

COMMITTEE ON FINANCE

# RED LINE EXTENSION

TIF DISTRICT DESIGNATION AND INTERGOVERNMENTAL AGREEMENT

DEPARTMENT OF PLANNING AND DEVELOPMENT  
COMMISSIONER MAURICE COX

DECEMBER 12, 2022

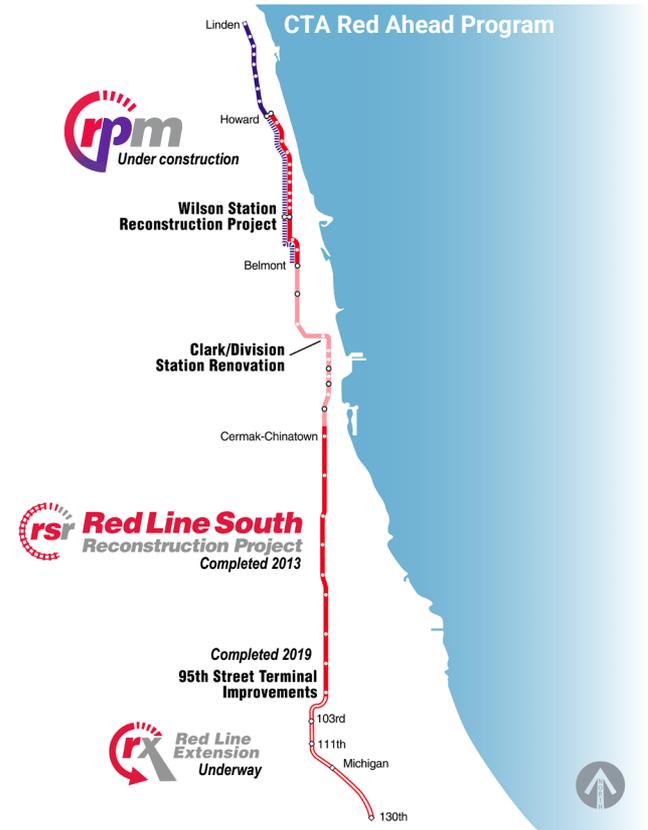


# Legislative Requests

1. Designate the Red Line Extension (RLE) Transit TIF
  - Designation of RLE Transit Facility Improvement Area (TFIA)
  - Designation of the RLE Redevelopment Project Area (RPA)
  - Approval of TIF Redevelopment Plan
  - Adoption of Tax Increment Allocation Financing for RLE RPA
2. Approval of the Intergovernmental Agreement authorizing the use of TIF for the Red Line Extension project

# Improving Red Line from End to End

- Red Line South
- Clark and Division Station
- 95th Street Terminal Reconstruction
- Wilson Station
- RPM Phase One
- Red Line Extension
- RPM Future Phases – In Planning



# Red Line Extension Project

- A 5.6-mile extension of the CTA's Red Line from the 95th Street Terminal including the construction of four new stations:
  - 103rd Street
  - 111th Street
  - Michigan Avenue
  - 130th Street
- Construction of a train storage yard and maintenance facility at 120th Street
- RLE Project has an estimated cost of \$3.6 billion – CTA's largest capital project



NICTD/CSS & SBRR = Northern Indiana Commuter Transportation District/Chicago South Shore & South Bend Railroad, CN/ME = Canadian National/Metra Electric District, UPRR = Union Pacific Railroad

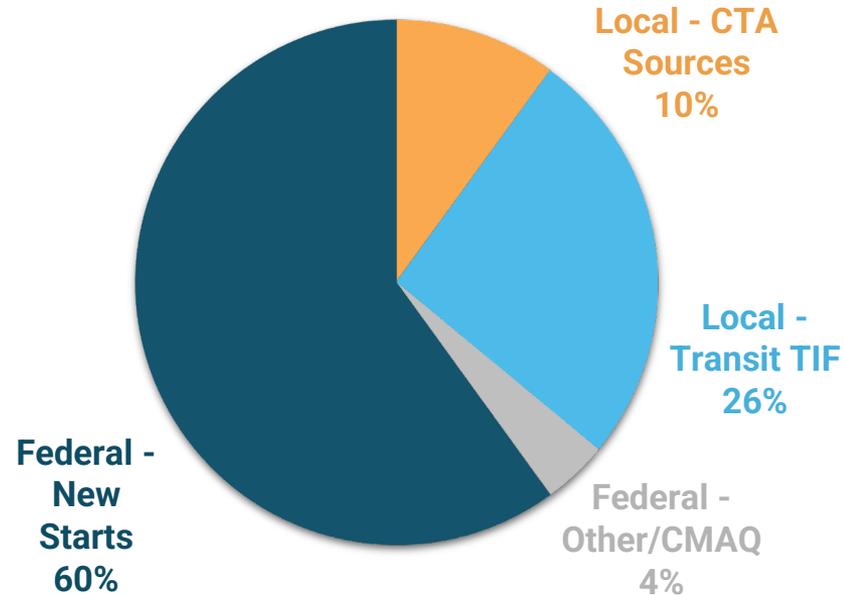


# 103rd Street Station

# Local Match is Needed

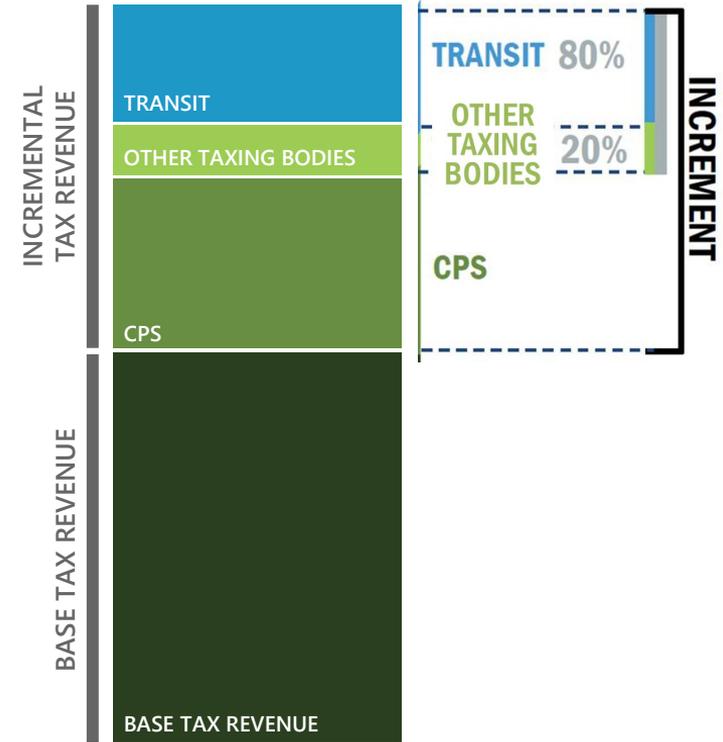
- CTA is in strong position to secure a competitive \$2+ billion FTA New Starts grant for RLE
- To secure this grant, CTA needs to provide at least \$1.44 billion in local matching funds
- The proposed RLE Transit TIF would provide up to \$959 million in City funds as a portion of the local match requirement
- Window of opportunity:
  - Take advantage of recent influx of federal IIJA funding before other competitive projects do
  - Biden Administration is prioritizing funding for equity-focused projects and transit projects

Proposed RLE Budget



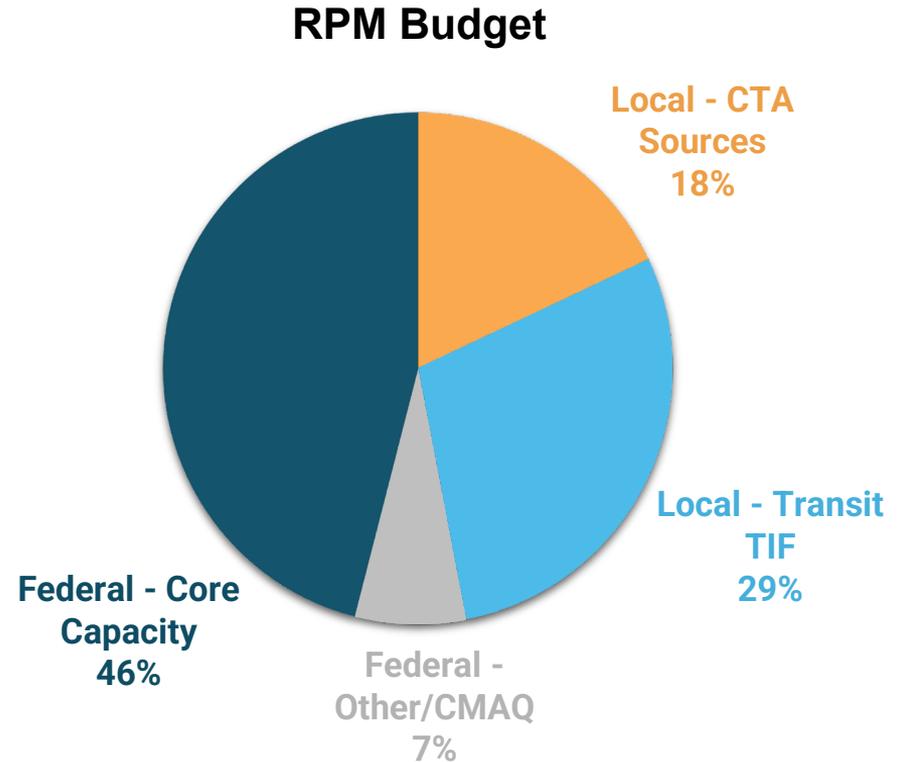
# What is Transit TIF?

- Can only fund transit improvements for specific projects
- TIF district extends half a mile in each direction from specific transit facilities
- Keeps existing TIF districts intact so that existing economic development initiatives can continue
- Only a portion of increment remains in the TIF district – majority is shared with CPS and other taxing bodies
- Residents and businesses in the Transit TIF will not see an increase in taxes compared to those who are outside the Transit TIF



# Transit TIF in Chicago

- In 2016, City Council designated the Red and Purple Modernization (RPM) Transit TIF
- City to provide up to \$625 million towards the \$2.1 billion project
- Transit TIF funds act as the primary local match to leverage federal funds



# RPM Transit TIF: Red-Purple Bypass

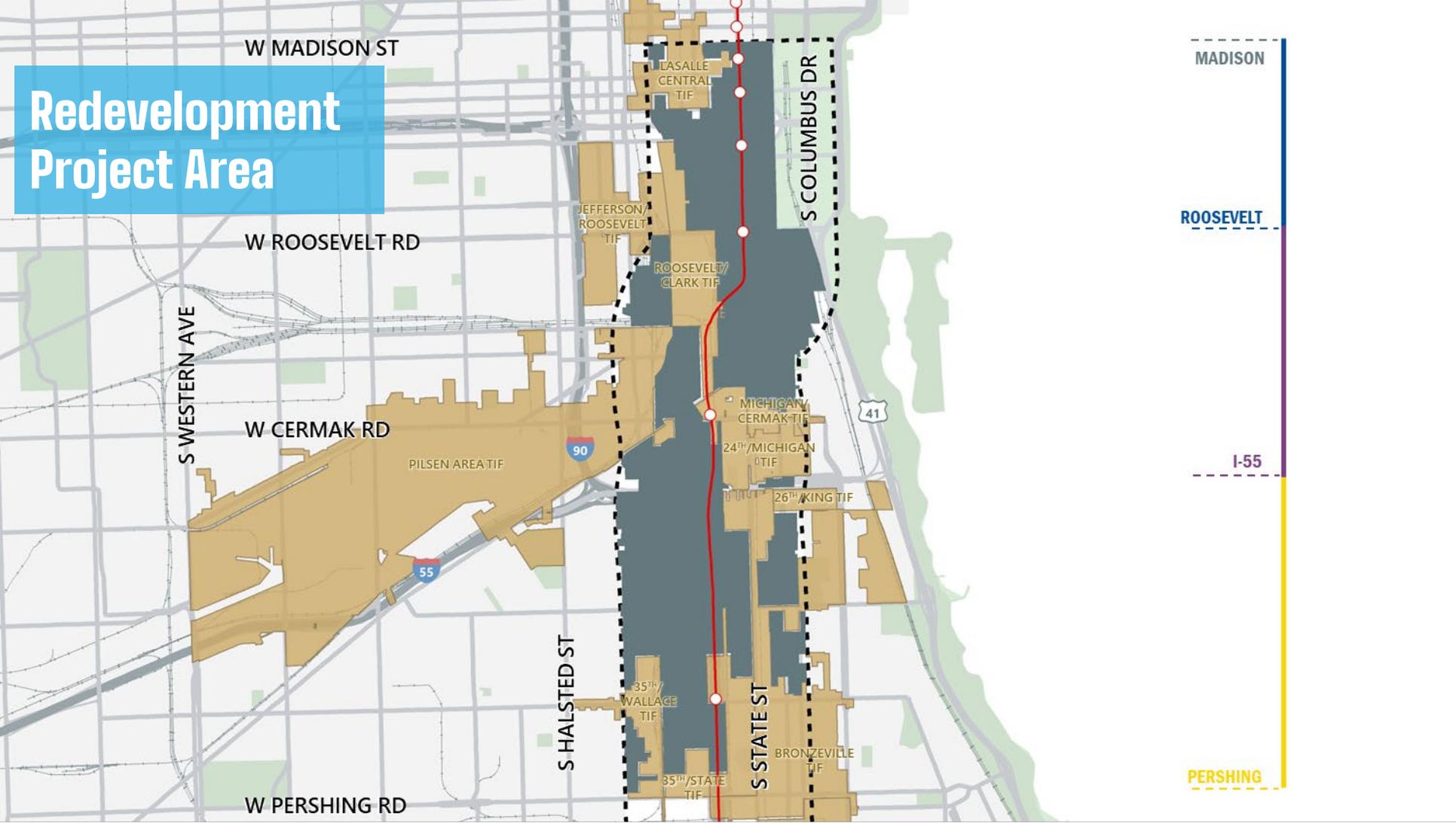


# RLE Transit TIF

- RLE Transit TIF looks different from the RPM Transit TIF:
  - Redevelopment Project Area (RPA): where funds are generated
  - Transit Facility Improvement Area (TFIA): where funds can be spent
- The RLE Transit TIF will keep intact all existing TIF districts:
  - Ensures these TIFs continue to fund local improvements and support community goals
  - Significantly streamlines the process



# Redevelopment Project Area



W MADISON ST

W ROOSEVELT RD

W CERMAK RD

W PERSHING RD

S WESTERN AVE

S HALSTED ST

S STATE ST

S COLUMBUS DR

LASALLE  
CENTRAL  
TIF

JEFFERSON/  
ROOSEVELT  
TIF

ROOSEVELT/  
CLARK TIF

PILSEN AREA TIF

MICHIGAN  
CERMAK TIF  
24<sup>TH</sup>/MICHIGAN  
TIF

26<sup>TH</sup>/KING TIF

35<sup>TH</sup>/  
WALLACE  
TIF

35<sup>TH</sup>/STATE  
TIF

BRONZEVILLE  
TIF

MADISON

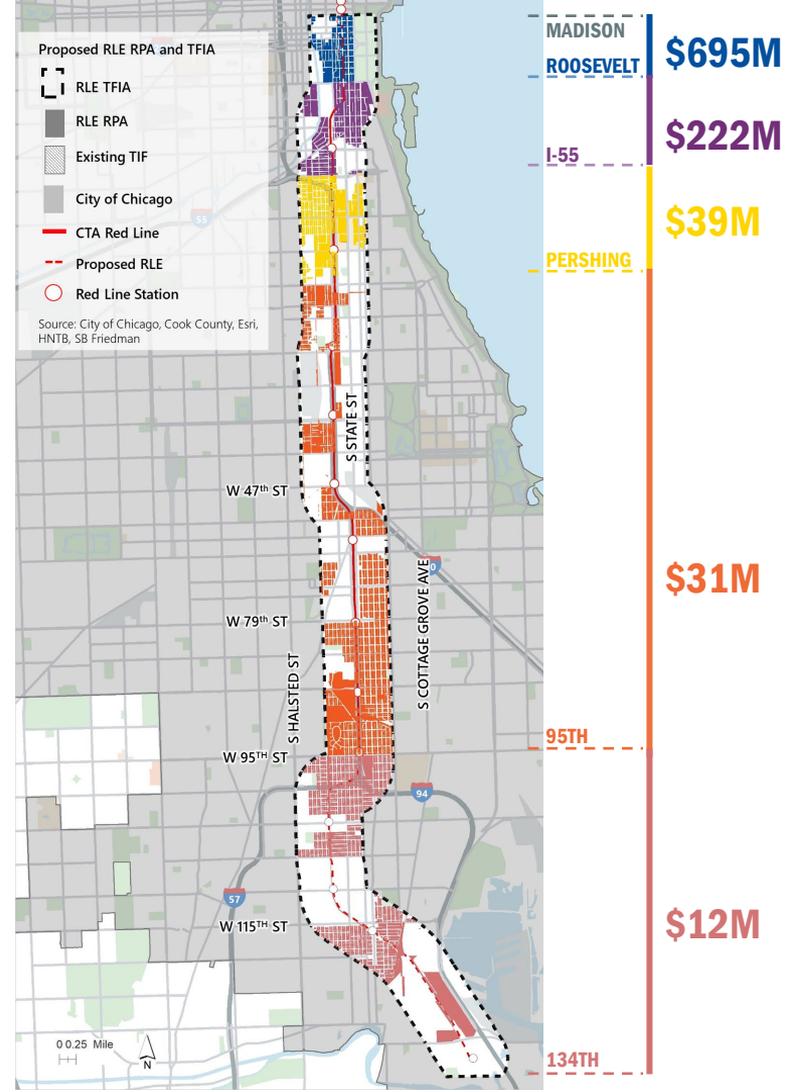
ROOSEVELT

I-55

PERSHING

# Why These Boundaries?

- Minimized the number of revenue-generating parcels (RPA) to collect only what's needed for RLE's local match requirement
- Preserved areas south of Pershing for future non-transit TIF districts, if necessary
- Other economic development tools remain on the table for parcels within the RPA



# Financial Structure

- Up to \$959 million in TIF proceeds to be used to reimburse the CTA for costs related RLE
  - Funds paid primarily as a pay-go during construction
  - Funds paid secondarily for debt financing, including TIFIA loan
- Once the CTA is fully reimbursed, the TIF may be terminated by City Council prior to the 2058 expiration date

# RLE's Transformational Benefits



## EQUITY

24% of RLE Project Area residents live below the poverty level, compared to the City average of 18%.



## FREQUENCY

Up to 30-minute time savings to riders traveling from the 130th St station to the Loop. By 2040, RLE will carry approx. 40,000 trips per day.



## CONNECTIVITY

Fewer than 30% of riders traveling on the Red Line from the 95th St Terminal end their trips in the Loop; connections to the broader CTA system are critical.



## OPPORTUNITY

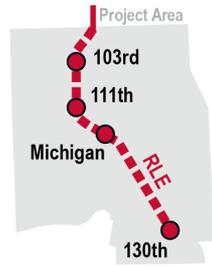
47% increase in newly accessible jobs within a 45-minute commute of the RLE Project Area.



## CATALYTIC

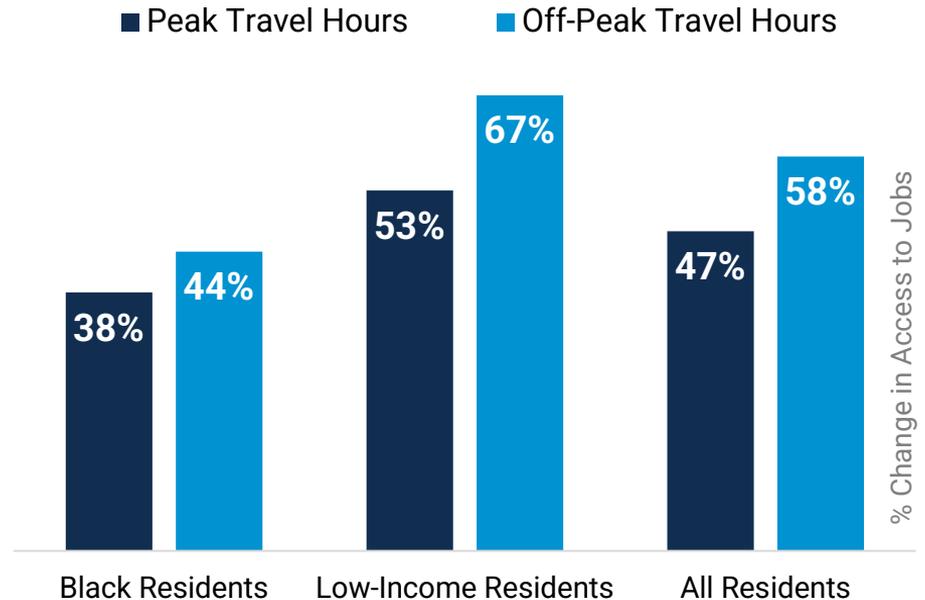
Beyond the direct transit investment, a Transit Supportive Development (TSD) Plan for RLE is underway to spur complementary economic growth near RLE stations.

# Improved Access to Jobs



- With RLE, Black and low-income residents to see gains in **access to job opportunities throughout the City**
- With RLE, **25,000 additional jobs** become accessible within a 45-minute commute from RLE Project Area

## Increased Access to Jobs by Population Group



Note: Low-Income includes persons with household incomes below the federal poverty level. Source: DRAFT RLE Economic Impact Study. Results subject to refinement.

# Opportunities for Chicagoans

## RLE will Offer Opportunity for DBEs

- **Exceeding DBE Goals:** In FFY 2022, CTA attained 38% Disadvantaged Business Enterprise (DBE) participation on federal contracts; goal was 26%
- For RLE, CTA has already awarded over \$31M (32%) of the \$99M awarded to date to DBEs (pre-construction)

## Building on RPM Phase One Success

- **84 unique DBE firms**, of which **32 DBE firms new to CTA** are working on the design-build contract
- **59 of the DBEs** are also certified as MBE and/or WBE
- DBEs were awarded (to date) over **\$230 million, with more awards to come**
- CTA is on track to meet and exceed **20% DBE goal**

# Opportunities for Chicagoans

## DBE Success in Construction

Project	Contract Value	DBE Goal	DBE Commitment	DBE Attainment
Wilson Station	\$152 M	25%	28%	<b>31.92%</b>
95th Street Station Terminal Improvement	\$215 M	30%	31%	<b>32.71%</b>
Red Line South (Track & Stations)	\$267M	30%	30%	<b>34.48%</b>
Your New Blue (Track & Stations)*	\$333M	22%	22%	<b>27.92%</b>

\* Project still in progress

# Opportunities for Chicagoans

## RLE Job Creation

- Building on CTA's past practices, with lessons learned
- Establishing a pipeline for construction careers at CTA with family-sustaining wages
- Supporting training and preparation
- Engaging with Labor Unions to support strong coordination

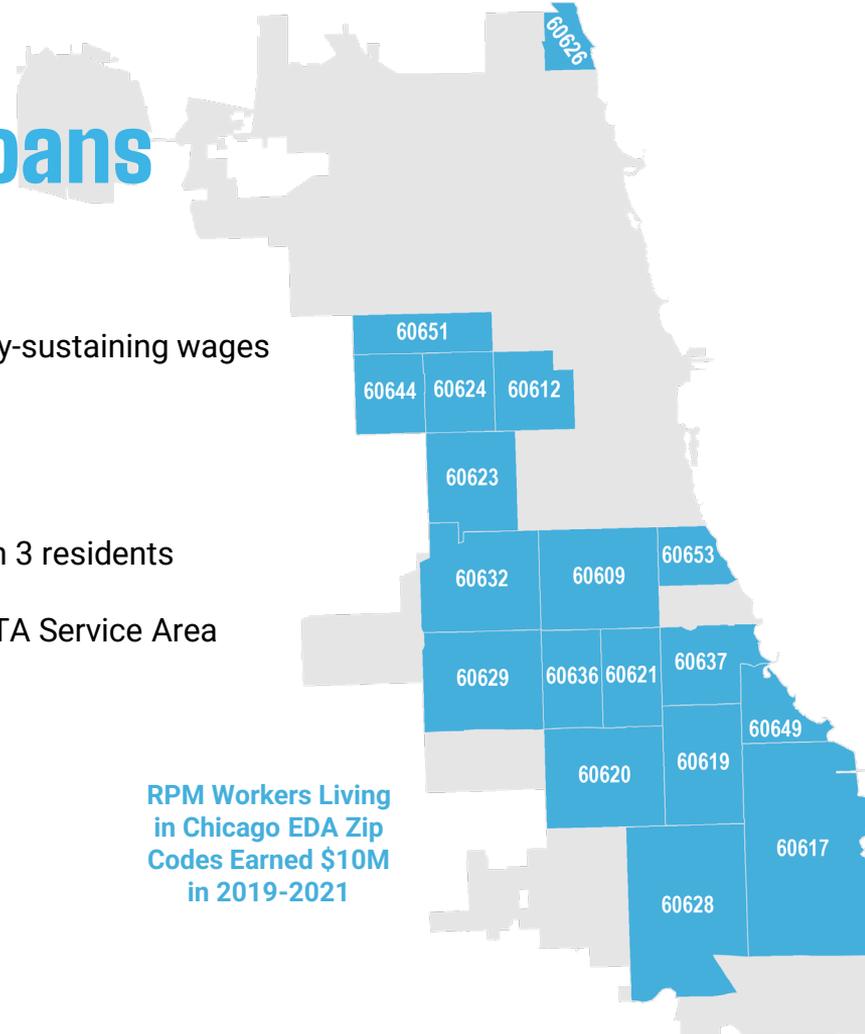
## Contract Goals for Workforce Participation

- Careers Opportunity Goal: disadvantaged individuals and Section 3 residents
- Union Apprentice: new entries into the trade labor unions
- Economically Disadvantaged Area (EDA): zip codes within the CTA Service Area with a household median income of \$45k/year or less

## Successes from RPM Phase One (2019-2021):

- EDA: 362 individuals; \$15.2M in wages; \$10M in Chicago alone
- WIOA: 85 individuals; \$6.2M in wages
- Apprentice: 210 individuals; \$5.3M in wages

RPM Workers Living  
in Chicago EDA Zip  
Codes Earned \$10M  
in 2019-2021



# Opportunities for Chicagoans

- **Nationally, transit projects have a 5-to-1 economic return on investment**  
Source: APTA
- RLE will pay dividends locally during construction and once implemented:
  - **Construction:** Harnessing federal dollars to bolster regional growth and pay local workers
  - **O&M:** Ongoing economic impacts even after construction is complete

## Economic Impact of RLE

	Business Output	Pay to Workers	On Average Annually
<b>Construction (2023-2030)</b>	<b>\$4.4B</b>	<b>\$1.7B</b>	<b>2,500 Jobs</b>
<b>Operations &amp; Maintenance (2029-2040)</b>	<b>\$714.4M</b>	<b>\$280.6M</b>	<b>700 jobs</b>

- **Business Output** represents cost of purchased goods and services, pay to workers, profits, and taxes.
- **Pay to Workers** is one component of Business Output.
- Results represent overall impact for Cook County.

# Investing in Neighborhoods

## TRANSIT MEANS BUSINESS



Source: MPC

### Transit-accessible locations outperform on job growth, especially near rail:

- Between 2005-2015, half of new Chicagoland jobs were located within a half-mile of a CTA or Metra station

### Transit investment catalyzes residential and commercial development and increases property value:

- In 2017, 85% of commercial construction in the region occurred within a half-mile of a CTA or Metra station



RLE is estimated to catalyze



in real estate activity in  
RLE Station Areas

in the years 2029-2040

- CTA and DPD are working together to **support catalytic and complementary economic investment** around future RLE stations



# Investing in Neighborhoods

The Red Line Extension will serve as a **catalyst** towards achieving the community's vision for **regional prosperity**, improved **quality of life** and community **wealth generation**.

**Strong & prosperous communities** will benefit from **diverse housing options** meeting the needs of all residents, successful commercial districts with **thriving businesses** and **workforce advancement**, neighborhood activity, and **connectivity**.



BALANCED & RESPONSIBLE  
DEVELOPMENT



# Investing in Neighborhoods

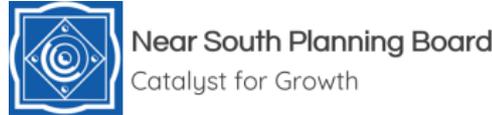


# Michigan

# Building a Coalition of Support



**LLSC**



CHICAGO HOUSING AUTHORITY

Metropolitan **Planning Council**

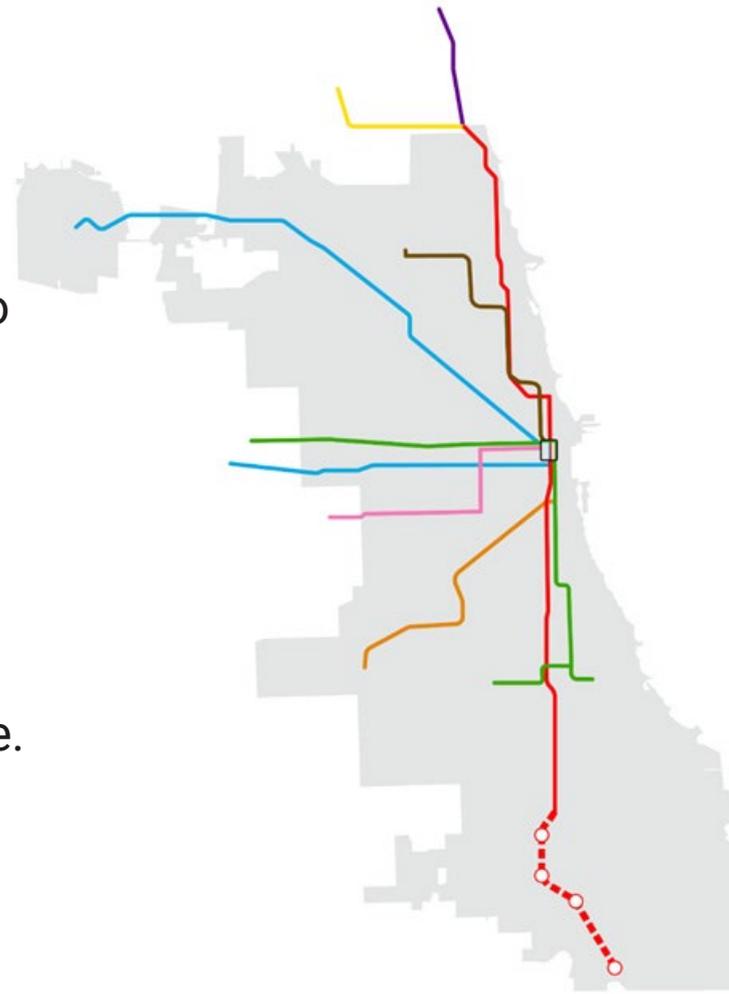


RED LINE EXTENSION COALITION



# A Better System for All

- **Equitable investment** supports a stronger Chicago for all.
- Increasing affordable, reliable mobility options **improves access** to jobs and opportunities for all.
- A new railcar storage yard & maintenance facility provides **increased capacity** that benefits the **entire Red Line** from Howard to the Far South Side.
- **Biden Administration's** focus on funding transit and equity-focused projects is **favorable for RLE**.



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