

**TAX INCREMENT FINANCING
Ten (10) Year Status Report
2007-2015**

**Elston/Armstrong
Redevelopment Project Area
Designated July 19, 2007**



December 13, 2016

Pursuant to 65 ILCS 5/11-74.4-5

Prepared by

**CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT**

AND

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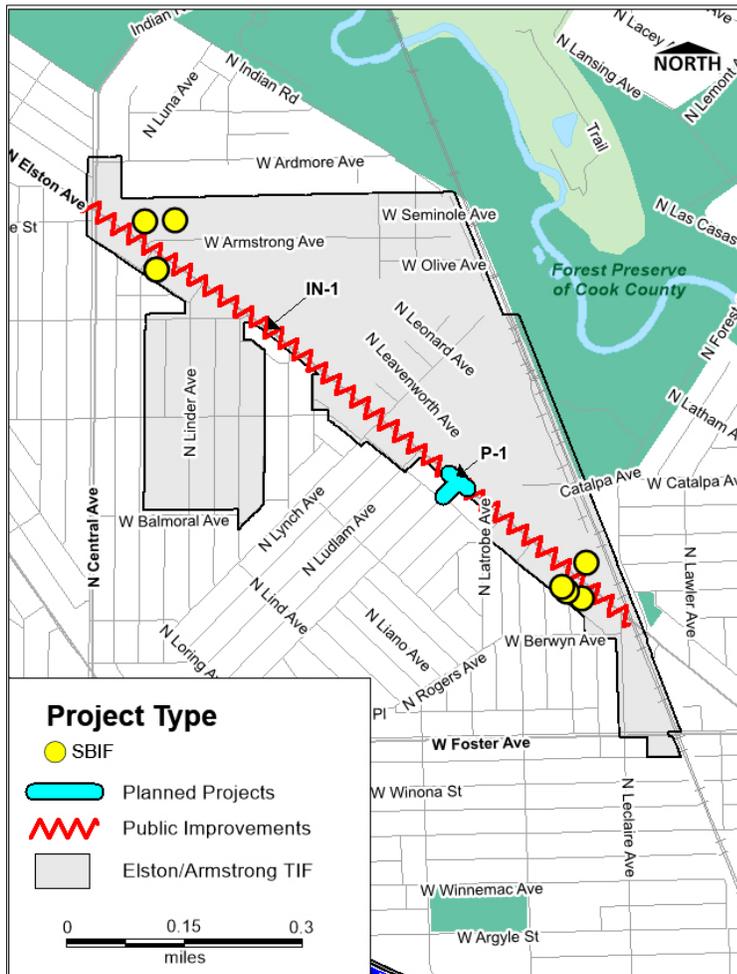
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Executive Summary



ELSTON/ARMSTRONG REDEVELOPMENT PROJECT AREA

- Designated: July 19, 2007
- Expires: December 31, 2031
- 128 acres
- 299 parcels at time of designation

The 128-acre Elston/Armstrong Tax Incremental Redevelopment Project Area (“Elston/Armstrong RPA” or “RPA”), located in the Jefferson Park community area, was designated July 19, 2007 to create new job opportunities for area residents by helping to return underutilized commercial and industrial properties to more active and intensive business uses. Specific goals include new streetscape improvements that promote pedestrian vitality and safety, especially along Armstrong Avenue, and roadway and utility upgrades that benefit industrial properties, particularly along Elston Avenue. Funds are also intended for projects that create buffer areas between disparate land uses and for eligible expenses involving property assembly and remediation projects. The TIF supports new single and multi-family home development on vacant land, where appropriate. Day care, job training and relocation costs are also supported by the TIF.

Elston/Armstrong RPA Activity 2007-2015

INVESTMENT SUMMARY

- \$833,125 in TIF Funds expended on public infrastructure improvements
- \$696,031 in Small Business Improvement Fund grant awards to seven business owners, stimulating an additional \$529,071 in private investments, for interior and exterior improvements
- \$50,000 in TIF funds allocated for job training.

PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 0.8 percent

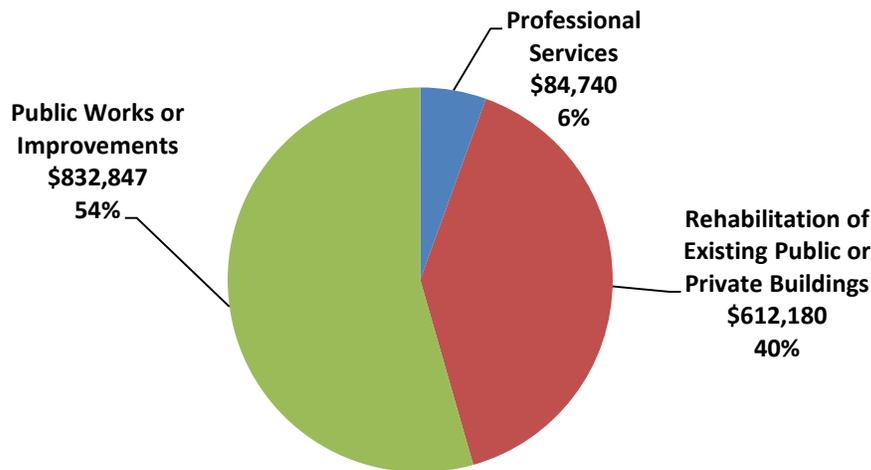
DEVELOPMENT

- No TIF-supported new commercial, industrial or residential projects

JOB CREATION

- Construction Jobs – Estimated 7 one-year full-time equivalent (“FTE”) construction jobs created
- Permanent Jobs – There were no projects that resulted in new permanent jobs

DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2015 [1]



[1] Additional detail on expenditures provided in Exhibit 2.

1. Redevelopment Project Area Information

In July 2010, the Tax Increment Financing (“TIF”) Allocation Redevelopment Act 65 ILCS 5/11-74.4-5-1, et seq. (“TIF Act”) was amended to require municipalities to assemble a status report covering the history and performance of TIF districts that have been in existence for 9 to 10 years. The Act requires the report to detail:

1. The amount of revenue generated within the district;
2. Expenditures made for the Redevelopment Project Area (“RPA”), including TIF fund expenditures;
3. Status of planned activities, goals and objectives, including new and planned construction;
4. The amount of public and private investment within the TIF district; and
5. Other relevant evaluation or performance data.

The information summarized herein is for the reporting period from the TIF district’s inception through the end of the 2015 calendar year and the 2014 tax year. For informational purposes, certain other supplementary information, such as upcoming planned projects, is reported through December 2015.

Detailed data on the Elston/Armstrong RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, redevelopment agreements (“RDAs”), intergovernmental agreements (“IGAs”), capital improvement expenditures, and TIF-funded program databases (Small Business Improvement Fund (“SBIF”), Neighborhood Improvement Program (“NIP”), and TIFWorks) to track financial and programmatic performance. Data sources are referenced throughout this Report.

Project Area Context and Background

The approximately 128-acre Elston/Armstrong RPA is located in the Jefferson Park community area of Chicago. The RPA is located in the City of Chicago and is bounded on the north by Ardmore Avenue; continues east to the CMSTP&P Railroad, then south just past Foster Avenue; west to LeClaire Avenue and north to Elston Avenue and encompassing those commercial and Industrial property along Elston and some residential properties and the Farnsworth School between Luna and Lotus Avenues. The RPA boundary is shown on **Exhibit 1** on the following page.

The Elston/Armstrong RPA was designated as a TIF district on July 19, 2007, and is expected to expire no later than December 31, 2031. As of December 31, 2015, there have been no major or minor amendments to the Elston/Armstrong Tax Increment Financing Redevelopment Plan and Project (the “TIF Plan”) since its adoption by City Council.

Conditions at Time of TIF Creation

The Elston/Armstrong RPA was determined to be eligible for TIF designation as a “conservation area” and a “blighted vacant area” under the TIF Act. Designation as “conservation area” requires at least 50 percent of buildings be 35 years of age or older, and a minimum of three (3) out of 13 additional eligibility factors be present to a meaningful extent and reasonably distributed throughout the RPA. Designation as a “blighted vacant area” under the two-factor test requires a minimum of two (2) out of six (6) eligibility factors for vacant land to be present to a meaningful extent and reasonably distributed throughout the RPA.

The following eligibility factors were described in the Elston/Armstrong TIF Plan for its designation as a “conservation area”:

- 90 percent of structures were found be at least 35 years of age or older
- The following six factors were found to be present to a major extent:
 - Deterioration
 - Dilapidation
 - Obsolescence
 - Presence of structures below minimum code standards
 - Excessive land coverage and overcrowding of structures
 - Declining or sub-par growth in equalized assessed value

The following eligibility factors were described in the Elston/Armitage TIF Plan for its designation as a “blighted vacant area” under the two-factor test:

- Three vacant land factors present to a major extent:
 - Deterioration of structures or site improvements in neighboring areas
 - Obsolete platting
 - Declining or sub-par EAV growth

At the time of designation, the Project Area was a primarily industrial and commercial corridor, which was surrounded by residential areas located in the northwestern portion of the City of Chicago, Illinois in the Jefferson Park neighborhood. The industrial and commercial properties on the south side of Elston Avenue are supported by a mix of single family homes and multi-unit residential buildings. There are also residential homes on the west side of Lynch Avenue, in the middle of the surrounding industrial properties. Land uses surrounding the RPA include commercial, institutional and residential areas.

Goals and Objectives for the RPA

The 128-acre Elston/Armstrong TIF was designated to create new job opportunities for area residents by helping to return underutilized commercial and industrial properties to more active and intensive business uses. Specific goals include new streetscape improvements that promote pedestrian vitality and safety, especially along Armstrong Avenue, and roadway and utility upgrades that benefit industrial properties, particularly along Elston Avenue. Funds are also intended for projects that create buffer areas between disparate land uses and for eligible expenses involving property assembly and remediation projects. The TIF supports new single and multi-family home development on vacant land, where appropriate. Day care, job training and relocation costs are also supported by the TIF. The following eight (8) objectives were outlined in the TIF Plan:

1. Encourage private investment.
2. Direct development activities to appropriate locations within the Project Area in accordance with the land use plan and general land use strategies.
3. Facilitate development of underutilized property for uses that have demonstrated market support.
4. Encourage the development of new commercial/retail uses that serve the surrounding areas and Project Area residents.
5. Strengthen the economic well-being of the Project Area.
6. Encourage accessibility for people with disabilities.
7. Create new job opportunities for residents by returning underutilized commercial and industrial properties to more active and intensive uses.
8. Create buffers between residential and commercial and industrial uses.

Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the Elston/Armstrong TIF Plan totals \$32 million. Through 2015, \$1.5 million has been expended on TIF-supported projects within the RPA, representing 4.8 percent of estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the Elston/Armstrong Redevelopment Plan by statutory cost category.

Exhibit 2. Total TIF-Eligible Project Costs and Expenditures through 2015

Permissible Cost	Eligible Cost Description	Estimated Project Costs	Project Costs Expended Through 2015	
			Expenditures	Percent of Total
1. Professional Services	Costs of studies, surveys, administration, and professional services [1]	\$1,500,000	\$84,740	5.6%
2. Marketing of Sites	Costs of marketing sites within RPA to prospective businesses, developers, investors [1]	\$0	\$0	0.0%
3. Property Assembly & Site Preparation	Property costs assembly including acquisition, demolition, site preparation, and environmental site improvement costs [2]	\$7,000,000	\$0	0.0%
4. Rehabilitation of Existing Public or Private Buildings	Costs of rehabilitation, reconstruction, repair or remodeling, and replacement of existing public or private buildings or fixtures [3]	\$7,000,000	\$612,180	8.7%
5. Public Works or Improvements	Costs of construction of public works and improvements [4]	\$10,000,000	\$832,847	8.3%
6. Job Training and Retraining	Costs of job training and retraining implemented by businesses or other taxing bodies, including "welfare-to-work" programs, advanced vocational or career education	\$1,500,000	\$0	0.0%
7. Financing Costs	Financing costs, including interest and issuance costs	\$0	\$0	0.0%
8. Capital Costs	Taxing districts' capital costs resulting from redevelopment project [3]	\$0	\$0	0.0%
9. Increased Education Costs	Costs of reimbursing school districts for their increased costs attributable to TIF-assisted housing projects [4]	\$0	\$0	0.0%
10. Relocation Costs	Relocation Costs	\$1,500,000	\$0	0.0%
11. Interest Costs	Interest Costs [5]	\$2,500,000	\$0	0.0%
12. Affordable Housing Construction	Costs of construction, renovation, rehabilitation of housing for low-income and very low-income households [3]	\$0	\$0	0.0%
13. Day Care Reimbursements	Costs of day care services and operational costs of day care centers for low-income families in RPA	\$1,000,000	\$0	0.0%
TOTAL REDEVELOPMENT PROJECT COSTS [3] [4] [5] [6]		\$32,000,000	\$1,529,767	4.8%

Source: TIF Plan, dated March 2 revised April 25, 2007, and TIF Annual Reports: Section (2) in 2007-2009 reports; Attachment K in 2010-2015 reports.

[1] Professional Services line item may include the costs of marketing.

[2] Environmental remediation costs, originally a separate category, have been combined with Property Assembly & Site Preparation.

[3] Rehabilitation of Existing Public or Private Buildings line item may include the costs of affordable housing construction or rehabilitation.

[4] Public Works or Improvements line item may include 1) reimbursements to an elementary, secondary or unit school district for increased costs attributed to assisted housing units, and 2) capital costs of taxing districts impacted by the redevelopment of the Project Area as noted in the TIF Plan.

[5] Interest Costs category includes Payments in Lieu of Taxes (PILOT)

[6] Total Redevelopment Project Costs in TIF Plan exclusive of interest on City-issued obligations, capitalized interest, issuance costs and other financing costs. All costs may be increased by the rate of inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U. S. Department of Labor.

2. Redevelopment Project Area Revenues and Expenditures

This chapter provides information on the incremental property tax revenue generated and associated expenditures within the Elston/Armstrong RPA from its inception through December 31, 2015. A summary of non-TIF City funds expended in support of projects through the 2015 calendar year is also presented.

Growth in EAV and Revenue Generated within Elston/Armstrong RPA

Incremental property tax revenues are generated based on the growth in equalized assessed value (EAV) that arises during the TIF district’s existence, as compared to the initial EAV at the time of the TIF’s original adoption. The RPA’s initial or base EAV was \$45,742,226 in 2005. As of December 31, 2015, the total taxable EAV (for tax year 2014) of the RPA was \$49,021,628 representing growth of 7.2 percent from the initial EAV.

Exhibit 3: Growth in EAV: Tax Year 2005 - 2014

Year	EAV	% Change from Initial EAV
2005 Initial EAV	\$45,742,226	--
2014 - Current EAV	\$49,021,628	7.2%

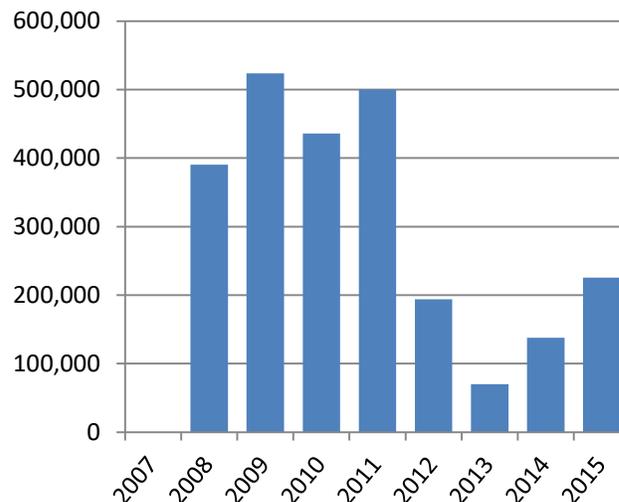
Source: Cook County Clerk

This growth in EAV in the RPA generated a total of \$2.5 million in incremental property tax revenue from 2007 through the end of 2015, as displayed in **Exhibits 4 and 5**. Property tax is collected in the year after taxes are levied, therefore these exhibits cover the period through tax year 2014, for which property taxes were collected in calendar year 2015.

Exhibit 4. Annual Incremental Property Tax Revenue Collected, 2007-2015

Year	Incremental Property Tax Collected
2007	\$0
2008	\$390,412
2009	\$523,537
2010	\$436,010
2011	\$499,898
2012	\$194,177
2013	\$70,176
2014	\$137,876
2015	\$225,414
TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2007-2015	\$2,477,500

Exhibit 5. Annual Incremental Property Tax Revenue Collected, 2007-2015



Source: TIF Annual Reports: Section (7)(D) in 2007-2009 reports; Section 3.1 in 2010-2015 Reports. Property tax increment is deposited in a special tax allocation fund for this TIF.

Transfers of TIF Funds

No funds were transferred (or “ported”) into the Elston/Armstrong special tax allocation fund from adjacent TIF districts through December 31, 2015.

No funds were transferred out of the Elston/Armstrong special tax allocation fund to adjacent TIF districts through December 31, 2015.

City Expenditures within the RPA

From 2007 to 2015, \$3.8 million in incremental property tax revenue was expended in support of projects within the Elston/Armstrong RPA. Expenditures of TIF revenue over this period are presented in **Exhibit 2** by TIF-eligible cost categories outlined in the TIF Act.

As indicated in **Exhibit 6** below, the City of Chicago has not allocated or expended non-TIF resources in support of TIF-funded projects within the Elston/Armstrong RPA.

Exhibit 6. Non-TIF City Investments in TIF-Supported Projects, 2007-2015

Non-TIF City investments were not made through December 2015

Source: City of Chicago Capital Management System database, RDA and IGA database, Annual Reports

Declaration of Surplus Funds

In December 2011, the City declared a surplus of \$113,000 in the Elston/Armstrong special tax allocation fund. In June 2012, the surplus funds were sent to the Treasurer.

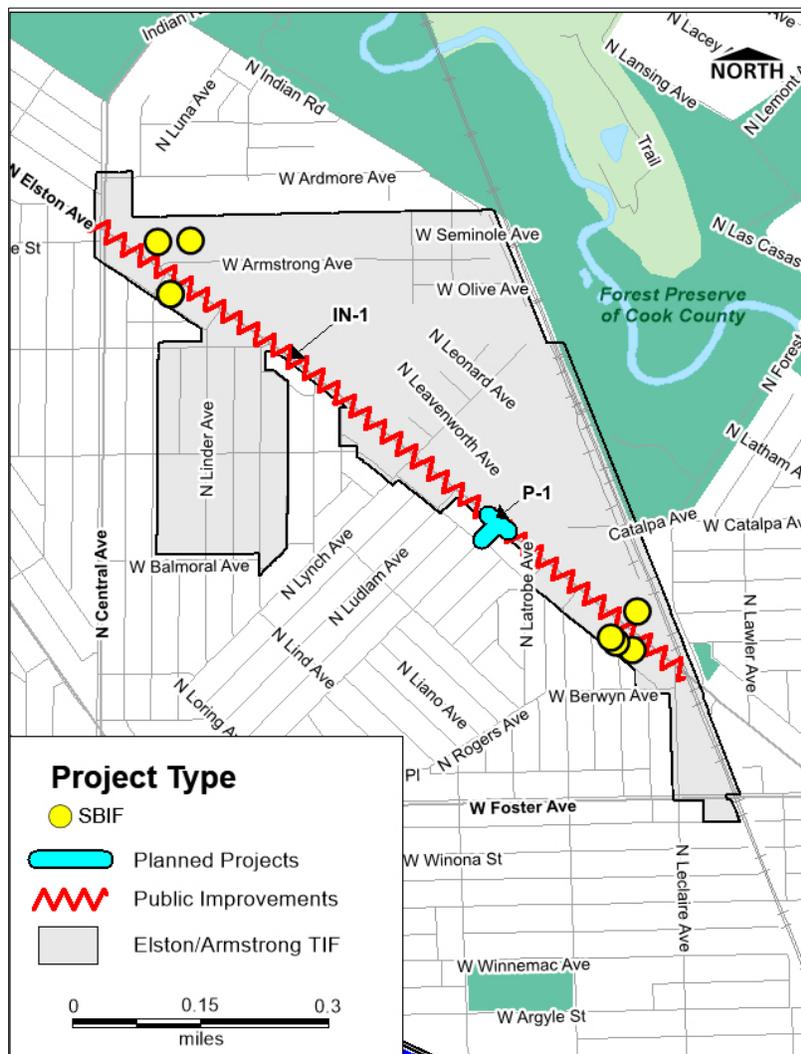
3. Redevelopment Project Area Accomplishments

This chapter provides information on the status of TIF project activity, goals and objectives outlined in the TIF Plan. Detailed information on TIF-supported projects within the Elston/Armstrong RPA is provided, followed by a discussion of additional performance metrics relevant to the TIF district.

RPA Project Profiles – Major Accomplishments

Project profiles for TIF-supported projects within the Elston/Armstrong RPA that are underway or have been completed, as of December 31, 2015, are provided in **Exhibits 8 through 12** on the following pages. Key project information presented includes total project costs, TIF investment (to date and expected), public-to-private investment ratio, and additional community impacts resulting from or expected to result from these projects. The tables include projects receiving TIF investments through RDA’s, IGAs, SBIF, and NIP, and TIF-funded public infrastructure improvements. Projects which have been allocated TIF funds, but for which no TIF expenditures have occurred, are presented in **Exhibit 14** in the section on planned projects.

Exhibit 7. TIF-Funded Project Map



The public infrastructure projects and the TIF investments made via Redevelopment Agreements within the RPA, as reported in **Exhibit 8 and 12**, are displayed in **Exhibit 7**. Planned projects, as reported in **Exhibit 14**, are also featured in the map below (projects without defined locations are not mapped).

Exhibit 8. Redevelopment Agreement Projects

No Redevelopment Agreement Projects have received TIF funding through December 2015.

Source: City's RDA and IGA database, Capital Management System database, TIF Annual Reports

Exhibit 9. Redevelopment Agreement Projects: Community Impacts

No Redevelopment Agreement Projects have received TIF funding through December 2015.

Source: City's RDA and IGA database, Capital Management System database, TIF Annual Reports

Exhibit 10. Intergovernmental Agreement Projects

No Redevelopment Agreement Projects have received TIF funding through December 2015.

Source: City's RDA and IGA database, Capital Management System database, TIF Annual Reports

Exhibit 11. TIF-Funded Programs

Project	Project Type	Total TIF Funding Expected [1]	Total Private Investment through 2015 [2]	TIF Investment Through 2015[2]	Ratio of Non-TIF to TIF Investment	Description / Key Community Impacts [3]
Small Business Improvement Fund (SBIF)	Small Business Rehabilitation	\$750,000	\$529,071	\$696,031	0.8:1	21 SBIF grants through 2015 funded appearance and functionality improvements for 7 small businesses, involved in medical services, business supplies, plumbing, auto part and services, and sports equipment. Improvements included new roofing, façade enhancements, interior renovations, electrical upgrades, HVAC improvements, and parking lot paving. SBIF grants ranged from \$2,483 to \$135,682, reimbursing business owners 50% to 75% of total project costs.
TIFWorks	Training for Local Businesses	\$50,000	N/A	\$0	N/A	TIFWorks grants funded job training and retraining programs for new and existing employees within the RPA boundaries.
LIRI / CSS /NBDC	Business Retention	\$3,114	N/A	\$3,114	N/A	Local Industrial Retention Initiative, Commercial Support Services, and Neighborhood Business Development Center grants to assist in funding business-oriented programs and services within the TIF.
TOTAL		\$803,114	\$529,071	\$699,145	N/A	

[1] Source: 2015 TIF Annual Report, City expenditure data

[2] On-Line SBIF Database; City of Chicago for other programs

[3] If applicable AMI: Area Median Income, as defined by the U.S. Department of Housing and Urban Development for the Chicago-Joliet-Naperville, IL area.

Exhibit 12. Public Infrastructure Projects

Map ID	Project	Project Type	TIF Funding Allocated [1]	TIF Investment through 2015 [1]	Other City-Controlled Sources [2]		Description/Key Community Impacts
					Source	Funding	
IN-1	Elston Ave. Lighting	Public Improvements	\$1,080,000	\$833,125	N/A		New street lighting Elston Ave. from Forest Glen to Central
TOTAL			\$1,080,000	\$833,125			

[1] Capital Management System database, City of Chicago expenditure data

[2] TIF Annual Reports, Capital Management System database

Additional Performance Metrics

Additional performance metrics associated with the RPA, including construction and permanent job creation and change in equalized assessed value over time, are presented below.

CONSTRUCTION JOBS CREATION

7 one-year full-time equivalent construction jobs

Temporary construction employment associated with private projects (those with Redevelopment Agreements), public projects (those with Intergovernmental Agreements), and the SBIF and NIP programs has been estimated for this report where applicable. For consistency, estimates for all projects were developed using IMPLAN, an economic impact modeling program, which incorporates local employment and economic data from the U.S. Bureau of Labor Statistics (“BLS”) and Bureau of Economic Analysis (“BEA”). The inputs for the IMPLAN analysis were derived from the actual project budgets, as presented in the RDAs, and SBIF and NIP grant agreements.

Based on this methodology, an **estimated seven, one-year full-time equivalent (“FTE”) construction jobs** were created as a result of the Elston/Armstrong SBIF and NIP programs between 2007 and 2015.

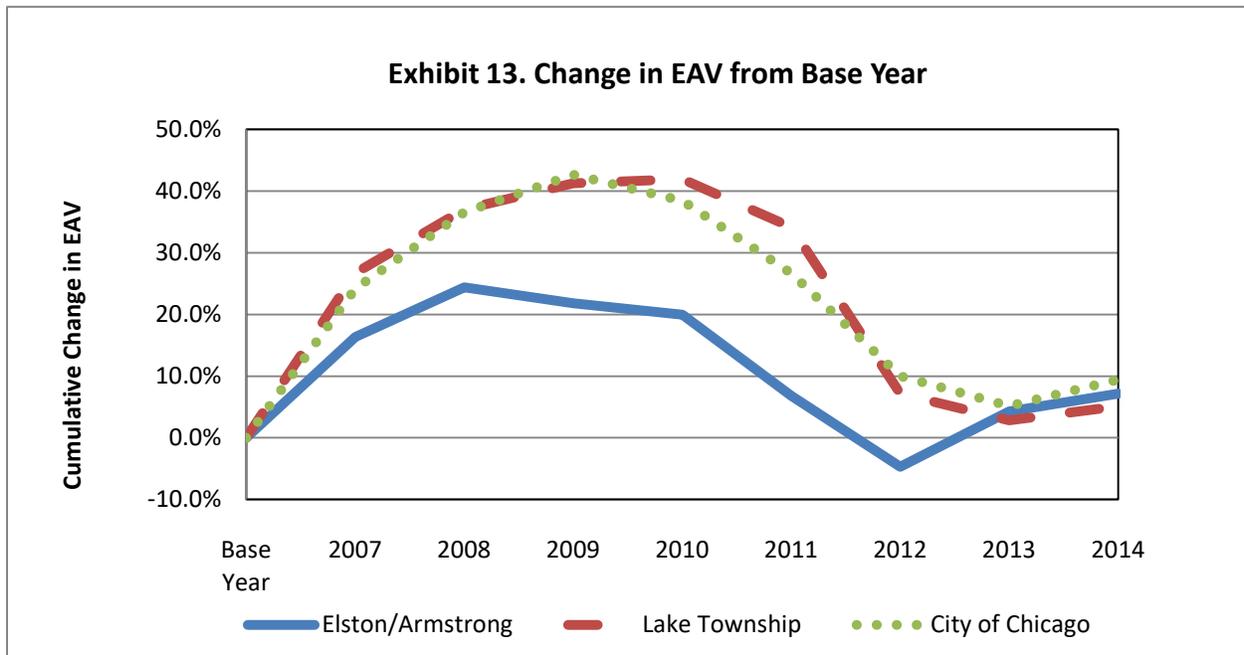
PERMANENT JOBS CREATION

There were no projects that resulted in new permanent jobs during the reporting period.

CHANGE IN EQUALIZED ASSESSED VALUE

A comparison of the change in EAV over time in the Elston/Armstrong RPA to larger geographies is one indication of the relative growth in property values in the RPA. Growth in property values from the creation of the RPA is one metric of the relative economic health of the RPA. The cumulative growth in total EAV for the Elston/Armstrong RPA, Lake Township, and the City of Chicago, overall, is displayed in **Exhibit 13** for the base year and tax years 2007 through 2014.

Property values within the Elston/Armstrong RPA have grown at a **compound annual growth rate (CAGR) of 0.7 percent** from tax year 2006 to tax year 2014 while EAV in Lake Township and the City of Chicago has grown at a CAGR of 0.3 percent and 1.1 percent, respectively. Note that although the EAV for tax year 2012 (collection year 2013) was less than the base EAV for the RPA, the RPA generated incremental tax revenues for that year (see Exhibit 4). It is possible for revenue to be generated in a year when the total EAV is less than base EAV for that year. By TIF statute the “negative” incremental EAV for a property (which results when the EAV for that property falls below the base for that property) is not to count against or subtract from the positive, revenue-generating incremental EAV for other properties in the RPA.



Source: Cook County Assessor’s Office.

Status of Planned Activities, Goals and Objectives

PLANNED ACTIVITIES

The projects presented in **Exhibits 8 through 12** include only those TIF-supported projects for which TIF funds have been expended through December 31, 2015. Planned projects are defined as those that have met substantial approval criteria for receiving TIF funds as of December 2015, but as of December 2015 had not received any TIF funding. These planned projects consist of:

- Projects with an executed RDA, or with an RDA under negotiation following approval by the Community Development Commission;
- IGAs that have received City Council approval but without TIF expenditures through 2015;
- TIF-funded programs for which funding has been approved but no TIF dollars expended; and
- Public infrastructure projects with prior approval but no expenditures through 2015, or projects included in the City’s 2015-2019 TIF Projection Reports as “potential projects.”

Information on planned projects in the RPA is presented in **Exhibit 14** on the following page and is mapped in **Exhibit 7**.

Exhibit 14. Planned Projects

Map ID	Project	Project Location	Project Type	Total Project Cost	Tentative TIF Funding [1]	Description
P-1	Traffic Signal	Elston & Lieb	Public Improvements	\$350,000	\$350,000	Modernization of traffic signals at intersection
TOTAL				\$350,000	\$350,000	

Source: TIF Projection Reports 2015-2019, City of Chicago expenditure data, City RDA and IGA database

Progress toward Achieving Goals and Objectives

The TIF Act requires that progress toward achieving goals and objectives outlined in the TIF Plan be addressed in the Report. **Exhibit 15** below presents a summary of the relevant projects and their progress in addressing the goals and objectives outlined in the Elston/Armstrong TIF Plan through 2015.

Exhibit 15. Progress toward Achieving Goals and Objectives Outlined in Elston/Armstrong TIF Plan

Map ID	Project	Relevant Goals and Objectives Addressed
IN-1	Elston Ave. lighting improvements	1, 5
--	Small Business Improvement Fund	1, 2, 5
--	TIFWorks	1, 5

Source: Redevelopment Agreements, Intergovernmental Agreements, City of Chicago TIF Program Tracking Data, Capital Management System database.

