race (one candidate), which represents 15 condominium associations and around 3000 residents in Chicago's River North community. I met Michelle Joseph at a local CAPS meeting and joined the Chicago Hospitality Resource Partnership, which brings us to the present. I won't presume to make specific suggestions in the presence of so many more experienced colleagues, but I'll offer a few observations and recommendations.

River North is an area of roughly 80 square blocks in Chicago's 42nd Ward, just north of the city's business and financial center and west of the "magnificent mile", which is the upscale shopping and entertainment district along Michigan Avenue. Chicago had a big fire in 1871 (maybe you heard about it) and most of the area between the river and the lake was destroyed. The next 2 decades were spent rebuilding and these efforts culminated in the Columbian Exposition of 1893. River North was a grimy industrial district then known as "Smokey Hollow". If any of you have read Eric Larson's book "Devil in the White City", you know what Chicago was like in this period. After World War II, manufacturing declined and factories closed or were converted into warehouses. By the mid-1970's, the area was an urban wasteland with many neglected or abandoned buildings.

Then in the late 1980's, the revival began. Low real estate prices and large spaces attracted artists and entrepreneurs. Beautiful old timber and masonry buildings were rehabbed into galleries, studios, offices, apartments and retail stores. Attorneys, architects, ad agencies and design firms moved in, followed by hotels, restaurants, clubs and around 900 coffee shops. Today, River North has the highest concentration of restaurants and entertainment venues in the city. It is home to the largest number of art galleries outside of Manhattan and is the fastest growing residential neighborhood in Chicago.

I moved to the area in 1996 and in the last decade, the pace of change has actually accelerated. The ongoing demolition of dozens of large public housing buildings in an adjacent area has added some unique challenges, but the main issues our community contends with are the classic consequences of rapid growth, gentrification and large-scale residential development.

1. Nearly continuous construction (noise, mess and disruption)
2. Loss of architectural character (and displacement of many low-income residents)
3. Increasing congestion (traffic, parking, pet protocol, minor crime)
4. Strain on infrastructure (amenities and open spaces)
- 5. Increasing concentration of residential properties and hospitality and entertainment venues.**

In just a 5 by 8 block area, there are over 70 establishments with tavern or incidental liquor licenses (out of nearly 5000 in the city). Many of which are late-hour licenses that allow alcohol to be served until 4:00 AM during the week and 5:00 AM on weekends (our Ward contains roughly 40% of 220 total). The great majority of these are managed professionally and responsibly and rarely experience serious incidents. Most problems appear to stem from 3 factors:

1. The sheer proximity of bars, restaurants and residences to each other in a relatively small area.
2. The actions (or inactions) of a small number of less responsible business owners.
3. Unruly patrons can also create problems (good training and sensible security policies, along with effective Police relationships usually prevent serious trouble)

Sergeant Schumann can tell you about the police-involved incidents, including occasional fights, robberies and even the rare homicide. From a community perspective, the downside effects are usually noise, public intoxication, lewd behavior, parking and traffic problems, litter, broken bottles and condoms in the street, etc. (I suppose it's good news that they at least seem to be practicing safe sex) I should state for the record that I haven't personally researched similar areas in other large cities, so I can't calibrate the scale of these issues. Relatively speaking, our experience might be spectacularly good, which wouldn't surprise me because our 18th District Police Officers do an outstanding job and as I've said, most of our business owners are excellent corporate citizens.

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My experience in the both the condo and the neighborhood association suggests similar challenges.

- A large number of individuals, families and businesses coexist in a confined urban area.
- They have disparate agendas, values, goals and sensitivities.
- They have to share limited resources.
- The pursuit of their various objectives impacts their neighbors in positive and negative ways.

We get around 150 people at our quarterly public meetings including anti-development, pro-development, dog owners, young parents, those with neither dogs nor kids, single women, smokers, non-smokers, anti-motorcycle, Harley enthusiasts, etc., all demanding attention to their particular concerns.

A Few Observations...

- Engagement matters. Left to their own devices, conflicts will frequently arise between parties. The more isolated they are, the more likely this becomes. (perfect marriage story)
- Balance matters. A material imbalance of power or influence between two parties tends to lead to arrogance in the stronger party and resentment in the weaker. (vociferous dog owners)
- Incentives matter. Bad behavior, rather than good, tends to result from the absence of properly designed rewards and penalties. (fees / rebates for extra police service based on performance)
- Transparency matters. Secrecy and hidden agendas rarely lead to good public policy.
- Diversity matters. (abusive lending example: consumer groups / lenders) It's reassuring to spend an hour in a room full of people who agree with you, but nobody learns anything.
- Local is better. Solutions conceived by the parties in conflict, with guidance and encouragement from honest brokers, usually are more effective and enduring than externally imposed remedies.

A Few Recommendations...

- Develop and support local organizations that can advocate for specific constituencies, but remain mindful of the common good.
- Promote sensible policies (control promoters, stagger closing times, consider residential proximity and density in licensing, create a high threshold for late-hour licenses, hold operators responsible for incidents that begin inside and end outside of their establishments)
- Shift some resources from concepts to execution. (do fewer things and do them well)
- Document expectations by creating and publishing codes of conduct, community covenants or good neighbor policies. Address infractions quickly, non-judgementally. Deputize everyone.
- Find ways to publically recognize and reward stellar performance.
- Aim for the win-win. There are no perfect solutions, only compromises. (permit parking example)
- Work together on charitable projects and social events. (holiday party)
- Facilitate interaction between all of the interested parties in a community. In our area, we have the River North Residents Association, the River North Association (for businesses), the CAPS team, the Alderman's office and now, the Chicago Hospitality Resource Partnership. Representatives of these entities meet on a regular basis and work together to resolve neighborhood issues and improve the quality of life for everyone. We engage other city officials, management companies, public utilities and developers on an as-needed basis.
 - Do we start and end every meeting singing Kumbaya? No.
 - Are there heated exchanges and passionate debates? Sure.

There are two big benefits from this approach. The first is more apparent, the second is more important.

- The obvious benefit is the candid exchange of information, which helps the parties to understand each others issues and make appropriate adjustments.
- The less obvious, but more impactful benefit is that the parties establish a relationship and rapport, which causes each to consider of the other's best interest, almost unconsciously.
- RNRA mission statement excerpts.

Over 2000 residential units were built in River North in the past decade and more than twice that number are expected in just the next two years. We don't have all the answers by any means, and we continue to wrestle with issues like a recently proposed city-wide smoking ban in indoor public spaces... but I figure if it took us 88 years to win a world series, we'll have the persistence to figure this out. Thanks very much.