

# ANNUAL REPORT 2019





## LETTER FROM THE BOARD CHAIR

Chicago Development Fund (CDF), the City of Chicago's New Markets Tax Credits (NMTC) financing entity, saw its portfolio of projects produce significant impacts in 2019. CDF deployed \$12 million of capital to Low-Income Communities (LICs) on Chicago's South Side in support of a key revitalization project bringing back a grocery store to the last remaining vacant Dominick's. Additionally, it saw five high-impact projects reach completion and begin operations:

- ★ Esperanza Health Centers 47<sup>th</sup> and California, a Federally Qualified Health Center;
- ★ Flex-N-Gate, a manufacturing facility generating high-quality jobs in automotive part manufacturing;
- ★ Gads Hill Center Early Learning Center in Brighton Park, a facility providing early childhood education;
- ★ Lawndale Christian Health Center's senior day center and urgent care clinic in the Ogden Avenue Corridor; and
- ★ Woodlawn Jewel-Osco, a full-service grocery store in the midst of a food desert.

Since its founding in 2005, CDF has utilized the federal NMTC program to bring to fruition Chicago's most vital and challenging redevelopment projects, prioritizing those projects that:

- ★ Create and retain high-quality accessible jobs;
- ★ Increase access to healthcare, educational enrichment, training, and other vital community services; and
- ★ Eliminate food deserts by bringing new retail grocery projects to underserved areas.

CDF has been awarded a total of \$356 million in federal NMTC allocation and has deployed all of it to support 35 projects, leveraging \$760 million of new investment in Chicago's Low-Income Communities. These projects are anticipated to support more than 5,500 full-time equivalent (FTE) jobs and provide vital community services to over 187,000 individuals each year.

CDF's successes would not be possible without the support of our community partners, board members, and elected officials. We look forward to continuing collaboration to support further success in 2020 and beyond.

Maurice D. Cox  
Chair of the Board of Directors  
Chicago Development Fund





LCHC Urgent Care Center and Pharmacy

Photo courtesy of Lawndale Christian Health Center

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# 01 CDF OVERVIEW

Through 2019, CDF has received \$356 million and deployed all of that allocation to 35 projects in the City of Chicago. This allocation has generated \$111 million in New Markets Tax Credit (NMTC) equity and supported a total of **\$760 million in new investment.**

On July 27, 2005, the Chicago City Council passed a resolution authorizing the creation of CDF, an Illinois not-for-profit corporation. The purpose of CDF is to assist the community and economic development activities of the City of Chicago by using the federal NMTC program to invest in Chicago's Low-Income Communities (LICs). CDF was certified by the Community Development Financial Institutions Fund (CDFI Fund) of the U.S. Treasury as a Community Development Entity (CDE) in August 2005, making it eligible to compete for and use NMTCs.

CDF applies for and is awarded NMTC allocation in a competitive federal NMTC application process. To generate capital for projects, tax credit investors -- typically, large commercial banks that are active in Chicago -- make Qualified Equity Investments (QEIs) into CDF. These QEIs are then used to provide subsidized financing to projects that meet NMTC criteria and CDF's investment priorities.

## About New Markets Tax Credits

Congress created the NMTC program in 2000 to incentivize investments that create jobs and provide services in economically disadvantaged areas. The Community Development Financial Institutions (CDFI) Fund, a division of the U.S. Department of Treasury, administers the NMTC program. Through 2019, the CDFI Fund has made 1,178 awards totaling \$58 billion in tax credit authority to Community Development Entities (CDEs).

The NMTC program is used primarily to fund commercial, industrial, community facility, and mixed-real estate projects, as well as operating businesses located in qualifying Low-Income Communities. NMTCs can subsidize approximately 20% of a project's capital needs, usually in the form of low-interest, forgivable debt.

## Tax Credit Allocation Authority

CDF has been awarded a total of **\$356 million** in NMTC allocation to date, 100% of which has been used to fund high impact projects. The table below summarizes past awards and the amount of each allocation deployed through December 31, 2019.

ROUND	RECEIVED	CLOSED	REMAINING	CLOSED %
4th (2006)	\$100 M	\$100 M	\$0	100%
7th (2009)	\$55 M	\$55 M	\$0	100%
8th (2011)	\$18 M	\$18 M	\$0	100%
9th (2012)	\$65 M	\$65 M	\$0	100%
11th (2014)	\$43 M	\$43 M	\$0	100%
13th (2016)	\$75 M	\$75 M	\$0	100%
<b>TOTAL</b>	<b>\$356 M</b>	<b>\$356 M</b>	<b>\$0 M</b>	<b>100%</b>



The Hatchery

Photo courtesy of Wight & Company  
Photo Credit: Allison Evans Photography

## 02 CDF GOVERNANCE

The activities of CDF are overseen by a Governing Board and an Advisory Board. The roles and membership of each are briefly summarized in this section. CDF is staffed by the City of Chicago's Department of Planning and Development (DPD).

### Governing Board

The Governing Board is composed of the following nine officials:

- Commissioner of the Department of Planning and Development (Serves as Chair of the Governing Board)
- Director of the Office of Budget and Management
- Chief Financial Officer (or City Comptroller, in absence of a CFO)
- City Treasurer
- Chair of the Committee on Finance of the City Council
- Chair of the Committee on Economic, Capital and Technology Development of the City Council
- Chair of the Committee on the Budget and Government Operations of the City Council
- DPD Employee appointed by the Board Chair
- Chair of CDF's Advisory Board

The Governing Board met on April 22, 2019.



LCHC Adult Day Center

*Photo courtesy of Lawndale Christian Health Center*



## Advisory Board

The role of CDF's Advisory Board is to maintain accountability to Low-Income Communities (LICs) in Chicago and advise CDF's investment activities in furtherance of the organization's mission. The LIC representatives on the Advisory Board bring perspective on the investment priorities of Chicago's underserved neighborhoods through their experience with community development and the local organizations with which they are affiliated. The Advisory Board met on March 22, 2019.

At all times, at least 20% of the Advisory Board's members must be representatives of LICs, as defined by the CDFI Fund. In practice, CDF maintains a substantially higher level of LIC representation at all times — 78% as of December 31, 2019. The Advisory Board reviews major policies and each proposed investment of CDF's NMTC resources, making formal recommendations on each to the Governing Board.

The DPD Commissioner serves in an ex-officio capacity on the Advisory Board. Up to eight additional members are appointed by the Mayor and approved by the City Council. As of December 31, 2019, the Advisory Board included eight appointed members, as listed below.

Name	Title & Professional Affiliation
Rafael Leon (Chair)	Executive Director, Chicago Metropolitan Housing Development Corporation
Craig Chico	President & CEO, Back of the Yards Neighborhood Council
Edward Coleman	President & CEO, Bethel New Life
Jaime DiPaulo	President & CEO, Illinois Hispanic Chamber of Commerce
Angela Hurlock	Executive Director, Claretian Associates; and Chairperson, Chicago Housing Authority Board of Commissioners
Maxine Mitchell	Founder and President, Applied Real Estate Analysis, Inc.
Carlos Nelson	Executive Director, Greater Auburn-Gresham Development Corporation
Rev. Richard Tolliver	President & CEO, St. Edmund's Redevelopment Corporation

## 03 INVESTMENT PRIORITIES

CDF uses its NMTC allocations to provide much-needed financial assistance to industrial, commercial, institutional, and mixed-use real estate projects in Low-Income Communities on the South and West sides of the City. CDF focuses on three major project types:

Neighborhood Job Creators - Community Facilities - Grocery Retail



The Hatchery  
Photo courtesy of Wight & Company  
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## Project Type: Neighborhood Job Creators

### Expanding access to quality employment opportunities

CDF invests in projects that serve as vital engines for economic opportunity by supporting high-quality, accessible jobs in their neighborhoods. Through 2019, CDF has provided \$83.2 million in financing for 10 projects in this category.

Examples of recent Neighborhood Job Creator projects:

#### The Hatchery

- Construction of a 67,000-square-foot kitchen incubator featuring 56 private, rentable kitchens and a variety of shared spaces for emerging food businesses
- Provides tenants with specific services tailored to help them succeed such as assistance with business licensing and networking with industry experts
- Will support 457 retained FTE positions and create over 450 new FTE positions
- Supported over 40 temporary construction jobs

#### Flex-N-Gate

- Equipment expenditures and leasehold improvements at a new 290,000-square-foot manufacturing facility producing advanced plastic injection molded automotive parts for original equipment manufacturers, particularly Ford Motor Company
- Supports nearly 600 FTEs, 100% of which pay above the living wage
- Equipment installation and facility upgrades created approximately 50 temporary construction jobs



Flex-N-Gate



## Project Type: Community Facilities

Providing healthcare,  
youth enrichment,  
and other vital  
services in  
Low-Income  
Communities

CDF supports facilities that provide economically disadvantaged people with key services that improve their quality of life. CDF has closed on financing for 21 such projects through 2019, including job training facilities, health clinics, and projects serving a variety of other needs.

Examples of recent Community Facility projects:

### Chicago Center for Arts and Technology

- Acquisition and renovation of a 25,200-square-foot training facility to serve unemployed adults and high school aged youth
- Serves 224 adult participants annually with workforce development programs for fields including Health Information Tehcnology and Advanced Manufacturing
- Serves 311 youth participants annually with an array of art-based education programs

### Near North Health Service Corporation

- Construction of a 26,500-square-foot, LEED-Gold-Certified medical facility featuring 21 exam rooms, 3 dental operatories, and 3 counseling rooms
- Provides 13,572 patients annually with Medical, Dental, Behavioral, and Women's Health services
- Operates a licensed outpatient treatment program for adults struggling with substance abuse
- Operates "Cooking Up Change Chicago," a program led by a registered dietitian covering topics ranging from Diabetes to general nutrition



Chicago Center for Arts and Technology

## Project Type: Grocery Retail

Expanding access to fresh and healthy foods in underserved neighborhoods

CDF supports the City's healthy foods access initiatives by providing financing for grocery stores in underserved areas. Through 2019, four such developments have received financing from CDF. Combined, these projects provide their communities with 169,000 square feet of full-service grocery as well as additional retail.

Examples of recent Grocery Retail projects:

### Englewood Square

- Construction of a retail development in Englewood anchored by a 20,000-square-foot Whole Foods Market with 29,300 square feet of additional retail space
- Brought much-needed healthy and high-quality food options to the Englewood community
- Supports over 160 permanent FTE positions
- Created temporary construction positions for nearly 200 individuals

### Shops & Lofts @ 47

- Acquisition, site preparation and construction associated with 55,000 square feet of leasable retail space and associated surface parking at the key intersection of 47<sup>th</sup> and Cottage Grove in Bronzeville
- Anchored by a 41,000-square-foot Walmart Neighborhood Market grocery store and pharmacy
- Employs more than 100 permanent FTE staff
- Part of a larger project that includes 96 units of mixed-income housing



Englewood Square

## 04 COMMUNITY & ECONOMIC IMPACTS TO DATE

CDF has directed 100% of its NMTC investments to “Areas of Greater Economic Distress” as defined by the CDFI Fund<sup>1</sup>. On average, projects supported by CDF financing are in Census tracts that had median family incomes of 45% of the Chicago area median, poverty rates of 35%, and unemployment rates equivalent to 2.94 times the national average per the relevant American Community Survey at the time of investment. CDF’s 35 projects through 2019 have had a significant impact on Chicago and its residents.

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1. Areas of Greater Economic Distress exhibit multiple distress factors, which may include designation as an Enterprise Zone or Tax Increment Financing (TIF) district; income levels that are below 60% of the metropolitan median; environmental contamination or brownfield conditions; unemployment rates over 1.5 times the national average; or poverty rates above 30%.

### Jobs

- Created and retained 4,892 FTEs, including 4,246 full-time and 1,124 part-time positions
- 5,535 FTEs will be supported at full operation (1 FTE per \$20,063 in NMTC subsidy)
- \$43,450 average wage for full-time positions
- 94% of full-time positions offer health benefits

### Services

- Anticipated to serve 187,167 clients per year at full operation
- Services include low-cost health care, job training and placement, after-school programs, and education

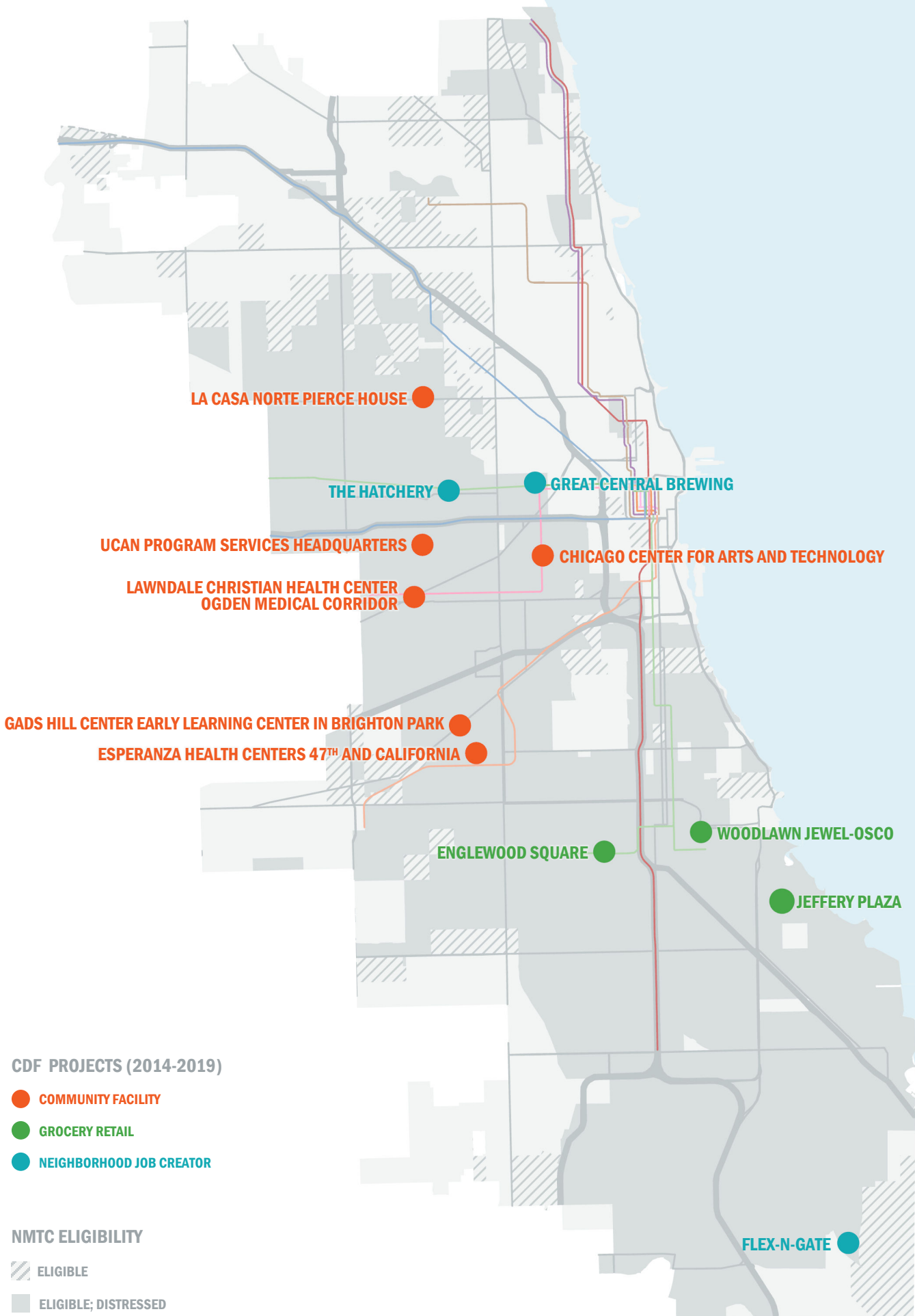
### Healthy Foods

- Provides healthy foods access to over 193,184 residents of USDA-designated Low-Income, Low-Access areas (“Food Deserts”)

### Leveraging Private Investment

- Provided \$356 million in NMTC allocation to 35 projects
- Supported \$760 million in total project investment, including:
  - » \$496 million in leveraged private investment (46.9%)
  - » \$111 million in CDF NMTC equity (10.5%)
  - » \$66 million in City of Chicago sources (6.2%)
  - » \$59 million in other NMTC equity (5.6%)
  - » \$28 million in other public sources (2.7%)





## 05 2019 FUNDING ACTIVITY

### Jeffery Plaza/Local Market by Shop & Save



**CDF NMTC Allocation**  
\$12 million

**Community Area**  
South Shore

**Closing Date**  
February 7, 2019

**Scope**  
Acquisition of the 113,300-square-foot Jeffery Plaza shopping center, renovation and equipment expenditures for a full-scale grocery store, allowance for tenant improvements, and site work

#### Sponsor

Shop & Save Market is an independent chain of Chicago-area grocery stores founded in 2002. The chain has since expanded to include six stores, two within the City of Chicago and four in suburban locations. The stores offer products that are customized to the needs and demands of the individual communities in which they are located.

#### Features

The facility includes a 62,300-square-foot full-scale grocery store and 51,000-square-feet for a mix of non-anchor tenants.

#### Impact

The project brought a full-service grocery store to the community, re-tenanting the last remaining vacant former Dominick's store in Chicago since the chain's closure in 2014. Approximately 30% of the store's floor area (20,000-square-feet) is dedicated to fresh produce and other fresh foods that will serve approximately 30,500 Food Desert residents within the two-mile radius that comprises the store's primary trade area. At full operation, the store is projected to create at least 125 permanent Full-Time Equivalent jobs (FTEs). Its stabilizing effect on the shopping center as a whole will support the retention of 79 FTEs already employed at Jeffery Plaza as well as create jobs resulting from growth and leasing of vacant space.

#### Status

Full operations began in December 2019.

## 06 2019 PROJECT UPDATES

### Chicago Family Health Center



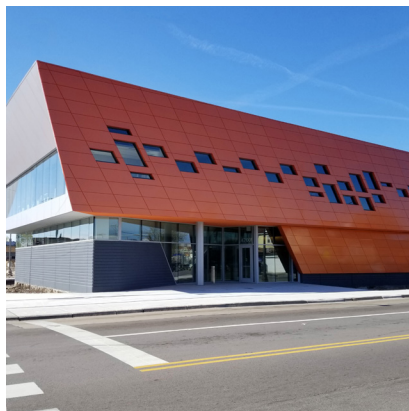
#### Overview

In June 2012, CDF provided \$10 million in New Markets Tax Credits to Chicago Family Health Center (CFHC) to construct a 22,000-square-foot medical facility at 570 E. 115th Street in the Pullman neighborhood. This building replaced an inadequate 3,500-square-foot facility that severely limited the organization's ability to meet growing demand for quality, accessible healthcare.

#### Update

The facility opened in October 2013. It features 21 medical exam rooms, 9 dental operatories, and offices for behavioral health and case management, and has capacity to serve 16,000 unique patients with 35,000 patient visits each year. In June 2019, the project successfully completed the 7-year NMTC financing compliance period and unwound.

### Esperanza Health Centers 47<sup>th</sup> and California



#### Overview

On June 19, 2018, CDF made a \$10 million investment of NMTC Allocation to support the construction of a 26,100-square-foot facility for medical care and social services in the Brighton Park community area.

#### Update

A ribbon cutting ceremony was held on May 17, 2019, and operations of medical and behavioral care, pharmacy, and social services provided by Mujeres Latinas en Acción have commenced. At full operations, the project is anticipated employ 84 FTEs and to serve 20,700 unique patients annually with primary and behavioral health care, 5,400 individuals annually with access to prescription medications, and 4,800 individuals annually with STEM and violence prevention programming and supervised parental visitation.

### Gads Hill Center Early Learning Center in Brighton Park



#### Overview

On March 14, 2018, CDF made a \$6 million investment of NMTC Allocation to support the purchase and renovation of an 18,000-square-foot, two-story former retail building in the Brighton Park community area into an early childhood education center.

#### Update

A ribbon cutting ceremony was held on October 25, 2019, and operations of the early childhood education center and supportive services have commenced. The project provides childcare for 124 children from low-income families, offers adult learning opportunities such as GED and financial literacy classes, and supports 33 newly-created permanent FTEs in positions offering comprehensive benefits.



## La Casa Norte Pierce House



Photo courtesy of Tom Harris

### Overview

In June 2017, CDF made a \$9.5 million investment of NMTC Allocation to support construction of a 47,700-square-foot LEED Silver certified facility to serve homeless families and unaccompanied youth with access to housing, medical care, food, and social services in Humboldt Park.

### Update

The Pierce House project held a ribbon cutting on February 12, 2019 and is fully operational. The project serves 2,300 individuals each year with services including healthy food distribution, job training/placement, youth drop-in programming, nutrition guidance, and community computer lab access. Additionally, the FQHC on the first floor is expected to serve 1,600 unique patients annually at stabilization. Combined, the project components support 85 permanent FTEs.

## Lawndale Christian Health Center



Photo courtesy of Lawndale Christian Health Center

### Overview

In October 2017, CDF made a \$6 million investment of NMTC Allocation to Lawndale Christian Health Center (LCHC) to support the rehabilitation and expansion of existing buildings in North Lawndale to create a 6,000-square-foot Urgent Care and pharmacy, a 17,000-square-foot Adult/Senior Day Care Services facility, and a 17,000-square-foot Urban Greenhouse.

### Update

The project components opened during 2018 and 2019. The Urgent Care site serves more than 7,000 unique patients, the Adult/Senior Day Care has capacity to serve up to 150 adults and seniors, and the Urban Greenhouse supports the aggregation and distribution of more than 130,000 pounds of produce annually. The project components support 63 FTEs.

## Woodlawn Jewel-Osco



### Overview

On December 21, 2018, CDF made an \$11.5 million investment of NMTC Allocation to support the purchase and installation of equipment and inventory costs at a new 48,000-square-foot Jewel-Osco grocery store in Woodlawn.

### Update

A ribbon cutting ceremony was held on March 7, 2019, and operations of the full-scale grocery store and pharmacy have commenced. The commercial anchor for the Woodlawn Choice Neighborhood Initiative serves a two-mile radius with over 30,000 residents of USDA-designated Low-Income, Low-Access areas ("Food Deserts") areas and nearly 18,000 households receiving SNAP benefits. The project is anticipated to support more than 200 newly-created FTEs at stabilization.



## Chicago Development Fund

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Cover: La Casa Norte

*Photo credit: Tom Harris*