

 **North Lawndale Employment Network**
Creating a Community That Works

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2021 ANNUAL REPORT

LETTER FROM THE BOARD CHAIR

Chicago Development Fund (CDF), the City of Chicago’s New Markets Tax Credit (NMTC) financing entity, had another successful year in 2021, in which it:

- ★ Received an award of \$55 million in NMTC allocation from the Community Development Financial Institutions (CDFI) Fund for the second consecutive year
- ★ Deployed \$25 million in NMTC allocation into three transformative projects serving Low-Income Communities (LICs) on Chicago’s South and West Sides, including a shelter and resource center for homeless youth, a multi-service facility anchored by a Federally Qualified Health Center, and an outpatient surgical and ambulatory care center serving low-income residents
- ★ Saw three projects successfully reach the end of their NMTC compliance period in good standing, including two projects that created well-paying jobs on the South Side and a community facility that provides academic enrichment to youth in Woodlawn

Since its founding in 2005, CDF has received a total of \$466 million in federal NMTC allocation. As of the end of 2021, it has deployed \$389 million of those resources, leveraging \$815 million of new investment in Chicago’s low-income communities. CDF has prioritized investments on the South and West Sides that:

- ★ Create and retain well-paying jobs that are accessible to LIC residents
- ★ Increase access to healthcare, services to at-risk youth, job training, and other vital community services
- ★ Eliminate food deserts by bringing new retail grocery projects to underserved areas

CDF’s investments in 39 projects are anticipated to support nearly 5,800 full-time equivalent (FTE) jobs and provide vital community services to more than 201,000 individuals annually at full completion.

CDF’s successes would not be possible without the support of our community partners, board members, and elected officials. We look forward to continuing this collaboration to support further success in 2022 and beyond.

With gratitude,

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



Esperanza Brighton Park
Photo credit: Esperanza

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01 CDF OVERVIEW

Through 2021, CDF has received \$466 million and deployed \$389 million of its NMTC allocation to 39 projects in the City of Chicago. This allocation has generated \$120 million in NMTC equity and supported a total of **\$815 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 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 CDFI Fund, a division of the U.S. Department of Treasury, administers the NMTC program. Through 2021, the CDFI Fund has made 1,354 awards totaling \$66 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 provide "gap financing" covering up to about 15-20% of a project's capital costs, usually in the form of low-interest, forgivable debt.

Tax Credit Allocation Authority

CDF has been awarded a total of **\$466 million** in NMTC allocation to date, 83% of which has already been deployed to fund high impact projects. The table below summarizes past awards and the amount of each allocation closed through December 31, 2021.

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%
16th (2019)	\$55 M	\$8 M	\$47 M	15%
17th (2020)	\$55 M	\$0 M	\$55 M ¹	0%
TOTAL	\$466 M	\$389 M	\$77 M	83%

¹ On February 18, 2022, CDF provided \$14 M of its 17th round NMTC allocation for a new clinic sponsored by PCC Community Wellness Center, leaving 75% of its 17th round NMTC allocation to be deployed as of the time of this report's publication.



The Hatchery
Photo courtesy of Wight & Company
© 2019 James Steinkamp 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 May 26, 2021 and October 29, 2021.



Woodlawn Jewel Osco

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 valuable 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 May 5, 2021 and October 28, 2021.

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, 2021. The Advisory Board reviews all major CDF policies and proposed investments of NMTC allocation, making formal recommendations 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, 2021, 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

Project Type: Neighborhood Job Creators

Expanding access to quality employment opportunities

CDF invests in projects that serve as vital engines for economic opportunity for disadvantaged resident by supporting high-quality, accessible jobs in their neighborhoods. Through 2021, CDF has provided \$83.2 million in financing for 10 projects in this category.

Recent example: Flex-N-Gate

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



Flex-N-Gate
Photo credit: Tim Graham

Project Type: Community Facilities

Providing healthcare, job training, and other vital services in Low-Income Communities

CDF supports facilities that provide economically disadvantaged residents with key services that improve their quality of life. CDF has closed on financing for 25 such projects through 2021, including job training facilities, health clinics, and social service providers.

Recent example: North Lawndale Employment Network (NLEN)

- Rehabilitation of a 20,189-square-foot former bank building into a multi-service community facility in North Lawndale
- Provides a variety of workforce development and financial literacy programs to more than 2,000 unique individuals annually
- Includes space for Sweet Beginnings, a social enterprise and transitional jobs program that trains individuals facing employment barriers in the creation and sales of honey products
- Also includes a retail branch of Wintrust Bank to provide banking services and financial literacy education



Project Type: Grocery Retail

Expanding access to fresh and healthy foods

CDF enhances the City's healthy foods access initiatives by providing financing for grocery stores in food deserts and other underserved areas. Through 2021, four such developments have received financing from CDF. Combined, these projects provide their communities with 169,000 square feet of full-service grocery and retail space.

Recent example: Jeffery Plaza

- Acquisition of the entire 113,300-square-foot Jeffery Plaza shopping center as well as renovation, equipment purchase, and installation for a 62,300-square-foot full-scale Local Market grocery store within the plaza
- Re-tenanted Chicago's last remaining vacant former Dominick's store after the chain's 2014 closure, filling a neighborhood gap and improving the viability of the shopping center as a whole
- Supports 145 permanent FTE positions, 98% of which are accessible with less than a four-year college degree



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 Fund¹. On average, projects supported by CDF financing are in census tracts with median family incomes of 46% of the Chicago area median, poverty rates of 35%, and unemployment rates 2.9 times the national average per the relevant American Community Survey at the time of investment. CDF’s 39 projects through 2021 have had a significant impact on Chicago and its residents.

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

Jobs

- Created and retained 4,726 FTEs, including 4,059 full-time and 1,192 part-time positions
- 4,877 FTEs will be supported at full operation (1 FTE per \$24,507 in NMTC subsidy)
- \$47,430 average annual wage for full-time positions
- 97% of full-time positions offer health benefits
- 73% of full-time positions accessible without a college degree

Services

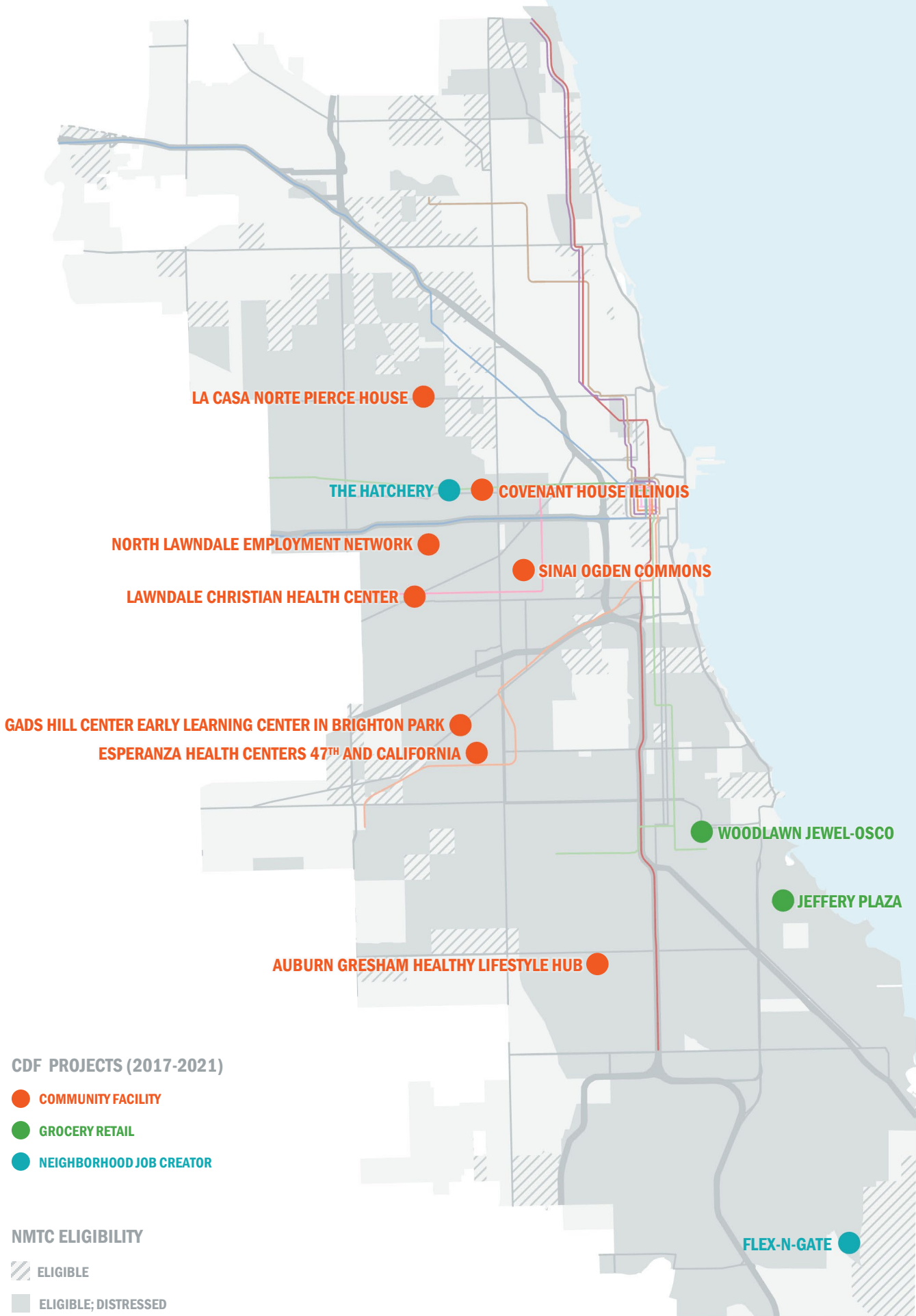
- Anticipated to serve 200,757 low-income clients per year at full operation
- Services include affordable health care, job training and placement, after-school programs, and education

Healthy Foods

- Provides healthy foods access to over 185,500 residents of USDA-designated Low-Income, Low-Access areas (“Food Deserts”) living within the primary trade radius of grocery stores

Leveraging Private Investment

- Provided \$389 million in NMTC allocation to 39 projects
- Supported \$815 million in total project investment, including:
 - » \$525 million in leveraged private investment (64.41%)
 - » \$120 million in CDF NMTC equity (14.66%)
 - » \$79 million in City of Chicago sources (9.67%)
 - » \$63 million in other NMTC equity (7.69%)
 - » \$29 million in other public sources (3.57%)



05 2021 FUNDING ACTIVITY

Covenant House Illinois



CDF NMTC Allocation
\$8.5 million

Community Area
East Garfield Park

Closing Date
January 13, 2021

Scope
Acquisition of a 24,300-square-foot, 3-story building and the first phase of rehabilitation

Sponsor

Covenant House Illinois (CHIL) has served homeless youth ages 18 to 24 with shelter and supportive services since 2017. The organization is a member of Covenant House International, which provides services to youth in 31 cities across North America. Illinois was chosen as Covenant House's first new state in 17 years due to Chicago's interim and transitional housing shortage, cold winters, concentrated poverty, and problems with gang violence.

Features

Project components include 40 shelter beds on the top floor, a first-floor Youth Development Center featuring space for wraparound support services and workforce development, a large community room, a commercial kitchen, a courtyard with a basketball court, and administrative headquarters. A future (non-NMTC) phase will complement the project through the creation of a Transitional Living Program with up to 32 beds.

Impact

The project is expected to triple CHIL's capacity, allowing the organization to provide support services to over 900 homeless youth annually at the Youth Development Center. It will also allow for improved care coordination by consolidating shelter, health and wellness, legal support, educational, and workforce development programs under one roof. The Project is expected to employ 49 FTEs in positions paying above Chicago's living wage. Renovation will support nine construction FTEs, including at least two CHIL clients who will be directly employed through the general contractor's master homebuilder apprenticeship program.

Status

Rehabilitation is nearing substantial completion as of spring 2022.

Auburn Gresham Healthy Lifestyle Hub



CDF NMTC Allocation

\$11 million

Community Area

Auburn Gresham

Closing Date

March 4, 2021

Scope

Rehabilitation of a long-vacant 49,661-square-foot building into a multi-service community hub

Sponsor

The Greater Auburn-Gresham Development Corporation (GAGDC), a minority-controlled nonprofit organization, has worked to foster and promote revitalization of low-to-moderate income neighborhoods using comprehensive community development strategies since 2001. GAGDC's programs address economic development, housing and senior services, educational and youth development initiatives, health, and community and family engagement.

Features

A marquee project in the INVEST South/West Initiative, the building will be anchored by a new location for UI Mile Square Health Center (an established Federally Qualified Health Center) and will include GAGDC, Broadway Ave Pharmacy, an expansion site for locally-owned Mikkey's Retro Grill, two community engagement divisions of University of Illinois at Chicago, Heartland Human Care Services, and Bank of America.

Impact

The project will help reinvigorate a disinvested Auburn Gresham business district by revitalizing a building that has sat vacant for 20 years. UI Mile Square Health Center will provide primary, dental, and behavioral health care to over 8,000 individuals annually. GAGDC and Heartland will serve 3,000 and 1,200 low-income residents, respectively, with a range of social services aimed at improving financial health and employment preparedness. Broadway Ave Pharmacy, Mikkey's Retro Grill, and Bank of America will bring needed commercial services to the community. The project is anticipated to support at least 121 FTE jobs.

Status

Construction is underway and anticipated to be substantially complete by summer 2022.

Sinai Ogden Commons



CDF NMTC Allocation

\$5.5 million

Community Area

North Lawndale

Closing Date

November 12, 2021

Scope

Buildout and equipping of a new 30,000-square-foot Surgical & Ambulatory Care Center

Sponsor

Sinai Health System (SHS) serves Chicago’s West and Southwest sides as one of Chicago’s largest private safety-net systems. Composed of Mount Sinai Hospital, Holy Cross Hospital, Schwab Rehabilitation, Sinai Children’s Hospital, Sinai Community Institute, Sinai Medical Group, and Sinai Urban Health Institute, SHS serves a largely underinsured population and is one of the largest private Medicaid providers in Illinois. SHS is a key institutional anchor and the largest employer in the North Lawndale community.

Features

SHS will build out part of the newly constructed Ogden Commons facility, including spaces for The Center for Digestive Health, The Mount Sinai Outpatient Surgery Program, The Surgery Concierge Clinic, and a dialysis center. NMTCs will also be used to purchase various equipment to support operations.

Impact

The Surgical & Ambulatory Care Center at Ogden Commons will serve approximately 24,000 unique patients per year (60% low income), supporting approximately 45,000 patient visits annually. This includes a nearly 50% increase in dialysis treatments through the addition of 7 new dialysis chairs to the 11 chairs currently operated. Additionally, the project is anticipated to support 41 FTEs which will pay above Chicago’s living wage. SHS is working with multiple partners to source employees, including Erie Neighborhood House, CARA, Lumity-STEMWorks, Park Douglas, Anixter Center, Safer Foundation, Employment and Employer Services, and Metropolitan Family Services.

Status

Construction is underway and anticipated to be substantially complete by summer 2022.

06 UPDATES ON UNWINDING PROJECTS

Based on the federal program regulations, NMTC-financed projects have a 7-year compliance period. The following transactions successfully reached the end of their compliance period in 2021 and unwound in good standing.

SCR Medical Transportation



Overview

In October 2014, CDF provided \$6 million in NMTC allocation to support a three-part expansion of SCR's existing campus, including renovation of a 47,000-square-foot office, vehicle maintenance, and indoor parking facility; rehabilitation of a 17,000-square-foot building for use as a call center; and the development of a secured parking area. These new facilities have allowed SCR to support nearly 900 FTEs (including 170 new FTEs), 100% of whom are in positions requiring a high school diploma or less. In addition to these significant employment impacts, the project increased the number of rides SCR can provide, supported MBE firms in the construction phase, and improved SCR's energy efficiency.

Method Home Products



Overview

In September 2014, CDF provided \$13 million in NMTC allocation to support construction, equipment acquisition, and working capital expenditures associated with the development of the 150,000-square-foot manufacturing facility in the Pullman neighborhood. Method and the other project tenants have created nearly 250 permanent FTEs at the Project. In addition to creating quality employment opportunities, the building achieved LEED Platinum Certification. Manufacturing operations at the facility began in January 2015.

MetroSquash Academic & Squash Center



Overview

In July 2014, CDF provided \$5 million in NMTC allocation to MetroSquash, Inc. to support the construction of a new 19,000-square-foot community facility including eight squash courts, four classrooms, and a computer lab in the Woodlawn community. This dedicated facility provides a safe, secure, and permanent home for the organization, allowing it to relocate from two separate shared spaces on the University of Chicago campus and double its capacity to serve over 300 5th- through 12th-grade youth through its core programming and an additional 100 through supplemental summer programming. The facility opened in May 2015.

Chicago Development Fund

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Cover: North Lawndale Employment Center

Photo courtesy of Tom Harris