

2023

Annual Financial Report



**Neighborhood
Opportunity
Bonus**

*Neighborhood Opportunity Fund
Adopt-A-Landmark Fund
Local Impact Fund*



FORWARD

The 2023 annual report on the Neighborhood Opportunity Bonus system provides a detailed look at one of the most innovative community improvement programs ever developed by the City of Chicago.

The program was designed to ensure all of Chicago benefits from downtown expansion and investment. For too long, Chicago's West, Southwest and South side neighborhoods were isolated from the billions of dollars of private investment occurring downtown and select lakefront community areas. The Neighborhood Opportunity Bonus system brings equity to this imbalance through new funding that's creating stronger retail strips, better public facilities and enhanced historic resources for everyone who works, lives and raises families in the city.

The program was made possible by improvements to the City's zoning code, which was refined to enable downtown construction projects to seek additional size and density through voluntary financial contributions that support neighborhood growth. Every contribution to the system is voluntary, and every allocation is extensively reviewed by the Department of Planning and Development and prior to distribution. This report provides an accounting of revenues and expenditures as part of the City's commitment to making the program fully accountable to the public.

As downtown Chicago and the Neighborhood Opportunity Bonus system continue to grow, generations of Chicagoans will benefit for years to come.

Neighborhood Opportunity Bonus Overview

The Neighborhood Opportunity Bonus system is an innovative community development tool that leverages private investment in downtown construction projects on behalf of under-served neighborhood commercial corridors, local infrastructure and historic landmarks.

Approved by City Council in 2016, the Neighborhood Opportunity Bonus system helps ensure an equitable approach to community development by making new financial resources available for important community areas that lack private investment. The program is part of an effort to foster equitable citywide growth by leveraging strong markets on behalf of weak markets and important neighborhood improvement projects.

The city's strongest investment market — downtown — has benefited from dozens of corporate headquarter relocations and new residential investment projects. Meanwhile, the city's weakest markets — primarily on the West and South sides of the city — continue to suffer from decades of disinvestment dating to drastic population shifts to the city's suburbs following World War II. The program was developed by the Department of Planning and Development to address these disparities in private investment under the premise that ongoing investment downtown is unsustainable without strong neighborhoods.

The Neighborhood Opportunity Bonus system generates funding by allowing floor area ratio (FAR) bonuses for new construction projects within Chicago's Downtown (D) zoning district. Floor area bonuses enable new buildings to exceed zoning restrictions on total floor space for a given location in exchange for financial payments.

Previously, zoning bonuses were regulated by a 2004 ordinance that allowed additional space in exchange for on-site design amenities of questionable public value, such as atriums, winter gardens, green roofs, fountains and other design features. The new system eliminated these bonuses while still ensuring high-quality design through a rigorous design review and approval process that is separate from bonus calculations.

FAR increases through the Neighborhood Opportunity Bonus system are only available for projects within Chicago's Downtown zoning district due to the proximity of numerous public transit options that can support the additional density. Ongoing development has expanded the downtown area beyond the established boundaries of the district since it was designated in 2004.

To accommodate ongoing expansion, the downtown district's boundaries were expanded by City Council in 2016 and 2017. The expanded areas are well-served by public transit and possess other features that align with the development patterns of the downtown area, including higher densities, proximity to thousands of jobs, and robust market demand. The added geography expanded the zoning district by more than 20 percent, providing for more transit-oriented growth while increasing the area where new construction projects can generate revenues

for neighborhood improvement projects.

Prior to the creation of the fund, the City's primary economic development tool for neighborhood improvements involved Tax Increment Financing (TIF). Illinois state law requires that TIF revenues must be used within the individual districts that generated the funding, which means revenues from downtown TIF districts must be allocated for downtown projects.

The Neighborhood Opportunity Fund instead allocates revenues generated anywhere within the downtown area's 7.2-square-mile footprint to "qualified investment areas" that encompass an 86-square-mile area on the West, Southwest and South sides. Payments into the Neighborhood Opportunity Bonus system are deposited into three funds, each with a specific purpose within the context of local needs: the Neighborhood Opportunity Fund, the Adopt-a-Landmark Fund and the Local Impact Fund.

Adopt-A-Landmark Fund

Ten percent of Neighborhood Opportunity Bonus revenues are designated for the citywide Adopt-a-Landmark Fund, which is earmarked for restoration of designated City of Chicago Landmarks and contributing buildings in designated Landmark districts throughout the city, subject to program guidelines. Adopt-A-Landmark grants under \$250,000 are intended for projects located on an eligible commercial corridor to help repair and rehabilitate a building's exterior that is visible from the public way or an interior space that is open to the public. Grants that exceed \$250,000 require City Council review and approval.

Local Impact Fund

Ten percent of Neighborhood Opportunity Bonus revenues are designated for the Local Impact Fund, which supports infrastructure and other public improvements located within one mile of the development site. Eligible expenditures include public transit facilities, streetscapes, open spaces, river walks, public buildings and other uses, including designated City Landmarks.

Neighborhood Opportunity Fund

Eighty percent of Neighborhood Opportunity Bonus revenues are allocated for the Neighborhood Opportunity Fund (NOF). The fund supports projects along commercial corridors within the West, Southwest, and South sides that will have a catalytic impact, especially projects that fill a gap in goods or services that are underrepresented in the neighborhood, and demonstrate financial feasibility with a clear and ready path to implementation.

To be eligible, projects must be related to new construction or the rehabilitation of existing buildings that lead to publicly accessible commercial spaces or cultural assets. Grants up to \$250,000 must be used for projects located on a commercial corridor. Grants that exceed \$250,000 require City Council approval and are subject to the City's construction compliance requirements.

Neighborhood Opportunity Bonus

2023 Payment Commitments

Commitments are made when a FAR bonus project application is reviewed and approved by Plan Commission and City Council. The total proposed commitment is based on the amount of bonus floor area. All proposed projects listed below were approved by Plan Commission in 2023.

Address	Bonus Square Feet	Pending NOF Payment	Pending LIF Payment	Pending AAL Payment	Total Pending Payment
800-818 W. Lake St.	95,646	\$1,775,190	\$221,899	\$221,899	\$2,218,987
370, 400 and 401 N. Morgan St.	558,688	\$10,369,253	\$1,296,157	\$1,296,157	\$12,961,566
375 N. Morgan St.	139,832	\$2,595,276	\$324,410	\$324,410	\$3,244,095
1300 W. Lake St.	230,135	\$4,271,296	\$533,912	\$533,912	\$5,339,120
357 N. Green St.	270,247	\$5,015,794	\$626,974	\$626,974	\$6,269,742
1300 W. Carroll Ave.	286,524	\$5,317,885	\$664,736	\$664,736	\$6,647,357
110 N. Carpenter St.	173,608	\$33,853	\$4,232	\$4,232	\$42,317
330 W. Chestnut St.	41,118	\$1,131,573	\$141,447	\$141,447	\$1,414,467
1234 W. Randolph St.	82,688	\$1,534,680	\$191,835	\$191,835	\$1,918,350
640 W. Randolph St.	56,178	\$1,042,664	\$130,333	\$130,333	\$1,303,330
415 N. Sangamon St.	104,576	\$1,940,921	\$242,615	\$242,615	\$2,426,152
1016 W. Jackson Blvd.	164,821	\$3,059,074	\$382,384	\$382,384	\$3,823,843
Totals	2,204,061	\$38,087,460	\$4,760,933	\$4,760,933	\$47,609,325

Neighborhood Opportunity Bonus

2023 Revenues

Revenues are collected when a FAR bonus project applies for a building permit with the Department of Buildings. Annual revenue and funding allocation amounts are not the same. All projects listed below were approved in 2023.

Address	Bonus Square Feet	NOF Payment	LIF Payment	AAL Payment	Total Payment
217 N. Sangamon St.	197,420	\$2,931,298	\$366,412	\$366,412	\$3,664,123
110 N. Carpenter St.	173,608	\$33,853	\$4,232	\$4,232	\$42,317
110 N. Wacker Dr.	924,739	\$31,982	\$3,998	\$3,998	\$39,978
Totals	1,295,767	\$2,997,134	\$374,642	\$374,642	\$3,746,417

Neighborhood Opportunity Fund

2023 Grant Allocations

Program allocations that exceed \$250,000 require City Council approval. Allocations less than \$250,000 are preliminary estimates; final awards are determined after a construction budget is finalized.

Project	Address	Award Amount
1719 Laundromat and Restaurant	1719 E. 87th St.	\$250,000
2309 Place	2309-17 E. 71st St.	\$2,015,000
ActYoga	5457 W. Madison St.	\$250,000
Annamalai Kanagaraju	7914 S. Ashland Ave.	\$232,000
Bell Tax Accountants & Advisors	6424 S. Cottage Grove Ave.	\$250,000
Chicago Eats	4100 W. Madison St.	\$250,000
Clark Catering	8218 S. Stony Island Ave.	\$250,000
Cleo's Kitchen	4308 S. Calumet Ave.	\$250,000
Dave's Market	701 S. Kedzie Ave.	\$250,000
Digife Studio	4534 S. Cottage Grove Ave.	\$250,000
Elbos BBQ	3522-3526 W. Roosevelt Road	\$250,000
Essential Elements	1634-1638 E. 87th St.	\$675,000
expRHEience, a Candle Bar	1917 E. 79th St.	\$250,000
Food Hero Culinary School & Shared Kitchen & Food Clinic	3331 W. 26th St.	\$250,000
Foster's Kennel	2320 E. 79th St.	\$250,000
Karaoke on the Avenue!	5234 W. Chicago Ave.	\$250,000
Project Joye	4827 W. Chicago Ave.	\$250,000
The Juice Bar Project	1030 W. 111th St.	\$250,000
Total		\$6,672,000

Adopt-A-Landmark Fund

2023 Grant Allocations

Landmark allocations are reviewed and approved by the Commission on Chicago Landmarks and City Council on a periodic basis.

Project	Address	Award Amount
(Former) Mid-City Trust and Savings Bank	801 W. Madison St.	\$1,300,000
(Former) Schlitz Brewery Tied-House	958 W. 69th St.	\$250,000
Canaan Baptist Church of Christ Building	6659 S. Harvard Ave.	\$246,659
Crown Hall (IIT)	3360 S. State St.	\$250,000
First Baptist Congregational Church	1613 W. Washington Blvd.	\$1,464,000
Greater Union Baptist Church	1956 W. Warren Blvd.	\$750,000
Laramie State Bank Building	5200 W. Chicago Ave.	\$2,093,010
Main Building (IIT)	3300 S. Federal St.	\$500,000
Pioneer Arcade	1535 N. Pulaski Road	\$510,000
St. Nicholas Ukrainian Catholic Church	2245 W. Rice St.	\$250,000
Aragon Ballroom	1106 W. Lawrence Ave.	\$250,000
Wicker Park Lutheran Church	1500 N. Hoyne Ave.	\$250,000
Wilson Avenue Theater Building	1050 W. Wilson Ave.	\$125,000
	Total	\$8,238,669

Local Impact Fund

2023 Grant Allocations

Local Impact Fund allocations may be identified when a FAR bonus project is approved by City Council. Allocations are frequently identified after City Council through community discussions and inter-agency collaboration with central area aldermen.

Project	Address	Award Amount
Madison Street improvements	Ogden Avenue to Halsted	\$2,900,000
	Total	\$2,900,000

Appendix

NOF Advisory Committee

Steve Hall
Local Initiatives Support Coalition

Emily Talen
University of Chicago

Wendell Harris
Chicago Community Loan Fund

Jaime di Paulo
Illinois Hispanic Chamber of Commerce

Joanna Trotter
The Chicago Community Trust

Brenda Palms-Barber
North Lawndale Employment Network

Craig Chico
Back of the Yards Neighborhood Council

Joanna Trotter
JPMorgan Chase

NOF Community Partners

51st Business Association Allies for Community Business Austin African American Business Network
Austin Chamber of Commerce Association Back of the Yards Neighborhood Council BACP
Calumet Area Industrial Commission Chatham Business Association, SBDI
CCLF Chicago Community Trust Chicago Lawyers' Committee for Civil Rights
Chicago Neighborhood Initiatives Chicago Urban League DCASE Department of Buildings
Far South CDC Greater Auburn Gresham Development Corp. Greater Chatham Initiative
Greater Englewood CDC Greater Roseland Chamber of Commerce
Greater Southwest Development Corp. IFF Illinois Hispanic Chamber of Commerce
Lawyers for the Creative Arts LISC Little Village Chamber of Commerce
Little Village Community Foundation Mid South Business Association & Resource Center
New Covenant Community Development Corp. North Lawndale Employment Network
Northwest Connection Chamber of Commerce Northwest Side Housing Center
Polsky Center for Entrepreneurship and Innovation Quad Communities Development Corp.
South Chicago Parents and Friends, Inc. South East Chicago Commission South Shore Chamber
Southeast Chicago Chamber Sunshine Enterprises West Humboldt Park Development Council
West Side Forward Westside Health Authority Women's Business Development Center YWCA

City of Chicago

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*The financial information in this booklet represent initial approvals in 2023 and is subject to change.
The information was not audited by an accredited agency.*

COVER IMAGE: 1016 W. Jackson Blvd., a 25-story, 380-unit tower that will pay \$3.8 million into the Neighborhood Opportunity Bonus system.