

**TAX INCREMENT FINANCING
Ten (10) Year Status Report
2009-2017**

**Avondale
Redevelopment Project Area
Designated July 29, 2009**



December 11, 2018

Pursuant to 65 ILCS 5/11-74.4-5

Prepared by

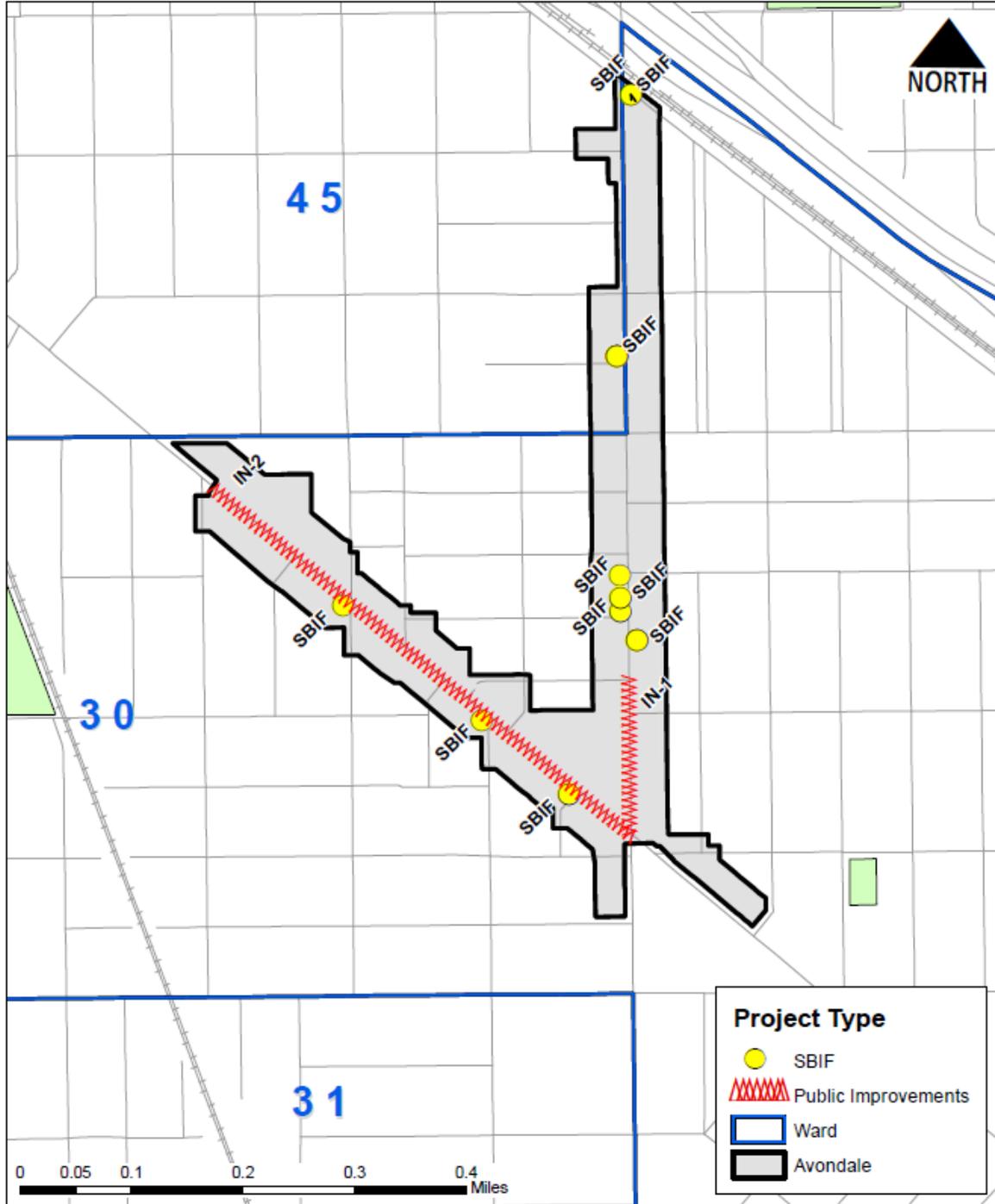
CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT

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Executive Summary

AVONDALE TIF DISTRICT PROJECT MAP



AVONDALE REDEVELOPMENT PROJECT AREA

- Designated: July 29, 2009
- Expires: December 31, 2033
- 50 acres
- 242 parcel at time of designation

The Avondale TIF consists of nearly 50 acres of primarily mixed-use commercial properties along Milwaukee Avenue and Pulaski Road. Resources made available by the TIF are intended to provide financial leverage for the area's coordinated improvement, improvements to area infrastructure, and job-training opportunities for residents and workers. Funds are also targeted for land assembly purposes, beautification endeavors, and new or expanded day care centers.

Avondale RPA Activity – 2009-2017

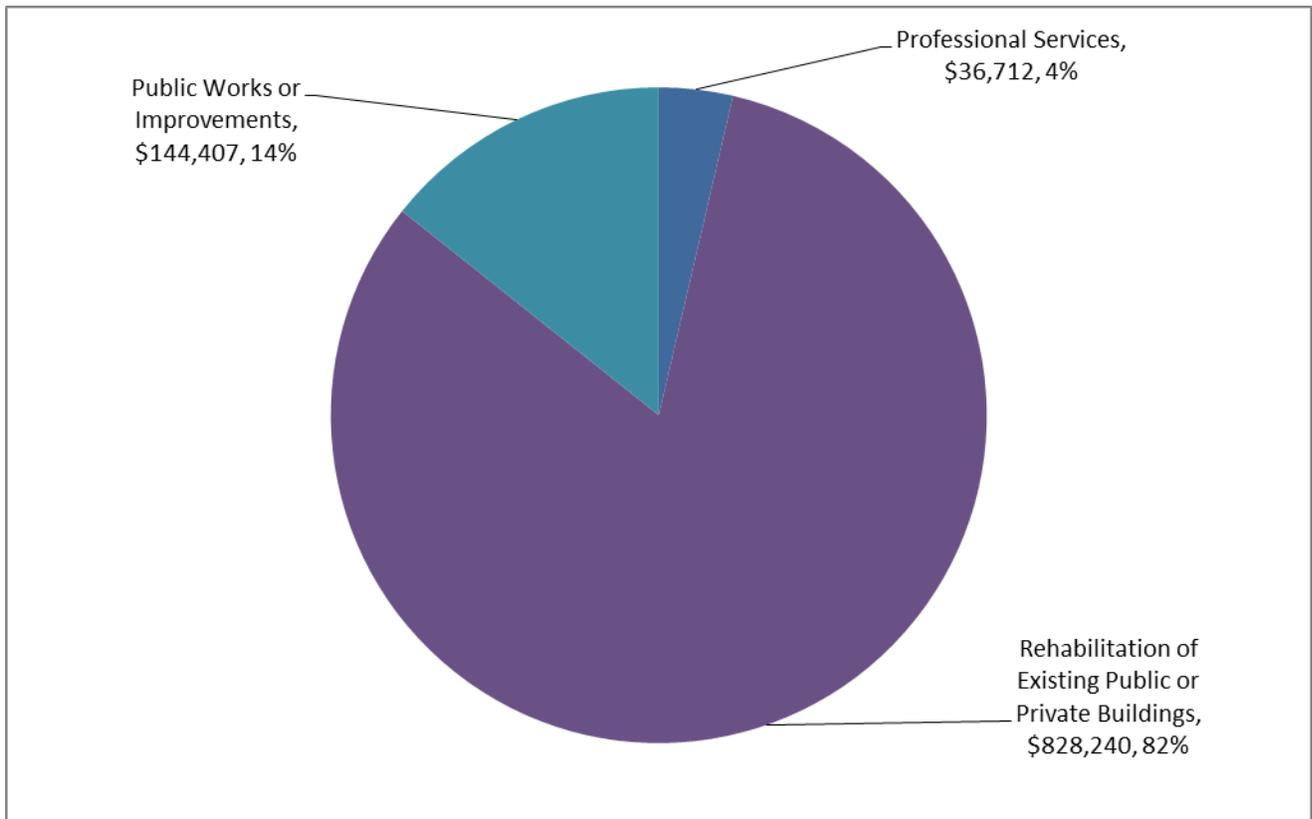
INVESTMENT SUMMARY

- \$1 million in TIF Funds expended in this district

PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of -0.9 percent

DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2017 [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 2016 calendar year and the 2015 tax year. For informational purposes, certain other supplementary information, such as upcoming planned projects, is reported through December 2016.

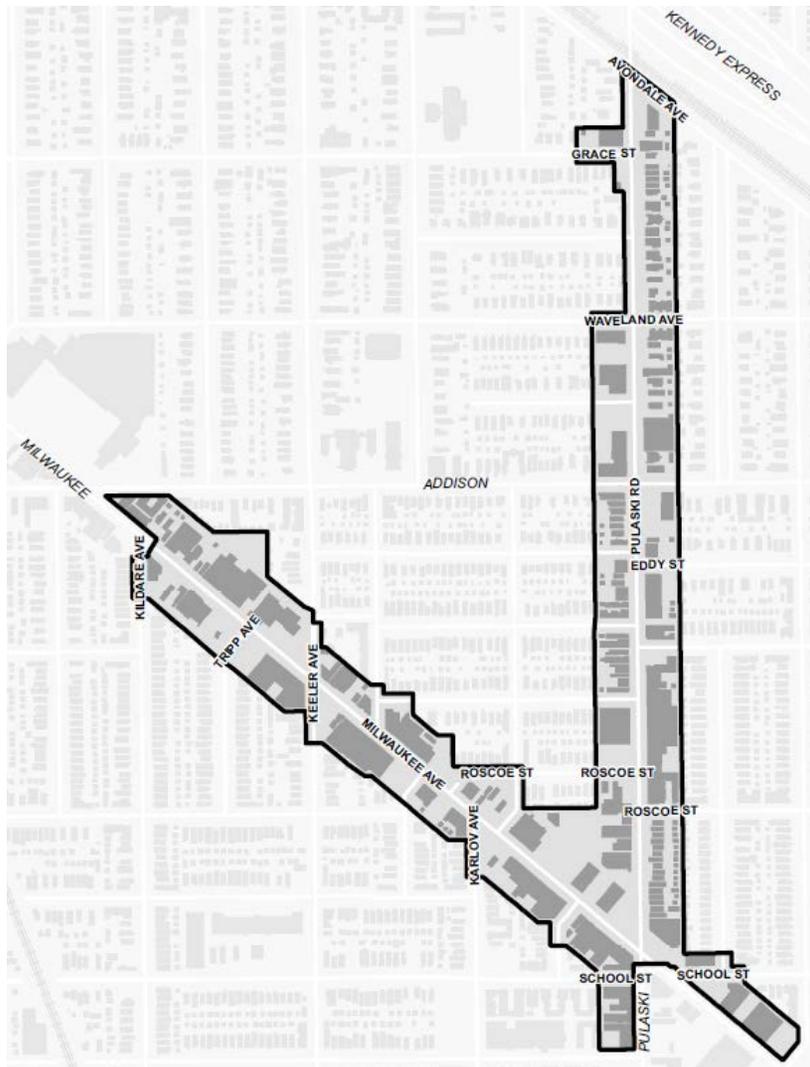
Detailed data on the Avondale RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment Agreements, Intergovernmental Agreements, capital improvement expenditures, and TIF-funded program databases (Small Business Improvement Fund, Neighborhood Improvement Program, and TIF Works) to track financial and programmatic performance. Data sources, as applicable, are referenced throughout this Report.

Project Area Context and Background

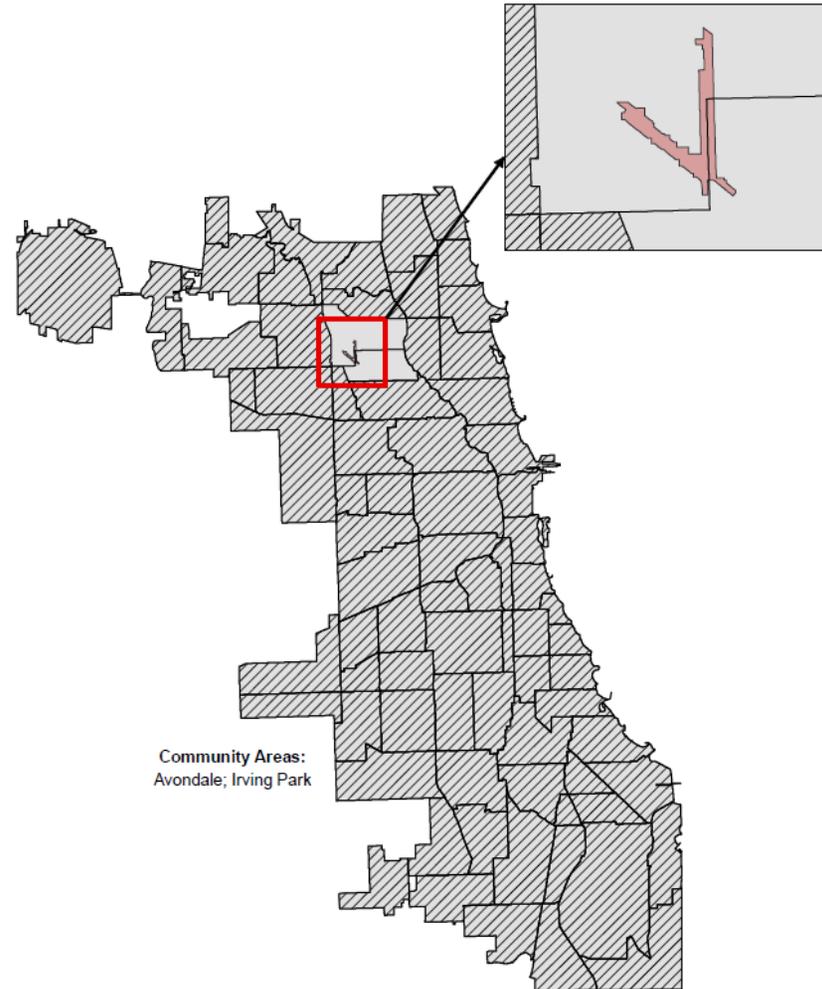
The approximately 50-acre Avondale RPA is located on the northwest side of the City of Chicago (the “City”). It is bounded by the Kennedy Expressway on the north, Melrose Street on the south, Pulaski Road on the east and Kildare Avenue on the west. The RPA boundary is shown in **Exhibit 1** on the following page.

The Avondale RPA was designated as a TIF district on July 29, 2009, and is expected to expire no later than December 31, 2033. There have been no major or minor amendments to the Avondale Tax Increment Financing Redevelopment Plan and Project (the “TIF Plan”) as of December 31, 2017.

Exhibit 1. Avondale RPA



Avondale TIF Community Area



Conditions at Time of TIF Creation

The Avondale RPA was determined to be eligible for TIF designation as a “conservation 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 additional eligibility factors be present to a meaningful extent and reasonably distributed throughout the RPA. The following eligibility factors were described in the Avondale TIF Plan:

- 91 percent of structures were found to be at least 35 years of age or older
- Eligibility factors present to a major extent:
 - Obsolescence;
 - Deterioration;
 - Presence of structures below minimum code standards;
 - Excessive land coverage and overcrowding of structures and community facilities; and
 - Lack of community planning.
- Eligibility factors present to a minor extent:
 - Excessive vacancies; and
 - Environmental clean-up requirements.

The Avondale RPA contains 242 parcels, and the land use within the 50-acre district is predominantly business and commercial.

Goals and Objectives for the RPA

The following six (6) General Goals were outlined in the TIF Plan:

1. Provide for the orderly transition from obsolete uses to economically sustainable land development patterns.
2. Create an attractive environment that encourages new commercial and mixed-use development and increases the tax base of the Project Area.
3. Encourage redevelopment on parcels that are underutilized and vacant.
4. Reduce or eliminate deleterious conditions within the Project Area.
5. Improve public facilities and amenities.
6. Increase the supply of affordable housing (for-sale and rental).

Additionally, the Avondale RPA maintains the following five (5) Redevelopment Objectives:

1. Encourage private investment within the Project Area.
2. Direct development activities to appropriate locations within the Project Area in accordance with the land use plan and general land use strategies.
3. Encourage rezoning of obsolete zoning classifications to facilitate development of underutilized property for uses that have demonstrated market support and that are consistent with the City's development policies.

4. Encourage new residential construction only in appropriate locations and rehabilitation of deteriorated residential buildings where practical and consistent with City land use policy.
5. Encourage the preservation and reuse of historic buildings when possible, including those documented in the Chicago Historic Resource Survey.

Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the Avondale TIF Plan total \$22 million. Through 2017, about \$1 million has been expended on TIF-supported projects within the RPA, representing 4.6 percent of estimated total Redevelopment Project Costs. Exhibit 2 on the following page displays the estimated eligible costs of the Avondale Redevelopment Plan by statutory cost category.

Exhibit 2. Total TIF-Eligible Project Costs and Expenditures through 2017

Permissible Cost Category	Eligible Cost Description	Estimated Project Costs	Project Costs Expended Through 2017	
			Expenditures	Percent of Total
1. Professional Services	Cost of studies, surveys, administration, and professional services [1]	\$500,000	\$36,712	7.3%
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]	\$5,000,000	\$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]	\$9,000,000	\$828,240	9.2%
5. Public Works or Improvements	Costs of construction of public works and improvements [4]	\$6,000,000	\$144,407	2.4%
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	\$200,000	\$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	\$200,000	\$0	0.0%
11. Interest Costs	Interest costs [5]	\$1,000,000	\$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	\$100,000	\$0	0.0%
TOTAL REDEVELOPMENT PROJECT COSTS [3] [4] [5] [6]		\$22,000,000	\$1,009,359	4.6%

Source: Avondale TIF Plan, dated February, 2009; Section 2 in 2009 TIF Annual Reports and Attachment K in 2010-2017 TIF Annual 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's 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 Avondale RPA from its inception through December 31, 2017. A summary of non-TIF City funds expended in support of projects through the 2017 calendar year is also presented.

Growth in EAV and Revenue Generated within Avondale 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 EAV was \$ 40,426,760. As of December 31, 2017, the total taxable EAV (for tax year 2016) of the RPA was \$37,584,915, representing decline of 7 percent from the initial EAV.

Exhibit 3. Growth in EAV: Tax Years 2009-2017

Year	EAV	% Decline from Initial EAV
2009 - Initial EAV	\$40,426,760	--
2017 - Current EAV	\$37,584,915	7%

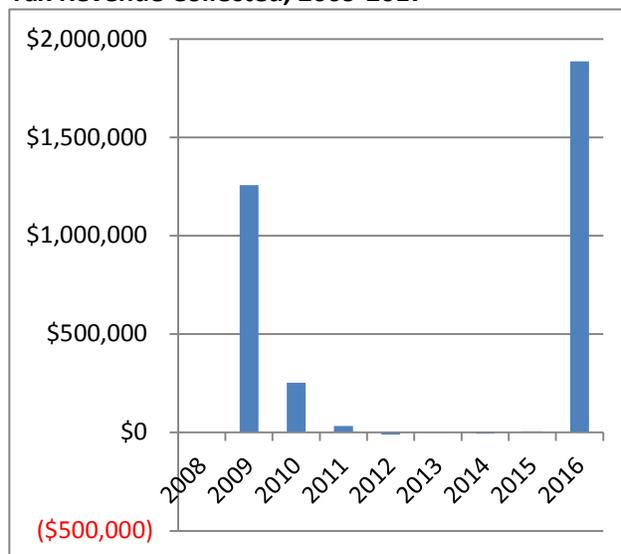
Source: Cook County Clerk.

This overall growth in EAV in the RPA generated a total of approximately \$3.3 million in incremental property tax revenue from 2009 through the end of 2017, 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 2016, for which property taxes were collected in calendar year 2017.

Exhibit 4. Annual Incremental Property Tax Revenue Collected, 2009-2017

Year	Incremental Property Tax Collected
2009	\$0
2010	\$1,257,660
2011	\$253,442
2012	\$32,516
2013	(\$10,985)
2014	(\$48)
2015	(\$5,998)
2016	\$5,127
2017	\$1,886,755
TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2009-2017	\$3,264,734

Exhibit 5. Annual Incremental Property Tax Revenue Collected, 2009-2017



Source: TIF Annual Reports: Section (7) (D) in 2009 reports; Section 3.1 in 2010-2017 Reports. Property tax increment is deposited in a special tax allocation fund for this TIF.

Transfers of TIF Funds

There was one transfer of TIF funds (or “ported”) into the Avondale special tax allocation fund from the adjacent Portage Park TIF district through December 31, 2017 in the amount of \$1.9 million for street improvements. Additionally, no funds were transferred out of the Avondale special tax allocation fund to adjacent TIF districts through December 31, 2017.

City Expenditures within the RPA

From 2009 to 2017, \$1 million in incremental property tax revenue was expended in support of projects within the Avondale RPA. Expenditures of TIF revenue over this period are presented in **Exhibit 2** by TIF-eligible cost categories outlined in the TIF Act. **Exhibit 6** below shows the additional non-TIF city investments that have been used to fund projects within the Avondale RPA to date.

Exhibit 6. Non-TIF City Investments in TIF-supported Projects, 2009-2017

Source of Funds	Use of Funds	Allocation
Illinois State Funds	Milwaukee Ave. Improvements- Belmont to Addison	\$170,000
Surface Transportation Program	Milwaukee Ave. Improvements- Belmont to Addison	\$5,149,600
Total Non-TIF Allocation on TIF Supported Projects		\$5,319,600

Source: Capital Management System Database

Declaration of Surplus Funds

There were no declarations of surplus funds for this TIF district from inception through December 31, 2017.

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 Avondale 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 Avondale RPA that are underway or have been completed, as of December 31, 2017, 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.

Exhibit 7. TIF-Funded Project Map

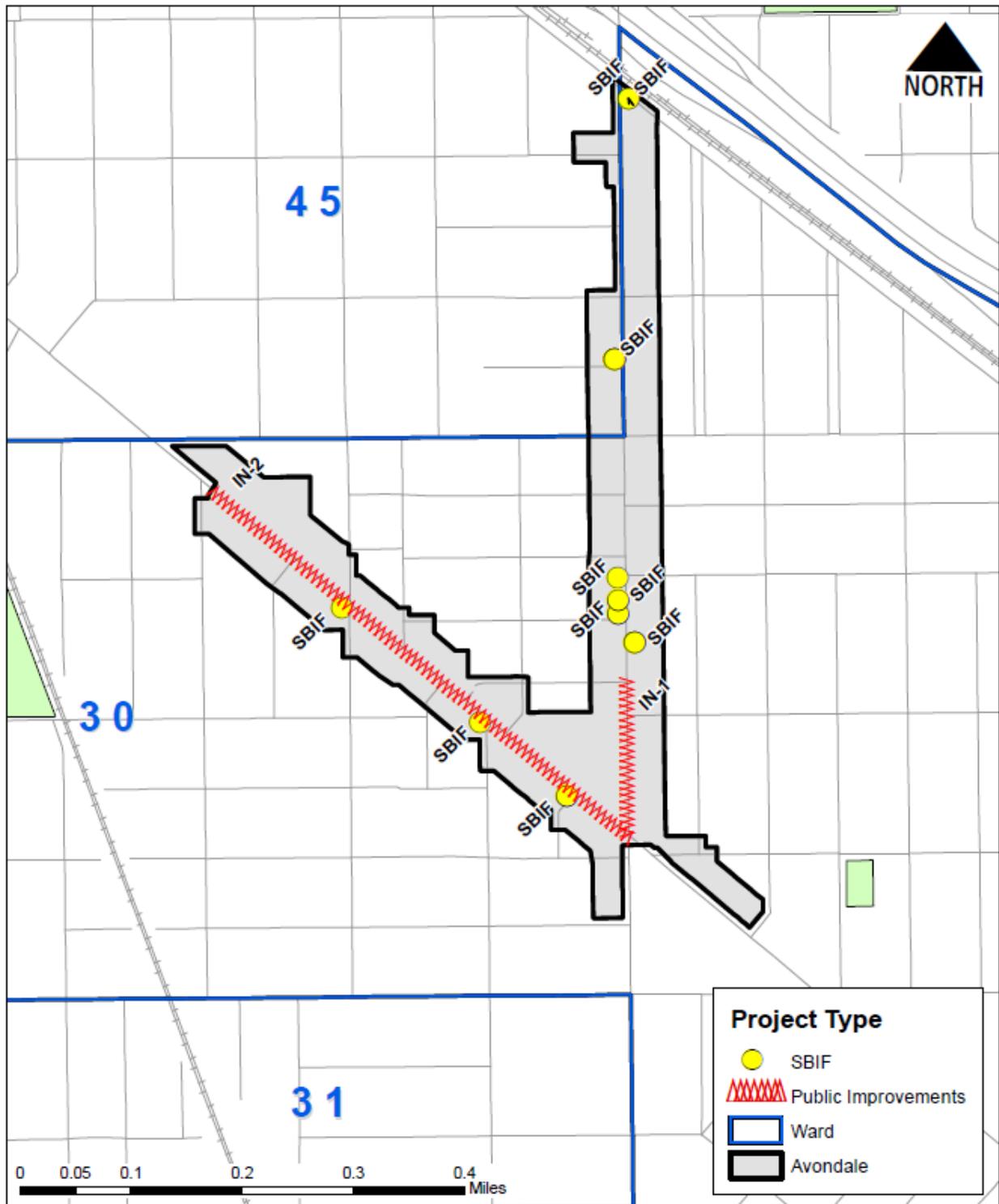


Exhibit 8. Redevelopment Agreement Projects

Map ID	Project	Status	Total Project Cost	TIF Funding Approved	TIF Investment to Date	Total Non-TIF Investment Expected	Other City-Controlled Sources		Ratio Non-TIF to TIF Investment
							Source	Funding Amount	
No Redevelopment Agreement Projects have received TIF funding through December, 2017.									
TOTAL			\$0	\$0	\$0	\$0	\$0	\$0	0.0

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

Exhibit 9. Redevelopment Agreement Projects: Community Impacts

Project	Project Address	Development Project Square Footage	RDA-Required Permanent Jobs	Number of Housing Units	Affordability Level (Percent of AMI)	Additional Expected Community Impacts
No Redevelopment Agreement Projects have received TIF funding through December, 2017.						
TOTAL		0	0	0		

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

Exhibit 10. Intergovernmental Agreement Projects

No Intergovernmental Agreement Projects have received TIF funding through December, 2017.

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 2017 [2]	TIF Investment Through 2017 [2]	Ratio of Non-TIF to TIF Investment	Description/Key Community Impacts
Small Business Improvement Fund (SBIF)	Small Business Rehabilitation	\$1,000,000	\$0	\$673,491	N/A	21 SBIF grants through 2017 funded the appearance and functionality improvements for 9 small businesses. Improvements included interior build-out, roofing, masonry work, HVAC improvements, and electrical upgrades. SBIF grants ranged from \$6,000 to \$100,0000, reimbursing business owners 50% to 75% of total project costs.
LIRI/CSS/NBDC	Business Retention	\$4,915	N/A	\$4,915	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		\$1,004,915		\$678,406		

[1] 2017 TIF Annual Report.

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

Exhibit 12. Public Infrastructure Projects

Map ID	Project	Project Type	TIF Funding Allocated [1]	TIF Investment Through 2017 [1]	Other City-Controlled Sources [2]		Description/Key Community Impacts
					Source	Funding Amount	
IN-1	Street Resurfacing Improvements	Public	\$189,105	\$131,728	Fullerton/Milwaukee TIF	\$277,071	Pulaski Road street resurfacing from Roscoe Avenue to Bary Avenue
IN-2	Street Resurfacing Improvements	Public	\$1,900,000	\$0	Illinois State Funds, Surface Transportation Program	\$5,319,600	Milwaukee Avenue resurfacing from Addison Street to Belmont Avenue
TOTAL			\$2,089,105	\$131,728		\$5,596,671	

Source: Capital Management System database, City of Chicago expenditures data

[1] City of Chicago Expenditure Data

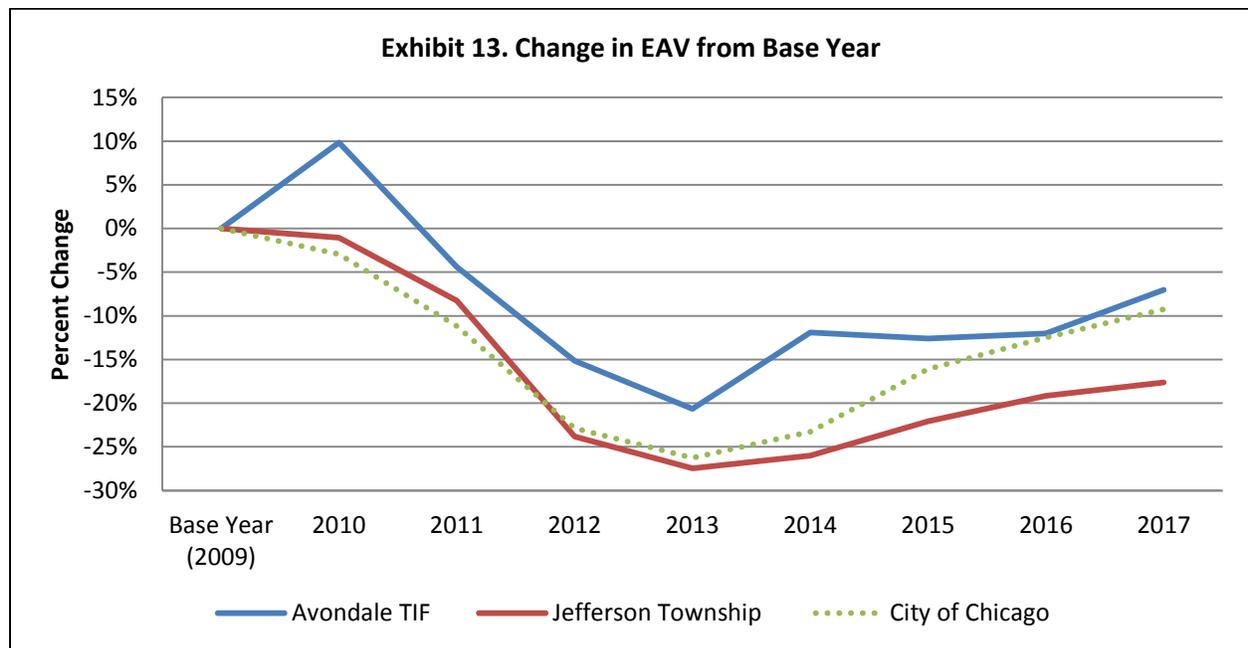
[2] TIF Annual Reports, Capital Management System database

Additional Performance Metrics

CHANGE IN EQUALIZED ASSESSED VALUE

A comparison of the change in EAV over time in the Avondale 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 change in total EAV for the Avondale RPA, Jefferson Township, and the City of Chicago, overall, is displayed in **Exhibit 13** on the following page for the base and tax years 2009 through 2017.

Property values within the Avondale RPA have declined at a **compound annual growth rate (CAGR) of -0.9 percent** from tax year 2009 to tax year 2017. The EAV in the Jefferson Township and the City of Chicago have also declined at a CAGR of -2.4 percent and -1.2 percent, respectively.



Source: Cook County Assessor’s Office, EAV before exemptions.

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, 2017. The planned project in the Avondale RPA is shown in **Exhibit 14** below.

Exhibit 14. Planned Projects

Map ID	Project	Project Location	Project Type	Total Project Cost	Tentative TIF Funding [1]	Description
P-1	Street Lightng Improvements	City-wide	Public Improvements	\$200,000	\$200,000	Smart Lighting throughout the City.
TOTAL				\$200,000	\$200,000	

[1] TIF Projection Reports 2018-2022, 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 Avondale TIF Plan through 2017.

Exhibit 15. Progress Toward Achieving Goals Outlined in Avondale TIF Plan

Map ID	Project	Relevant Goals Addressed
IN-1	Street Resurfacing	2
IN-2	Street Resurfacing	2
--	Small Business Improvement Fund (SBIF)	3
--	LIRI/CSS/NBDC	3

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

