

**TAX INCREMENT FINANCING
Ten (10) Year Status Report
2010-2018**

**Montrose/Clarendon
Redevelopment Project Area
Designated June 30, 2010**



December 10, 2019

Pursuant to 65 ILCS 5/11-74.4-5

Prepared by

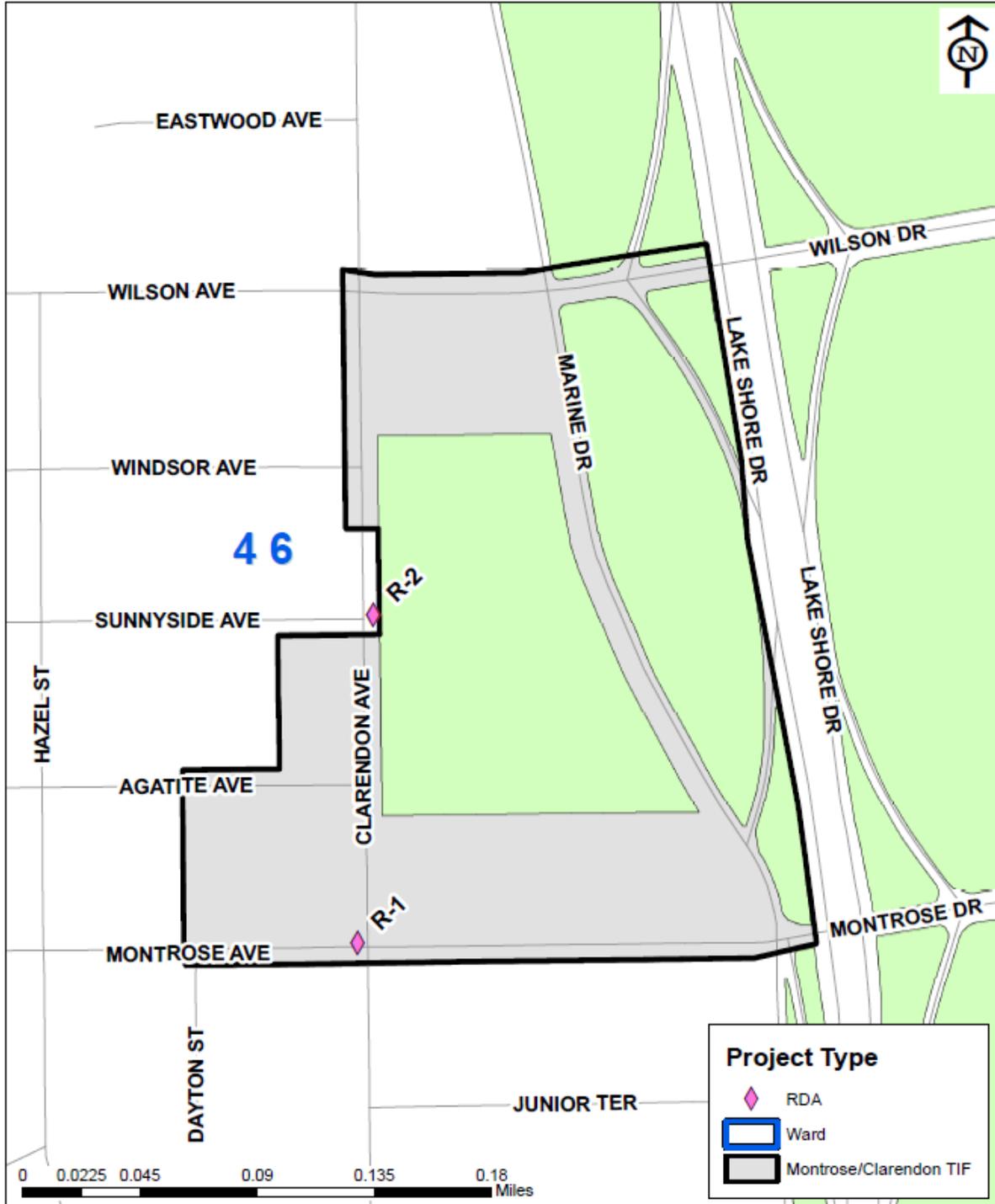
CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT

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Executive Summary

MONTROSE/CLARENDON TIF DISTRICT PROJECT MAP



MONTROSE/CLARENDON REDEVELOPMENT PROJECT AREA and Activity 2010-2018

- Designated: June 30, 2010
- Expires: December 31, 2034
- 31 acres
- 17 parcels at time of designation

The Montrose/Clarendon Tax Increment Redevelopment Project Area (“Montrose/Clarendon RPA” or “RPA”) was designated to foster improvements within the Clarendon Park neighborhood within the Uptown community. The 31-acre district is characterized by vacant institutional buildings, public open spaces, and community facilities. There were no taxes generating properties within the district at the time of its designation. Future increment generated by the district is anticipated to support the redevelopment of blighted buildings and improvements to Clarendon Park. Job training and public works improvements are also identified as eligible expenses.

PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 1047.7 percent

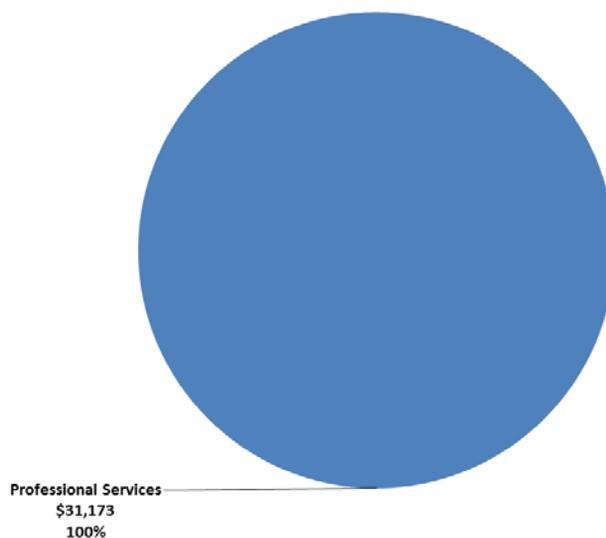
DEVELOPMENT

- 99,579 square feet of mixed-use development that will create 381 housing units, of which 20 units will be affordable housing units

JOB CREATION

- Construction Jobs – Estimated 550-675 one-year full-time equivalent (“FTE”) construction jobs created
- Permanent Jobs – Approximately 40-60 FTE permanent positions expected to be created

DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2018 [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 2018 calendar year and the 2017 tax year. For informational purposes, certain other supplementary information, such as upcoming planned projects, is reported through December 2018.

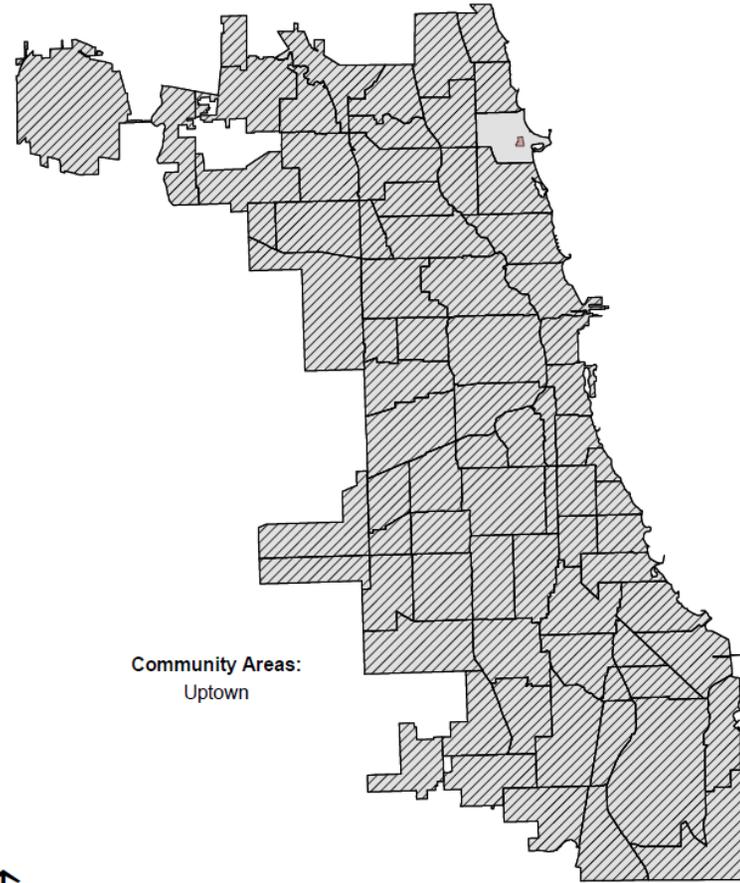
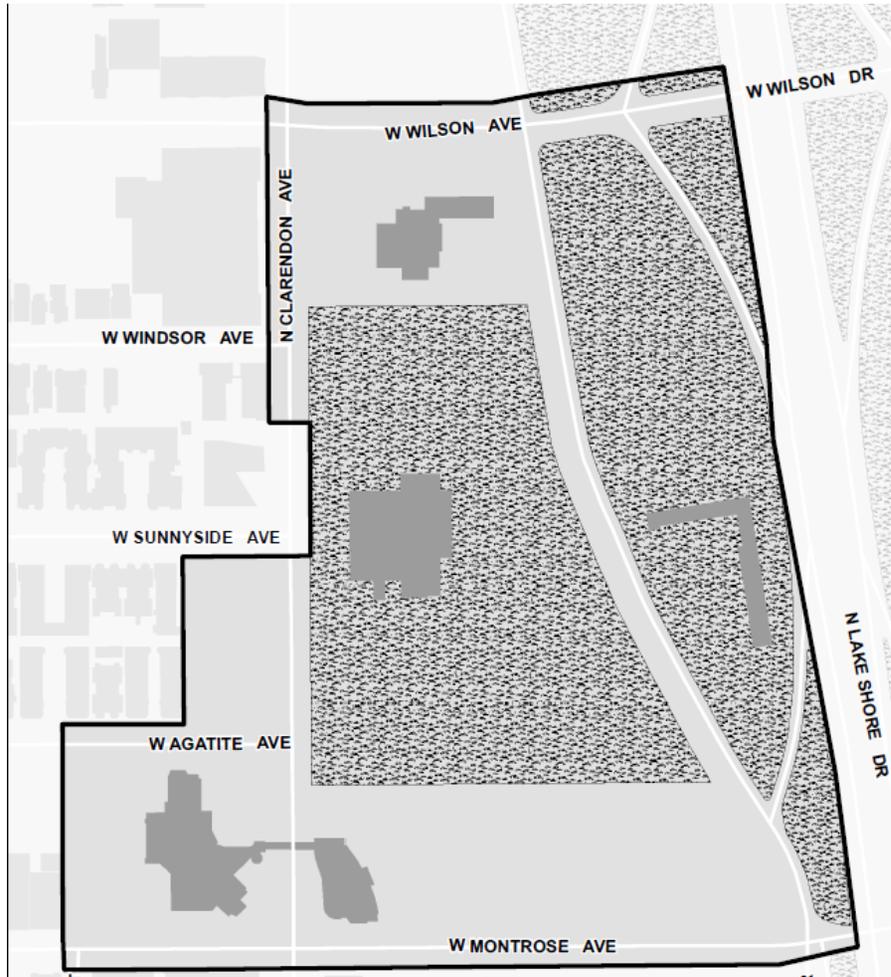
Detailed data on the Montrose/Clarendon RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment 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 are referenced throughout this Report.

Project Area Context and Background

The approximately 31-acre Montrose/Clarendon RPA is located in the Uptown community area. The Project Area is generally bounded by Wilson Avenue on the north, North Lake Shore Drive on the east, Montrose Avenue on the south and Dayton Street and Clarendon Avenue on the west. The RPA boundary is shown in **Exhibit 1** on the following page.

The Montrose/Clarendon RPA was designated as a TIF district on June 30, 2010, and is expected to expire no later than December 31, 2034. There have been no major or minor amendments to the Montrose/Clarendon Tax Increment Financing Redevelopment Plan and Project (the “TIF Plan”) as of December 31, 2018.

Exhibit 1. Montrose/Clarendon RPA



Conditions at Time of TIF Creation

The Montrose/Clarendon RPA was determined to be eligible for TIF designation as an “improved blighted area” under the TIF Act. Designation as “improved blighted area” requires a minimum of five eligibility factors be present to a meaningful extent throughout the RPA. The following eligibility factors were described in the Montrose/Clarendon TIF Plan:

- Eligibility factors present most frequently:
 - Deterioration;
 - Obsolescence;
 - Excessive vacancies;
 - Deleterious Land Use and Layout
 - Inadequate utilities; and
 - Lack of community planning.

Land use within the 31-acre district is mixed-use (residential/commercial/hotel) and parks/open space. The Project Area’s location to its close proximity to North Lake Shore Drive and public transportation options make it an attractive area for residential and commercial development.

Goals and Objectives for the RPA

The main goal of the TIF is to rehabilitate and redevelop obsolete public institutional properties into more appropriate residential, commercial, and mixed-use developments. The following thirteen (13) General Goals were outlined in the TIF Plan:

1. Elimination blighting conditions which prevent further development of the Area.
2. Restore and expand the tax base in order to maintain a high level of services, programs, and facilities.
3. Encourage use of environmentally sustainable design standards.
4. Stimulate private investment.
5. Encourage new development and expansion in an orderly manner.
6. Encourage productive use of underutilized and vacant property.
7. Restore and enhance the property-tax base within the Area.
8. Encourage sales tax producing enterprises in the Area.
9. Enhance the City's image as a desirable place to live.
10. Improve efforts to facilitate and attract new housing and commercial development by serving as a catalyst to the private sector.
11. Create opportunities for Minority Owned and Women Owned business enterprises.
12. Create market rate and affordable housing options for residents.
13. Utilize the parcels in the Area and surrounding area for a development that is in conformance with the City's overall planning efforts.

Moreover, the goals above are reinforced by the following thirteen (13) Redevelopment Objectives for the Montrose/Clarendon RPA:

1. Enhance the City's image as a desirable place to live.
2. Encourage productive use of underutilized and/or vacant properties.
3. Eliminate blighting conditions which prevent further development of the Area.
4. Stimulate private investment.
5. Increase revenue (e.g., property and sales tax revenue) generation property within the Area.
6. Assemble or encourage the assembly of land for redevelopment in accordance with this Plan.
7. Encourage functional and visually attractive buildings, right-of-way, and open spaces and encourage high standards of design.
8. Provide needed incentives to encourage a broad range of improvements and new development.
9. Provide opportunities for minority-owned and women-owned businesses to share in the redevelopment of the Area.
10. Improve existing park land and facilities.
11. Provide market rate and affordable housing options for the City's residents.
12. Encourage use of environmentally sustainable design standards.
13. Encourage the use of public transit.

Estimated Redevelopment Project Costs and Allocations

The estimated Redevelopment Project Costs outlined in the Montrose/Clarendon TIF Plan total \$69 million. Through 2018, about \$31 thousand has been expended on TIF-supported projects within the RPA, representing 0.05 percent of estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the Montrose/Clarendon Redevelopment Plan by statutory cost category.

Exhibit 2. Total TIF-Eligible Project Costs and Expenditures through 2018

| Permissible Cost Category | Eligible Cost Description | Estimated Project Costs | Project Costs Expended Through 2018 | |
|--|--|-------------------------|-------------------------------------|------------------|
| | | | Expenditures | Percent of Total |
| 1. Professional Services | Cost of studies, surveys, administration, and professional services [1] | \$1,000,000 | \$31,173 | 3.1% |
| 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] | \$31,000,000 | \$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] | \$20,000,000 | \$0 | 0.0% |
| 5. Public Works or Improvements | Costs of construction of public works and improvements [4] | \$10,000,000 | \$0 | 0.0% |
| 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 | \$1,000,000 | \$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 | \$1,000,000 | \$0 | 0.0% |
| 11. Interest Costs | Interest costs [5] | \$5,000,000 | \$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 | \$0 | \$0 | 0.0% |
| TOTAL REDEVELOPMENT PROJECT COSTS [3] [4] [5] [6] | | \$69,000,000 | \$31,173 | 0.05% |

Source: Montrose/Clarendon TIF Plan, dated February 26, 2010; Attachment K in 2010-2016 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 Montrose/Clarendon RPA from its inception through December 31, 2018. A summary of non-TIF City funds expended in support of projects through the 2018 calendar year is also presented.

Growth in EAV and Revenue Generated within Montrose/Clarendon 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 \$0 due to the properties within the area being tax-exempt. As of December 31, 2018, the total taxable EAV of the RPA was \$3,011,385, representing an increase of 1047.7 percent from the initial EAV.

Exhibit 3. Growth in EAV: Tax Year 2010-2018

| Year | EAV | % Change from Initial EAV |
|--------------------|-------------|---------------------------|
| 2010 – Initial EAV | \$0 | -- |
| 2018 – Current EAV | \$3,011,385 | 1047.7% |

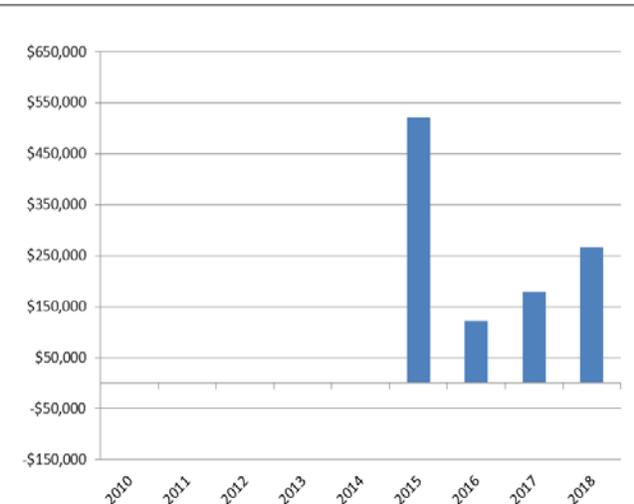
Source: Cook County Clerk.

This change in EAV in the RPA generated a total of \$1.09 million in incremental property tax revenue from 2010 through the end of 2018, 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 2017, for which property taxes were collected in calendar year 2018.

Exhibit 4. Annual Incremental Property Tax Revenue Collected, 2010-2018

| Year | Incremental Property Tax Collected |
|--|------------------------------------|
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |
| 2015 | \$520,084 |
| 2016 | \$121,641 |
| 2017 | \$178,392 |
| 2018 | \$266,331 |
| TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2010-2018 | \$1,086,448 |

Exhibit 5. Annual Incremental Property Tax Revenue Collected, 2010-2018



Source: TIF Annual Reports: Section 3.1 in 2010-2018 Reports. Property tax increment is deposited in a special tax allocation fund for this TIF. Negative increments is generally due to property owners’ successful appeals of assessed values in prior years, resulting in property tax refunds which if greater than the annual increment for the year of refund, show up as negative increment. Negative increments are not due to declarations of surplus, transfer of funds to adjacent TIFs, or total TIF EAV being less than the base EAV.

Transfers of TIF Funds

No funds were transferred (or “ported”) into the Montrose/Clarendon special tax allocation fund from adjacent TIF districts through December 31, 2018.

No funds were transferred out of the Montrose/Clarendon special tax allocation fund to adjacent TIF districts through December 31, 2018.

City Expenditures within the RPA

From 2010 to 2018, \$31 thousand in incremental property tax revenue was expended in support of projects within the Montrose/Clarendon 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 confirms that no additional non-TIF city investments have been used to fund projects within the Montrose/Clarendon RPA to date.

Exhibit 6. Non-TIF City Investments in TIF-supported Projects, 2010-2018

Non-TIF City Investment have not been utilized in this TIF district.

Source: RDA. See Exhibit 8.

Declaration of Surplus Funds

There were no declarations of surplus funds for this TIF from inception through December 31, 2018.

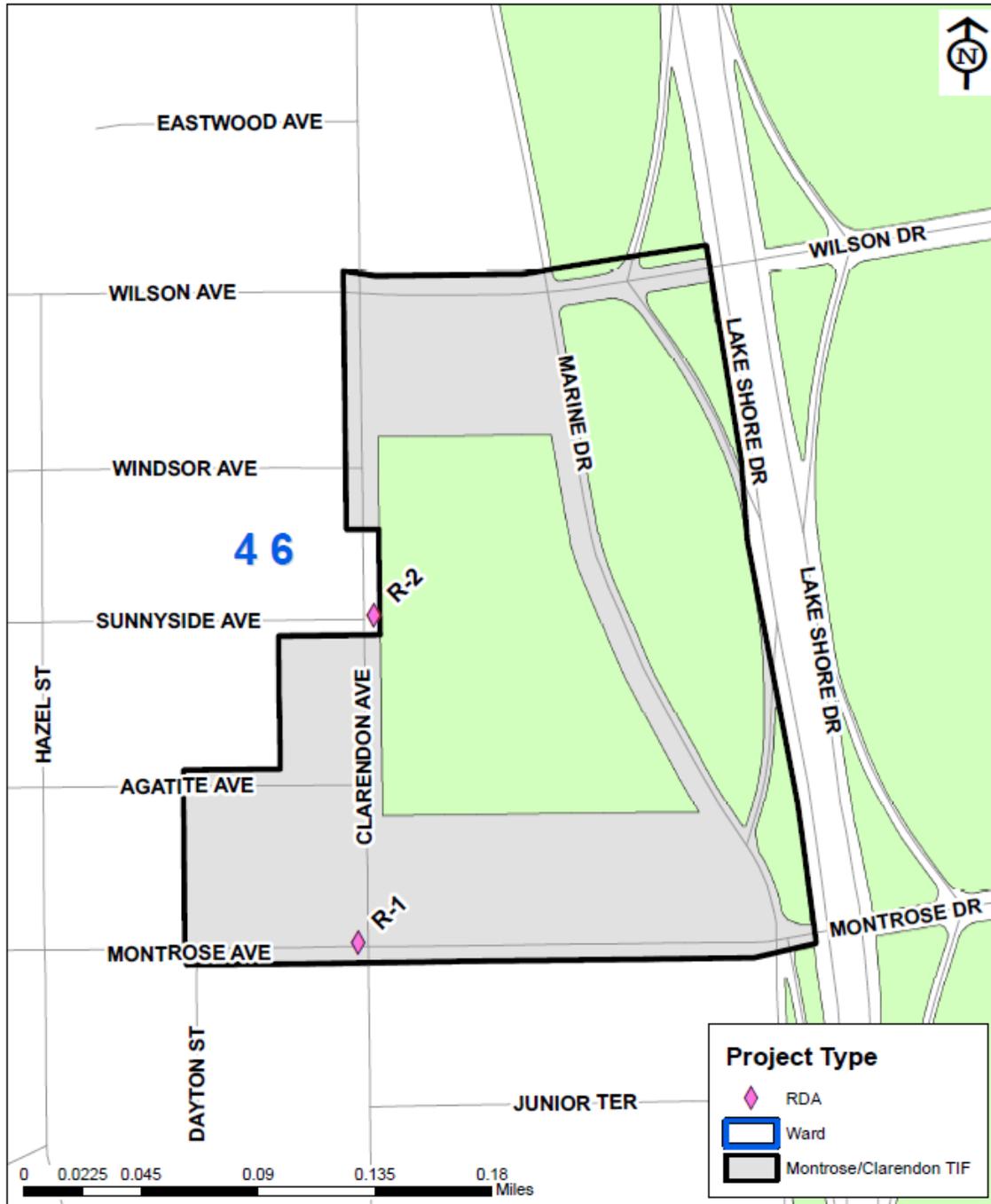
3. Redevelopment Project Area Accomplishments

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 Montrose/Clarendon 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 Montrose/Clarendon RPA that are underway or have been completed, as of December 31, 2018, 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 with 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 RDA's, IGA's, and SBIF projects within the RPA are mapped in Exhibit 7. Planned projects, as reported in Exhibit 14, are also featured in the map above (projects without defined locations and NIP projects are not mapped).

Exhibit 8. Redevelopment Agreement Projects

| Map ID | Project | Status [1] | Total Project Cost [2] | TIF Funding Approved [3] | TIF Investment to Date [4] | Total Non-TIF Investment Expected | Other City-Controlled Sources [2] | | Ratio Non-TIF to TIF Investment |
|------------------|-------------------------|-------------|------------------------|--------------------------|----------------------------|-----------------------------------|-----------------------------------|----------------|---------------------------------|
| | | | | | | | Source | Funding Amount | |
| Mixed-Use | | | | | | | | | |
| R-1 | Montrose Clarendon | In Progress | \$120,444,198 | \$11,280,000 | \$0 | \$109,164,198 | N/A | \$0 | 9.7 |
| R-2 | Montrose Clarendon Park | In Progress | \$4,600,000 | \$4,600,000 | \$0 | \$0 | N/A | \$0 | 0.0 |
| TOTAL | | | \$125,044,198 | \$15,880,000 | \$0 | \$109,164,198 | | \$0 | 6.9 |

[1] "Complete" projects are those listed as "Complete" in the 2018 TIF Annual Reports and/or with Certificate of Completion noted in the City's RDA and IGA database,

[2] Source: Redevelopment Agreement.

[3] Maximum TIF allocation from City Funds as specified in the Redevelopment Agreement, excluding interest and financing costs.

[4] Through 12/31/2018, as noted in 2018 TIF Annual Report.

Exhibit 9. Redevelopment Agreement Projects: Community Impacts

| Project | Project Address | Development Project Square Footage | RDA- Required Permanent Jobs [1] | Number of Housing Units [1] | Affordability Level (Percent of AMI) [2] | Additional Expected Community Impacts |
|-------------------------|--|------------------------------------|----------------------------------|-------------------------------|--|--|
| Mixed-Use | | | | | | |
| Montrose Clarendon | 4400-24 and 4401-15 N Clarendon Avenue | 99,579 | 0 | 381 (20 units are affordable) | 50-60% | The project includes construction of a 26-story mixed-use building which includes 381 residential units and a grocery store of approximately 31,371 square feet at the building's base. The project also includes a new one-story building, consisting of approximately 5,900 square feet of retail space. |
| Montrose Clarendon Park | 4501 North Clarendon Avenue | N/A | N/A | N/A | N/A | The project includes improvements to Clarendon Park Field House front funded by the Montrose Clarendon Partners LLC. |
| TOTAL | | 99,579 | 0 | 381 | | |

Source: Redevelopment Agreement.

[1] Minimum threshold required in the Redevelopment Agreement, if applicable.

[2] AMI: Area Median Income, as defined by the U.S. Department of Housing and Urban Development for the Chicago-Joliet-Naperville, IL HUD Metro FMR Area.

Exhibit 11. TIF - Funded Programs

No TIF Program Projects have received TIF funding through December 2018.

Source: City of Chicago.

Exhibit 12. Public Infrastructure Projects

No TIF Program Projects have received TIF funding through December 2018.

Source: City of Chicago.

Additional Performance Metrics

Additional performance metrics associated with the RPA, including construction and permanent job creation and change in equalized assessed value over time, is presented below. For consistency, estimates for all projects were based off estimated jobs as published in the Community Development Commission Staff Report (“CDC report”) published on January 12, 2016.

CONSTRUCTION JOB CREATION

550-675 one-year full-time equivalent construction jobs

Based on this CDC report, an **estimated 550-675 one-year full-time equivalent (“FTE”) construction jobs** were created as a result of the Montrose/Clarendon RDA project.

PERMANENT JOB CREATION

40-60 FTE permanent jobs

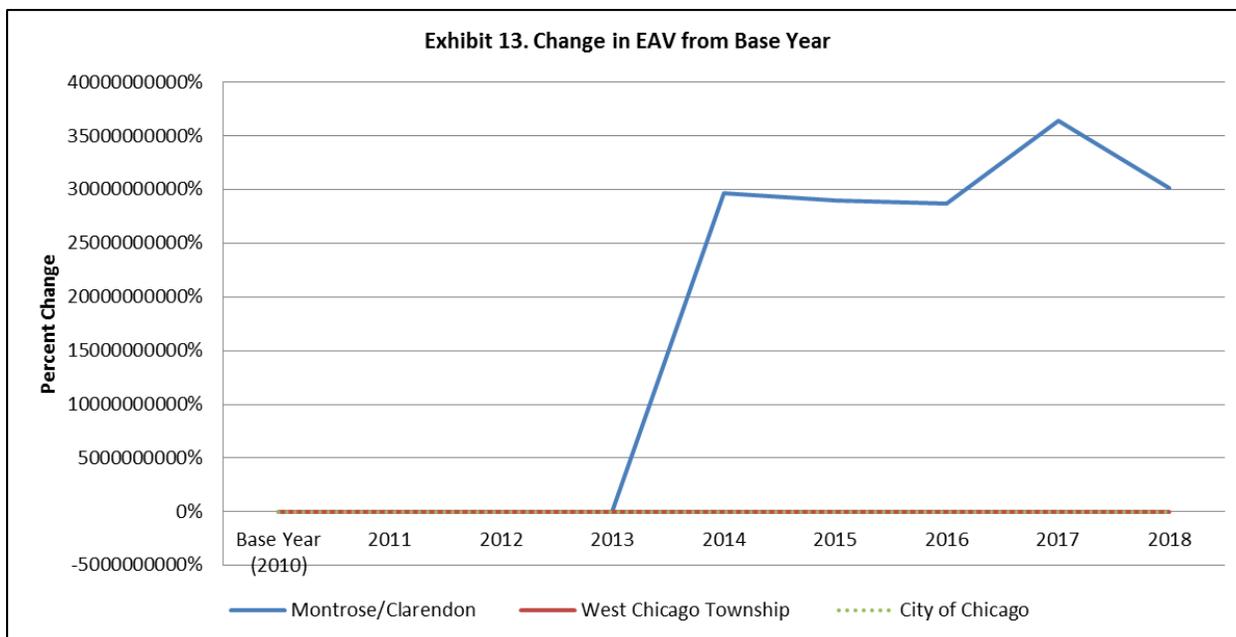
In some cases, RDAs require private, TIF-supported projects to create or retain a certain number of permanent jobs as a condition of receiving TIF funding. None of the RDAs to date within the RPA have included such permanent job creation covenants.

In light of this, permanent job creation associated with the TIF-supported project (see Redevelopment Agreement Projects in **Exhibit 8**) has therefore been estimated using the published CDC report. An **estimated 40-60 FTE permanent positions** are expected to be created by the retail component of the project.

CHANGE IN EQUALIZED ASSESSED VALUE

A comparison of the change in EAV over time in the Montrose/Clarendon RPA to larger geographies is one indication of the relative growth (or decline) in property values in the RPA. Growth or decline in property values from the creation of the RPA is one metric of the relative economic health of the RPA. The cumulative growth or decline in total EAV for the Montrose/Clarendon RPA, Lake View Township, and the City of Chicago, overall, is displayed in **Exhibit 13** on the following page for the base and tax years 2010 through 2018.

The frozen EAV at the RPA designation was \$0 due to the area being tax-exempt properties. Therefore the values within the Montrose/Clarendon RPA have increased at a **compound annual growth rate (CAGR) of 1047.7 percent** from tax year 2010 to tax year 2018. The EAV in Lake View Township has declined at a CAGR of 0.7 percent, and the City of Chicago has increased at a CAGR of 0.6 percent.



Source: Cook County Clerk’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, 2018. Planned projects are defined as those that have met substantial approval criteria for receiving TIF funds as of December 2018, but as of December 2018 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 2016;
- 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 2016, or projects included in the City’s 2018-2022 TIF Projection Reports as “potential projects.”

Information on planned projects in the RPA is presented in **Exhibit 14** 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 |
|--------------|------------------------------------|------------------|---------------------|--------------------|---------------------------|--|
| N/A | Neighborhood Lighting Improvements | Various | Public Improvements | \$100,000 | \$100,000 | Lighting improvements within the area. |
| TOTAL | | | | \$100,000 | \$100,000 | |

[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 Montrose/Clarendon TIF Plan through 2018.

Exhibit 15. Progress Toward Achieving Objectives Outlined in Montrose/Clarendon TIF Plan

| Map ID | Project | Relevant Objective(s) Addressed |
|--------|------------------------------------|---------------------------------|
| R-1 | Montrose Clarendon | 2, 3, 4, 5, 7, 8, 9, 11, 12 |
| R-2 | Montrose Clarendon Park | 3, 10 |
| -- | Neighborhood Lighting Improvements | 3 |

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

