

2020

Annual Financial Report

Neighborhood Opportunity Bonus



Lori E. Lightfoot
Mayor

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

City of Chicago

Department of Planning and Development
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*The financial information in this booklet represent initial approvals in 2020 and is subject to change.
The information was not audited by an accredited agency.*

COVER IMAGE: The 2020 zoning bonus project 401 N. Michigan Ave., as seen from Illinois Street and Cityfront Center Drive. The project is planned as Chicago's second tallest building.

FORWARD

The 2020 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 stakeholders citywide.

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

Ceremonial September 2020 groundbreaking for Neighborhood Opportunity Fund awardee Xquina Incubator Cafe, 3525 W. 26th St.

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. For example, if a project is limited to 250,000 square feet under the zoning code, the developer can exceed that amount by making a voluntary financial payment based on the additional square footage.

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 that 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. Uncompleted projects are eligible for grants larger than \$30,000. Completed projects are eligible for grants up to \$30,000. 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). In 2019, Mayor Lightfoot announced that NOF will serve as a key funding tool to encourage investment in the 10 initial neighborhoods participating in the INVEST South/West initiative. 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.

Program improvements implemented during the year also enabled grants of up to 100 percent of total costs if owned and staffed by local residents; help with managing the contracting and construction process; navigating access to lending and capital; and an online application portal that helps would-be business owners to access the readiness of their proposals.

Neighborhood Opportunity Bonus

2020 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 2020 unless noted otherwise.

	ADDRESS	BONUS SQUARE FEET	NOF PAYMENT	LOCAL IMPACT PAYMENT	ADOPT-A-LANDMARK PAYMENT	TOTAL PAYMENT
1	609 (601-11) West Randolph	44,586	\$827,516.16	\$103,439.52	\$103,439.52	\$1,034,395.20
2	1043 W. Fulton	78,058	\$1,409,817.60	\$176,227.20	\$176,227.20	\$1,762,272.00
3	320 S Canal (amendment)	46,143	\$595,144.60	\$74,393.12	74393.12	\$743,931.20
4	300 N. Michigan	157,559	\$3,100,714.24	\$387,589.28	387589.28	\$3,875,892.80
5	1400 W. Randolph	115,019.30	\$2,094,254.72	\$261,781.84	261781.84	\$2,617,818.40
6	400 N. Aberdeen	155,772	\$2,738,971.58	\$342,371.45	342371.448	\$3,423,714.48
7	808 N. Wells	88,409	\$2,283,967.36	\$285,495.92	\$285,495.92	\$2,854,959.20
8	808 N. Wells (amenity level addition)	2,676	\$12,466.56	\$1,558.32	\$1,558.32	\$15,583.20
9	346-58 N. Union	59,905	\$1,111,831.05	\$138,978.88	\$138,978.88	\$1,389,788.81
10	349 N Morgan (Sub-Area B)	81,273	\$1,508,421.31	\$188,552.66	\$188,552.66	\$1,885,526.64
11	1125 W. Van Buren St	70,470	\$1,026,757.76	\$128,344.72	\$128,344.72	\$1,283,447.20
12	446-50 N. LaSalle; 147-55 W. Illinois	50301	\$1,384,286.89	\$173,035.86	\$173,035.86	\$1,730,358.61
TOTAL		950,171.41	\$18,094,149.83	\$2,261,768.77	\$2,261,768.77	\$22,617,687.74

Neighborhood Opportunity Bonus

2020 Payment Commitments

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 2020 unless noted otherwise.

	ADDRESS	BONUS SQUARE FEET	PENDING NOF PAYMENT	PENDING LOCAL IMPACT PAYMENT	PENDING ADOPT-A-LANDMARK PAYMENT	TOTAL PENDING PAYMENT
1	40 W. Oak	39,809	\$1,095,543.68	\$136,942.96	\$136,942.96	\$1,369,429.60
2	862 N. Orleans	44,586	\$289,383.81	\$36,172.98	\$36,172.98	\$361,729.76
3	1115 W Washington Blvd & 19-27 N May St Amended	109,422	\$2,031,443.97	\$253,930.50	\$253,930.50	\$2,539,304.96
4	1200 W. Carroll	185,851	\$3,449,398.27	\$431,174.78	\$431,174.78	\$4,311,747.84
5	900 W. Fulton	31,304	\$580,998.53	\$72,624.82	\$72,624.82	\$726,248.16
6	344 N. Canal	134,465	\$2,495,681.54	\$311,960.19	\$311,960.19	\$3,119,601.92
7	421 N. Michigan	437,718.00	\$12,045,991.36	\$1,505,748.92	\$1,505,748.92	\$15,057,489.20
8	320 S. Canal St (PD 376 Amend - Union Station)	46,143.00	\$856,414.08	\$107,051.76	\$107,051.76	\$1,070,517.60
9	725 W. Randolph	302,688.90	\$5,617,905.98	\$702,238.25	\$702,238.25	\$7,022,382.48
10	1150 W. Lake	263,667.71	\$4,893,672.70	\$611,709.09	\$611,709.09	\$6,117,090.87
11	777 N. Franklin	47,461	\$1,305,326.72	\$163,165.84	\$163,165.84	\$1,631,658.40
12	800 W. Lake	89,392.50	\$1,659,124.80	\$207,390.60	\$207,390.60	\$2,073,906.00
13	1400 W. Randolph	115,019.30	\$2,134,758.21	\$266,844.78	\$266,844.78	\$2,668,447.76
14	400 N. Aberdeen	155,772.45	\$2,891,136.67	\$361,392.08	\$361,392.08	\$3,613,920.84
TOTALS		2,003,300	\$41,346,780.31	\$5,168,347.54	\$5,168,347.54	\$51,683,475.39

Neighborhood Opportunity Fund

2020 Allocations

Allocations are preliminary estimates. Final awards are determined after two contractor bids have been received and a construction budget is finalized.

Project	Address	Conditional Award
Bronzeville Wingz	4547 S. State St.	\$250,000*
Burst Into Books	11001 S. Michigan Ave.	\$190,755
Cookie's Cocktail Lounge Inc	1024 W. 79th St.	\$236,125
Delar's Unisex	4132 W. 26th St.	\$58,600
Fletcher Laundry II - New Laundry World	6049 S. Halsted	\$97,744
Front Yard Jerk Grille	74 E. 71st St.	\$40,000*
Granados 1849-59 W 47th st LLC	1845 W. 47th st	\$250,000*
Heritage Club	5951 W. Madison St	\$250,000
Sarah Kuenyefu Collection	4410-12 S. Cottage Grove	\$105,420
Fat Burger	825 E. 87th St.	\$250,000*
Soul City Studios	5851 W. Chicago Ave.	\$250,000*
JJJ Burgers	8904 S. Commercial Ave	\$166,400*
Justice of the Pies Location	2025 E. 75th St.	\$250,000*
Lior's Cafe	10500 S. Halsted St.	\$217,018
Natural Roots Kids Hair, LLC	1851-55 E. 87th St.	\$250,000
One Florence Boulevard	605 E. 111th St.	\$192,691
Pantano's Restaurant	2523 W. 63rd St.	\$246,750
POTLUC	5811 W. Chicago Ave.	\$90,000
Quintana, Inc.	3050 W. Cermak Rd.	\$192,000*
Shrimp and More	2320 E. 79th St.	\$62,025*
SOAJ LLC	2313 E. 71st St.	\$113,700
Soule' Chicago Corp	3615 W. Roosevelt	\$250,000
star farm chicago	5256 S. Ashland	\$250,000
StockYards DreamCatcher Cafe	1824 W. 47th St.	\$250,000
Tasa Coffee	4136 W. North Ave.	\$250,000
The Joint, Inc.	6902 S. Western Ave.	\$201,934
Theatre Y	2006 S. Pulaski Rd.	\$118,563
Thrift, LLC	2517 W. 59th St.	\$67,080
Rosie's Donuts LLC	7 E. 111th St.	\$198,000
Wolf Den	1924 W. 47th St.	\$250,000
Allen Business Enterprises, LLC	530 - 32 E. 43rd St.	\$98,500
Amour Salon Suites	646-50 E 43rd St	\$23,736
Avery & Pryor Construction LLC	4945 W. Division	\$250,000
Bass Furniture & Rug Co.	11431 S. Michigan Ave.	\$186,450

Neighborhood Opportunity Fund

2020 Allocations

Allocations are preliminary estimates. Final awards are determined after two contractor bids have been received and a construction budget is finalized.

Project	Address	Conditional Award
Bombon Cake Gallery and Design	3834 W. 26th St.	\$193,631
Bronzeville Office Suites, LLC	48 E. Pershing Rd.	\$250,000
Bronzeville Winery, LLC	441 -20 S. Cottage Grove Ave.	\$250,000
CBQ Facial Beauty Bar LLC	4458 S. Cottage Grove Ave.	\$27,675
Culver's	111th and Doty Road	\$250,000
Digital Adventures	4259 S. Cottage Grove Ave.	\$46,500*
DLV Printing Service, Inc.	5825 W. Corcoran	\$66,825
Elite futures LLC	1659 W. 51st St.	\$246,400
Family Dental Care P.C	3009 E. 92nd St	\$174,059
Brewer Coffee and Custard	1008 W. 79th St.	\$10,650
Free Street Theater	4346 S. Ashland Ave.	\$47,500
Gala Enterprises	10658 S. Michigan Ave.	\$204,700
Ground Control	3961 W. Madison St.	\$250,000
Hyde Bark Dog Walking and Pet Care LLC	4534 S. Cottage Grove	\$50,000
KC Body Shop Supply	6027 S. Kedzie Ave	\$91,510
L. May Creations	5938 W. Chicago Ave.	\$250,000
Lee's Unleaded Blues	7401 S. South Chicago Ave.	\$163,407
Magnolia Screen Printing LLC	2504 W. 63rd St.	\$127,375
Mr. Anthony's Cleaners	5136 W. Chicago ave	\$135,720
Pearlezzious Poulence Enterprise	8143 S. Racine	\$250,000
Xavier's Club	4456 S. Western Ave.	\$78,200
Posh Space Coworking	1642 E. 79th St.	\$52,500
S2 City Grill [AWSB Holdings LLC}	8734 S. Stony Island Ave.	\$130,076
Scott Enterprises	11513 S. Michigan Ave.	\$148,400
See Spot Run Kennel, Inc.	1440-50 N. Pulaski	\$250,000
Spencer and Leak Sons Funeral Home LTD	7833-45 S. Cottage Grove Ave.	\$250,000
T&C Fitness Club LLC	5906-10 West Chicago Ave.	\$172,500
TnS Studio	1823-25 E. 79thSt.	\$187,187
TOTAL		\$8,751,381

* Original grant award estimate

Neighborhood Opportunity Fund

Program allocations that exceed \$250,000 require City Council approval. The below allocations were approved by City Council in 2020.

2020 Large Grant Allocations

Business	Address	Award Amount
Inner City Entertainment (ICE)	1850 E. 71st St	\$2,500,000
Inner-City Muslim Action Network (IMAN)	1207-1211 W. 63rd St	\$1,750,000
Xquina Business Incubator	3523-3525 W. 26th St	\$1,500,000
TOTAL		\$5,750,000

Adopt-A-Landmark Fund

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

2020 Awards

Project	Address	Award
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No projects identified in 2020.

Local Impact Fund

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.

2020 Allocations

Project	Address	Award
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No projects identified in 2020.

Appendix

Neighborhood Opportunity Fund

Advisory Committee

Jennifer Barnes
South Shore Brew

Wendell Harris
Chicago Community Loan Fund

Craig Chico
Back of the Yards Neighborhood Council

Brenda Palms Barber
North Lawndale Employment Network

Ed Coleman
Bethel New Life

Kerry Sheehan
Department of Cultural Affairs and Special Events

Jaime diPaulo
Illinois Hispanic Chamber of Commerce

Emily Talen
University of Chicago

Steve Hall
Local Initiatives Support Coalition

Joanna Trotter
The Chicago Community Trust

Neighborhood Opportunity Fund

Community Partners

51st Business Association Accion Chicago Arts & Business Council of Chicago
Austin African American Business Networking Association Austin Chamber of Commerce
Back of the Yards Neighborhood Council BACP bKL Architecture
Calumet Area Industrial Commission Chatham Business Association SBD
Chicago Community Loan Fund (CCLF) Chicago Community Trust Chicago Urban League
Community Law Project DCASE Dept 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. Illinois Hispanic Chamber of Commerce
Lawyers for the Creative Arts Little Village Chamber of Commerce
Local Initiatives Support Corporation (LISC) Mid South Business Association & Resource Center
New Covenant Community Dev. 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
The Chicago Community Trust University of Chicago West Humboldt Park Development Council
West Side Forward Westside Health Authority Women's Business Development Center YWCA