

Department of Planning & Development

PROGRAMS & SERVICES

Empowerment Zone Program

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Program Objective

On December 21, 1994 Chicago was one of six urban areas awarded an Empowerment Zone by the federal government on the basis of a comprehensive strategic plan submitted by the City. The Empowerment Zone Program is part of a nationwide strategy to revitalize distressed neighborhoods. Chicago's Empowerment Zone includes 200,000 residents in three non-contiguous areas on the City's West, near Southwest, and South Sides, that have an aggregate size of 14 square miles of land uses including commercial districts, industrial areas, open space and transportation corridors. Businesses located within the Empowerment Zone are eligible for special federal tax incentives. Qualifying organizations may receive funding through an RFP process to provide programs or services within the Zone.

The City's strategic plan identifies six initiatives:

- Economic Empowerment
- Affordable Housing
- Public Safety
- Cultural Diversity
- Health and Human Services
- Youth Futures

The Coordinating Council guides implementation of the strategic plan and oversees disbursement of federal funds for economic development and social services in the Empowerment Zone.

Program Description

The Empowerment Zone program established special tax incentives for qualified businesses, designed to stimulate private investment and create jobs within the community. These incentives, which have an estimated aggregate value of approximately \$225 million over the 10 year life of the program may include:

- Employer wage credits of up to \$3,000 for wages and certain training expenses paid on behalf of a qualified zone resident that works within an Empowerment Zone.
- Tax deductions of up to \$37,500 of the cost to certain zone property.
- Tax-exempt bond financing for businesses seeking to expand within the zone.
- Employer wage credits up to \$2100 for hiring "high-risk youth" who reside in Empowerment Zones (EZ) or Enterprise Communities (EC).

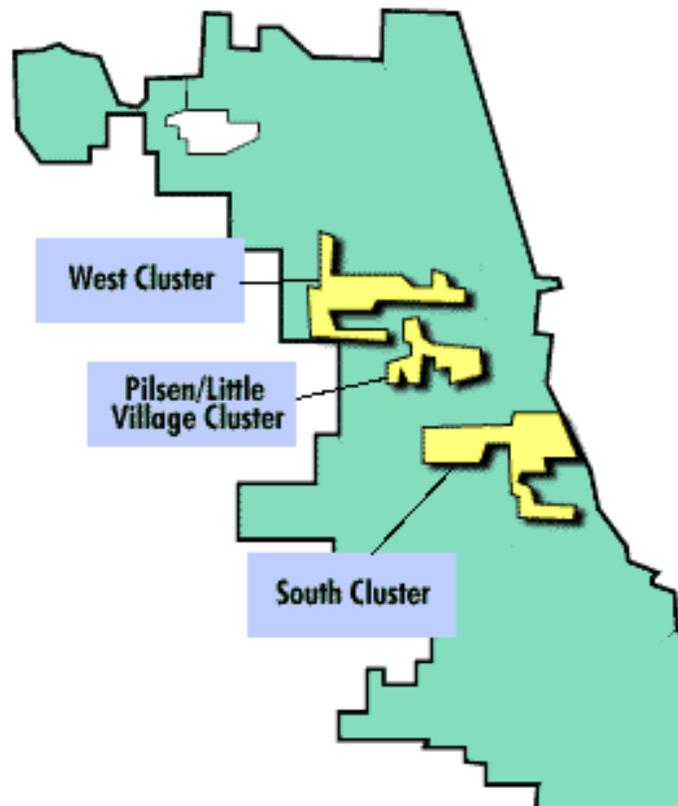
Empowerment Zone businesses that are located in one of Chicago's State of Illinois-designated Enterprise Zones may be eligible for additional benefits, including property, sales and income tax relief.

Chicago also submitted applications for three Enterprise Communities: Calumet, Englewood and a portion of the West Side.

Program Qualifications/Restrictions and Parameters

The Department of Planning and Development and the Coordinating Council review all requests for funding and ensure compliance with federal, state and city program guidelines.

- [West Cluster](#)
- [Pilsen/Little Village Cluster](#)
- [South Cluster](#)



Program Contact

Department of Planning and Development

[Empowerment Zone Division](#)

20 North Clark, 28th Floor

Chicago, IL 60602

(312) 744-CITY



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The Chicago Empowerment Zone - An Overview

Chicago's nominated Empowerment Zone consists of three non-contiguous areas: the West Cluster, the Pilsen/Little Village Cluster and the South Cluster. These clusters include distressed and impoverished communities. Each cluster contains neighborhoods, industrial zones and physical assets that defines its character and provides opportunities to address physical, human, social and economic needs.

The Residents of the Zone

Chicago's Empowerment Zone includes 199,938 residents living in a 14.3 square mile area. The population density of the Zone is 13,953 persons per square mile compared with Chicago's overall density of 12,184 persons per square mile. Within the three geographic clusters, however, population density ranges considerably from a low of 10,632 persons per square mile in the West Cluster, to 20,236 persons per square mile in the Pilsen/Little Village Cluster. The racial composition of the Zone is 71.5% African-American, 24.3% Latino, 3.8% white, and 0.4% other.

Physical Character

The physical character of the three geographic clusters reflects Chicago's historical development. The densities are typical of mature urban areas. The geographic clusters contain a full range of land uses including residential neighborhoods, commercial districts, industrial areas, parks and open space, and transportation corridors.

Residential communities developed around jobs and transportation systems that provide access to jobs. The West and Pilsen/Little Village Clusters developed around industry. Commercial corridors later grew up to meet the needs of local residents. Within the South Cluster the neighborhoods located around the Union stockyards developed in the same fashion. Most of the economic base of the South Cluster developed to serve the needs of the densely populated black community which has called this area home since the 1890's.

Strong industrial corridors along rail lines and the Chicago River define and separate residential neighborhoods. These neighborhoods are close to Chicago's Loop and feature many large parks of the Chicago park system.

Zone Assets

Although the Empowerment Zone communities have lost much of their historic strength over the last few decades, they still possess strong assets on which to build a bright future. These assets include a transportation network that is unparalleled in the nation, first-rate hospitals, colleges and universities, sports and cultural facilities that attract hundreds of thousands each year, park and recreational facilities, abundant industrially and commercially zoned land upon which to build economic strength, and committed residents and community-based organizations with historic involvement in their communities.

The Empowerment Zone communities are served by three major expressways: the Dan Ryan, the Stevenson and the Eisenhower linking the Zone with the rest of the metropolitan area. The Chicago Transit Authority (CTA)'s rapid transit lines date from the 1890's and link the Zone to the rest of Chicago and adjacent suburbs. Metra commuter rail lines provide additional transit links to Chicago's Loop, suburban communities and the rest of the nation. The \$300 million renovation of the CTA's "Green Line", completed in 1995, represents a strong local commitment to maintaining transit access for even Chicago's most impoverished neighborhoods.

The University of Chicago, the Illinois Institute of Technology, Northeastern Illinois University's Center for Inner-City Studies and The University of Illinois at Chicago are all located near the Empowerment Zone communities. These institutions have traditionally provided technical assistance and support to many community groups active in Empowerment Zone neighborhoods. Two of Chicago's City Colleges----Malcolm X and Kennedy-King----provide vocational training and education for area residents.

The hospitals and medical schools in an around the Empowerment Zone are strong resource anchors. More than a dozen hospitals range from facilities that primarily serve the needs of neighborhood residents to world class teaching hospitals, and include: Michael Reese/Humana, Sacred Heart, Norwegian American, St. Elizabeth's, St. Mary of Nazareth, Loreto, Bethany, the Westside VA, Cook County, Rush Presbyterian-St. Luke's Medical Center, St. Cabrini, the University of Illinois, Mt. Sinai, St. Anthony, Provident, and La Rabida Children's Hospital. These facilities are most strongly concentrated in and around the West Cluster.

The Museum of Science and Industry, the DuSable Museum, the Mexican Fine Arts Museum and the Garfield Park Conservatory are cultural assets that draw visitors from other parts of the Chicago region.

Among the key trademarks of Chicago are its boulevards, its lakefront park system and its large community parks, a legacy left by planning giants like Daniel Burnham. These open space resources are physical amenities that can be enhanced to help rebuild attractive and desirable residential neighborhoods. The Chicago Park District is in the process of reassessing its service delivery and working to meet the needs of the community. It has an established capital improvement program designed to upgrade parks and recreational facilities. Garfield Park, the Garfield Park Garden for the Blind, and the Garfield Park Conservatory are located in the West Cluster. The Garfield Park Conservatory is the world's largest enclosed conservatory, covering 4.5 acres with over 5,000 varieties of plants, flowers and trees. Burnham Park forms an eastern edge of the South Cluster and is an important link in Chicago's lakefront park

system. Harrison Park serves the Pilsen/Little Village Cluster. In addition to these recreation and open space amenities, several other large parks including Washington Park, Jackson Park and the South Shore Country Club are located immediately adjacent to the Empowerment Zone.

Major industrial corridors are located along the rail lines and the South branch of the Chicago River. The State has designated state enterprise zones, portions of which are located in the nominated Empowerment Zone and made other incentives available through the State's tax increment financing and Industrial Jobs Recovery Act legislation. The City has successfully used these tools and others to attract and retain industrial users who provide jobs for Chicago residents and an enhanced tax base that can support much needed physical improvements.

Chicago was developed on a grid system with commercial and retail streets located at regular intervals. There are many existing commercial corridors in the Empowerment Zone where retail activity still thrives. The newly constructed Chicago Transit Authority (CTA) Green Line links the three geographic areas of the Empowerment Zone together. It offers a unique opportunity to link redevelopment of the commercial corridors of the Zone with the reconstruction and development of new transit stops.

Local residents and community activists and planners are involved in neighborhood improvement and land planning initiatives. Block clubs and tenant councils are common throughout the area. Several communities have initiated, facilitated and established City-sanctioned plans for redevelopment and revitalization.

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Empowerment Zone FAQ

Frequently Asked Questions About Chicago's EZ/EC Program

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1. **What is the Empowerment Zone/Enterprise Community Program?**

The Empowerment Zone/Enterprise Community (EZ/EC) program was established in the Fall of 1993 under the Federal Omnibus Budget Reconciliation Act and is the capstone of the Clinton Administration community revitalization strategy. The program is designed to empower people and communities across the United States by inspiring Americans to work together to develop a strategic plan designed to create jobs and opportunities in our nation's most impoverished urban and rural areas.

Through the U.S. Department of Housing and Urban Development (HUD) a nation wide competition for the designation of six urban EZs and sixty-five urban ECs began in January of 1994. Each designated Empowerment Zone and Enterprise community would be awarded federal grant funds along with various tax benefits for EZ-based businesses.

Interested EZ or EC applicants were required to prepare a community-based strategic plan for revitalization----the cornerstone of the application process for Empowerment Zone or Enterprise

Communities. The Strategic Plan required communities to assess their assets and problems, create a vision of a better future, and structure a plan for achieving that vision.

On December 21, 1994, due in large part to Chicago's unique collaboration of over 200 governmental agencies, community groups, businesses and institutions, the City was awarded one of only six urban Empowerment Zones.

Chicago submitted three Enterprise Community applications for Calumet, Englewood, and the West Side. Chicago did not receive any designations for Enterprise Community status. However, the City of Chicago and State of Illinois have committed to work toward implementation of the strategic plans developed through this process.

2. Where is Chicago's Empowerment Zone located?

Chicago's Empowerment Zone comprises three non-contiguous "cluster" areas located on the West, Lower West (Pilsen/Little Village), and near South Sides. As a whole, the Empowerment Zone covers 14.3 square miles and includes 199,938 residents. The EZ contains a full range of land uses, including residential neighborhoods, commercial districts, industrial areas, parks, open space, and transportation corridors..

3. What does Zone status bring to these communities?

Each designated Empowerment Zone was awarded \$100 million in EZ Social Service Block Grant (SSBG) funds to be used to implement the strategic plan. Designated EZs also receive priority consideration for federal programs and direct assistance from federal officials to facilitate implementation of the EZ Strategic Plan.

In addition, special tax incentives designed to stimulate private investment and job creation in the zone are available to qualified businesses. These incentives, which average an estimated aggregate value of approximately \$250 million over a 10-year period, include:

- employer wage credit of up to \$3,000 for wages and certain training expenses paid on behalf of a qualified zone resident;
- deduction (instead of depreciation) of up to 37,500 of the cost of certain qualified zone property in the year it is placed in service;
- new tax-exempt facility bond financing;
- priority consideration for other federal grants; and
- consideration for waiver from federal regulations.

4. What other resources are available to EZ/EC communities?

The State of Illinois has made a \$37 million commitment to Chicago's Empowerment Zone and Enterprise Communities over the ten-year life of the program. The City of Chicago has also made

financial commitments including a \$2 million appropriation in its 1995 budget, the use of general obligation bond proceeds, Job Training Partnership Act (JTPA) and Community Development Block Grant (CDBG) funding, and tax increment financing. The private sector has also committed to invest over \$2 billion in Empowerment Zone and Enterprise Community areas.

5. How are EZ funds allocated?

The \$100 million of SSBG funds originate from the U.S. Department of Health and Human Services (HHS) and pass through the State of Illinois Department of Public Aid to the City of Chicago for use by the EZ. All requests for funding must go through the Empowerment Zone/Enterprise Community Coordinating Council (EZ/EC CC), the governing entity of the Chicago Empowerment Zone. Recommendations for funding from the EZ/EC CC are then forwarded to the Chicago City Council for final approval.

6. Have any EZ funds been allocated?

A Request for Proposals (RFP) was released in October of 1995 to select programs and providers to implement Chicago's strategic plan. By the December 18, 1995 deadline, approximately 250 proposals had responded to this request.

This first RFP process reached its conclusion in February of 1997. A total of 84 projects have been funded, allocating approximately \$43 million in EZ Social Service Block Grant, State and City committed funds.

7. When will the next RFP be released?

The next RFP is scheduled for release in the Summer of 1997.

8. Where can I get more information about Chicago's Empowerment Zone/Enterprise Community program?

Anyone interested in receiving general information about Chicago's Empowerment Zone can contact the City of Chicago's Empowerment Zone office at (312) 744-8420. To learn more about Chicago Empowerment Zone benefits for businesses, please contact Ray Adams, Director of Business Development, at (312) 744-9466.





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On December 21, 1994, the City of Chicago was designated as one of six urban Empowerment Zones (EZ) by the [U.S. Department of Housing and Urban Development \(HUD\)](#). The three non-contiguous communities that make up Chicago's EZ are the near West Side, Pilsen/Little Village and the near South Side. Federal benefits for a designated EZ are: \$100 million in Social Service Block Grant (SSBG) funding, tax credits to businesses located in the EZ employing residents of the EZ, accelerated depreciation for capital equipment purchases for EZ businesses, consideration for waiver from federal regulation, and new tax-exempt EZ bonds. Priority consideration for federal grants was also part of the EZ designation.

Although Chicago did not receive any designations for Enterprise Community (EC) status, the City and State have recognized the City's three non-designated EC communities (Englewood, Calumet and the remainder of the West Side) as part of the EZ process. Moreover, part of the State's \$50 million commitment over the next 10 years to all Illinois EZ and EC applicants will be made available to these communities.

Employer wage tax credits of up to \$3,000 per zone resident employed are available to businesses located within the targeted area. These credits can be claimed for wages paid to the employee as well as for certain training expenses. Businesses in the zone can also expand and create jobs using tax-exempt bond financing of up to \$3 million.



EZ/EC Population Characteristics

EZ

EC

Total persons	199,938	256,363
Total Families	42,413	55,200
Race		
Caucasian	7,547	8,186
African-American	142,994	212,741
Native American	201	233
Asian-American	362	1,953
Latino	48,663	33,012

EZ/EC Labor Force Characteristics

Persons 16 & Over	133,539	174,803
Labor Force	66,812	93,239
Unemployed	16,413	23,221
Employed	50,253	69,824

Source: 1990 Census of Population and Housing, [Bureau of the Census](#), U.S. Department of Commerce.


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Businesses

Estimated Number of Businesses	4,315	4,318
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Geography

Census Tracts	96	107
Area (Sq Miles)	14.33	27.13

Public Facilities

Libraries	7	8
Public Schools	76	112
Parks (Acres)	1,601	698
Park Facilities	64	59
Health and Human Service Facilities	11	11



Development Program Opportunities in the EZ/EC

- [Brownfields Initiative](#)
- Commercial District
- Conservation Area
- Innovative Project Initiative
- [Model Industrial Corridor](#)
- [Redevelopment Area Program](#)
- [Special Service Area](#)
- [Strategic Neighborhood Action Program](#)
- State Enterprise Zone
- [Tax Increment Financing District](#)



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