

How Chicago's industrial past may fuel a high-tech future and real estate boom

Potential changes to zoning rules meant to protect the city's manufacturing could radically reshape Chicago

BY PATRICK SISSON | OCT 7, 2016, 2:26PM EDT

Parts of the North Branch Corridor, including Goose Island | Halsted Triangle Association

In a city where broad shoulders and a brawny industrial past are a civic cliché, there was always something magical about seeing sparks fly at Chicago's A. Finkl & Sons Steel plant. In an industrial strip on the Chicago River, located in the near northwest side and sandwiched between two of the city's hottest real estate markets, Lincoln Park and Bucktown, curious cyclists or drivers could roll down a rickety stretch of Cortland Street, bumping over embedded rail tracks and a paint-flecked bridge across the north branch of the Chicago River, and spy cylinders of red-hot, molten steel through the sliding doors of the century-old factory. Furtive glances at the Vulcan glow made more sense after passing the scrap heaps at Sims Metal Management next door; perhaps those husks of old cars or shredded pieces of aluminum fed the industrial beast.

When the manufacturing center was razed last year (Finkl had already moved to a newer facility on the city's South Side), it seemed symbolic of a shift that had been going on for decades, part of the slow decline of the heavy industry that helped build the city's economy in the 19th and 20th century. But talk to developers, investors, and city officials today about the 28-acre site, and it appears like a new era is just getting started.

The Finkl site sits inside the North Branch Corridor, a 740-acre swath of warehouses, factories, and industrial sites that's historically been a vital part of the city's manufacturing base. Since 1988, it's been a Planned Manufacturing District, or PMD, a zoning regulation meant to protect legacy businesses and jobs from encroaching development pressure.

But the loss of Finkl, as well as the continued growth of adjacent neighborhoods filled with high-end retail and million-dollar homes, has turned the aged industrial corridor into a potential gold rush for developers looking to tap into what many consider the city's greatest asset hidden in plain sight.

"Look at Hudson Yards in New York, which is zoned for mixed-use development," says Michael Drew, a principal at Structured Development, a firm that pioneered retail and office development in the adjacent Halsted Triangle area. "That's valued at roughly \$20 billion dollars, and it's only 16 acres. The North Branch Industrial Corridor covers 740 acres."

"We believe this is the next great frontier for Chicago development," says Matt Garrison of R2 Companies.

Valuable real estate is only the beginning. City officials and tech companies eye the area as a potential hub of high-tech manufacturing; on Goose Island, a 160-acre artificial landmass in the river off Division Street, UI Labs, a \$320 million digital design and manufacturing hub, opened last year, a bid to make the city an "epicenter for advanced manufacturing." Mayor Rahm Emanuel, whose Great Rivers Initiative seeks to turn the Chicago River into "Chicago's Backyard," believes a waterway once derided for its pollution could be totally remade with riverfront bike paths, new green space, and recreation facilities, and has sunk millions into bathhouses and a fancy downtown riverwalk.

"We're looking at a fairly dynamic environment that we need to get ahead on," says David Reifman, the Commissioner of the Department of Planning and Development, which is beginning to consider land-use plans for the area. "The city has been passive in the past, but the Mayor has said we need to be more comprehensive, thoughtful, and systematic about the way that we address transition."

With the city in the midst of holding public meetings to discuss alterations to the PMD rules and new land use plans, it's a matter