# Red Line Extension Project

## Transit-Supportive Development Comprehensive Plan

## Economic Development Tools

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*Prepared for:*
Chicago Transit Authority
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# Section 1 - Economic Development Tools

Economic development programs and incentives remain a core aspect of local economic development policies. Municipal economic development incentive programs provide various forms of financial and nonfinancial support to help promote real estate projects and business growth. Federal, state, and local levels of government each offer their own set of programs, which may include grants, subsidized loans, business development programs, tax credits and property tax abatements.

Programs and incentives most likely to be applicable to RLE corridor projects are listed below. Section 2 offers a more comprehensive list of available programs and incentives that can be applied to RLE Corridor projects. It is critical that strategic partners be engaged to help navigate applicability of available programs. In the Implementation Plan, which is a stand-alone document, priority tools are matched to

## 1.1 Community Economic Development Programs

There is growing national interest in the welfare of disinvested urban markets which translate into a diverse toolbox of programs funded by government agencies, foundations, commercial banks, businesses, investors, and anchor institutions. These stakeholders develop programs within a framework designed to induce private capital investment and measurable social impact.

### 1.1.1 Community Wealth Building

**Project 10X, Local Support Initiatives Corporation (LISC)**

Project 10X

Project 10X is designed to upend the racial health, wealth and opportunity gaps that keep tens of millions of Americans from sharing in our country's prosperity and realizing their personal potential. The program will invest in community organizations, businesses and developers working to scale proven solutions, seed new ideas for closing racial health, wealth and opportunity gaps and build the capacity of their partner organizations to do so. The investments will target four fundamental approaches to building equity:

- Generating enduring wealth and equity through homeownership and small business ownership
- Building credit and savings and strengthening financial institutions led by Black, Indigenous and People of Color
- Investing in community wellness, digital access, education, arts, and justice reform
- Supporting quality jobs with good wages and benefits

### 1.1.2 Access to Capital

Access to capital has been historically more difficult to secure in distressed communities. Along with the recent increased attention to equitable development and the understanding that inclusive development is key to improving broader regional economies, private investment has become more focused in low-income markets in recent years.

**Community Development Financial Institutions (CDFI)**

CDFIs are private financial institutions that are dedicated to delivering responsible, affordable lending to help low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream. By financing community economic entities—including small businesses, microenterprises, nonprofit organizations, commercial real estate, and affordable housing—CDFIs spark job growth and retention in hard-to serve markets across the nation. CDFIs exist in four different business models and financial structures, each serve the broad range of needs in emerging markets through banks, credit unions, loan funds, and venture capital funds. CDFIs are closely linked with social impact investing and serve communities which are traditionally left out of banking and investing options by offering more flexible program and lending requirements design to meet the community needs.

**Connecting Capital and Community**

Community Investment Fund - Connecting Capital and Community

The Community Investment Fund's Connecting Capital and Community (3C) initiative is funded by JPMorgan Chase as an effort to reduce racial inequities in residential lending and encourage affordable housing. The Center for Community Investment (CCI) will support teams in six cities, including Chicago, to strengthen local community investment systems. JPMorgan Chase has pledged $400 million to improve housing affordability and stability as well as homeownership opportunities for Black and Latinx households. The effort has three main goals:

- Address housing stability, affordability and wealth creation using a five-year $400 million philanthropic commitment to provide low-cost loans, equity, and grants targeted to nonprofits and affordable housing organizations that assist Black and Latinx households.
- Create more paths to affordable and sustainable homeownership using a new Chase Community Home Lending Advisor role that will help households achieve homeownership, and address gaps in the residential appraisal process.
- Make data-driven policy recommendations undertaken by the JPMorgan Chase *Policy*Center along with local policy makers and community leaders to address housing challenges.

**Venture Developers**

Partnering with the private sector is crucial to stimulate economic expansion in communities. An increasing number of impact investors, including private, foundations, family offices and high-net-worth individuals are seeking new opportunities that yield both financial and social returns. An emerging group of venture developers in the community development industry is tapping private-impact capital to accelerate revitalization in economically stagnant neighborhoods. Venture developers are uniquely positioned to manage the needs of investors and understand the importance of development based on a community's needs and are more inclined to take short-term financial risks to achieve higher long-term investment returns. Venture development may initially start with project-based funding and move to integrated capital stacks which can be effective across a series of complementary, place-based developments to have a significant impact on a targeted area in a community.

### 1.1.3 Capacity Building



- Emerging Developer Initiatives

Minority developers face a number of challenges to participating in large-scale commercial real estate development, the roots of which lie largely in structural racism and disinvestment in minority communities, including poor access to and high cost of debt capital, weak ties to sources of equity funding, and limited experience on large-scale commercial real estate projects. Programs created intentionally to fill this gap envision teaming and joint ventures, new development opportunities, and the construction of physical assets and new community amenities and other outcomes will lead to educational and experiential benefits to a wide range of stakeholders, including the minority professionals executing the commercial real estate projects, their vendors and sub-contractors and residents in the communities where they are located.

The **Yield Learning Network**, developed by ULI Chicago and LISC Chicago, can serve as a pool of potential developers who are driven to do projects in emerging communities such as those around the RLE stations. Yield is a cohort-based comprised of emerging developers of color and seasoned real estate professionals who work together to further actionable neighborhood-based commercial real estate projects on the South and West sides.

The **Chicago Emerging Minority Developer Initiative (CEMDI)** aims to source and build a pipeline of community-focused developers including African-American, Latinx and other minority communities to participate in commercial real estate development projects city-wide, including projects prioritized by City of Chicago's INVEST South/West initiative.

- Business Leaders Mentorships

**Business Leadership Council**, or BLC, is a catalyst for creating opportunities for Black businesses in Chicago. BLC actively advocates for the interests of Black businesses and entrepreneurs at a higher level to create true generational wealth in the community. BLC is being intentional about building the pipeline of the next generation of talent and grooming that talent to ascend into leadership positions to one day start their own firms or take over their firms. The organization has 170 members representing over 25 industries, from construction to financial services to legal services to information technology. Some 70% of its members are CEOs. BLC launched a chairman's breakfast, hosted by Charles Smith, CEO of the BLC and CS Strategies insurance firm. The breakfasts bring industry leaders to BLC membership to talk about the existing opportunities that they have in their respective organizations. Business Leadership Council

- Foundation-led Initiatives

The foundation community's role is emerging in importance as a funding and administrative influence in the field. Foundations are not typically directly engaged in economic development services and programs. They cannot, for example, provide direct loans or grants to private companies. These activities remain the province of government and nonprofits. However, foundations can support economic development initiatives in a variety of indirect ways, and they are increasingly active in providing this kind of support. Foundations are providing grants for: strategic plans; the operations of organizations and nonprofits delivering services; facilities and projects for research and development; and marketing campaigns to promote the region.

Chicagoland examples of foundations who support community and economic development strategies:

**Chicago Community Trust.** The *Catalyzing Neighborhood Investment* strategy offers funding to spur the creative use of community assets which serve as catalysts for neighborhood investment. *The Pre-Development Fund* supports the pre-development phase of equitable real estate development projects in Cook County. Using non-recoverable grants, the aims to support community-based Black and Latinx developers in covering the costs of pre-development services, which are incurred before site acquisition and construction and pertain to due diligence and preliminary plans and specifications. Catalyzing Neighborhood Investment

*Together We Rise: For an Equitable and Just Recovery* is a collaborative effort of public and private stakeholders, tasked with guiding principles programs and projects for the equitable rebuilding of Chicago's Black and Latinx neighborhoods, post-pandemic. The three main goals include a philanthropic fund for catalytic grants and investments, equitable business practices in the private sector, and sustainable public policy and systems changes. We Rise Together

**MacArthur Foundation.** Vital Communities: Investing targeted resources in a small number of place-based initiatives and organizations that provide infrastructure support to neighborhoods. The investment strategy is to seed early investment in commercial corridors and industrial clusters and provide support to creative placemaking and place-keeping initiatives, particularly when responsive to community needs, can help to spur comprehensive community and economic development. An example of a project receiving Vital Communities grant is the Endeleo Institute, who received a $250,000 grant to expand organizational capacity through the addition of staff and consultants to coordinate development of the South 95th Street Corridor in the Washington Heights neighborhood. Vital Communities

**Polk Bros. Foundation.** The Strong Communities initiative invests in workforce development, housing, community and economic development, legal services and safe communities. Investments focus on immediate needs as well as systems-level improvements that address root causes of persistent challenges. Their economic development platform supports initiatives which foster job and wealth creation through the start-up and growth of businesses and preparing people for jobs in growth industries through pre-employment and occupational skills training. Strong Communities

**Chicago Workforce Funder Alliance.** The Funder Alliance is seen as the region's major convener of the philanthropic community interested in workforce development and employment and was launched by five founding workforce funders: the Chicago Community Trust, the Joyce Foundation, the Lloyd A. Fry Foundation, the Robert R. McCormick Foundation and the Polk Bros. Foundation. It collaborates with employers and other workforce stakeholders to increase employment, earnings and racial equity for underprepared workers in the Chicago region. The Funder Alliance convenes the Calumet Manufacturing Industry Sector Partnership focused on manufacturing in Chicago's Calumet region, within a company-led sector-based partnership for the broader Calumet economic region. Calumet Manufacturing Industry Sector Partnership

## 1.2 Local Programs and Incentives

The RLE TSD project area has access to numerous programs and incentives, from a variety of sources. The project area is wholly within the State of Illinois and City of Chicago, whose administration of incentives is largely managed by the Department of Planning and Development (DPD), the Department of Housing (DOH) or local Community Development Corporations (CDCs). The following is a list of available incentive salient to the RLE TSD project area and market area. Key programs administered by IHDA for housing finance and DCEO for EGCE Corporate tax credits are also included along with City of Chicago Administered programs. A more comprehensive list of Federal and State incentives and programs can be found in section 2.

It is important to note that CMAP analyzed local economic development incentives in late 2013, with subsequent updates in 2020. Those reports can be found here Local incentives - CMAP (illinois.gov). CMAP reported that local incentives play a major role within the overall economic development landscape, and that the unique nature of the Cook County's property tax assessment classification system, which shifts the property tax burden toward commercial and industrial properties impedes economic development in many communities in Cook County.

### 1.2.1 IHDA Housing Financing Programs

The Illinois Housing Finance Agency (IHDA) offers a variety of programs to finance both rental and owner-occupied housing. Each of these programs is discussed in greater detail in Section 1.4, Focused Affordable Housing Financing Tools. Briefly, the programs are:

- IHDA Multifamily Financing Program

IDHA offers low-interest rate construction and permanent financing for development and preservation of affordable housing throughout Illinois, including Chicago. IHDA partners with lenders, developers, municipalities, local housing authorities, not-for-profit organizations, and community groups to deliver low-cost financing options using bond and first mortgage loan programs.

- IHDA Low Income Housing Tax Credits (LIHTC)

The Low-Income Housing Tax Credit (LIHTC) program is a Federal program designed to create affordable housing in qualified census tracts. The Low-Income Housing Tax Credit program has become the most successful affordable housing production program in the country and is a key incentive for income-restricted housing development in Chicago. The LIHTC program gives State and local LIHTC-allocating agencies billions of dollars in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. Section 1.4 Focused Affordable Housing Financing Tools offers more detail on the LIHTC program.

- IHDA Illinois Affordable Housing Tax Credit

Known as the Donation Tax Credit, the Illinois Affordable Housing Tax Credit (IAHTC) provides a $0.50 state income tax credit for each dollar contributed to a qualified affordable housing project. Donations may include cash, securities, real property, or personal property and must total at least $10,000. Affordable housing project sponsors must be non-profit organizations, and rental units must be affordable by households earning up to 60 percent of area median income. The City of Chicago received 24.5 percent of each annual allocation.

- Additional IHDA Housing Financing Programs

Additional housing financing programs offered by IHDA include the Rental Payment Program, which provides up to 15 months of emergency rental assistance; and the Homeowner Assistance Fund (HAF) Program, which offers homeowners up to $25,000 to prevent mortgage delinquencies, defaults, and other financial hardships.

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### 1.2.2 EDGE Tax Credit Program

The State of Illinois and administered by DCEO is the Economic Development for a Growing Economy (EDGE) Tax Credit. The EDGE credit offers tax credits to companies creating new employment opportunities for Illinois residents and is equal to the amount of state income taxes withheld from the salaries of employees in newly created jobs and may be used to off-set corporate income tax liabilities. EDGE agreements typically have 10-year terms and are a valuable tool for developers and employers who facilitate significant job creation.

Illinois' EDGE program provides annual corporate tax credits to qualifying businesses which support job creation, capital investment and improve the standard of living for all Illinois residents. Initial qualification criteria requires job creation of a minimum of 50 new full-time jobs, and project investment requirement of $2.5 million for companies with greater than and less than 100 world-wide employees. The non-refundable income tax credit is equal to 50 percent of the income tax withholdings of new job created in the state. This percentage increases to 75 percent if the business expansion project is located in an underserved census tract.

### 1.2.3 Class 6(b) Property Tax Incentive

The Class 6(b) program offers a 12-year reduction in real estate assessments from the standard Cook County industrial rate of 25 percent. Qualifying properties are assessed at 10 percent for the first 10 years, 15 percent for the 11th year and 20 percent for the 12th year. Properties must be used for industrial purposes and involve new construction, substantial rehabilitation, and re-occupancy of abandoned industrial property

### 1.2.4 Class 7(a) and 7(b) Tax Incentive

The Class 7(a) and 7(b) programs offer real estate tax incentives for commercial projects in specific areas. Qualifying properties can receive a 12-year reduction in real estate assessments from the standard Cook County commercial rate of 25 percent. Qualifying properties are assessed at 10 percent for the first 10 years, 15 percent for the 11th year and 20 percent for the 12th year. The area must be a Redevelopment Area, Empowerment or Federal Enterprise Zone.

### 1.2.5 Class 7(C) Tax Incentive

The Class 7(C) Commercial Urban Eligibility (CURE) program offers real estate tax incentives for commercial properties regardless of where they are located. Qualifying properties can receive a five-year reduction in real estate assessments from the standard Cook County commercial rate of 25 percent with no minimum investment required. Qualified properties are assessed at 10 percent for the first three years, 15 percent for the fourth year and 20 percent for the fifth year. Properties must involve new construction, substantial rehabilitation, and re-occupancy of abandoned commercial property.

### 1.2.6 Class 8 Tax Incentive

The Class 8 program offers reduced Cook County property tax rates on large scale, minimally ten contiguous acres, commercial and industrial projects in areas experiencing severe economic depression. Qualifying properties can receive a 12-year reduction in real estate assessments from the standard Cook County rate of 25 percent. Reduced rates are the same as the 6(b). Qualifying properties are assessed at 10 percent for the first 10 years, 15 percent for the 11th year and 20 percent for the 12th year.

### 1.2.7 Class C Property Tax Incentive

The Class C program offers reduced Cook County property tax rates on commercial and industrial properties that have substantial environmental contamination. Rates are the same as the 6(b). Qualifying properties are assessed at 10 percent for the first 10 years, 15 percent for the 11th year and 20 percent for the 12th year. Remediation costs must exceed $100,000 or 25 percent of the property market value in the prior year.

### 1.2.8 Class L Property Tax Incentive

The Class L program encourages rehabilitation of commercial, industrial, and multifamily properties that have been designated as official City landmarks or contributing buildings in designated landmark districts. Qualifying properties are assessed at 10 percent for the first 10 years, 15 percent for the 11th year and 20 percent for the 12th year. Work must meet or exceed the U.S. Department of the Interior's standards and be used for either commercial, industrial, multi-family, or non-profit purposes.

### 1.2.9 Cook County Land Bank Authority

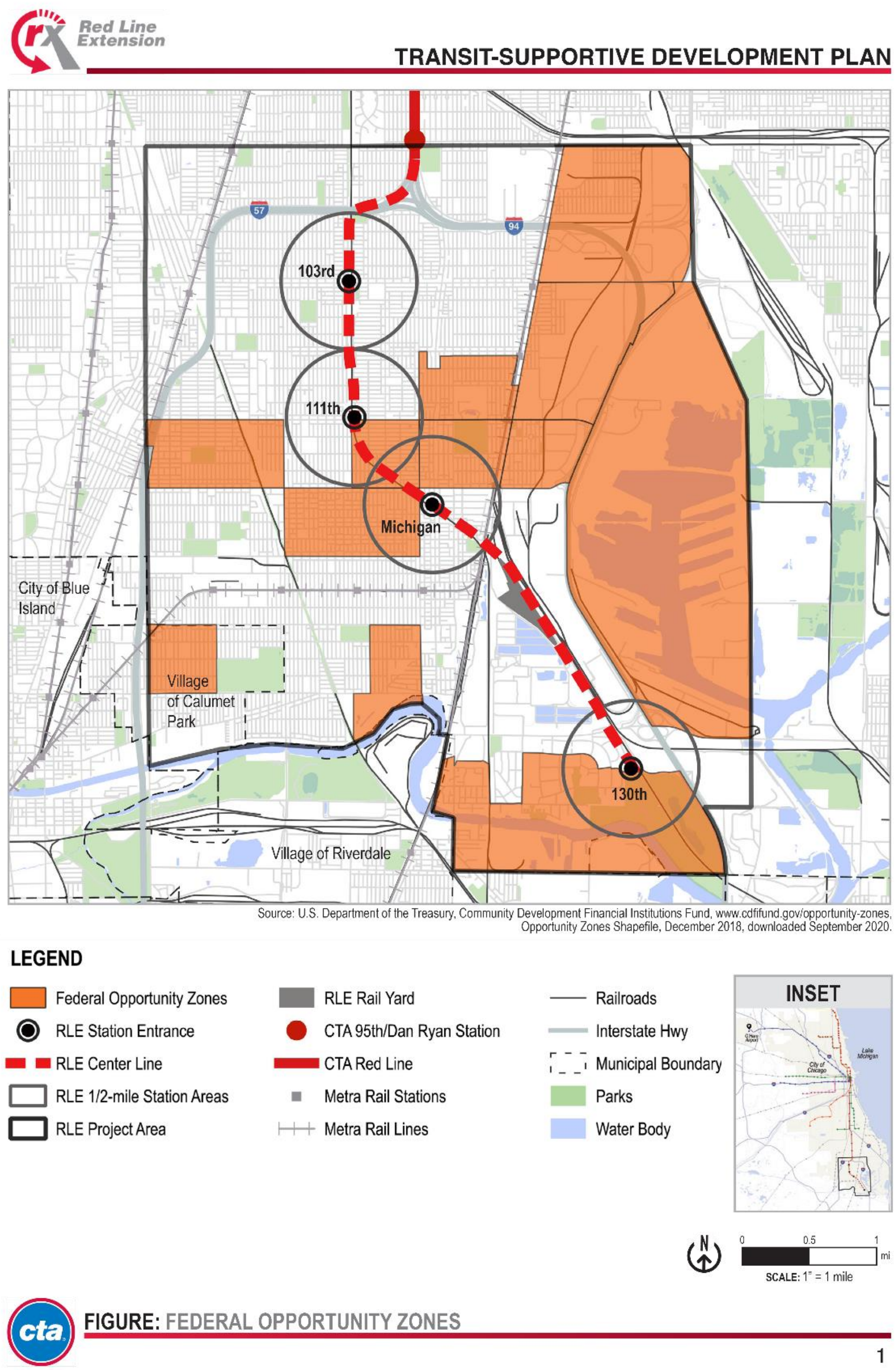
The Cook County Land Bank (CCLBA) is a unit of government and acquires, holds, and transfers interest in real property throughout Cook County to: promote redevelopment and reuse of vacant, abandoned, foreclosed or tax-delinquent properties; support targeted efforts to stabilize neighborhoods; stimulate residential, commercial and industrial development- all in ways that are consistent with goals and priorities established by local government partners and other community stakeholders. Working independently and with/by request of municipal and other partners, CCLBA will acquire properties, liens, notes or deeds through purchase, donation, forfeiture and other transfers. CCLBA will hold title and maintain properties tax free. CCLBA will extinguish delinquent taxes and liens as permitted by law, and, in some cases, demolish/deconstruct buildings, with the intent of preparing property for conveyance back to "the market" or to other uses. CCLBA will also lease/adopt interim uses for properties as necessary and appropriate. CCLBA offers a Homebuyer Direct Program to support prospective home buyers find a property within the land bank inventory, and partners with local lending partners offering homebuyers financing options.

The RLE corridor includes a significantly large number of CCLBA parcels. These can present as opportunities as development increases in line with the RLE progress. In March 2022, the City Council Committee on Housing and Real Estate approved an ordinance that would allow the City to participate directly in the Cook County Scavenger Sale and contract the CCLBA to hold, manage, and sell City-owned vacant lots. The City wants to work with the CCLBA to expedite development of vacant lots. The two entities working in partnership will help the City find buyers to redevelop the land, returning it to tax rolls, and preventing speculative investors from buying land without redevelopment plans

### 1.2.10 Opportunity Zones

Chicagoland Opportunity Zones Consortium

The Chicagoland Opportunity Zones Consortium supports Chicagoland projects navigate the federal Opportunity Zone program, which is a public-private partnership tool that encourages private investment in low-income communities. The program offers tax incentives for qualified investors who make new capital investments in Opportunity Zone tracts, which are located predominantly in Chicago's South and West sides. The incentive allows the investor to defer tax on any eligible capital gains. The investments made provide equity to businesses and developers to implement community-benefiting projects.


Red Line Extension
TRANSIT-SUPPORTIVE DEVELOPMENT PLAN
57
94
103rd
111th
Michigan
130th
City of Blue Island
Village of Calumet Park
Village of Riverdale
Source: U.S. Department of the Treasury, Community Development Financial Institutions Fund, www.cdfifund.gov/opportunity-zones, Opportunity Zones Shapefile, December 2018, downloaded September 2020.
LEGEND
Federal Opportunity Zones
RLE Station Entrance
RLE Center Line
RLE 1/2-mile Station Areas
RLE Project Area
RLE Rail Yard
CTA 95th/Dan Ryan Station
CTA Red Line
Metra Rail Stations
Metra Rail Lines
Railroads
Interstate Hwy
Municipal Boundary
Parks
Water Body
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0.5
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SCALE: 1" = 1 mile
cta
FIGURE: FEDERAL OPPORTUNITY ZONES
1

### 1.2.11 Enterprise Zone Program

Enterprise Zone Program Details

Businesses located within Chicago's six Enterprise Zones are eligible for State of Illinois tax incentives, exemptions, and other benefits that stimulate economic activity. Existing Enterprise Zone businesses and businesses relocating to an Enterprise Zone can lower operating expenses and increase profits by taking advantage of the many tax incentives offered through the program. Incentives include Combined Sales Tax Exemption (State, Cook County, City) of 9.25 percent for building material Machinery and Equipment Consumables/Pollution Control Facilities Sales Tax Exemption: 6.25 percent for property to be used for manufacturing or in the operation of a pollution control facility. Utility Tax Exemption: A state exemption on gas, electricity and the Illinois Commerce Commission's administrative charge/telecommunication excise tax. Investment Tax Credit: A state investment tax credit of 0.5 percent is allowed for machinery, equipment and buildings. Dividend Income Deduction: Zero tax on dividend income from corporations doing substantially all their business in an Enterprise Zone. Jobs Tax Credit: Allows a business a $500 credit on Illinois income taxes for each job created in the Zone for which a certified eligible worker is hired. Interest Deduction: Financial institutions are not taxed on the interest received on loans for development within an Enterprise Zone. Contribution Deduction: Double the value of a cash or in-kind contribution to an approved project of a designated Zone organization from taxable income.

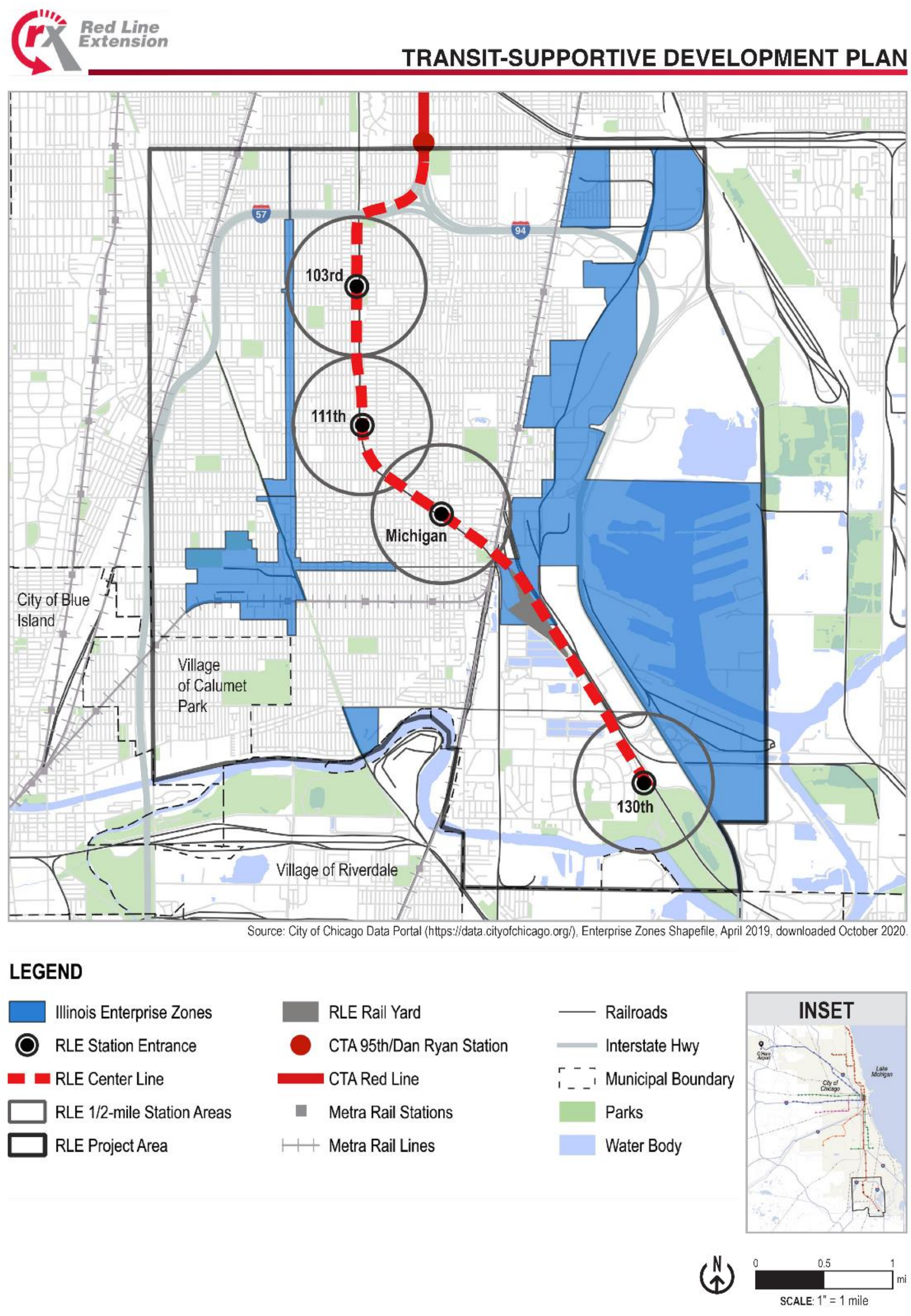


FIGURE: ILLINOIS ENTERPRISE ZONES

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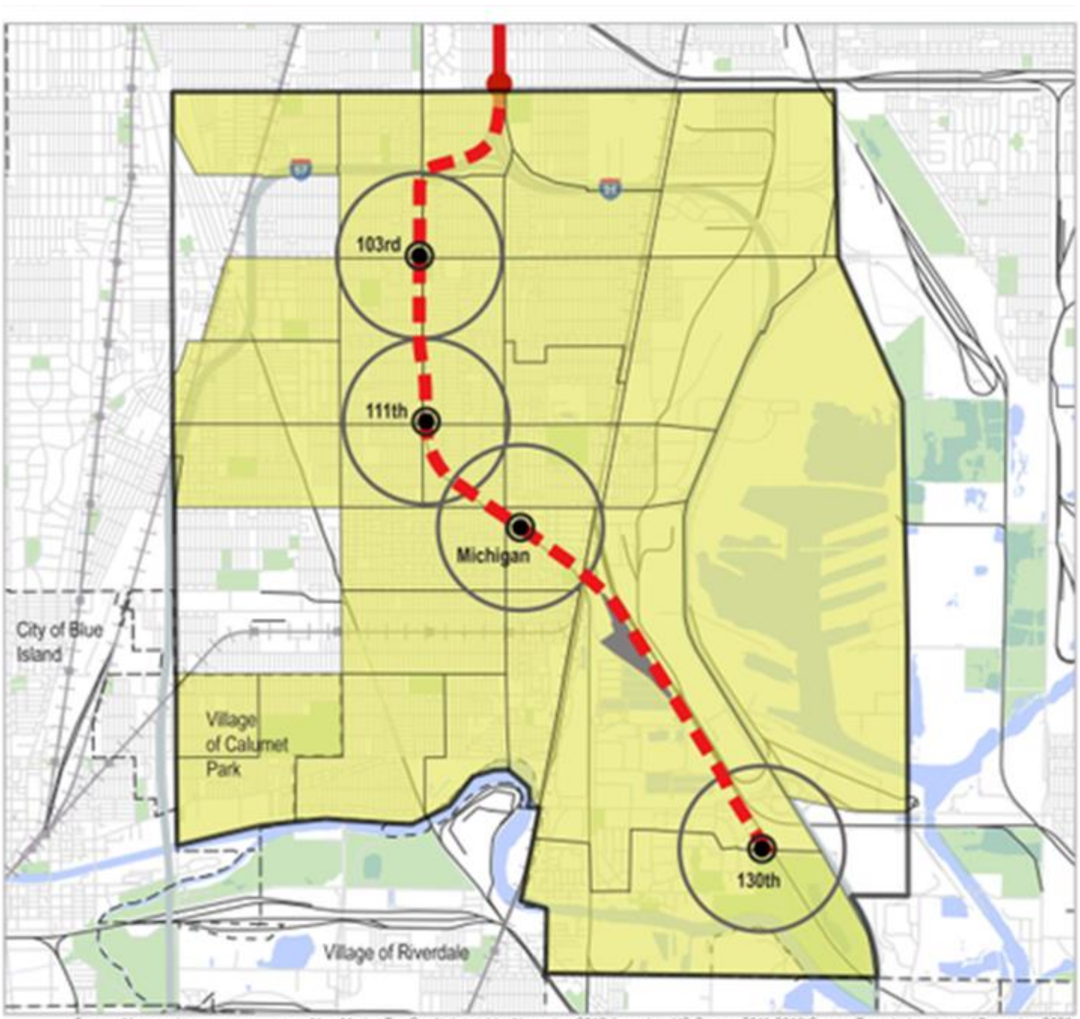
## 1.2.12 New Market Tax Credits

The New Markets Tax Credits program is a federal initiative that generates employment and other economic development benefits in low-income communities. The program works through the City of Chicago's Chicago Development Fund to provide income tax credits to financial institutions in exchange for investment in businesses or real estate projects in qualifying areas in Chicago. Projects are located in areas experiencing economic distress and typically include industrial businesses and developers of industrial facilities, developers of grocery-anchored retail developments within identified eligibility areas, and cultural and community facilities.




Source: Novogradac, www.novoco.com, New Market Tax Credit data table, November 2017 (based on US Census 2011-2015 Census Tracts), downloaded December 2020.

### 1.2.13 Industrial Development Revenue Bonds

Like the IFA, the City of Chicago issues tax-exempt Industrial Development Revenue Bonds (IDBs) and lends their proceeds to manufacturing companies to finance qualified development projects. IDB proceeds may also be used for either new construction or renovation. Tax-exempt bond financing offers long-term financing at rates lower than conventional financing. Bond proceeds are limited to facilities that are primarily used to manufacture or process tangible products, The acquisition of fixed assets such as land, buildings and equipment.

### 1.2.14 Neighborhood Opportunity Fund

The Neighborhood Opportunity Fund has promoted equitable neighborhood development since its creation in 2016. The fund provides resources to encourage development in West, Southwest and South Side commercial corridors. Funds for the program are generated through the Neighborhood Opportunity Bonus in the Chicago Zoning Code, which enables developers of downtown construction projects to increase floor area in exchange for voluntary payments. The Neighborhood Opportunity Fund receives and allocates 80 percent of all downtown bonus payments. Proceeds are used to support commercial corridor investments involving grocery stores, restaurants, service providers, cultural facilities and uses that address other neighborhood needs. Funding is provided as grants to private and public agencies for projects that align with community-based goals. Costs eligible for grants include site preparation and assembly, roof repair and façade improvements, building acquisition, demolition and remediation, and minor site improvements.



### 1.2.15 Chicago Recovery Plan Community Development Grants

The Chicago Recovery Plan Community Development Grant program offers small grants up to $250,000 and large grants up to $5 million. Businesses in historically disinvested neighborhoods will be prioritized for the grants in an effort to ensure the city's recovery equitably benefits Black and Latino neighborhoods. Projects can include commercial, mixed-use and industrial developments and can fund building costs, including pre-development, construction and renovations. Eligible projects could include storefront upgrades and mixed-use developments with dining, retail or entertainment components. City funds can cover up to 75 percent of total anticipated costs of the project.

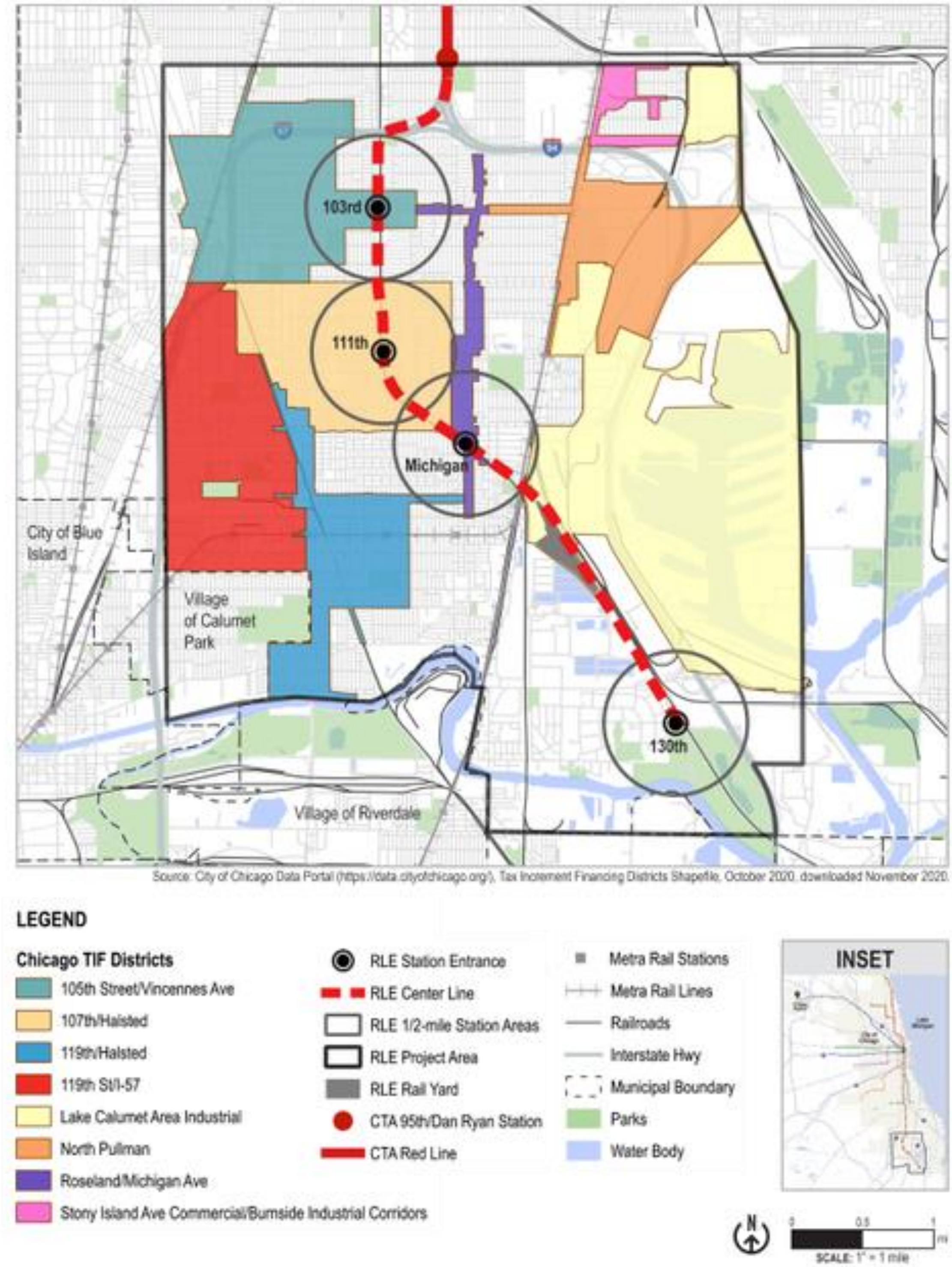
### 1.2.16 Tax Increment Financing

TIF provides financial assistance to businesses that are investing in designated parts of the city that are blighted or in danger of becoming blighted. Funds for private development projects are allocated to build and repair roads and infrastructure, clean polluted land, and put vacant properties back to productive use. Funds are generated by growth in the Equalized Assessed

Valuation (EAV) of properties within designated districts over a period of 23 years. Businesses utilize the new revenues, typically generated by their own properties, for specific purposes that are identified in redevelopment agreements that are subject to approval by the Community Development Commission and Chicago City Council. The assistance is typically provided in annual installments following a project's completion.

Development costs that may be eligible for TIF assistance include:

- Acquisition of land and site preparation
- Building rehabilitation/repair
- Fixtures and leasehold improvements
- Public works improvements
- Job training and welfare-to-work programs
- Certain financing costs
- Relocation costs
- Payments in lieu of taxes
- Taxing district capital costs
- Day care services
- Certain costs associated with the development of affordable housing




Source: City of Chicago Data Portal (https://data.cityofchicago.org/), Tax Increment Financing Districts Shapefile, October 2020, downloaded November 2020.

**Small Business Improvement Fund**

The SBIF program uses TIF revenues to help owners of commercial and industrial properties repair or remodel their facilities for their own businesses or on behalf of tenants. Program participants receive matching grants to cover half the cost of remodeling work, with a maximum grant amount up to $150,000 for industrial properties and $100,000 for commercial properties. Grants do not have to be repaid. Grants are provided to business and property owners in eligible TIF districts after remodeling work is completed.

Eligible costs include but are not limited to new windows, floors or roof, sign removal and replacement, tuck pointing, new heating, ventilation and air conditioning, improvements for disabled access, and purchase of adjacent property.

**Streamlined TIF**

Streamlined-TIF provides expedited access to valuable grants for the improvement of industrial, commercial, retail or residential mixed-use properties in TIF districts citywide. The program incorporates an easy-to-use application form and efficient approval process to pay up to 25 percent of renovation, expansion, or redevelopment costs.

Assistance ranges from $25,000 to $1 million and can be applied toward land acquisition, site preparation, environmental remediation, building rehabilitation and repair, tenant improvements, and job training and welfare-to-work programs.

**TIF Works**

TIFWorks funds workforce-training initiatives for companies located in designated TIF districts. With TIFWorks support, businesses can become better equipped to improve performance and productivity, expand product lines and gain new customers. Training types may include classroom training, on-the-job training, seminars, workshops, pre-packaged training courses, and related workforce development instruction.

TIFWorks program participants may include a business, labor or industry association located within an eligible TIF district. A group of employers with common training needs that will place trainees in a business or businesses located within an eligible TIF district.

**Transit TIF District**

The newly created Transit TIF district tool was developed to capture tax increment to support major transit capital investments. A Transit TIF will play a critical role in the funding of the RLE program; in particular, serving as the local match to secure substantial federal funding. The current amendment to the Transit TIF legislation increases the available funding for RLE station improvements and extends the southern boundary of the district to 134th Street. The significance to the Economic Development Plan is the utilization of Transit TIF funds on transit projects only, allowing the surrounding existing TIF districts to be focused on the community development projects around the new station areas, not the station facilities as their infrastructure will be funded via the Transit TIF District.

### 1.2.17 City-owned Land Sale Programs

City-owned real estate is available for purchase and redevelopment for below market or market rate programs. In the South and West sides of the city, below market rate land is available through the Adjacent Neighbors Land Acquisition Program (ANLAP) and Large Lots programs. ANLAP allows neighbors to purchase lots contiguous to their primary residence and use the land for open space, a garage, or an addition to their home for a minimum of 10 years. Large Lots is a neighborhood stabilization initiative to help property owners, block clubs and non-profit groups purchase City-owned land for $1 per parcel. The lots may be used to expand the yards of existing homes, for beautification, for gardens, for housing, and be held in ownership for least five years.

Market-rate land sales can occur through request for proposals (RFPs), sealed bids, broker sales, and surplus public buildings under disposition. A reduced purchase price is considered for not-for-profit community-based organizations and for targeted development areas when the proposed development meets the redevelopment goals of the community and provides tangible public benefits, such as affordable housing units, new or retained jobs, new retail services in an underserved community, cultural activities, social services, or fiscal benefits.

### 1.2.18 Small Business Loan Program

Small business loans up to $250,000 are available through a partnership between the City of Chicago Treasurer's Office and community-based lenders. The program targets a variety of small and high-growth companies that can utilize loan proceeds for equipment purchases, working capital, inventory, leasehold improvements, expansion, contract purchase-order financing, and other uses.

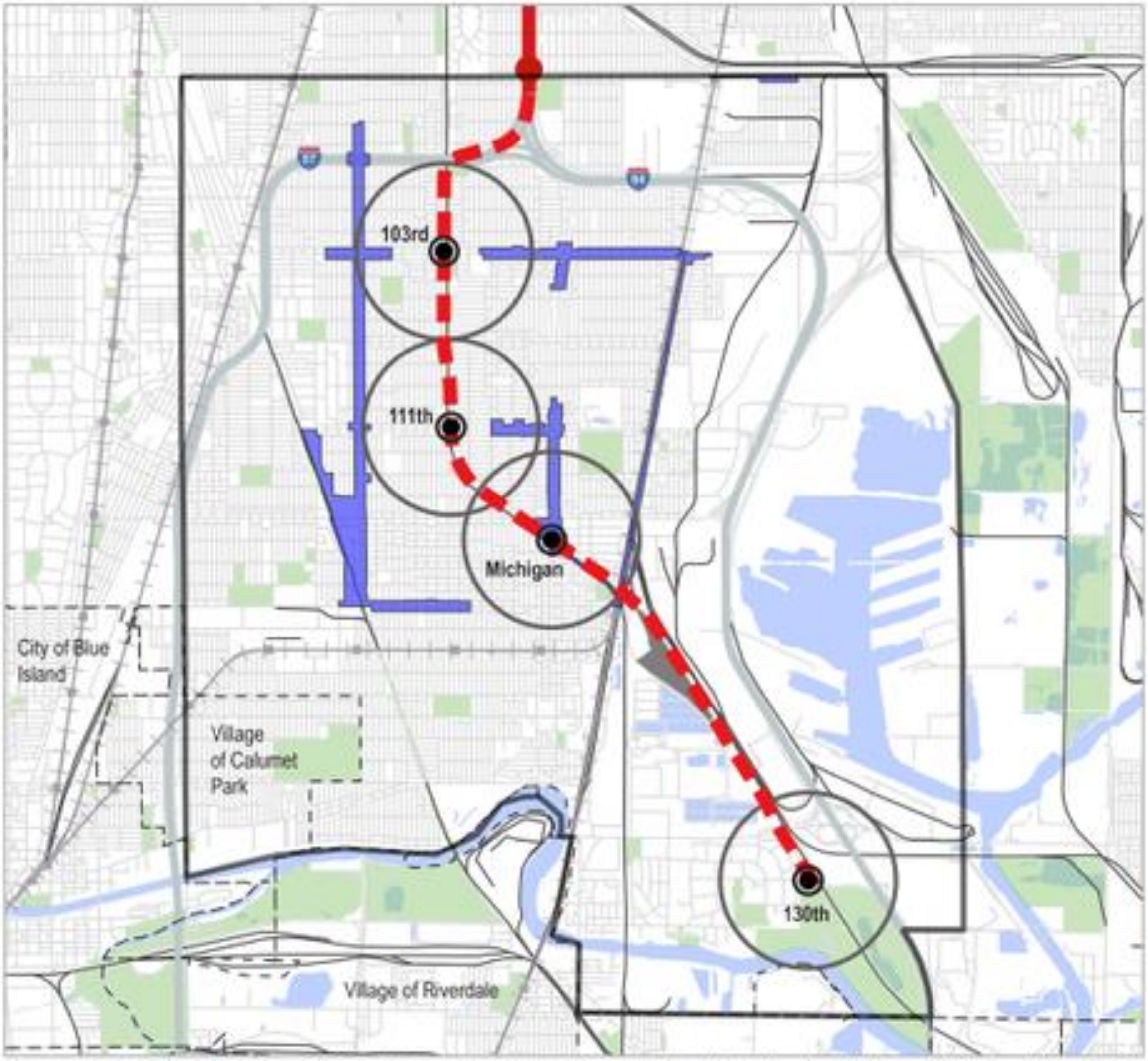
Program participants may include businesses operating for less than three years with insufficient collateral to qualify for a standard loan, and with less than $2 million net sales over the last two years. Additionally, small contracting firms with less than $2 million net sales over the last two years may participate.

### 1.2.19 Chicago PACE

The Chicago Property Assessed Clean Energy Program (PACE) was created in 2017 and born out of Illinois authorizing legislation to accelerate private investment in energy projects on existing and newly constructed buildings. The program, which enables private sector funding for the costs of energy projects, will serve to further the City's sustainability and economic development goals, for the benefit of Chicago businesses and residents. Chicago PACE facilitates financing and refinancing of the installation or modification of alternative energy, energy efficiency, resiliency or water use improvements or the acquisition, installation or improvement of a renewable energy system for privately-owned commercial, industrial, and multi-family (five or more units) properties. Through Chicago PACE, property owners may finance up to 100 percent of the cost of installing or modifying energy improvements, including related equipment, materials, labor, soft and closing costs. Repayment is made through assessments levied on the property that are billed and collected semi-annually in accordance with the City's property tax payment schedule. This voluntary assessment represents a senior lien on the property being improved and may automatically transfer upon any sale of the property. The program also connects property owners with architects and contractors with experience in energy efficiency projects for planning and implementation.

### 1.2.20 Special Service Areas (SSA)

The SSA program is a mechanism for funding business-oriented support services and programs within contiguous industrial, commercial and residential areas. The services and programs are financed through localized property tax levies and managed by a local service provider, including not-for-profit development corporation, chambers of commerce, and business and industry groups. Services are provided to businesses within a specific geographic area and include maintenance, beautification and safety, business retention/recruitment, and marketing, advertising and promotions. Special Service Area 71 supports the 103rd Street, 111th Street, Cottage Grove, and Michigan Avenue commercial corridors. Special Service Area 45 supports Halsted Street, from 97th to 119th.



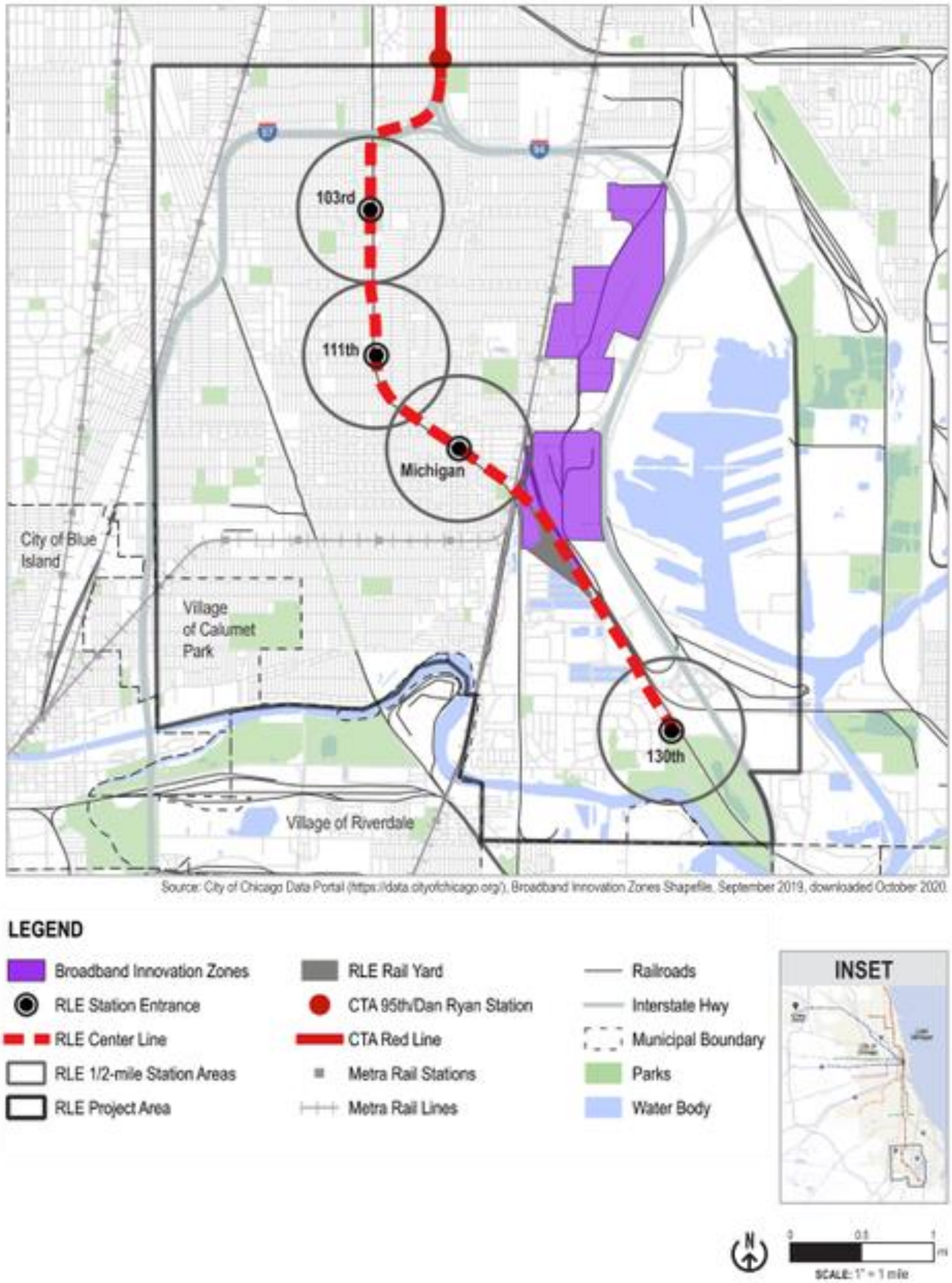

Source: City of Chicago Data Portal (https://data.cityofchicago.org/), Boundaries-Special Service Areas Shapefile, January 2020, downloaded November 2020.

### 1.2.21 Neighborhood Business Development Centers (NBDC)

Neighborhood Business Development Centers help start-up entrepreneurs and existing business owners with connecting businesses to financial resources, employment and workforce development assistance, and business-to-business networking and community-connection opportunities. The Far South CDC is the local NBDC agency serving the RLE area.

### 1.2.22 Broadband Innovation Zones

The Broadband Innovation Zones are commercial and industrial corridors the City of Chicago has initially targeted for the private provision of gigabit or near-gigabit broadband speeds for businesses, universities and schools, hospitals, research institutions, and other community organizations. The goal of this initiative is to foster innovation, drive job creation, and stimulate economic growth through the provision of ultra-high-speed internet service at prices substantially below current market rates.




Source: City of Chicago Data Portal (https://data.cityofchicago.org/), Broadband Innovation Zones Shapefile, September 2019, downloaded October 2020.

# 1.3 Focused Community Revitalization Programs

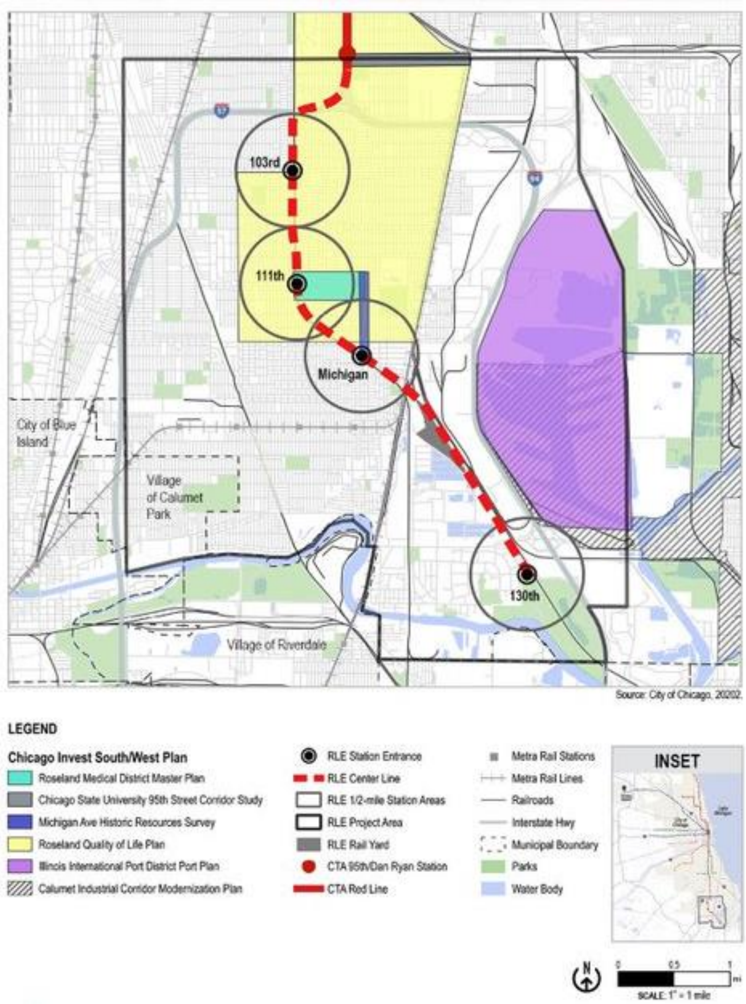
## 1.3.1 INVEST South/West, City of Chicago

INVEST South/West

Launched in 2019, INVEST South/West has a comprehensive toolkit designed to re-activate neighborhood cores that have historically served as focal points for pedestrian activity, shopping, services, transportation, public spaces and quality-of-life amenities for local residents. Without exception, these commercial corridors have experienced public and private disinvestment for nearly 75 years, which has led to reduced property values, public safety concerns, and a corresponding increase in abandoned buildings, vacant lots and blight. INVEST South/West is intended to reverse these systemic trends with targeted improvements that benefit existing residents and businesses. The INVEST South/West toolkit includes preserving buildings which highlight the character of a community, streetscape improvements, the beautification of vacant lots, public art and programming, and strengthening the local economy in each corridor.

Beginning with 10 priority communities, INVEST South/West focuses city and community leader efforts on key corridors, including 111th and Michigan in the RLE project area Greater Roseland is one of ten priority communities selected as a part of the initial phase of INVEST South/West commercial corridor improvement strategy. The Greater Roseland region consists of the Roseland, Pullman and West Pullman community areas.

The Greater Roseland priority corridors include 111th Street as it passes through the Roseland Medical District and the historic Michigan Avenue commercial area as it passes through the northern half of the Michigan Avenue station area.



### 1.3.2 Elevated Chicago

Elevated Chicago Initiative and Workplan

Developed in 2017, Elevated Chicago is a collaborative partnership of organizations committed to Equitable Transit-Oriented Development by transforming the half-mile radius around transit stations into hubs of opportunity and connection across Chicago's transit system. The ground-up initiative, led by 16 local community groups and supported by community development financial institutions and foundations, aims to create community-focused centers by removing barriers to development, providing local residents resources to guide development and to align, cultivate, and deploy capital for development around the stations. Elevated Chicago views transit corridors as optimal locations where arts and culture, urban design, social programming and development can create civic assets enabling innovative and equitable development with a focus on public health and climate resiliency outcomes.

With support from SPARCC, Elevated Chicago will transform decision-making structures so that low-income residents and people of color strengthen their power and influence, and so equity values are embedded in the urban development process and in its outcomes. The initial work in four pivotal communities will guide and inform a longer-term commitment to scale this model regionally. SPARCC (Strong, Prosperous, And Resilient Community Challenge) is investing in the local efforts of six regions across the country, including Chicago, to ensure that major investments lead to equitable and healthy opportunities for all.

The Elevated Chicago workplan was developed through a collaborative Community Table and Working Group process involving three interrelated themes—People, Place, and Process. The goals are:

- Amplify resident power, and centered around strategies for capacity building, fostering local ownership of land, homes, and businesses, as well as a broader sense of community ownership of public spaces and neighborhood assets.
- Create accessible green space and infrastructure for health and climate resilience, healthy green affordable housing, and transit-oriented community spaces.
- Set community priorities and funding decisions through meaningful community engagement and ownership models, an equity, diversity, and inclusion lens, and a streamlined coordination of existing capital sources.

Workplan examples to apply corridor-wide include:

- Identify and support high potential projects that are not currently "shovel ready."
- Implement community and green infrastructure asset mapping to increase awareness of transit assets.

- Workforce development and community advisory programs for community shared kitchens supporting food production start-up businesses.
- Collective land ownership model to ensure affordable housing and support local business growth.
- Business coaching for small and home-based businesses and entrepreneurs.
- Support on-going growth and sustainability of business incubators.
- Create a local food hub to create jobs and economic development opportunities.
- Develop a community entrepreneurship and manufacturing center in a former CPS school, with a focus on positive development for local youth.
- A co-working and small business technology incubator in a former school.
- Install pop-up art and local business markets.
- Create a transit-centered plaza for community events.
- A worker-owned nursery, landscaping service with a hiring hall and garden supply center

### 1.3.3 Equitable TOD Pilot Projects

City of Chicago - eTOD Pilot Program

The City of Chicago is accepting project applications for the newly created ETOD Pilot Program. They are seeking applications for projects in any stage of development that would enable all people regardless of income, ethnicity, age, gender, immigration status or ability to experience the benefits of dense, mixed-use, pedestrian-oriented development near transit hubs. Projects may include housing, commercial space, community space, placemaking projects, public art interventions, or other initiatives to promote walkable, accessible, and affordable communities near transit. to experience. Projects will be evaluated on four criteria: feasibility, advancing equity, alignment with program goals, and transit orientation.

### 1.3.4 Neighborhood Access Program (Cultural Development)

Including arts and culture in neighborhood development is supported the Neighborhood Access Program, whose goal is to enhance the cultural vitality of every Chicago neighborhood via grant programs and partnerships designed to be responsive to the complex needs of individual communities. Funding is prioritized in the INVEST South/West neighborhoods including Roseland/Pullman and in communities which have not received arts grants funding prior. Local CDCs, Business Associations, and SSAs are able to apply to bring a broad variety of arts and cultural activities, supporting their local business and economic development goals.

### 1.3.5 Chicago Neighborhood Rebuild Pilot Program

The Chicago Neighborhood Rebuild pilot program aims to rehabilitate vacant homes and place at-risk youth in jobs. The program's goal is to invest $6 million to acquire and rehab 50 vacant homes in three neighborhoods through a partnership that will also provide transitional jobs and training opportunities for at-risk youth and ex-offenders. The initiative is expected to generate employment opportunities for about 200 youth to maintain the homes until they are rehabilitated and sold. The funds will help to rehab single-family homes and two-flats in 3 targeted police districts over the next three years. A network of community organizations will ensure the program generates economic opportunities for local contractors, developers, and investors. The rehabbed homes will be marketed and sold at affordable prices.

- The City will partner with the Cook County Land Bank Authority (CCLBA) to acquire the vacant and abandoned properties.
- The Chicago Community Loan Fund (CCLF) will facilitate the acquisition of the properties by private developers and finance their renovations.
- The Community Investment Corporation (CIC) will assist in acquisition efforts by identifying properties that meet the goals of providing affordable housing and building the capacity of local developers.
- The Safer Foundation and the CARA Program will provide classes and workshops that model successful behavior, including financial literacy and job training and placement.

The City's $2 million investment helped leverage an additional $4 million in private capital from MB Financial, Rush University Medical Center, and CCLF for the program. The City and its partners will work with lenders and housing counseling agencies to match the homes with prospective buyers.



## 1.4 Focused Affordable Housing Financing Tools

The development of affordable housing is a key element of successful urban revitalization and strategic development planning efforts. In addition to financing available using federal resources, the State of Illinois, Cook County, and the City of Chicago offer a number of programs and financing tools to expand the availability of affordable housing, which can be used in the RLE project area. These financing tools can be grouped into two major categories: (1) tools that can facilitate large-scale, mixed-use development on opportunity sites near the planned transit stations, and (2) tools that provide incentives for smaller-scale housing development and preservation in target areas near the planned stations. Offering a diversity of housing programs, financing and funding sources from federal, state and local sources is crucial to implementing the Economic Development Plan’s housing goals. These programs are consolidated and summarized in this section.

### 1.4.1 Tools for Large-Scale Development

Several key programs fund the majority of large-scale affordable housing developments in Chicago, including the following:

- Low-Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) program is a Federal program designed to create affordable housing in qualified census tracts. The Low-Income Housing Tax Credit program has become the most successful affordable housing production program in the country and is a key incentive for income-restricted housing development in Chicago. The LIHTC program gives State and local LIHTC-allocating agencies billions of dollars in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

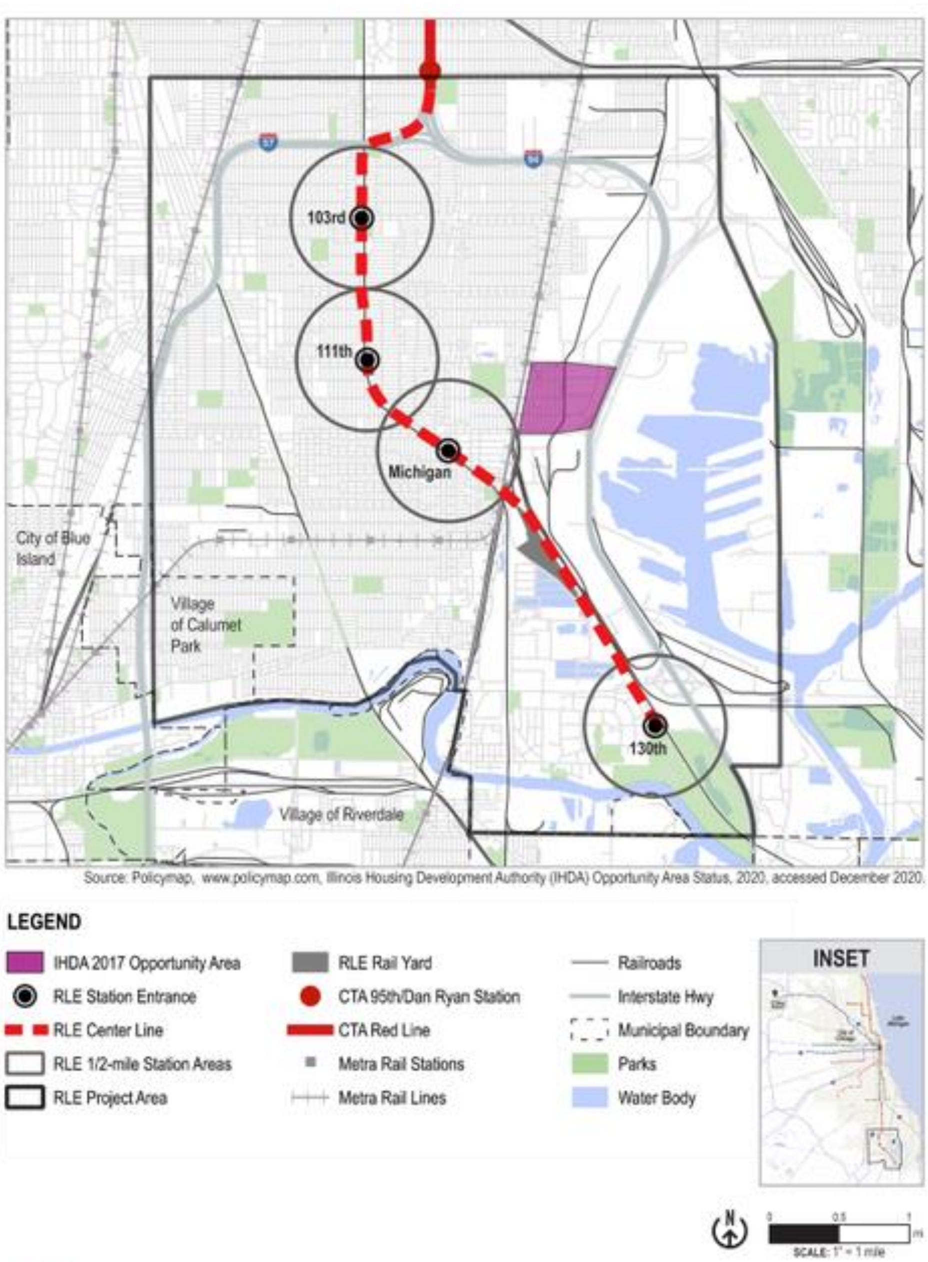
The federal LIHTC program is administered by state housing finance agencies and local allocating agencies. In the RLE TSD Project Area, LIHTC Tax credits are administered by two local entities; the Illinois Housing Development Authority (IHDA) and the City of Chicago Department of Housing (DOH) receive tax credits which they allocate to affordable housing developments. Each state receives a fixed allocation of credits based on its population. The City of Chicago is one of just a few jurisdictions nationwide that receives a low-income housing tax credit allocation authority separate from the state allocation.

The U.S. Internal Revenue Service oversees the LIHTC program, which was established in 1986 to provide incentives that encourage the acquisition and development or rehabilitation of affordable rental units. The tax credits provide a dollar-for-dollar reduction in a taxpayer's federal income tax, which are more attractive to investors than ordinary tax deductions. The credits are sold to investors in exchange for funding for the construction or rehabilitation of affordable housing. The funds allow income-restricted housing developers to borrow less money and pass through the savings in lower rents to tenants.

Two key components of the program are the "nine percent" credit and the "four percent" credit. Each LIHTC allocating agency's nine percent credit allocation is subject to a funding volume cap based on its population. The four percent component of the program is triggered by the use of tax-exempt private activity multifamily housing bonds. Housing bonds and four percent credit are not subject to LIHTC volume cap.

The LIHTC program accounts for the majority (approximately 90 percent) of all affordable rental housing created in the United States today, and, per IDHA, is the most successful affordable housing tool in Illinois. The maximum rent that can be charged is based upon the Area Median Income ("AMI") and is capped at 80 percent of AMI. Rents must be kept affordable for a 15-year initial compliance period and a subsequent 15-year extended use period. Generally, LIHTC-funded properties serve households with incomes up to 60 percent of AMI; however, properties that use an average income test may serve households earning up to 80 percent of AMI, as long as the average unit designation in the property is no more than 60 percent of AMI

Through IDHA LIHTC is awarded under two different methodologies. Under either methodology, a project's "eligible basis" is determined. IHDA evaluates applications against a "Qualified Allocation Plan" (QAP). One criteria in the QAP used to evaluate projects is location. Development can earn up to 10 points, if they are located in Opportunity Areas. As shown on the following map, one Opportunity Area is located in the RLE corridor.




**Nine percent Credits**: Projects for new construction or rehabilitation of an existing building, if not funded by tax-exempt bonds, can receive a maximum annual tax credit allocation based on a rate which is generally nine percent of the project's eligible basis. IHDA awards nine percent credits based on a competitive process via two allocation rounds per year. Projects applying for nine percent LIHTC may leave a financial gap and IHDA will fill the gap at its discretion assuming resources are available. Soft fund resources may include the Federal HOME Program and the Illinois Housing Trust Fund Program.

**Four percent Credits**: Projects with at least 50 percent of the financing coming from tax-exempt bonds can receive a maximum annual tax credit allocation based on a rate which is generally four percent of the project's eligible basis. IHDA accepts applications for tax-exempt bond projects seeking four percent credits at any time. These credits are not awarded via a competitive application round and therefore the project need only satisfy the mandatory requirements under the QAP.

The first step in applying for LIHTCs is to submit a Preliminary Project Assessment (PPA). The PPA addresses project concept, design, location and proposed tenant population. PPAs are either approved or denied by IHDA. Approval of a PPA does not guarantee an allocation of tax credits or any other IHDA resources.

The maximum rent that can be charged for subsidized units in rental developments funded with LIHTCs is based upon the area median income (AMI) and is capped at 80 percent of AMI. Generally, LIHTC-funded properties serve households with incomes up to 60 percent of AMI; however, properties that use an average income test may serve households earning up to 80 percent of AMI, as long as the average unit designation in the property is no more than 60 percent of AMI. All LIHTC properties must comply with income and rent restrictions for 15 years or credits are recaptured. Often an extended compliance period of an additional 15 used is required.

- Chicago Affordable Requirements Ordinance and Affordable Housing Opportunity Fund

The Chicago Affordable Requirement Ordinance (ARO) was first adopted in 2007, updated in 2021, with the goal of increasing the number of affordable housing units in the city. The ARO creates new affordable housing as a result of proposed development projects seeking certain zoning changes, financial incentives or acquiring city-owned land. The 2021 ARO expands off-site options that target Chicagoans in the greatest need for affordable rental housing, while also focusing on anti-displacement measures that allow long-time residents to remain in their communities and benefit from redevelopment.

The ARO requires that developers provide about 10 to 20 percent of their units at affordable rates, either by offering them on site or paying a fee-in-lieu. The percentage of required affordable units varies by location, targeted affordable income ranges, and rental versus for-sale units. The 2021 revised ARO expands its impact by:

- Targeting affordable units in the downtown area, in neighborhoods with low levels of affordability, and in neighborhoods facing displacement. And allowing off-site units to be built in any part of the city lacking in affordable housing or threatened with displacement
- Creating larger, family-size units

- Requires that if the triggering development is in a transit-oriented development (TOD) zone the off-site units must also be in a TOD zone
- Offering more flexibility for off-site units, including through partnerships with affordable developers
- Creating additional incentives for market-rate developers when they exceed the ARO requirements, deepening the affordable level to even lower income families
- Creating a sustainable, dedicated source of funding for affordable housing for low-income renters
- Requires income averaging at 60% and 50% area median income (AMI) tiers to accommodate more low-income earners

- Illinois Housing Development Authority (IDHA) Multifamily Financing Program

As a bank with a public mission, IHDA offers several first mortgage and bond financing options to foster the development and preservation of affordable housing throughout Illinois. IHDA offers low-interest rate construction and permanent financing through one common application process. IHDA partners with lenders, developers, municipalities, local housing authorities, not-for-profits, community groups and others to deliver low-cost financing options through first mortgage loan and bond programs.

IHDA's taxable loan products provide first mortgages with aggressive terms and interest rates, bringing low-cost capital to an increasingly underserved market and enabling the development community to improve the quality and affordability of rental housing in Illinois.

IHDA is an issuer of taxable and tax-exempt bonds. IHDA uses bond proceeds to finance the creation and preservation of apartments affordable to lower-income families in Illinois. As a conduit issuer, IHDA issues short-term and long-term taxable and tax-exempt bonds and loans from a portion of the State's annual volume cap amount. The developer seeks out a private placement or public offering of those bonds to a bank or investor. IHDA can act as bond issuer and lender and provide credit enhancement through its HUD Risk Share Program. IHDA will underwrite the loan to the Risk Share standards and obtain an FHA-insured loan. The developer is able to work with IHDA directly for the bond issuance, bond loan and as-of-right 4 percent LIHTC award. IHDA will also sell the bonds in the marketplace to obtain the bond rate.

- Illinois Finance Authority (IFA) Housing Revenue Bond Program

IFAs Multifamily Housing Revenue Bond Program provides long-term, low-cost capital to experienced commercial and 501(c)(3) not-for-profit developers for the acquisition, renovation, rehabilitation or construction of multi-family rental housing for low- and moderate- income households, including the elderly and disabled.

Benefits of the program include

- Facilitation of sub-prime interest rate
- Facilitation of 4 percent Low Income Housing Tax Credit eligibility
- Choice of variable or fixed tax-exempt interest rate
- Up to 100 percent financing (subject to lender approval) Type of Financing Tax-exempt bonds for the acquisition, rehabilitation and construction of apartment buildings

Eligibility requirements include that the developer must satisfy customary unit and income tests established for federal housing programs. A minimum of either (1) 20 percent of the units must be set aside for individuals earning no more than 50 percent of area median income, or (2) 40 percent of the units must be set aside for individuals earning no more than 60 percent of area median income.

- Multifamily Tax Increment Financing Purchase/Rehab Program

One component of Chicago's Tax Increment Financing (TIF) program helps private developers purchase and rehabilitate vacant and foreclosed rental housing and mixed-use buildings within designated TIF districts. The program provides TIF assistance ranging from 30 to 50 percent of the total cost of acquisition and rehabilitation for buildings containing six or more units. Buildings within a two-block radius may be assembled to include six or more units. The amount of TIF assistance is determined by the percentage of apartments that are available for households who earn up to 80 percent of area median income. Household income eligibility restrictions must be maintained for 15 years. This program has been amended to include all Invest South/West Neighborhoods and is eligible to be utilized in the RLE corridor.



- Additional Incentive Programs for Large-Scale Development

Programs that encourage large-scale affordable residential development include:

**Illinois Affordable Housing Tax Credit (IAHTC).** The IAHTC encourages private investment in affordable housing by providing donors of qualified donations with a one-time tax credit on their Illinois state income tax equal to 50 percent of the value of the donation. The donor can choose to transfer the credits to the project, which creates additional project financing through syndication of the credits.

IHDA administers the statewide program, and the City of Chicago Department of Housing (DOH) administers the program in the City of Chicago. IHDA receives 75.5 percent of the annual IAHTC allocation, while the City of Chicago receives 24.5 percent. Each administrative entity has its own application process.

- Eligible donations include money, securities, real estate or personal property. Donations must be provided, without consideration, to a qualified non-profit affordable housing sponsor for an affordable housing project. The donations may be aggregated if more than one donation is received for a development, but the total donation must exceed $10,000. All donors must submit a donor affidavit stating that they understand the donation is eligible for the IAHTC program and whether they will retain or transfer the tax credit certificate. The donation must occur within 12 months of the receipt of an IAHTC reservation. Non-employer-assisted housing projects may apply for a 12-month extension in writing.

**Build Illinois Homes Tax Credit.** Enacted on May 31, 2021, the Build Illinois Homes Tax Credit Act attempts to address the state's shortage of affordable housing by offering incentives to landlords who maintain qualified affordable housing and for the construction or rehabilitation of affordable housing in high- and low-cost neighborhoods. Developers can receive a 30-year reduction in their property tax assessment, if they agree to set aside 20 percent of their units as affordable by households earning up to 60 percent of AMI.

**Cook County Tax Incentive-Class L: Landmarks.** This credit is available for residential and non-residential properties that have been individually designated landmarks or contribute to a designated historic or landmark district. Qualified properties are assessed at 10 percent of fair market value for the first 10 years and at slightly higher rates for the next two years.

**Low-Income Housing Trust Fund Rental Subsidy Program.** This program provides subsidies to landlords for tenants whose household incomes do not exceed 30 percent of AMI. According to DOH data, 79 units in the RLE market area are currently funded by this program.

### 1.4.2 Tools for Housing Preservation and Target Area Development

In addition to key financial incentives that facilitate development of large-scale housing construction and rehabilitation projects, a number of local programs support both rental and owner-occupied housing construction and preservation. These programs can be used to strengthen neighborhoods surrounding the planned RLE transit stations.

- Incentives for Rental Properties

Key programs for rental properties include:

**IHDA Rental Payment Program.** Applicants are eligible for up to 15 months of assistance. The grant can cover the past due rent from the previous 12 months and future rental assistance for the next three months, if deemed necessary. The maximum grant amount is $25,000. The emergency rental assistance is provided by the Federal government and is free to tenant and housing provider. If approved, the grant will be paid to the housing provider in the form of a check.

**Preserving Communities Together (PCT).** The PCT program facilitates the rehabilitation of vacant and abandoned properties, including City-owned properties as well as properties that the City could acquire and sell to the program applicant. Approved applicants are required to provide

DOH with rehabilitation work scopes and evidence of financing to cover acquisition and rehab costs.

**Community Investment Corporation (CIC) and Local Lenders.** In September 2020, 40 banks provided a commitment of $330 million to fund acquisition and rehabilitation of 7,000 affordable housing units on Chicago's South and West Sides. CIC and its investor banks will finance rental units in up to 400 buildings over a five-year period.

- Incentives for Homeownership

Major programs to encourage and strengthen homeownership in RLE target areas include:

**IHDA Homeowner Assistance Fund (HAF) Program.** IHDA offers the Homeowner Assistance Fund (HAF); the program will offer up to $25,000 in assistance to approved applicants. Created by the American Rescue Plan Act, HAF is a new program designed to prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services and displacement of homeowners experiencing financial hardship after January 21, 2020. Approximately $387 million in emergency assistance is available to Illinois homeowners.

**Micro Market Recovery Program (MMRP).** The Micro Market Recovery Program (MMRP) is an initiative of the City of Chicago's Department of Planning and Development that assists in rebuilding distressed communities by reducing the cost of homeownership, creating communities of choice, and attracting new owners to vacant buildings on targeted neighborhood blocks.

The program is based on three principles: strategic targeting of resources to small geographies, collaborative deployment of those resources by private, public and non-profits partners, and comprehensively utilizing those resources to address the specific needs of families, buildings and blocks.

MMRP has ten designated target areas, which includes West Pullman. In each target area, a community partner organization works to increase neighborhood stability through reinvestment in vacant buildings and supporting current homeowners, while increasing the opportunity for new home ownership. The City provides $15,000 in down payment assistance to eligible owner-occupants ready to buy a home in an MMRP area. The City also offers forgivable loans to help current owner-occupants make home repairs.

**Neighborhood Lending Program.** The City of Chicago and Neighborhood Housing Services (NHS) provide home buyers with first and second mortgage loans for the purchase or purchase and rehabilitation of one- to four-unit buildings. Potential homeowners must have household incomes under 80 percent of AMI. Special subsidies enable income-eligible households to afford the loans, including down payment assistance, closing cost assistance, affordability assistance (debt-to-income ratio) and lead-based paint abatement.

**Chicago Housing Trust (CHT), formerly Chicago Community Land Trust.** The CHT provides individuals and families with opportunities to purchase homes at affordable prices by serving as a partner in the ownership process. The program provides homebuyer counseling, identifies potential mortgage lenders, provides attorneys for loan closings, assists with applications for reduced property taxes, and assists with property resale. The City provides land and/or subsidies for purchases by eligible buyers. Purchasers agree to resell the home to another income-eligible buyer at an affordable price. Additionally, existing homeowners can take advantage of the Opt-In program, allowing for a home improvement grant and long-term preservation of affordable housing.

**City Lots for Working Families (CL4WF).** The City of Chicago provides developers of affordable, single-family homes and two flats with City-owned lots for one dollar each. Each developer can receive eight to 20 lots with a maximum appraised value of $125,000 for each project. Homes built on the lots must be made available to potential purchasers with incomes up to 140 percent of AMI and who use the homes as their primary residences for at least five years. For each homebuyer, the first $50,000 of land value is forgiven over five years. Although land value over $50,000 is recaptured upon sale, the value is land completely forgiven after 30 years.

**Small Accessible Repairs for Seniors (SARS).** This program, which is funded by the City of Chicago, enables seniors who earn up to 80 percent of AMI to make minor repairs to their homes, including grab bars and other features that improve accessibility, carbon monoxide detectors, and smoke detectors. Both owners and renters who reside in one- to four-unit dwellings are eligible to receive assistance, although renters must obtain a certification from their landlord that a rent increase will not occur as a direct result of SARS improvement.

**Single-Family TIF Neighborhood Improvement Program (TIF-NIP).** This City of Chicago program provides grants to homeowners of one- to four-unit dwellings in designated TIF districts to make exterior repairs or improvements. The program is administered by NHS.

**Roof, Porch, and Emergency Heating Repair (©).** These Chicago programs provides loan to owner-occupants for porch and roof repairs and for emergency heating system repairs.

**Historic Bungalow Initiative/Energy Savers.** This program is administered by the Chicago Bungalow Association and provides grants for retrofits and energy-efficiency improvements to low- and moderate-income homeowners of certified Historic Chicago Bungalows.

# 1.5 Focused Employment and Job Creation Programs

## 1.5.1 CNT Urban Opportunity Agenda

Job training is effective, but not successful unless it is paired with an available job. Creating job training programs in partnership with companies and based on their growth needs leads to greater success for the employer and employee. The Urban Opportunity Agenda initiative, a tool of the Center for Neighborhood Technology, pairs workforce development organizations, community colleges and trade schools specifically with local companies to develop curriculum and apprenticeships around the specific needs of local businesses and manufacturers. This program expands sector-specific job training in industrial sectors with good growth prospects and engage employers in the design of workforce training. Review the program here: Urban Opportunity Agenda – CNT.

## 1.5.2 Skills for Chicagoland's Future

Skills for Chicagoland's Future (Skills) is a public-private partnership working to match businesses that have current, unmet hiring needs with qualified, unemployed and underemployed job seekers. Skills development, mentorships, and corporate partnerships merge together to benefit both employers and employees.

## 1.5.3 Chicago CRED

Job training programs which extend beyond skills development and job-matching and also seek to address the bigger economic and social picture. For Chicago - Create Real Economic Destiny (CRED), workforce development is one pillar out of a holistic approach to support neighborhoods reduce gun violence. CRED is working with south and west side communities with three other pillars: street outreach, coaching and counseling, and advocacy and prevention.

## 1.5.4 Hire360

Hire360 focuses on engaging youth to consider the trades as a viable and inspiring career path, mentoring and growing Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) firms and creating a supply chain of partners that are accountable to higher participation standards. Their programs support opportunities for community residents in the hospitality, manufacturing and construction industries through recruitment, training and placement assistance.

### 1.5.5 Greencorps Chicago

Greencorps Chicago offers an opportunity for Chicago residents to create change in their lives and communities through training, service, and career opportunities in environmental fields. The CDOT-led program provides paid job training and a career path for unemployed and underemployed Chicagoans, including returning citizens and those with other barriers to employment. Greencorps gives trainees hands-on skills in greening and landscaping while improving Chicago's public spaces and natural areas and transforming empty lots, medians, and streetscapes into attractive places across the city. Youth job training programs will be available as CDOT is reviving Greencorps Chicago Youth, a summer youth employment program that exposes students at Chicago Public High Schools to service projects and careers in sustainability fields including bicycling and horticulture.

### 1.5.6 READI Chicago

The READI Chicago -Heartland Alliance program works with community organizations to connect men with high risk of experiencing violence to job training and job placement, and to mental health and other life support systems. The program incorporates the expertise of local community leaders, partners in the criminal justice system, outreach workers, and cognitive behavior experts to provide wrap-around support. The connection between gun violence and community safety to economic growth is significant, and requires programs like this to pave the way for community stability and growth.



## 1.6 Community Partnerships

### 1.6.1 Community Development Corporations (CDCs)

Community leaders, specifically CDCs, drive and support a wide variety of community development initiatives in their communities. The role of the Far South CDC and Community Neighborhood Initiatives (CNI), and Calumet Area Industrial Commission, for example, direct economic development services in cooperation with the other business and economic development agencies and area stakeholders by:

- Establishing a clearly defined mission and service-delivery structure that assures that all functions of a full-service economic development program are adequately met most efficiently and cost-effectively.
- Business Retention and Expansion that includes all sizes and types of companies
- Pre-development, such as seeing that adequate real estate inventory exists and business sites are "shovel-ready" and competitively priced; promote opportunities developed; supporting databases are complete and up-to-date on sites, labor force, incentives, taxation, employer lists, and on utility availability, quality, and cost

- Serve as lead developer for key priority projects: affordable housing and neighborhood-serving commercial centers, for example.
- Marketing and pro-active business attraction including maintenance of an effective business-focused website with links to the websites of the City, the Industrial Corridor organizations, and other area agencies in the community.

### 1.6.2 Anchor Institutions

As anchor institutions, such as Medical Centers and Colleges, are often located in neighborhoods that have inadequate housing, and high rates of unemployment and poverty, are ideally positioned to lead in community and economic development initiatives to address these conditions. They can create and carry out policies of local procurement, local hiring, and local investment.

The Roseland Medical District can be a leader in economic development initiatives through community benefit agreements. These can support jobs opportunities and workforce development for residents in health care fields and enhance partnerships with small, local businesses by offering them vendor opportunities. Hospitals and health care centers can participate in overall community improvement programs such as childcare, environmental sustainability, violence prevention, and other support programs.

Local higher education institutions, like Chicago State University and Olive-Harvey Community College, have internal resources which can support economic development opportunities for its students and the surrounding residents and businesses. Leading with job, training and business opportunities, with wrap-around services and benefits such as mutual sharing of community and technical resources, leadership and networking, training.

Anchor institutions can also partner with local CDCs by participating in community real estate development projects which meet both their needs and those of the local residents and businesses.

# Section 2 - Economic Development Tools – Federal and State-level Programs

## 2.1 Federal Programs and Incentives

The Federal government offers numerous tax credit and tax deduction programs to incentivize economic development. Generally speaking, tax credits are far more attractive than tax deductions because credits present a direct reduction in the taxpayers' federal income tax (dollar for dollar), whereas a deduction provides only for a reduction in the taxable income.

The following is a list of available Federal programs and incentives salient to the RLE TSD project area and market area, irrespective of local administration authorities. Some of the federal programs listed here are actively implemented at the local level; more detail of those programs can be found under Section 1.2.

### 2.1.1 Low Income Housing Tax Credit (LIHTC) Program

The Low-Income Housing Tax Credit (LIHTC) program is a Federal program designed to create affordable housing in qualified census tracts. The Low-Income Housing Tax Credit program has become the most successful affordable housing production program in the country and is a key incentive for income-restricted housing development in Chicago. The LIHTC program gives State and local LIHTC-allocating agencies billions of dollars in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. Both IHDA and the City of Chicago receive funding allocations under this program. Section 1.4 Focused Affordable Housing Financing Tools offers more detail on the LIHTC program.

### 2.1.2 New Market Tax Credits (NMTC)

New Markets Tax Credits are administered by the Community Development Financial Institutions Fund, or CDFI Fund, a program within the U.S. Department of the Treasury, and the Internal Revenue Service. NMTC can be used to finance a number of property types including mixed-use with multifamily so long as the property is within a low-income community as defined by the U.S. Department of the Treasury.

NMTCs can finance a range of real estate and business needs, including:

- Commercial real estate (office, retail)
- Community facilities (health centers, charter schools, rec centers)
- Industrial facilities
- Distribution centers

- Business financing

NMTC investors typically invest in intermediary entities which then provide funding to the project-level ownership entity, usually in the form of non-traditional debt. No more than 80 percent of a NMTC property can be residential on a square footage and income basis; 20 percent or more must originate from a commercial use. NMTCs can be combined with Historic Tax Credits but are not typically combined with Low Income Housing Tax Credits.

NMTCs encourage the investment of private and patient capital in low-income communities providing for a 39 percent tax credit (.39 for every $1) on the capital invested over a 7-year period. Investors get a return through tax credits. Eligible low-income community-based businesses and eligible community based or mixed-use capital projects, get financing in form of loans or equity.

Unlike LIHTC and HTCs, NMTCs are generated by enhancing other project sources, rather than being based on project expenditures. Compared to 9 percent LIHTC projects, where the tax credit equity can be as much as 50 percent of the total development cost, NMTCs are a relatively shallow subsidy.

NMTC Acronyms:

CDFI: Community Development Financial Institutions

CDE: Community Development Entity

Allocatee: A CDE that has received an allocation of NMTC authority from the CDFI Fund.

QEI: Qualified Equity Investment - $ contributed to the CDE to acquire equity in the CDE. Investor is able to take NMTCs in an amount equal to 39 percent of the QEI.

QALICB: Qualified Active Low-Income Business

QLICI: Qualified low-income community investment – a loan or investment by a CDE to/in a QALICB.

### 2.1.3 Historic Rehabilitation Tax Credits (HTCs)

The Federal Historic Preservation Tax Credit program encourages private sector investment in the rehabilitation and re-use of historic buildings. The National Park Service and the Internal Revenue Service administer the program in partnership with State Historic Preservation Offices. Some states also offer tax credits for historic buildings and encourage applicants to apply to both federal and state programs together. The HTC can be coupled with other local, state and federal incentives as well, including LIHTC.

### 2.1.4 Empowerment Zone / Enterprise Community and Renewal Community (EZ/EC/RC) Initiatives

The Federal Empowerment Zone, Enterprise Communities and Renewal Communities (EZ/EC/RC) interagency effort focused on the creation of self-sustaining, long-term development in distressed urban and rural areas throughout the Nation. The Initiative is based on a holistic, participatory approach that requires community stakeholders to work together to develop and implement comprehensive strategic plans for revitalization. Using a combination of Federal tax incentives and flexible grant funds, the program endeavors to improve communities that have been in decline for decades. The intent is for businesses to open or expand; residents to have greater access to jobs, services, and new economic opportunities; and crime and violence to be reduced.

The EZ/EC/RC program is similar to state Enterprise Zones in terms of the kinds of subsidies it provides to companies. However, the federal program varies in two important ways: it includes substantial amounts of training funds and other monies for social services to help targeted workers with family needs outside the workplace; and it requires community participation. These additions are intended to improve zone results by increasing the chances that zone workers will keep their jobs and by getting more community institutions involved.

**EZ/EC/RC Incentives include:**

**Wage Credits**

- Empowerment Zone Employment Credit (EZ Wage Credit).
- Renewal Community Employment Credit (RC Wage Credit).
- Work Opportunity Tax Credit (WOTC).
- Welfare to Work (WtW) Credit.
- Indian Employment Tax Credit.

**Deductions**

- Increased IRS Section 179 Expensing.
- Commercial Revitalization Deduction.
- Environmental Cleanup Cost Deduction (Brownfields).
- Depreciation of Property Used on Indian Reservations.

**Bond Financing**

- Enterprise Zone Facility Bonds.
- Qualified Zone Academy Bonds (QZABs).

**Capital Gains**

- Zero Percent Capital Gains Rate for RC Assets and DC Enterprise Zone Assets.
- Nonrecognition of Gain on Sale of Empowerment Zone Assets (EZAs).
- Partial Exclusion of Gain from Sale of Empowerment Zone Stock.

### 2.1.5 Opportunity Zones and Qualified Opportunity Funds

Opportunity Zones were created as part of the 2017 Tax Cuts and Jobs Act. An Opportunity Zone is defined by the Internal Revenue Service as "an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the State and that nomination has been certified by the Secretary of the U.S. Treasury via his/her delegation authority to the Internal Revenue Service." Opportunity Zones are defined by census tract boundaries, and per Federal law, State chief executives (Governors) nominated the census tracts to be certified and designated as Opportunity Zones by the Department of the Treasury. In addition to the tax benefits that align to these designated census tracts, the Federal, State, tribal, local and territorial governments are also aligning resources to Opportunity Zones. Together, public and private investment resources can be leveraged for economic development in these communities.

Qualified Opportunity Funds are a new private investment vehicle authorized to aggregate and deploy capital into Opportunity Zones. Qualified Opportunity Funds will facilitate "impact investments" for investors and for the community, and tax benefits derived from these investments will encourage investment in Opportunity Zones. U.S. investors are eligible to receive certain tax benefits on realized capital gains that are reinvested in Opportunity Zones through Qualified Opportunity Funds. For communities with increasing housing insecurity and growing economic inequality, an Opportunity Zone designation provides a chance to shape strategies and policies that harness this powerful incentive, while serving the needs of current and future residents.

Benefits of investing in opportunity zones include that they offer tax benefits to business or individual investors who can elect to temporarily defer tax on capital gains if they timely invest those gain amounts in a Qualified Opportunity Fund (QOF). Investors can defer tax on the invested gain amounts until the date they sell or exchange the QOF investment, or Dec. 31, 2026, whichever is earlier. The length of time the taxpayer holds the QOF investment determines the tax benefits they receive.

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- The length of time the taxpayer holds the QOF investment determines the tax benefits they receive.
- If the investor holds the QOF investment for at least five years, the basis of the QOF investment increases by 10 percent of the deferred gain.
- If the investor holds the QOF investment for at least seven years, the basis of the QOF investment increases to 15 percent of the deferred gain.
- If the investor holds the investment in the QOF for at least 10 years, the investor is eligible to elect to adjust the basis of the QOF investment to its fair market value on the date that the QOF investment is sold or exchanged.

**Deferral of Eligible Gain**

Gains that may be deferred are called "eligible gains." They include both capital gains and qualified 1231 gains, but only gains that would be recognized for federal income tax purposes before Jan. 1, 2027, and that aren't from a transaction with a related person. To obtain this deferral, the amount of the eligible gain must be timely invested in a QOF in exchange for an equity interest in the QOF (qualifying investment). Once this is done, taxpayers can claim the deferral on their federal income tax return for the taxable year in which the gain would have been recognized if they had not deferred it.

Taxpayers may make an election to defer the gain, in whole or in part.

**Qualified opportunity funds**

A QOF is an investment vehicle that files either a partnership or corporate federal income tax return and is organized for the purpose of investing in QOZ property.

**Qualified opportunity zone property**

QOZ property is a QOF's qualifying ownership interest in a corporation or partnership that operates a QOZ business in a QOZ or certain tangible property of the QOF that is used in a business in the QOZ. To be a qualifying ownership interest in a corporation or partnership, (1) the interest must be acquired after Dec. 31, 2017, solely in exchange for cash; (2) the corporation or partnership must be a QOZ business; and (3) for 90 percent of the holding period of that interest, the corporation or partnership was a QOZ business.

**Qualified opportunity zone business property**

QOZ business property is tangible property that a QOF acquired by purchase after 2017 and uses in a trade or business and:

The original use of the property in the QOZ commenced with the QOF or QOZ business OR the property was substantially improved by the QOF or QOZ business; and during 90 percent of the time the QOF or QOZ business held the property, substantially all (generally at least 70 percent) of the use of the property was in a QOZ.

Leased property may also qualify as QOZ business property. To qualify, the lease must be a market rate lease entered into after December 31, 2017.

**Qualified opportunity zone business**

Each taxable year, a QOZ business must earn at least 50 percent of its gross income from business activities within a QOZ. The regulations provide three safe harbors that a business may use to meet this test. These safe harbors take into account any of the following:

- Whether at least half of the aggregate hours of services received by the business were performed in a QOZ;
- Whether at least half of the aggregate amounts that the business paid for services were for services performed in a QOZ; or
- Whether necessary tangible property and necessary business functions to earn the income were located in a QOZ.

### 2.1.6 Immigrant Investor Program (EB-5)

The Immigrant Investor Program, administered by the Department of Homeland Security US Citizenship and Immigration Services Agency, is commonly referred to as the EB-5 program. Under the program, individuals can apply for lawful permanent residency in the US if they make the necessary investment in a commercial enterprise and create or preserve 10 full time jobs for qualified US workers.

### 2.1.7 Community Reinvestment Act (CRA)

The Community Reinvestment Act was enacted in 1977, recognizing systemic urban decay and a lack of investment in communities. Congress determined that banks have a continuing and affirmative obligation to help meet the credit needs of their local communities, including low- and moderate-income (LMI) neighborhoods where they are chartered, consistent with the safe and sound operations of the institutions. This determination was based on preexisting chartering laws that require banks to demonstrate that their deposit taking facilities serve the convenience and needs of their communities, which include credit and deposit services.

Unlike the NMTC program, projects need NOT be in "blighted" communities, but banks are required to invest within specifically designated census tracts representing those communities in which they are chartered.

## 2.2 State Programs and Incentives

Most economic development programs within the State of Illinois are administered by the State of Illinois Department of Commerce and Economic Opportunity (DCEO), the Illinois Finance Authority (IFA) or the Illinois Housing Development Authority (IHDA) but some programs rely on local municipalities as administrators and for compliance.

The state housing finance agency, as the administrator of federal housing programs in Illinois, is IHDA. IHDA supports project development through its Developer Resource Center: Developer Resource Center - IHDA.

Economic Development in the State of Illinois is also supported by the Illinois Finance Authority (IFA). The IFA serves as an infrastructure bank and is one of the largest issuers of private activity bonds (PABs) in the nation. Further, the IFA facilitates a Healthcare 501c3 Bond Program, an Industrial Development Revenue Bond Program, a Multi-Family Housing Revenue Bond Program, a 501(C)(3) Bond Program, a 501(C)(3) Lease Program and a Participation Loan Program (including special programs for veteran, minority, female and disabled-owned businesses). Salient to the RLE TSD, the IFA also supports a Commercial Property Assessed Clean Energy Program (C-PACE), but the City of Chicago has recently enabled legislation to implement C-PACE in the City of Chicago. Illinois Finance Authority (il-fa.com)

State led programs and incentives that support commercial and industrial development is largely administered by the Department of Commerce and Economic Opportunity (DCEO), through its Regional Economic Initiatives, Small Business Development Center, Incentive and Tax Assistance Programs, Employment and Training Initiatives and International Business Development Services. Additionally, DCEO offers energy assistance, low interest loans and grants. Illinois Department of Commerce and Economic Opportunity - Home

### 2.2.1 Personal Property Tax Exemption

All property, other than real estate, is exempt from property tax in Illinois. Therefore, all classes of personal property, including machinery, equipment, inventories, and intangibles, are exempt. Many states do tax such property.

### 2.2.2 IHDA Housing Financing Programs

The Illinois Housing Finance Agency (IHDA) offers a variety of programs to finance both rental and owner-occupied housing. Each of these programs is discussed in greater detail in Section 1.4, Focused Affordable Housing Financing Tools. Briefly, the programs are:

- IHDA Multifamily Financing Program

IDHA offers low-interest rate construction and permanent financing for development and preservation of affordable housing throughout Illinois, including Chicago. IHDA partners with lenders, developers, municipalities, local housing authorities, not-for-profit organizations, and community groups to deliver low-cost financing options using bond and first mortgage loan programs.

- IHDA Low Income Housing Tax Credits (LIHTC)

The Low-Income Housing Tax Credit (LIHTC) program is a Federal program designed to create affordable housing in qualified census tracts. The Low-Income Housing Tax Credit program has become the most successful affordable housing production program in the country and is a key incentive for income-restricted housing development in Chicago. The LIHTC program gives State and local LIHTC-allocating agencies billions of dollars in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. Section 1.4 Focused Affordable Housing Financing Tools offers more detail on the LIHTC program.

- IHDA Illinois Affordable Housing Tax Credit

Known as the Donation Tax Credit, the Illinois Affordable Housing Tax Credit (IAHTC) provides a $0.50 state income tax credit for each dollar contributed to a qualified affordable housing project. Donations may include cash, securities, real property, or personal property and must total at least $10,000. Affordable housing project sponsors must be non-profit organizations, and rental units must be affordable by households earning up to 60 percent of area median income. The City of Chicago received 24.5 percent of each annual allocation.



- Additional IHDA Housing Financing Programs

Additional housing financing programs offered by IHDA include the Rental Payment Program, which provides up to 15 months of emergency rental assistance; and the Homeowner Assistance Fund (HAF) Program, which offers homeowners up to $25,000 to prevent mortgage delinquencies, defaults, and other financial hardships.

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### 2.2.3 IHDA Revitalization Impact Areas (RIAs)

Revitalization Impact Areas (RIAs), as defined by IHDA, are targeted geographic areas that demonstrate the most salient market conditions suggesting that revitalization, or concerted community development planning, would be especially beneficial within these communities. RIAs identify census tracts demonstrating one or more of these market conditions, classifying them as either Moderate or High Revitalization Impact Areas.

### 2.2.4 IFA Private Activity Bonds

The Illinois Finance Authority is one of the largest issuers of private activity bonds in the nation. Private activity bonds (PABs or federally tax-exempt conduit infrastructure bonds) enable the following types of charities and 501(c)(3) organizations to finance their capital infrastructure projects at generally lower interest rates and longer maturities – and to create long-term economic value for communities throughout Illinois:

- hospitals and health systems
- schools – research universities, colleges, charter schools and others
- museums and cultural institutions
- organizations that provide housing for seniors, students and working people

PABs also allow a small number of other qualified entities or facilities (small farmers and manufacturers, solid waste disposal, and logistics facilities of regional importance) to do the same.

### 2.2.5 IFA Healthcare 501c3 Bond Program

Eligible projects include those in 501(C)(3) hospital systems, medical centers, stand-alone hospitals, community providers of behavioral healthcare and continuing care retirement communities located in Illinois. Eligible uses of financing proceeds include construction and renovation of facilities, equipment acquisition, acquisition of land or buildings and refinancing of existing debt.

### 2.2.6 IFA Industrial Development Revenue Bond Program

The IFA issues tax-exempt Industrial Development Revenue Bonds (IRB's) on behalf of manufacturing companies to finance the acquisition of fixed assets including land, buildings and equipment. Bond proceeds may be used for either new construction or renovation and may be used to purchase new equipment. Benefits of Industrial Revenue Bond financing include:

- Long-term financing at interest rates lower than conventional financing, usually below prime

- Fixed or variable rate financing
- Finance up to 100 percent of project cost (subject to credit approval and underwriting standards of the borrower's bank)
- Interest to Bondholders on IFA Industrial Development Revenue Bonds is exempt from federal income taxation but is not exempt from (and is subject to) State of Illinois income taxation.

Qualified Industrial Development Revenue Bond projects include facilities that are primarily used to manufacture or process tangible products. The Internal Revenue Code defines all IRB eligibility requirements. Final determination of project eligibility is subject to a legal opinion from a recognized municipal bond attorney ("Bond Counsel").

### 2.2.7 IFA Multifamily Housing Revenue Bond Program

IFA offers a Multifamily Housing Revenue Bond Program, which provides long-term, low-cost funds for housing acquisition, rehabilitation, and new construction. This program is discussed in greater detail in Section 1.4, Focused Affordable Housing Financing Tools

### 2.2.8 IFA 501(C)(3) Bond Program

The IFA helps non-profit, 501(c)(3) corporations secure low-cost, tax-exempt financing for capital improvement projects through tax-exempt revenue bonds. Tax-exempt financing may be used by non-profits for the acquisition, construction or renovation of real estate; the acquisition of machinery, equipment or other fixed assets, or, in some cases, refinancing outstanding debt. The maturity of the debt will generally match the useful lives of the assets financed.

Benefits of the program include

- Tax-exempt bond financing affords qualified non-profits the opportunity to purchase capital equipment without depleting cash reserves or paying the higher costs of traditional debt financing.
- Favorable interest rates – considerably less than conventional loans
- Long term financing
- Fixed or variable rate financing
- Up to 100 percent financing

Eligibility of the program extends to any non-profit corporation with a 501(c)(3) designation from the Internal Revenue Service may be eligible for financing. Projects must be located in the State of Illinois.

### 2.2.9 IFA 501(C)(3) Lease Program

The IFA provides non-profit, 501(c)(3) corporations with low cost, tax-exempt lease financing for acquisition of machinery, equipment or other fixed asset and capital improvement projects. Leasing affords qualified non-profits the opportunity to purchase capital equipment without depleting cash reserves or paying the high cost of traditional debt financing. Capital equipment and certain real estate purchases are financed with a lease purchase agreement between the not-for-profit corporation and the IFA. The maturity of the lease will generally match the useful lives of the assets financed, up to 10 years.

Benefits of lease financing include:

- 100 percent tax-exempt financing
- Favorable interest rates – considerably less than conventional loans
- Low transaction costs

Eligibility extends to any non-profit corporation with a 501(c)(3) designation from the Internal Revenue Service may be eligible for financing. Projects must be located in the State of Illinois. Maximum lease term is 10 years

### 2.2.10 IFA Participation Loan Program

The IFA Participation Loan Program offers Illinois businesses assistance with creating or retaining jobs by participating up to 50% or $500,000 in a loan originated, underwritten and serviced by approved banks. In addition, the program also aims to provide leveraged capital to types of business who often experience barriers to access: veteran, minority, female and disabled-owned businesses.

The programs' eligible costs include business start-up costs, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. It provides an essential source of risk mitigation for lenders but charges no fees nor prepayment penalties. IFA will participate at a fixed rate of interest for up to five (5) years, with rate adjustment if the overall loan term exceeds five years.

### 2.2.11 DCEO Illinois Angel Investment Credit Program

This program encourages job growth and capital investment in state by offering a tax credit to people or firms that make an investment in an innovative, qualified new business venture. The Illinois Angel Investment Tax Credit Program encourages investment in innovative, early-stage companies to help obtain the working capital needed to further the growth of their company in

Illinois. Investors in companies that are certified as Qualified New Business Ventures (QNBVs) can receive a state tax credit equal to 25 percent of their investment (up to $2 million).

## 2.2.12 DCEO Data Center Investment Tax Exemptions and Credits

The data centers investment program provides owners and operators with exemptions from a variety of state and local taxes for qualifying Illinois data centers. The program also provides data center owners and operators with a tax credit of 20 percent of wages paid for construction workers for projects located in underserved areas.

## 2.2.13 DCEO EDGE Tax Credit Program

The State of Illinois and administered by DCEO is the Economic Development for a Growing Economy (EDGE) Tax Credit. The EDGE credit offers tax credits to companies creating new employment opportunities for Illinois residents and is equal to the amount of state income taxes withheld from the salaries of employees in newly created jobs and may be used to off-set corporate income tax liabilities. EDGE agreements typically have 10 year terms and are a valuable tool for developers and employers who facilitate significant job creation.

Illinois' EDGE program provides annual corporate tax credits to qualifying businesses which support job creation, capital investment and improve the standard of living for all Illinois residents. Initial qualification criteria requires job creation of a minimum of 50 new full-time jobs, and project investment requirement of $2.5 million for companies with greater than and less than 100 world-wide employees. The non-refundable income tax credit is equal to 50 percent of the income tax withholdings of new job created in the state. This percentage increases to 75 percent if the business expansion project is located in an underserved census tract.

## 2.2.14 DCEO Enterprise Zone Program

An Enterprise Zone is a geographic area that is granted special status by a State or local government in order to encourage development and economic growth. Enterprise Zones are routinely granted special tax breaks, regulatory exemptions, or other public assistance in order to encourage private economic development, job creation and community revitalization. The incentives may be customized to entice a particular industry sector or company to the area with the hopes of creating jobs, boosting tax revenues, and increasing economic activity.

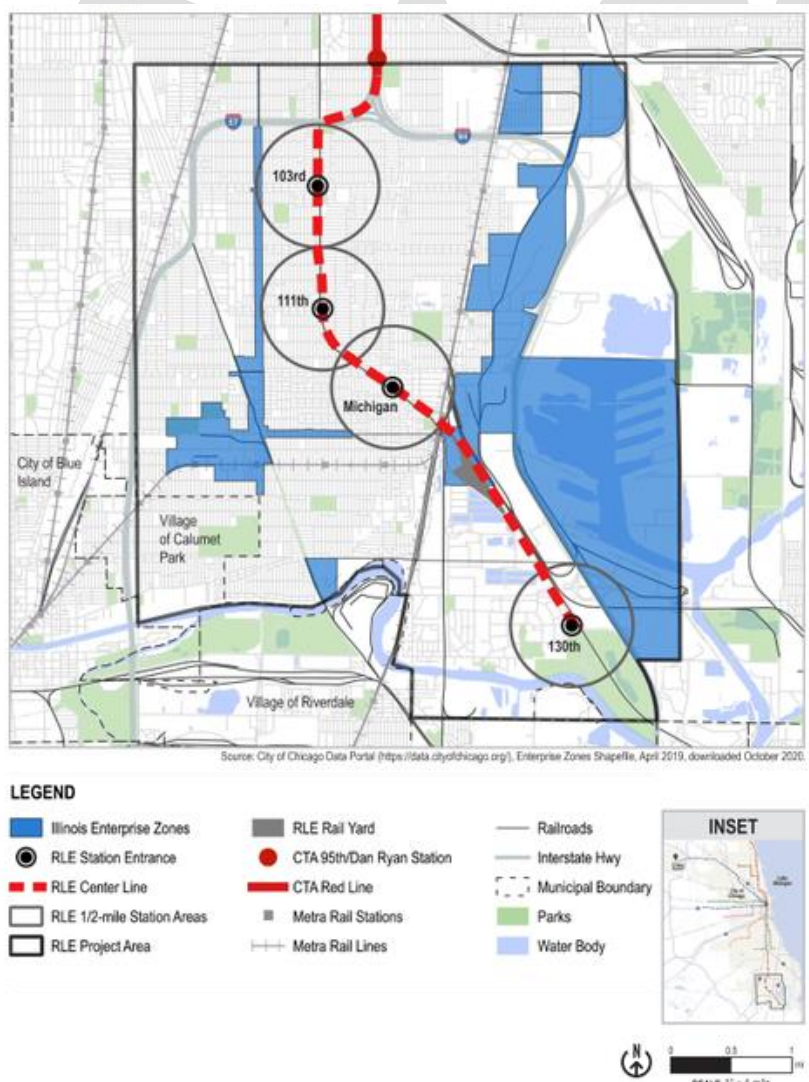
The State of Illinois Enterprise Zone Program is designed to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state through state and local tax incentives, regulatory relief and improved governmental services.

Businesses located or expanding in an Illinois Enterprise Zone may be eligible for the following state and local tax incentives.

- Exemption on retailers' occupation tax paid on building materials
- Expanded state sales tax exemptions on purchases of personal property used or consumed in the manufacturing process or in the operation of a pollution control facility
- An exemption on the state utility tax for electricity and natural gas
- An exemption on the Illinois Commerce Commission's administrative charge and telecommunication excise tax
- Exemptions are available for companies that make minimum statutory investments that either create or retain a certain number of jobs. These exemptions require a business to make application to, and be certified by, the Illinois Department of Commerce.

In addition to state incentives, each zone offers local incentives to enhance business development projects. Each zone has a designated local zone administrator responsible for compliance.





### 2.2.15 DCEO High Impact Business Program (HIB)

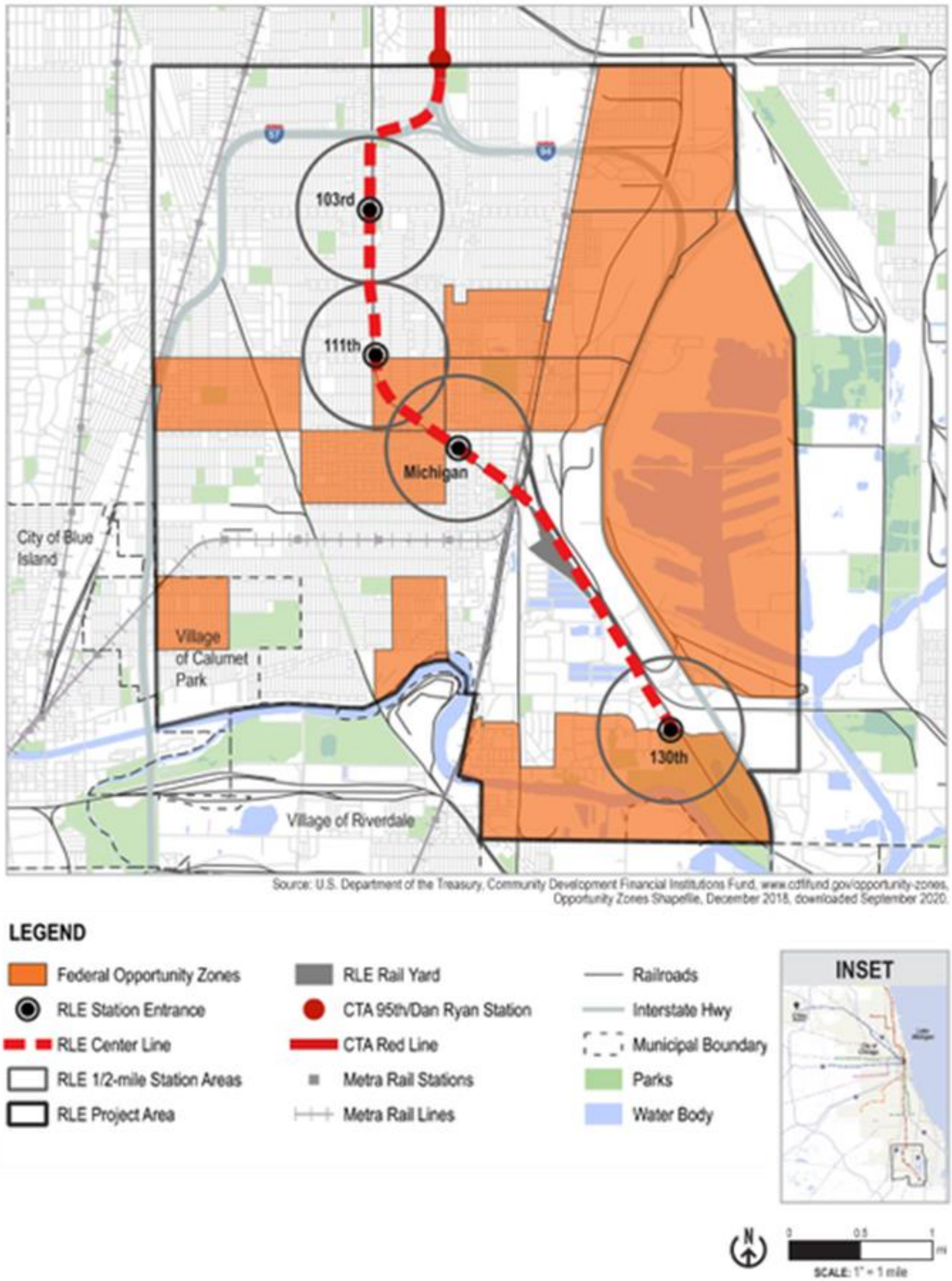
The program supports large-scale economic development activities by providing tax incentives (similar to Enterprise Zones) to companies that make substantial capital investments in operations and create or retain an above average number of jobs. Businesses may qualify for: investment tax credits, a state sales tax exemption on building materials and/or utilities, a state sales tax exemption on purchases of personal property used or consumed in the manufacturing process or in the operation of a pollution control facility.

Eligible projects must invest a minimum of $12 million and create 500 full-time jobs, or $30 million investment with the retention of 1,500 full-time jobs. Investments must take place at designated locations in Illinois outside of an Enterprise Zone.

### 2.2.16 DCEO Opportunity Zones

Based on the federal program which was created as part of the Tax Cuts and Jobs Acts of 2017, Opportunity Zones provide an incentive for investors to invest in Opportunity Zones for a temporary tax deferral. Opportunity Zones are areas in Illinois that need investment to help create jobs and investment in areas that need it most. Opportunity Zones were created in 2018 through an analysis that included poverty rates, unemployment rates, total number of children in poverty, violent crime rate and population.

The RLE TSD project area and market area are served by a number of Opportunity Zones.




Source: U.S. Department of the Treasury, Community Development Financial Institutions Fund, www.cdfifund.gov/opportunity-zones, Opportunity Zones Shapefile, December 2018, downloaded September 2020.

### 2.2.17 DCEO Apprenticeship Education Expense Tax Credit Program

Effective January 1, 2020, employers are allowed a tax credit for qualified educational expenses associated with qualifying apprentices. Employers may receive a credit of up to $3,500 per apprentice against the taxes imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, and an additional credit of up to $1,500 for each apprentice if (1) the apprentice resides in an underserved area or (2) the employer's principal place of business is located in an underserved area.

### 2.2.18 DCEO Advantage Illinois

Provides businesses, entrepreneurs, start-ups and high growth companies with access to the capital they need to start new companies and expand existing businesses through a Capital Access Program, Participation Loan Program and Collateral Support Program.

### 2.2.19 DCEO Illinois Department of Agriculture AgriFIRST Grant Program

The AgriFIRST program is designed to provide grants to persons and agribusinesses in Illinois for the purpose of developing projects that enhance the value of agricultural products or expand agribusiness in IL

### 2.2.20 DCEO Large Business Development Program (LBDP)

Provides grants to businesses undertaking a major expansion or relocation project that will result in substantial private investment and the creation and/or retention of a large number of Illinois jobs.

### 2.2.21 DCEO Manufacturing Modernization Loan Program

Provides manufacturers with access to adequate and affordable financing for upgrading and modernizing their manufacturing equipment and operations.

### 2.2.22 DCEO Employer Training Investment Program (ETIP) Grants

Grants for Illinois based manufacturers and service companies to facilitate upgrading the skills of their workers in order to remain current in new technologies and business practices.

#### DCEO Business Development Public Infrastructure Program (BDPIP)

Public improvement grants on behalf of businesses undertaking major expansion/relocation projects that will result in substantial private investment and the creation and/or retention of a large amount of Illinois jobs.

**Foreign Trade Zone (FTZ)**

Chicago is one of eight Foreign Trade Zones (FTZ) located in Illinois, allowing foreign and domestic merchandise to be considered international trade and not subject to U.S. Customs duties. Foreign Trade Zone #22 is managed by the Illinois International Port District, which lies just east of the project area.