



2022 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 2022, in which it:

- ★ Deployed \$27.5 million in NMTC allocation into three transformative projects serving Low-Income Communities (LICs) on Chicago's South and West Sides, including a Federally Qualified Health Center in one of Chicago's most medically underserved neighborhoods, a youth and community hub focused on violence prevention, and a steel coil processor supporting well-paying, accessible jobs
- ★ Saw four projects successfully reach the end of their NMTC compliance period in good standing, including two community facilities that provide youth enrichment, job training, and social services to low-income individuals, a commercial development supporting community revitalization plans in Englewood, and an industrial facility that created well-paying jobs on the West Side

Since its founding in 2005, CDF has received a total of \$466 million in federal NMTC allocation, making it one of the most successful and prolific municipal NMTC programs in the country. At the end of 2022, it has deployed \$416.5 million of those resources, leveraging \$866 million of new investment in Chicago's LICs. 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, programs for 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 42 projects are anticipated to support nearly 5,000 full-time equivalent (FTE) jobs and provide vital community services to more than 216,000 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 2023 and beyond.

With gratitude,

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



Covenant House Illinois



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01 OVERVIEW

Through 2022, CDF has received \$466 million in NMTC allocation and deployed \$416.5 million of that allocation to 42 projects in the City of Chicago. This allocation has generated \$129 million in NMTC equity and supported a total of **\$866 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 2022, the CDFI Fund has made 1,461 awards totaling \$71 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, 89% 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, 2022.

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	\$38.5 M	\$16.5 M	70%
17th (2020)	\$55 M	\$22 M	\$33 M	40%
TOTAL	\$466 M	\$416.5 M	\$49.5 M	89%



La Casa Norte
Photo courtesy of Tom Harris

02 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 June 15, 2022 and December 2, 2022.



North Lawndale Employment Network
Photo courtesy of Tom Harris

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 June 8, 2022 and November 29, 2022.

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, 2022. 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, 2022, 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	Founding CEO, West Side Forward
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 residents by supporting high-quality, accessible jobs in their neighborhoods. Through 2022, CDF has provided \$89.7 million in financing for 11 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 550 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 27 such projects through 2022, including job training facilities, health clinics, and social service providers.

Recent example: Auburn Gresham Healthy Lifestyle Hub

- Rehabilitation of a long-vacant, 49,860-square-foot commercial building into a multi-service community facility
- UI Mile Square Health Center will serve nearly 8,000 individuals annually with primary, dental, and behavioral health care
- GAGDC and Heartland Human Care Services will serve more than 4,000 individuals with social services aimed at improving financial health and employment preparedness
- Ground floor features businesses that bring desired commercial services to the community



Auburn Gresham Healthy Lifestyle Hub

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 2022, 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 and renovation and equipment purchase and installation for a 62,300-square-foot Local Market grocery store in 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 184 permanent FTE positions, 99% of which are accessible with less than a four-year college degree



Jeffery Plaza Local Market

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.¹ On average, projects supported by CDF financing are in census tracts with median family incomes of 48% of the Chicago area median, poverty rates of 33%, and unemployment rates 2.4 times the national average per the relevant American Community Survey at the time of investment. CDF’s 42 projects through 2022 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 4,327 FTEs, including 3,744 full-time and 1,072 part-time positions
- 4,968 FTEs will be supported at full operation (1 FTE per \$25,958 in NMTC subsidy)
- \$47,475 average annual wage for full-time positions
- 97% of full-time positions offer health benefits
- 73% of full-time positions are accessible without a college degree

Services

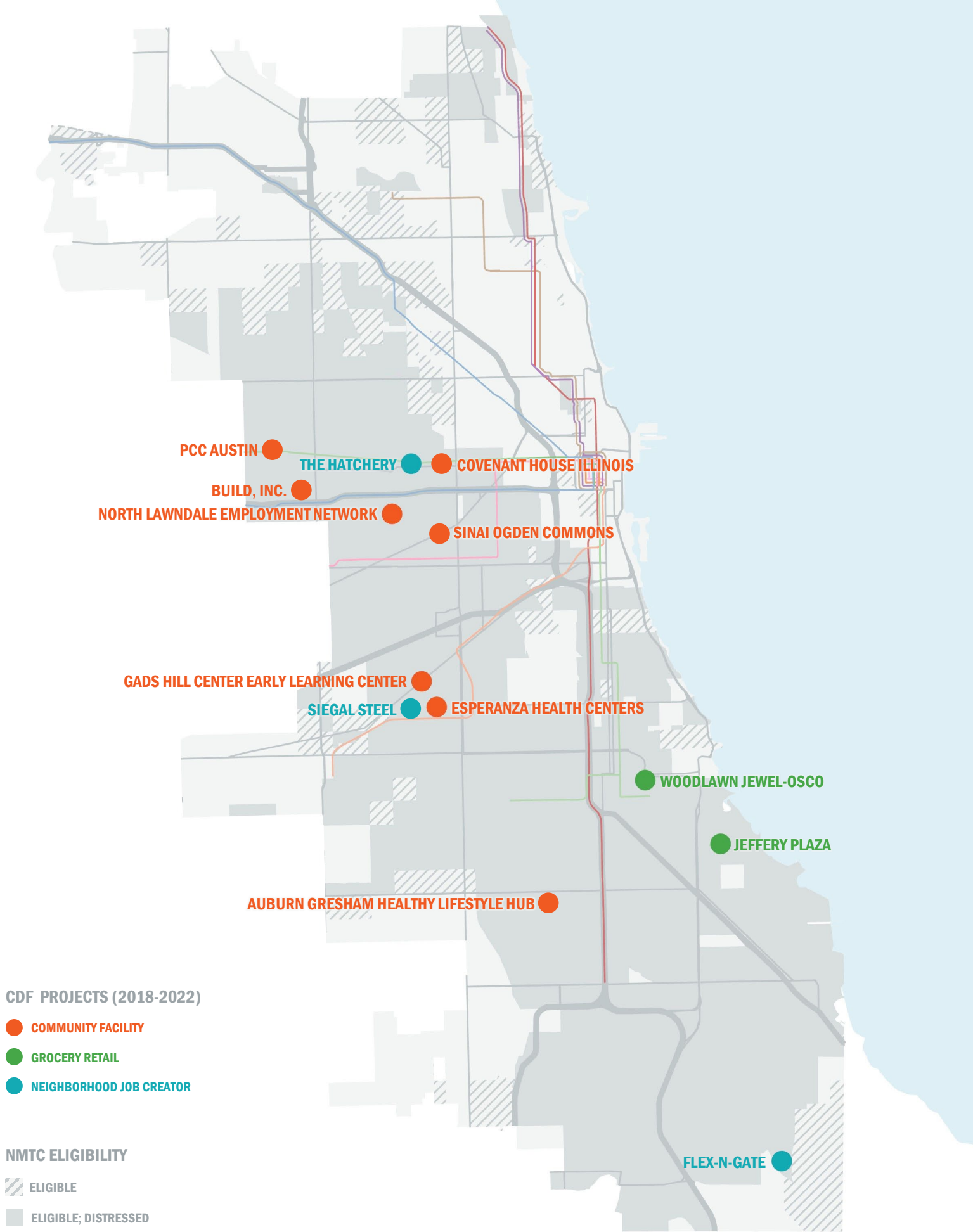
- Anticipated to serve 216,145 low-income clients per year at full operation
- Services include affordable health care, job training and placement, after-school programs, and education

Healthy Foods

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

Leveraging Private Investment

- Provided \$416.5 million in NMTC allocation to 42 projects
- Supported \$866 million in total project investment, including:
 - » \$555 million in leveraged private investment (64.05%)
 - » \$129 million in CDF NMTC equity (14.89%)
 - » \$81 million in City of Chicago sources (9.39%)
 - » \$67 million in other NMTC equity (7.74%)
 - » \$34 million in other public sources (3.93%)



05 2022 FUNDING ACTIVITY

PCC Austin Clinic



CDF NMTC Allocation

\$14 million

Community Area

Austin

Closing Date

February 18, 2022

Scope

Construction of a 32,000-square-foot health and wellness center

Sponsor

Founded in 1980, PCC Community Wellness Center is a Black-led Federally Qualified Health Center that provides comprehensive health care services with 11 locations serving 48,000 patients annually in Chicago's Westside neighborhoods and near west suburbs.

Features

The project remediates a long-vacant brownfield site and includes 24 primary care exam rooms, 7 counseling rooms, 4 group therapy spaces, a telemedicine center, a lifestyle center, and a green roof. The new building is located adjacent to the existing PCC Austin Family Health Center to expand overall capacity and create efficiencies through co-located services.

Impact

Primary care capacity will increase from 8,400 to 15,00 unique patients annually (90% low-income), improving access to critical care in a neighborhood with the lowest life expectancy of any Chicago community area. On-site specialty care will improve access for the uninsured and those lacking reliable transportation by co-locating services at a convenient location. Behavioral health capacity, including substance abuse treatment, will also greatly expand in a community the City of Chicago has identified as an Opioid Treatment Desert. Additionally, the project is anticipated to support 92 quality FTE permanent jobs at full operation.

BUILD, Inc.



CDF NMTC Allocation

\$7 million

Community Area

Austin

Closing Date

June 30, 2022

Scope

Renovation of a 10,000-square-foot existing facility and the construction of an additional 41,000-square-foot building to comprise a 51,000-square-foot community center

Sponsor

BUILD (Broader Urban Involvement & Leadership Development) is one of Chicago's leading gang intervention, violence prevention, and youth development organizations. Since its founding in 1969, BUILD has served over 100,000 youth, putting them on the path of opportunity and education and steering them away from gangs and crime.

Features

The transformed campus includes a youth lounge; game room; technology center; learning lab; a Mental Health Center; a STEAM Education Center; gym, track, and fitness facilities; a training kitchen and café; and outdoor spaces.

Impact

BUILD offers in-school, after-school, and out-of-school programs helping at-risk youth escape gangs and violence and promoting positive community involvement. The project is expected to operate from 6am to midnight daily, increasing BUILD's capacity significantly, and providing support services to 2,000 youth annually. Additionally, the campus will act as a major amenity for the community, with offerings including a community fitness center, farm-to-table café, community classes, and free, reliable internet connection. The project is anticipated to employ 165 FTE positions at full operation.

Siegal Steel



CDF NMTC Allocation
\$6.5 million

Community Area
Brighton Park

Closing Date
August 31, 2022

Scope
Equipment to support the expansion of 75,000-square-foot steel coil processing plant

Sponsor

Siegal Steel is a steel coil processor and supplier specializing in oscillate winding, steel edging, and Just-in-Time delivery services that has been based in Chicago since 1940. Siegal's core business supports Original Equipment Managers in the lawn and garden, agriculture, and construction industries. In 2017 the company was acquired by Steel Warehouse, a family-owned steel processor based in South Bend, Indiana.

Features

NMTC financing supports upgrades to Siegal's main slitting line and other production equipment, purchase of an edger, and investment in an inventory program to help the company thrive in the face of global supply chain disruptions and steel price volatility. The most significant portion of the NMTC funds will be used to upgrade Siegal's main slitting line, which was acquired over 20 years ago and no longer meets the company's productivity and safety needs.

Impact

NMTC financing incentivized Steel Warehouse to make long-term investments and expand operations in Brighton Park in lieu of relocating to Indiana. At full capacity, the project is expected to support 60 FTEs, 97% of which will receive a living wage and benefits, including health insurance and retirement matching. 92% of positions will be accessible to individuals without a four-year degree, and all 45 production positions are unionized and accessible with only a high school education. Siegal works with local organizations to hire from the surrounding community.

06 2022 PROJECT UPDATES

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 2022 and unwound in good standing.

UCAN



In August 2015, CDF provided \$9 million in NMTC allocation to finance the acquisition, construction, and development of a 31,000-square-foot community facility acting as UCAN's program services and administrative headquarters in North Lawndale. The project provides over 4,600 predominantly low-income children and families annually with a variety of social services including youth development, violence prevention, job readiness, counseling, and professional foster care services.

Englewood Square



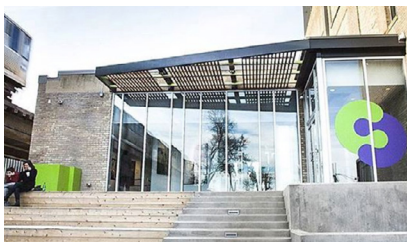
In September 2015, CDF provided \$10.5 million in NMTC allocation to finance the construction of 47,500 square feet of retail space anchored by an 18,000-square-foot Whole Foods market. The project activated a 5-acre parcel that had been vacant for over 40 years and represented the first stage of a reactivation of Englewood's most prominent commercial intersection. The project increased healthy food access for over 47,000 Food Desert residents within two miles of the store.

Great Central Brewing



In November 2015, CDF provided \$5.5 million in NMTC allocation to support the land acquisition, site preparation, and construction costs associated with the development of a 33,000-square-foot microbrewery production facility on a priority development site within the Kinzie Industrial Corridor. Great Central Brewing created 20 FTE positions, 75% of which are accessible without a four-year degree, and supports the expansion of local and regional craft brewery operations.

Chicago Center for Arts and Technology (ChiCAT)



In December 2015, CDF provided \$5 million in NMTC allocation to Chicago Center for Arts and Technology, Inc. to finance the rehabilitation of an approximately 25,000-square-foot building for use as training center in Chicago's Near West neighborhood. Serving 400 individuals annually, ChiCAT offers digital media training for youth and industry-specific career training and placement for adults in fields with limited educational requirements such as medical assistance and advanced manufacturing.

Chicago Development Fund

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