

2022

Annual Financial Report



**Neighborhood
Opportunity
Bonus**

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

FORWARD

The 2022 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 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. 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). 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

2022 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 2022.

| Address | Bonus Square Feet | Pending NOF Payment | Pending LIF Payment | Pending AAL Payment | Total Pending Payment |
|---------------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|
| 643-741 W. Chicago Ave. | 677,622 | \$12,576,666 | \$1,572,083 | \$1,572,083 | \$15,720,832 |
| 330 W. Chestnut St. | 36,661 | \$1,008,920 | \$126,115 | \$126,115 | \$1,261,150 |
| 301 S. Green St. | 140,422 | \$2,606,232 | \$325,779 | \$325,779 | \$3,257,790 |
| 509 N. Union Ave. | 314,933 | \$5,829,028 | \$728,629 | \$728,629 | \$7,286,285 |
| 456-476 N. Milwaukee Ave. | 328,649 | \$5,842,747 | \$730,343 | \$730,343 | \$7,303,434 |
| 210 N. Morgan St. | 72,123 | \$1,469,200 | \$183,650 | \$183,650 | \$1,836,500 |
| 170 N. Green St. | 281,700 | \$5,228,352 | \$653,544 | \$653,544 | \$6,535,440 |
| 1353 W. Fulton St. | 122,598 | \$2,275,419 | \$284,427 | \$284,427 | \$2,844,274 |
| 360 N. Green St. | 191,890 | \$3,561,478 | \$445,185 | \$445,185 | \$4,451,848 |
| Totals | 2,166,598 | \$40,398,043 | \$5,049,755 | \$5,049,755 | \$50,497,553 |

Neighborhood Opportunity Bonus

2022 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 2022.

| Address | Bonus Square Feet | NOF Payment | LIF Payment | AAL Payment | Total Payment |
|-----------------------|-------------------|---------------------|--------------------|--------------------|---------------------|
| 1114 W. Carroll Ave. | 409,383 | \$2,916,742 | \$364,593 | \$364,593 | \$3,645,928 |
| 225 N. Elizabeth St. | 77,386 | \$1,436,284 | \$179,536 | \$179,536 | \$1,795,355 |
| 370 N. Green St. | 191,890 | \$3,561,478 | \$445,185 | \$445,185 | \$4,451,848 |
| 210 N. Aberdeen St. | 86,823 | \$1,609,727 | \$201,216 | \$201,216 | \$2,012,159 |
| 741 N. Wells St. | 69,542 | \$1,913,796 | \$239,224 | \$239,224 | \$2,392,245 |
| 344 N. Canal St. | 134,466 | \$2,495,578 | \$311,947 | \$311,947 | \$3,119,472 |
| 311 W. Huron St. | 77,660 | \$2,137,210 | \$267,151 | \$267,151 | \$2,671,513 |
| 150 E. Ontario St. | 81,926 | \$2,254,615 | \$281,827 | \$281,827 | \$2,818,268 |
| 1044 W. Van Buren St. | 47,464 | \$881,155 | \$110,144 | \$110,144 | \$1,101,443 |
| 160 N. Morgan St. | 84,343 | \$1,566,167 | \$195,771 | \$195,771 | \$1,957,709 |
| 21 N. May St. | 57,226 | \$1,997,334 | \$249,667 | \$249,667 | \$2,496,668 |
| Totals | 1,318,109 | \$22,770,086 | \$2,846,261 | \$2,846,261 | \$28,462,608 |

Neighborhood Opportunity Fund

2022 Grant Allocations

Program allocations that exceed \$250,000 require City Council approval. Allocations less than \$259,00 are preliminary estimates; final awards are determined after a construction budget is finalized.

| Project | Address | Award |
|---|---|--------------------|
| 7900 S. Drexel Ave. | 7900-06 S. Drexel Ave./847-59 E. 79th St. | \$250,000 |
| Bubbly Dynamics LLC | 1400 W. 46th St. | \$1,682,500 |
| Carol's Place LLC | 531 E. 79th St. | \$31,500 |
| Chasing Tails 4 U, Inc. Pet Care Facility | 313-315 S. California Ave. | \$250,000 |
| Duo Development | 1600 S. Sawyer Ave. | \$250,000 |
| Duwell Fresh Market | 617 S. Pulaski Road | \$80,338 |
| Eight 1 Eighty 4 A GreenHaus Restaurant | 1645 E. 71st St. | \$161,700 |
| Erandy Restaurant | 3804 W. North Ave. | \$192,000 |
| Front Porch Arts Center | 5508 W. Chicago Ave. | \$203,812 |
| G.O.A.T. Museum | 58 E. 47th St. | \$250,000 |
| GK Tops & Bottoms | 3940 W. Madison St. | \$97,500 |
| Harold's Chicken | 401-403 E. 75th St. | \$250,000 |
| HARVEST20 LLC | 2100-08 E. 71st St. | \$225,870 |
| Herbal Accession LLC | 11109 S. Michigan Ave. | \$100,000 |
| La 43 | 1615 W. 43rd St. | \$250,000 |
| La Calle Larga | 5512 W. North Ave. | \$213,000 |
| Little Black Pearl Workshop/Carver 47 | 1060 E. 47th St. | \$250,000 |
| Majani Food Emporium Inc. | 7261 S. Exchange Ave. | \$123,300 |
| Motoworks Chicago | 1901 S. Western Ave. | \$1,590,602 |
| Mirador Building Redevelopment | 211-215 S. Pulaski Road | \$163,211 |
| Moped Café | 3709 W. North Ave. | \$32,070 |
| Pearl's Place Restaurant | 3901 S. Michigan Ave. | \$250,000 |
| Rise Training Academy | 8300 S. Halsted St. | \$250,000 |
| South Shore Title Inc. | 2226 E. 79th St. | \$250,000 |
| Spill the Tea | 5803 W. Chicago Ave. | \$250,000 |
| Urban Smoke Café LLC | 6134-38 W. North Ave. | \$250,000 |
| Total | | \$7,897,403 |

Adopt-A-Landmark Fund

No Allocations in 2022

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

Local Impact Fund

No Allocations in 2022

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.

Appendix

Neighborhood Opportunity Fund

Advisory Committee

Steve Hall
Local Initiatives Support Coalition

Ed Coleman
Bethel New Life

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

Neighborhood Opportunity Fund

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 2022 and is subject to change.
The information was not audited by an accredited agency.*

COVER IMAGE: The 2022 zoning bonus project 360 N. Green St.