

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

**Randolph/Wells  
Redevelopment Project Area  
Designated June 9, 2010**



**December 10, 2019**

Pursuant to 65 ILCS 5/11-74.4-5

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Prepared by

**CITY OF CHICAGO**  
**DEPARTMENT OF PLANNING AND DEVELOPMENT**

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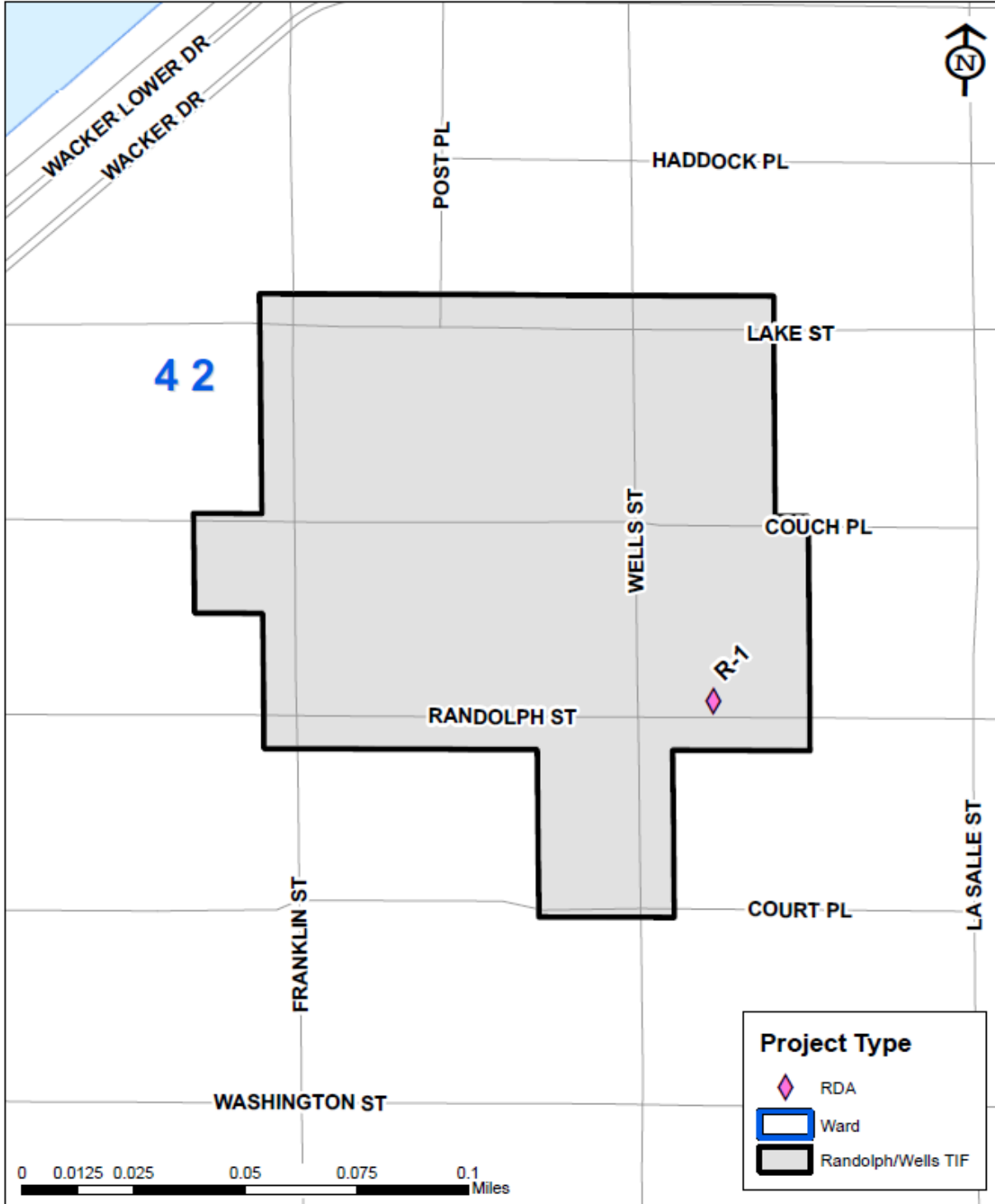
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# Executive Summary

## RANDOLPH/WELLS TIF DISTRICT PROJECT MAP



**RANDOLPH/WELLS REDEVELOPMENT PROJECT AREA**

- Designated: June 9, 2010
- Expires: December 31, 2034
- 9 acres
- 49 parcels at time of designation

The Randolph/Wells Tax Increment Redevelopment Project Area (“Randolph/Wells RPA” or “RPA”) was designated on June 9, 2010. The Randolph/Wells TIF was designated to foster the rehabilitation of older and vacant commercial and retail properties on portions of six blocks in the northwest Loop. The area is characterized by low- and high-rise structures, including six buildings with historic significance. The majority of increment projected to be generated by the TIF is targeted for building improvements and for eligible costs involving the creation of market-rate and affordable housing. Property assembly and job training assistance are also targeted by the TIF.

## Randolph/Wells RPA Activity – 2010-2018

### INVESTMENT SUMMARY

- \$111 million in total private development investment toward rehabilitating 188 West Randolph Street
- \$15 thousand in TIF funds allocated for infrastructure improvements

### PROPERTY VALUE

- Equalized Assessed Value - Compound annual growth rate of 10.8 percent

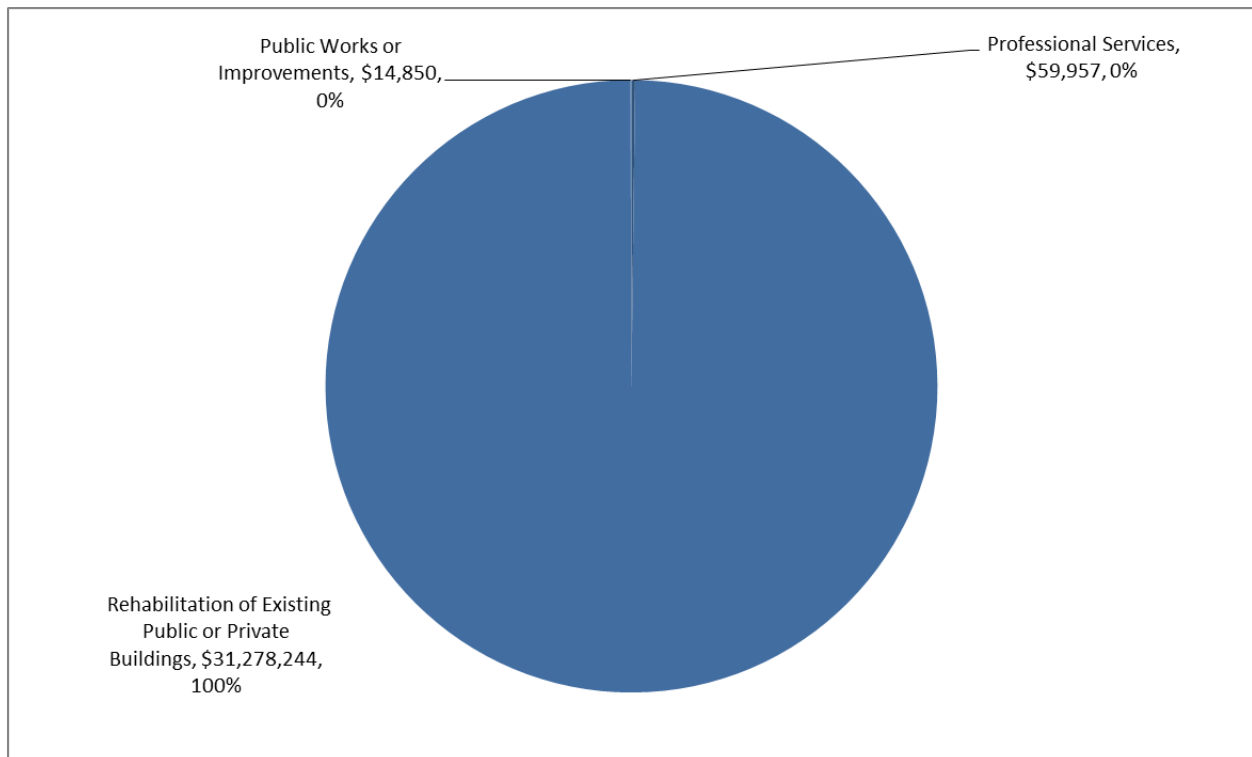
### DEVELOPMENT

- 371,000 square feet of a senior housing development that will create 310 housing units, of which 62 units will be affordable housing units

### JOB CREATION

- Construction Jobs – Estimated 70 one-year full-time equivalent (“FTE”) construction jobs created
- Permanent Jobs – Approximately 240 FTE permanent positions expected to be created

### DISTRIBUTION OF TIF-ELIGIBLE EXPENDITURES THROUGH 2018 [1]



[1] Additional detail on expenditures provided in Exhibit 2.

## 1. Redevelopment Project Area Information

In July 2010, the Tax Increment Financing (“TIF”) Allocation Redevelopment Act 65 ILCS 5/11-74.4-5-1, et seq. (“TIF Act”) was amended to require municipalities to assemble a status report covering the history and performance of TIF districts that have been in existence for 9 to 10 years. The Act requires the report to detail:

1. The amount of revenue generated within the district;
2. Expenditures made for the Redevelopment Project Area (“RPA”), including TIF fund expenditures;
3. Status of planned activities, goals and objectives, including new and planned construction;
4. The amount of public and private investment within the TIF district; and
5. Other relevant evaluation or performance data.

The information summarized herein is for the reporting period from the TIF district’s inception through the end of the 2018 calendar year and the 2017 tax year. For informational purposes, certain other supplementary information, such as upcoming planned projects, is reported through December 2018.

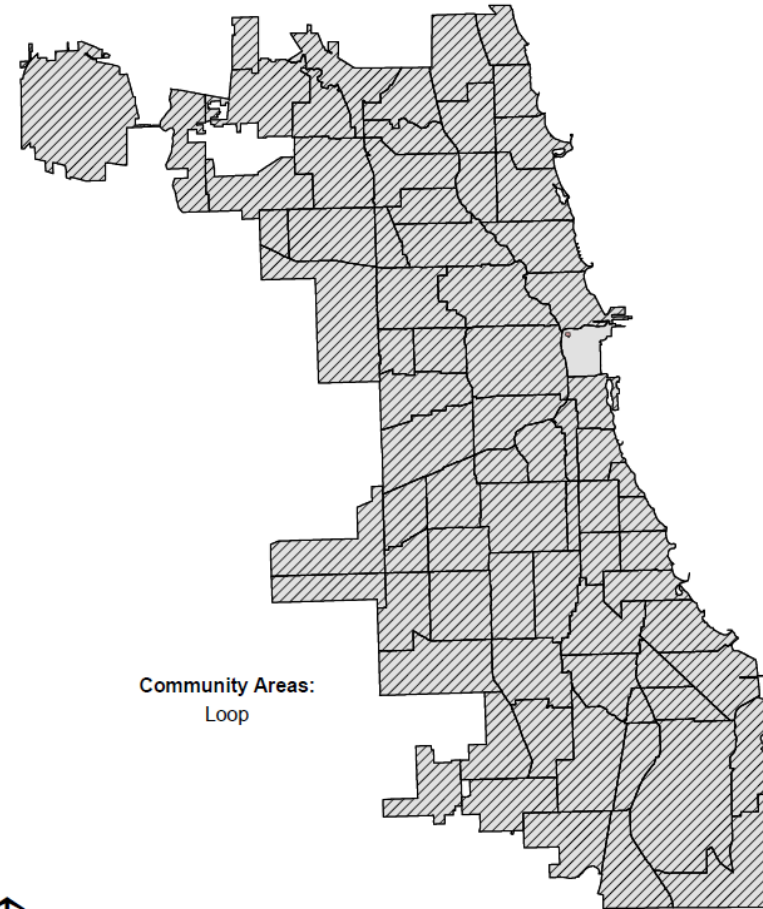
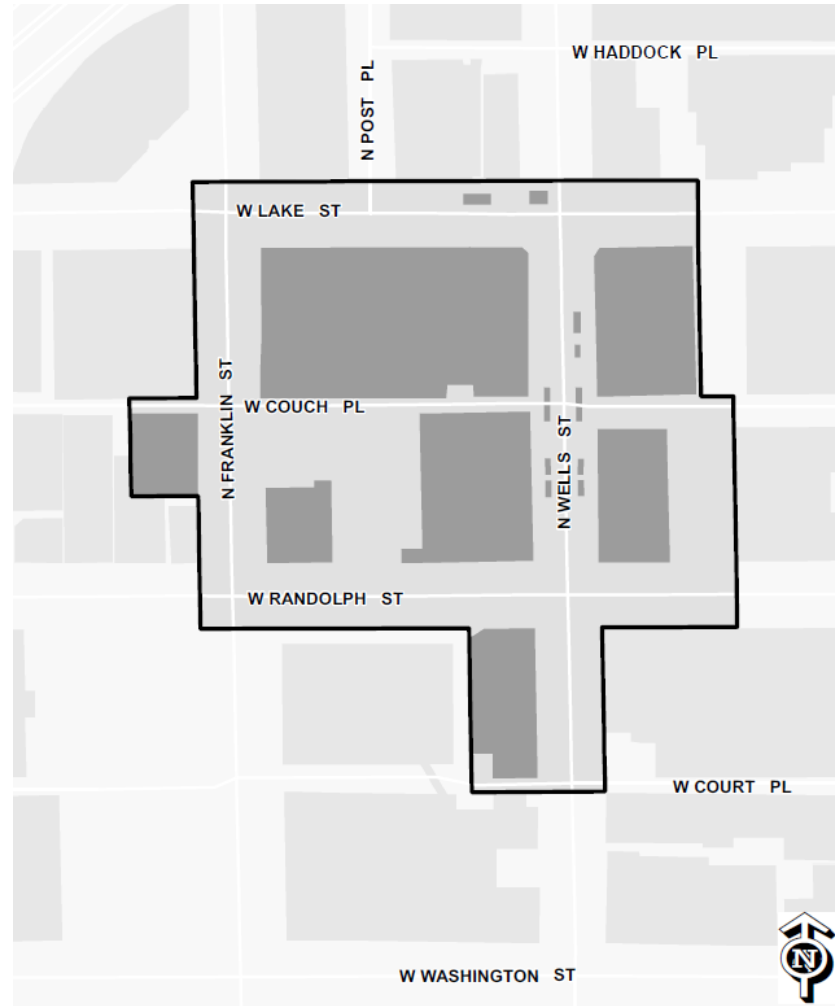
Detailed data on the Randolph/Wells RPA was compiled to meet reporting requirements under the TIF Act and is presented in this Ten (10) Year Status Report (the “Report”). The Report contains various data from City of Chicago (“City”) departments, including audited financial statements, Redevelopment Agreements, Intergovernmental Agreements, capital improvement expenditures, and TIF-funded program databases (Small Business Improvement Fund, Neighborhood Improvement Program, and TIF Works) to track financial and programmatic performance. Data sources are referenced throughout this Report.

### Project Area Context and Background

The approximately nine acre Randolph/Wells RPA is located in the northern section of the Loop community. The Project Area is generally bounded by West Lake Street on the north, North Wells Street on the east, West Randolph Street on the south and North Franklin Street on the west. The RPA boundary is shown in **Exhibit 1** on the following page.

The Randolph/Wells RPA was designated as a TIF district on June 9, 2010, and is expected to expire no later than December 31, 2034. There have been no major or minor amendments to the Randolph/Wells Tax Increment Financing Redevelopment Plan and Project (the “TIF Plan”) as of December 31, 2018.

**Exhibit 1. Randolph/Wells RPA**



Community Areas:  
Loop



## Conditions at Time of TIF Creation

The Randolph/Wells RPA was determined to be eligible for TIF designation as a “conservation area” under the TIF Act. Designation as “conservation area” requires at least 50 percent of buildings be 35 years of age or older, and a minimum of three additional eligibility factors be present to a meaningful extent and reasonably distributed throughout the RPA. The following eligibility factors were described in the Randolph/Wells TIF Plan:

- 93 percent of structures were found be at least 35 years of age or older
- Eligibility factors present to a major extent:
  - Deterioration;
  - Inadequate utilities;
  - Presence of structures below minimum code standards;
  - Obsolescence; and
  - Lack of community planning.

Land use within the 9-acre district is mainly commercial office uses with associated ground floor retail. No residential uses were originally found within the RPA. The other predominant land use in the study area is parking. The study area contains three commercial parking garages and a large surface parking lot.

## Goals and Objectives for the RPA

The overall goal of the Redevelopment Plan is to reduce or eliminate the conditions that qualify the Randolph/Wells RP A as a conservation area, and to provide the mechanisms necessary to support public and private development and improvements in the RPA. This goal is to be achieved through an integrated and comprehensive strategy that leverages public resources to stimulate private investment in rehabilitation of existing structures and new development. Eliminating these conditions and facilitating development within the RPA will aid reestablishment of the RPA as a cohesive and vibrant mixed-use area that provides a broad range of office, retail, and other commercial uses appropriate for this area while accommodating residential, public and institutional uses where appropriate. Redevelopment of the RPA will improve retail and commercial conditions; improve the relationship between the area's land uses and surrounding infrastructure; and attract private redevelopment.

Moreover, the goals above are reinforced by the following twelve (12) Redevelopment Objectives for the Randolph/Wells RPA:

1. Provide resources for the rehabilitation and modernization of existing structures and the reuse and rehabilitation of architecturally and historically significant structures;
2. Encourage high-quality retail development that promotes a lively pedestrian environment, incorporates enhanced plazas and green spaces, and provides sufficient off-street parking;
3. Improve the quality of streetscape elements to provide the community with safe, attractive public gathering spaces;
4. Promote the RPA as a part of an area that composes the center of employment and commercial activity for the City of Chicago through the attraction and retention of major employers and corporate headquarters, and by providing assistance to small and/or growing businesses;

5. Promote a pedestrian-friendly environment, particularly along streets designated as Mobility Streets in the City Zoning Ordinance;
6. Improve vehicular circulation throughout the RPA through improvements to streets, alleys and loading areas;
7. Encourage environmentally sensitive development and rehabilitation, including development that incorporates green roofs and achieves LEED certifications;
8. Improve public transit facilities within the RPA, including upgrades to the Chicago Transit Authority properties and facilities;
9. Replace or repair public infrastructure where needed, including streets, sidewalks, curbs, gutters, underground water and sanitary systems, alleys, and elevated rail structures;
10. Provide opportunities for women-owned, minority-owned, and locally owned businesses to share in job opportunities associated with the redevelopment of the Randolph/Wells RPA, particularly in the design and construction industries;
11. Support job training and welfare to work programs and increase employment opportunities for City residents; and
12. Provide daycare assistance to support employees of local businesses.

### **Estimated Redevelopment Project Costs and Allocations**

The estimated Redevelopment Project Costs outlined in the Randolph/Wells TIF Plan total \$55 million. Through 2018, about \$31.4 million has been expended on TIF-supported projects within the RPA, representing 57 percent of estimated total Redevelopment Project Costs. **Exhibit 2** on the following page displays the estimated eligible costs of the Randolph/Wells Redevelopment Plan by statutory cost category.

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

Permissible Cost Category	Eligible Cost Description	Estimated Project Costs	Project Costs Expended Through 2018	
			Expenditures	Percent of Total
<b>1. Professional Services</b>	Cost of studies, surveys, administration, and professional services [1]	\$1,000,000	\$59,957	6.0%
<b>2. Marketing of Sites</b>	Costs of marketing sites within RPA to prospective businesses, developers, investors [1]	\$0	\$0	0.0%
<b>3. Property Assembly &amp; Site Preparation</b>	Property costs assembly, including acquisition, demolition, site preparation, and environmental site improvement costs [2]	\$5,000,000	\$0	0.0%
<b>4. Rehabilitation of Existing Public or Private Buildings</b>	Costs of rehabilitation, reconstruction, repair or remodeling, and replacement of existing public or private buildings or fixtures [3]	\$30,000,000	\$31,278,244	104.3%
<b>5. Public Works or Improvements</b>	Costs of construction of public works and improvements [4]	\$5,000,000	\$14,850	0.3%
<b>6. Job Training and Retraining</b>	Costs of job training and retraining implemented by businesses or other taxing bodies, including "welfare-to-work" programs, advanced vocational or career education	\$1,000,000	\$0	0.0%
<b>7. Financing Costs</b>	Financing costs, including interest and issuance costs	\$0	\$0	0.0%
<b>8. Capital Costs</b>	Taxing districts' capital costs resulting from redevelopment project [3]	\$0	\$0	0.0%
<b>9. Increased Education Costs</b>	Costs of reimbursing school districts for their increased costs attributable to TIF-assisted housing projects [4]	\$0	\$0	0.0%
<b>10. Relocation Costs</b>	Relocation costs	\$1,000,000	\$0	0.0%
<b>11. Interest Costs</b>	Interest costs [5]	\$1,000,000	\$0	0.0%
<b>12. Affordable Housing Construction</b>	Costs of construction, renovation, rehabilitation of housing for low-income and very low-income households [3]	\$10,000,000	\$0	0.0%
<b>13. Day Care Reimbursements</b>	Costs of day care services and operational costs of day care centers for low-income families in RPA	\$1,000,000	\$0	0.0%
<b>TOTAL REDEVELOPMENT PROJECT COSTS [3] [4] [5] [6]</b>		<b>\$55,000,000</b>	<b>\$31,353,051</b>	<b>57.0%</b>

Source: Randolph/Wells TIF Plan, dated December 29, 2009; Attachment K in 2010-2018 TIF Annual Reports.

[1] Professional Services line item may include the costs of marketing.

[2] Environmental remediation costs, originally a separate category, have been combined with Property Assembly & Site Preparation.

[3] Rehabilitation of Existing Public or Private Buildings line item may include the costs of affordable housing construction or rehabilitation.

[4] Public Works or Improvements line item may include (1) reimbursements to an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (2) capital costs of taxing districts impacted by the redevelopment of the Project Area as noted in the TIF Plan.

[5] Interest Costs category includes Payments in Lieu of Taxes (PILOT).

[6] Total Redevelopment Project Costs in TIF Plan exclusive of interest on City-issued obligations, capitalized interest, issuance costs and other financing costs. All costs may be increased by the rate of inflation reflected in the Consumer Price Index (CPI) for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U.S. Department of Labor.

## 2. Redevelopment Project Area Revenues and Expenditures

This chapter provides information on the incremental property tax revenue generated and associated expenditures within the Randolph/Wells RPA from its inception through December 31, 2018. A summary of non-TIF City funds expended in support of projects through the 2018 calendar year is also presented.

### Growth in EAV and Revenue Generated within Randolph/Wells RPA

Incremental property tax revenues are generated based on the growth in equalized assessed value (EAV) that arises during the TIF district’s existence, as compared to the initial EAV at the time of the TIF’s original adoption. The RPA’s initial EAV was \$72,140,805. As of December 31, 2018, the total taxable EAV of the RPA was \$167,077,762, representing an increase of 43.2 percent from the initial EAV.

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

Year	EAV	% Change from Initial EAV
2010 – Initial EAV	\$72,140,805	--
2018 – Current EAV	\$167,077,762	43.2%

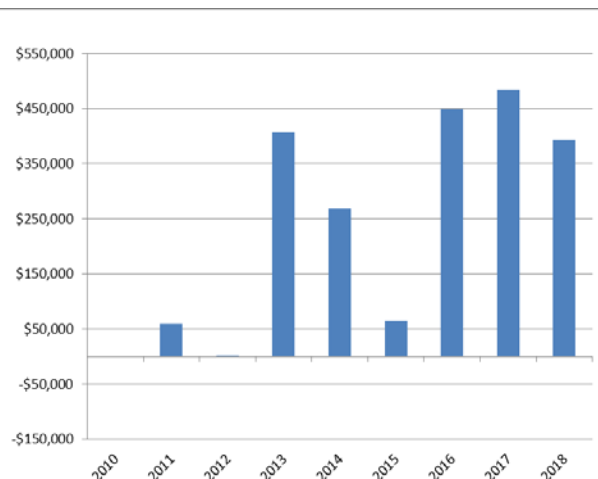
Source: Cook County Clerk.

This change in EAV in the RPA generated a total of \$2.13 million in incremental property tax revenue from 2010 through the end of 2018, as displayed in **Exhibits 4 and 5**. Property tax is collected in the year after taxes are levied, therefore these exhibits cover the period through tax year 2017, for which property taxes were collected in calendar year 2018.

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

Year	Incremental Property Tax Collected
2010	\$0
2011	\$59,330
2012	\$2,055
2013	\$408,105
2014	\$267,939
2015	\$64,733
2016	\$449,577
2017	\$484,830
2018	\$394,105
<b>TOTAL INCREMENTAL PROPERTY TAX COLLECTED, 2010-2018</b>	<b>\$2,130,674</b>

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



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

### Transfers of TIF Funds

In 2010, \$20 million were transferred (or “ported”) into the Randolph/Wells special tax allocation fund from the contiguous LaSalle/Central Redevelopment Project Area for the redevelopment agreement at 188 West Randolph Street.

In 2011, \$9 million were transferred (or “ported”) into the Randolph/Wells special tax allocation fund from the contiguous LaSalle/Central Redevelopment Project Area for the redevelopment agreement at 188 West Randolph Street.

In 2014, \$632 thousand were transferred (or “ported”) into the Randolph/Wells special tax allocation fund from the contiguous LaSalle/Central Redevelopment Project Area for the redevelopment agreement at 188 West Randolph Street.

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

### City Expenditures within the RPA

From 2010 to 2018, \$31.35 million in incremental property tax revenue was expended in support of projects within the Randolph/Wells RPA. Expenditures of TIF revenue over this period are presented in **Exhibit 2** by TIF-eligible cost categories outlined in the TIF Act.

The City of Chicago has allocated and expended additional non-TIF resources in support of TIF-funded projects within the Randolph/Wells RPA in support of residential private redevelopment projects. These additional non-TIF investments made between 2010 and 2018 are displayed in **Exhibit 6** below.

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

Source of Funds	Use of Funds	Allocation
G.O. Bonds	Priority Bikeway Installation	\$1,609,912
<b>Total Non-TIF Allocation on TIF Supported Projects</b>		<b>\$1,609,912</b>

Source: See Exhibit 12.

### Declaration of Surplus Funds

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

## 3. Redevelopment Project Area Accomplishments

This chapter provides information on the status of TIF project activity, goals and objectives outlined in the TIF Plan. Detailed information on TIF-supported projects within the Randolph/Wells RPA is provided, followed by a discussion of additional performance metrics relevant to the TIF district.

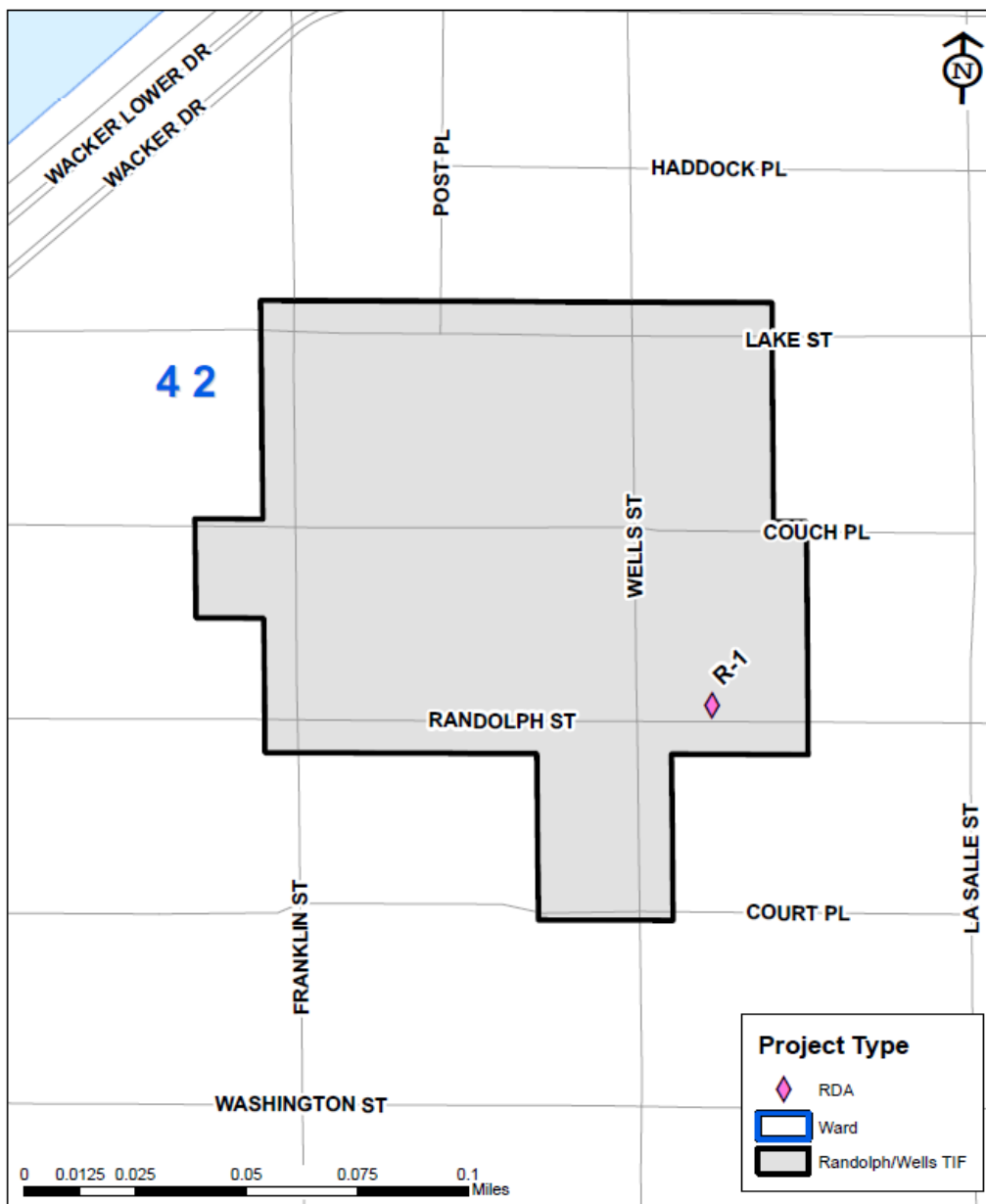
### RPA Project Profiles – Major Accomplishments

Project profiles for TIF-supported projects within the Randolph/Wells RPA that are underway or have been completed, as of December 31, 2018, are provided in **Exhibits 8 through 12** on the following pages. Key project information presented includes total project costs, TIF investment (to date and expected), public-to-private investment ratio, and additional community impacts resulting from or

expected to result from these projects. The tables include projects receiving TIF investments through RDA's, IGAs, SBIF, and NIP, and TIF-funded public infrastructure improvements. Projects which have been allocated with TIF funds, but for which no TIF expenditures have occurred, are presented in **Exhibit 14** in the section on planned projects.

**Exhibit 7. TIF-Funded Project Map**

The public infrastructure projects and the TIF investments made via RDA's, IGA's, and SBIF projects within the RPA are mapped in Exhibit 7. Planned projects, as reported in Exhibit 14, are also featured in the map below (projects without defined locations and NIP projects are not mapped).



**Exhibit 8. Redevelopment Agreement Projects**

Map ID	Project	Status [1]	Total Project Cost [2]	TIF Funding Approved [3]	TIF Investment to Date [4]	Total Non-TIF Investment Expected [5]	Other City-Controlled Sources [2]		Ratio Non-TIF to TIF Investment
							Source	Funding Amount	
<b>Mixed-Use</b>									
R-1	188 West Randolph Street	In Progress	\$145,059,588	\$34,000,000	\$30,646,244	\$111,059,588	N/A	N/A	3.3
<b>TOTAL</b>			<b>\$145,059,588</b>	<b>\$34,000,000</b>	<b>\$30,646,244</b>	<b>\$111,059,588</b>	<b>N/A</b>		<b>3.3</b>

[1] "Complete" projects are those listed as "Complete" in the 2018 TIF Annual Reports and/or with Certificate of Completion noted in the City's RDA and IGA database, as of December 31, 2018. "In Progress" projects are those indicated in TIF Annual Reports as being in process as of December 31, 2018.

[2] Source: Redevelopment Agreement.

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

[4] As noted in 2018 TIF Annual Report.

[5] "Total Project Costs" less "TIF Funding Approved".

**Exhibit 9. Redevelopment Agreement Projects: Community Impacts**

Project	Project Address	Development Project Square Footage	RDA- Required Permanent Jobs [1]	Number of Housing Units [1]	Affordability Level (Percent of AMI) [2]	Additional Expected Community Impacts
<b>Mixed-Use</b>						
<b>188 West Randolph Street</b>	188 West Randolph Street	371,000	0	310 (62 units are affordable)	60%	The project will consist of the conversion and rehabilitation of a 45 story Class C office building containing approximately 371,000 gross square feet. The project will produce 310 apartments, 9,500 square feet of retail, 11,000 square feet of office/commercial space and community facility space. In addition, no less than 62 apartment units are dedicated for affordable housing.
<b>TOTAL</b>		<b>371,000</b>	<b>0</b>	<b>310</b>		

Source: Redevelopment Agreement.

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

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

**Exhibit 10. Intergovernmental Agreement Projects**

No Intergovernmental Agreement Projects have received TIF funding through December 2018.

Source: City's RDA and IGA database, Capital Management System Database, TIF Annual Reports.

**Exhibit 11. TIF - Funded Programs**

No TIF Programs have received TIF funding through December 2018.

Source: City's RDA and IGA database, Capital Management System Database, TIF Annual Reports.



**Exhibit 12. Public Infrastructure Projects**

Map ID	Project	Project Type	TIF Funding Allocated [1]	TIF Investment Through 2018 [1]	Other City-Controlled Sources [2]		Description/Key Community Impacts
					Source	Funding Amount	
N/A	Priority Bikeways	Public Improvements	\$14,850	\$14,850	G.O Bonds	\$1,609,912	Installation of priority bikeways throughout the TIF district.
<b>TOTAL</b>			<b>\$14,850</b>	<b>\$14,850</b>			

Source: Capital Management System database, City of Chicago expenditures data

[1] City of Chicago Expenditure Data

[2] TIF Annual Reports, Capital Management System database

## Additional Performance Metrics

Additional performance metrics associated with the RPA, including construction and permanent job creation and change in equalized assessed value over time, is presented below. For consistency, estimates for all projects were based off estimated jobs as published in the Community Development Commission Staff Report (“CDC report”) published on March 9, 2010.

### CONSTRUCTION JOB CREATION

#### *240 one-year full-time equivalent construction jobs*

Based on this CDC report, an **estimated 240 one-year full-time equivalent (“FTE”) construction jobs** were created as a result of the Randolph/Wells RDA project.

### PERMANENT JOB CREATION

#### *70 FTE permanent jobs*

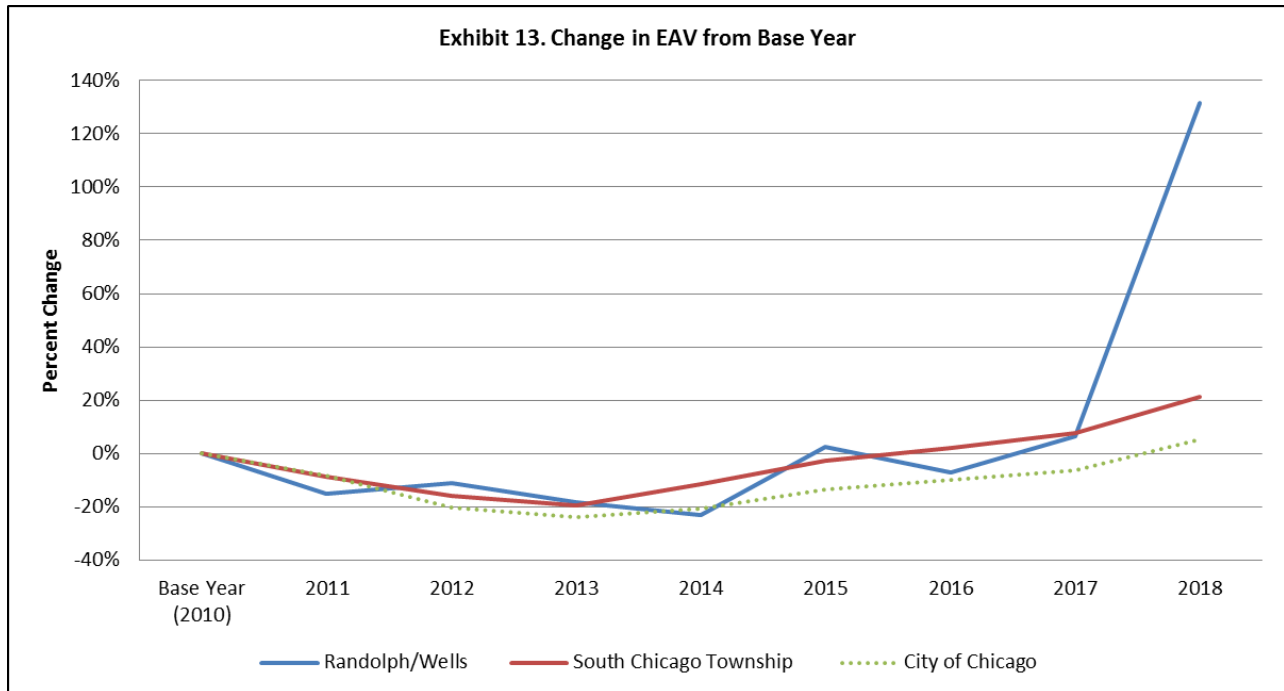
In some cases, RDAs require private, TIF-supported projects to create or retain a certain number of permanent jobs as a condition of receiving TIF funding. None of the RDAs to date within the RPA have included such permanent job creation covenants.

In light of this, permanent job creation associated with the TIF-supported project (see Redevelopment Agreement Projects in **Exhibit 8**) has therefore been estimated using the published CDC report. An **estimated 70 FTE permanent positions** are expected to be created by this development.

### CHANGE IN EQUALIZED ASSESSED VALUE

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

Property values within the Randolph/Wells RPA have increased at a **compound annual growth rate (CAGR) of 10.8 percent** from tax year 2010 to tax year 2018. The EAV in South Chicago Township and the City of Chicago have also increased at a CAGR of 2.4 percent and 0.6 percent, respectively.



Source: Cook County Clerk’s Office, EAV before exemptions.

## Status of Planned Activities, Goals and Objectives

### PLANNED ACTIVITIES

The projects presented in **Exhibits 8 through 12** include only those TIF-supported projects for which TIF funds have been expended through December 31, 2018. Planned projects are defined as those that have met substantial approval criteria for receiving TIF funds as of December 2018, but as of December 2018 had not received any TIF funding. These planned projects consist of:

- Projects with an executed RDA, or with an RDA under negotiation following approval by the Community Development Commission;
- IGAs that have received City Council approval but without TIF expenditures through 2016;
- TIF-funded programs for which funding has been approved but no TIF dollars expended; and
- Public infrastructure projects with prior approval but no expenditures through 2016, or projects included in the City’s 2015-2019 TIF Projection Reports as “potential projects.”

Information on planned projects in the RPA is presented in **Exhibit 14** and is mapped in **Exhibit 7**.

#### Exhibit 14. Planned Projects

No Planned Projects have been identified.

## Progress toward Achieving Goals and Objectives

The TIF Act requires that progress toward achieving goals and objectives outlined in the TIF Plan be addressed in the Report. **Exhibit 15** below presents a summary of the relevant projects and their progress in addressing the goals and objectives outlined in the Randolph/Wells TIF Plan through 2018.

### Exhibit 15. Progress Toward Achieving Objectives Outlined in Randolph/Wells TIF Plan

Map ID	Project	Relevant Objective(s) Addressed
R-1	188 West Randolph Street	1, 2, 7, 10
--	Priority Bikeways	6, 9

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

