The Pullman Historic District:

A partnership in place-based community investment

This case was written by James Carmichael under the supervision of Robert Gertner, Joel F. Gemunder Professor of Strategy and Finance and John Edwarsdon Faculty Director, Rustandy Center for Social Sector Innovation at Chicago Booth.

Much like the Pullman revitalization project, this case was made possible by the engagement and openness of Chicago Neighborhood Initiatives (CNI), the U.S. Bancorp Community Development Corporation (USBCDC), U.S. Bank, and members of the Pullman Community. The Rustandy Center would like to thank David Doig, Jennifer Bransfield, Ciere Boatright, and Erica King of CNI; Zack Boyers, Terra Neilson, Steve Kramer, and Kyle Kochtanek of USBCDC; Terry Dolan, Katy Jacob, and Reba Dominski of U.S. Bank; as well as Marc Hirshman of Twain Financial, Tom McMahon and Pastor Merlon Jackson, Angelica Marks of the University of Chicago, Saskia van Gendt of Method Products, Dan Watts of Forest Park National Bank and Trust, and Tsadakeeyah Emmanuel of Majani restaurant and catering.

OCTOBER 30, 2009

Timothy Geithner was avoiding eye-contact. Or so David Doig thought — and that should have been strange. Geithner, as secretary of the U.S. Treasury, was convening an ostensibly upbeat press conference: Park Bank Initiatives, led by David Doig, was being presented alongside other community development entities as a recipient of that year's allocation of federal New Markets Tax Credits (NMTCs), powerful financial tools for bringing investment into struggling neighborhoods. Park Bank Initiatives, or PBI, had successfully participated in a competitive application process to earn a $50MM allocation of these NMTCs on the strengths of its plans to execute transformative development projects in Chicago's South Side.

But Doig knew too well that it wasn't that simple, and why Geithner might indeed be ducking his gaze. In the weeks leading up to this major success, PBI's survival had been cast into doubt. Park National Bank, the major Chicago-based bank of which PBI was a nonprofit subsidiary, had been swept into the financial catastrophe that was putting midmarket banks out of business throughout America.

The PBI team attended the ceremony, smiling through the pall that hung over their fate. When they got back to the office they immediately signed and sent all available confirmatory documentation, hoping they might somehow still use these tax credits to change people's lives. PBI had big goals: It was in the initial stages of a massive real-estate community development project that was positioned to revitalize and reimagine an historic and heavily disinvested neighborhood of Chicago's South Side.

"Then that evening, at 5 p.m.," Doig recalls, sighing, "the FDIC showed up for the keys to the bank."

CHICAGO'S SOUTH SIDE AND THE PULLMAN COMMUNITY

Chicago's South Side, where PBI was located and did most of its work, had a complex past and uncertain future. It had long been a part of a segregated city—not by law, but along de facto lines of income, employment, race, and class (see Exhibit 7). The Pullman neighborhood, where Park National Bank ran its operations and where PBI's offices were located, encapsulated this conflicted history. The area was centered on a cluster of distinctive Victorian row-housing and industrial facilities built by George Pullman and his famous railroad company in the 1880s for its factories and employees. Comparatively comfortable housing, the enforcement of paternalistic social norms designed to create a livable family community, and the success of the Pullman Company itself all combined to give the area an early reputation as a model community—a good "company town." This reputation was rewritten by the Pullman Strike of 1894, when a downturn of market conditions pinched the company's finances and it passed this pinch on to its workers/tenants; this led to a long and bloody strike that was a watershed moment in the U.S. organized labor movement and a catalyst of Labor Day's establishment as a federal holiday that same year.[1]

Following this upheaval, the Pullman neighborhood was normalized in the early 20th century. It was formally incorporated into the City of Chicago in 1889, and many of its residents were given—and took—the chance to purchase their own homes. The area continued to play an active role in the American labor movement, especially with respect to African-American involvement in organized labor, through the founding of the Brotherhood of Sleeping Car Porters in the 1920s to advocate for Pullman employees. Throughout the first half of the 20th century, the area remained a racially diverse working-class

[1] "Labor Day's Link to Chicago's First National Park," National Park Foundation. www.nationalparks.org/connect/blog/labor-days-link-chicagos-first-national-park. accessed February 2020.

Pullman's historic rowhomes built in the 1880s.

community whose prosperity was built on industrialized production led by Pullman and companies like it.

Decline began after the Second World War. With the steady drop in U.S. industrial activity throughout the latter half of the 20th century, Pullman and its surrounding neighborhoods suffered a dramatic loss of jobs as companies shuttered or moved operations elsewhere. By the 1960s, disinvestment and unemployment were transforming the neighborhood; by 2000, "white flight" had remade the area's once-diverse demographics and 28 percent of the population lived below the poverty line (see Exhibit 4). Unemployment—in a "company town" built on employment—was close to 18 percent, and that statistic (as always) excludes those who had excluded themselves from the labor force. In Pullman's case this was almost half the local populace (see Exhibit 4).

Tom McMahon, a retired police captain with the city of Chicago and longtime Pullman resident, lived through the area's changes. "We had industry. We had jobs. In our little neighborhood we had five or six bars folks could go to. Over time… the market shifted, okay? To say the least." Pastor Merlon Jackson of Christ Community Church, another local leader, further describes the lived reality of fractures that split the area along fault-lines of race and income (see Exhibit 4).

> There were distinct barriers, and there were residents on both ends that didn't want anything to do with other residents. And it was in open referral, constantly. It wasn't 'Pullman.' It was 'North Pullman,' 'West Pullman,' 'South Pullman.' Not only was it a racial divide, but it also was an economic divide. North Pullman had a high transient ratio and South Pullman had more of a solid base. There was a clear distinction in condition of housing and so on.

By the 1980s, Pullman faced serious structural challenges. Divisions that had been established with George Pullman's original company town were exacerbated by the pressure of economic collapse into something sharper and more hostile. In 2000, over a quarter of the population had no high school diploma (see Exhibit 4) and there were few prospects for local employment; those who were employed commuted, mostly into downtown Chicago (see Exhibit 4). "The lifeline was our Metra," Tom McMahon says, referring to Chicago's light rail network. A community that had grown and flourished around a robust base of blue- and white-collar employment had become a post-industrial story of disinvestment and decline, without a clear path to getting back on track.

FIRST BANK OF OAK PARK

This was the context into which Park National Bank's parent company, First Bank of Oak Park (FBOP), expanded. Its founder and chairman, Mike Kelly, built a national presence throughout the 1980s and '90s by acquiring struggling community banks in an ever-widening geographic range from the original business in Oak Park, Illinois. Much of its strategy and success was based on flexibility and autonomy, which Kelly maintained by keeping the bank closely held even as it grew. "FBOP was an independent, privately-held institution," says Dan Watts, a former president of an FBOP-held bank under Kelly, "and as a result Mike had a lot more latitude on the kind of investments he could do."

Locally, FBOP acquired several banks in the Chicagoland area during the 1980s, then expanded into Chicago's South Side in the '90s with the acquisition of three more institutions. The same independence and decisiveness that characterized this expansion defined how FBOP interacted commercially and philanthropically with the communities in which it now did business. Dan Watts summarizes the philosophy thus:

> Almost by definition, a community bank has to take a real interest in its surrounding neighborhoods. The neighborhood is the lifeblood of the success of the bank. Generally deposits and loans come from neighbors. You can't loan $100 of the depositors' money to a project that's going to disinvest. So, making the community better is part of a community bank's role. Mike took that responsibility seriously… he put it on steroids. He was willing to throw money at community revitalization. Nobody else in their right mind would throw money into these projects where the value was non-economic. Mike did what every community bank does, but on steroids.

This meant charitable giving to educational and religious causes, as well as pursuing community and economic development projects with local nonprofit partners. Angie Marks joined the PBI team as vice president in 2007, part of FBOP's efforts to expand its capacity to originate and execute impactful projects. "PBI was in a unique position to provide capital and capacity to implement community plans, particularly around affordable housing," Marks remembers, recalling the challenge presented by Pullman's historic but vacant rowhomes. Built in the 1880s, these neglected structures suffered from “appraisal gaps” between the cost of their redevelopment and their market value, even after improvements were made. This made them unsuitable as investments for private and for-profit developers, so Marks and her team at PBI took them on. “We bought a property, we rehabbed it, we sold it at market value—and we absorbed that loss.” PBI also focused on a holistic, block-by-block strategy to spur broader neighborhood improvement. “We worked with existing neighbors,” Marks recalls, “to organize block clubs, implement community beautification efforts, and address ‘problem buildings’ on their blocks.”

Over the course of the 1990s, FBOP earned a reputation as a “good” bank and community partner. In the early 2000s, it officially spun out Park Bank Initiatives (PBI) as a legally distinct nonprofit subsidiary; this allowed PBI greater flexibility by assuring that it and FBOP were in regulatory compliance with respect to how the nonprofit (as opposed to the bank) held property and spent capital. “Bank oversight has a primary role protecting the depositor dollars,” as Dan Watts puts it, and “this wasn’t depositor dollars. This was Mike Kelly’s money.” David Doig, the superintendent of the Chicago Parks District, was brought on as the subsidiary’s president in 2007. Throughout the early 2000s PBI continued to expand, branching out from its traditional core of educational giving and affordable housing. “We were thinking,” remembers Marks, “‘what can we do that is bigger than this?’”

THE RYERSON SITE

“You stood on that eleventh floor,” Dan Watts says, describing the view from Park National’s office tower over Pullman, the South Side, and Chicago, “and you’ve got the world at your feet. We’d be up there for board meetings, and Mike would be looking at that old Ryerson plant,” an abandoned industrial site practically across the street from the tower, “and he’d say how you could do wonders with it, if you could get control of it.”

Ryerson, a metals company, had been part of Pullman’s rise and then fall. The company was gone by the early 2000s and its absence left a non-metaphorical hole: a disused factory lot of 180 acres (over half the size of Grant Park, which itself covers the lakefront of all downtown Chicago). This was the second-largest contiguous plot of land in the City of Chicago and it was cut into Pullman’s landscape: disused, empty.

One day, in “2005 or 2006,” Watts says, Kelly moved to change that. Turning to Watts in that high-up boardroom, he said, “you know: let’s buy Ryerson.” So they did it. Not that it was simple; Kelly’s decision kicked off an arduous, multi-year negotiation. Park National, a privately-held bank with privately-driven, community development aims, was trying to convince Ryerson, a publicly-traded company with shareholder imperatives, to sell a brownfield site on terms that would work for them both. Watts was frequently worried they’d lose out to a conventional commercial buyer, but in 2008 FBOP succeeded and acquired the site for $25 million.

At which point, PBI took over development. Preparing the land for development was a major hurdle: as a brownfield former industrial facility, the site had significant zoning and environmental issues. PBI knew that it would need to utilize subsidies to make any project there economically viable. “We de-TIFed and re-TIFed,” Doig recalls, referring to getting the area zoned for Tax Increment Financing (TIF), a form of public subsidy in which anticipated future property-tax revenues associated with a project are diverted into present-day subsidy to help finance development (see Exhibit 1).

PBI also undertook an extended campaign of community consultation to figure out what to do with the site. “You don’t come in with a plan,” Doig explains. “You get the plan from the community.” PBI staffers attended or organized over 70 meetings with “every church group, block club, and civic organization,” explains Ciere Boatright, the organization’s current vice president of real estate and inclusion. “You go to Pullman Civic Organization meetings, you meet with the garden club, you meet with whatever group is necessary. Sometimes you have 10 people show up, sometimes 50, sometimes 100.”

A clear set of local wishes emerged. Community members spoke of their need for an affordable, healthy grocery store. “We were in a food desert,” Tom McMahon explains. Residents of Pullman had to either drive long distances to get groceries or face steep mark-ups and limited choice at neighborhood convenience shops. The other major, pressing priority was jobs. Secondarily to these issues, many residents also brought up the ongoing need for affordable housing and the community’s lack of indoor recreational space for sports and activities during Chicago’s long, punishing winters.

This led to a plan: a large-scale retail development on the site, surrounded by about 2,000 units of affordable housing. “It was very housing heavy,” Marks says, but points out that PBI also made active efforts to address “other community priorities, such as retail and recreation.” Generating local employment, however, remained a challenge. “People talked about jobs,” she recalls, “but there wasn’t a particular articulation on the plan of how we created those jobs.”

In 2009, with community backing, all the pieces were set for a major development. PBI, under Park National’s aegis, controlled a 180-acre site for which various regulatory requirements and incentive programs were on track. As part of its expanding ambitions, PBI also successfully undertook the demanding NMTC application, winning a $50 million allocation in tax credits that would allow the organization to bring investment and commercial partners into its storied, historically under-resourced neighborhood.

Which loops the timeline back to October 30, 2009: the day when, over the span of 12 hours, PBI was publicly fêted for its tax allocation victory and then—with the rest of FBOP—placed in public receivership.

ENTER U.S. BANK

Years later, David Doig can talk about it without cringing. He dryly observes that FBOP’s hard-won acquisition of the Ryerson site for $25 million happened “just in time to see the plot’s value drop

$10 million" in the Financial Crisis. This 'haircut' on the Ryerson site's value was bad, but not in itself a disaster. What was a disaster with widespread implications was the systemic crash in property values of which it was a part; a crash precipitated by the subprime mortgage crisis, which then infected the American and global economy through financial institutions that relied on these assets. What sealed FBOP's fate was the collapse in the value of securities issued by Freddie Mac and Fannie Mae, government-sponsored mortgage corporations that were taken into conservatorship by the U.S. Treasury when the subprime crisis decimated their balance sheets. This had an immediate effect, in turn, on the balance sheets of FBOP and many other banks that held these ostensibly "safe" securities. When Freddie Mac and Fannie Mae failed in September 2008, nearly $1 billion dollars that FBOP held in their securities was written-down overnight and the impact of this financial cratering rippled across all of FBOP's sub-entities. In a final, killing irony, the same privately-held independence that had defined FBOP's success and enabled its growth, operations, and community engagement now meant that the bank was ineligible for federal relief through programs like the Troubled Asset Relief Program, better known as TARP.

As FBOP failed into public receivership, the question at PBI was whether the nonprofit would continue to exist. The immediate aftermath was not reassuring. The FDIC quickly found a private buyer for FBOP and its assets—which included, of course, PBI and the Ryerson site and the $50 million in NMTCs the nonprofit had just been granted. The buyer was U.S. Bank, one of the largest financial institutions in the country. That might have been all that one needed to know. "We've all heard this story," as Doig puts it now. At the time, he'd have given PBI and its projects a "10 percent chance, maybe" of surviving.

Doig's lack of faith didn't reflect any view, positive or negative, of what kind of big national bank U.S. Bank was. It simply reflected the reality that it was one. Terry Dolan, U.S. Bank's chief financial officer, readily confirms that Doig, et al. were right to worry: "Quite honestly, if we wanted to we could have just sold [the Ryerson site]. That would have been fine. Owning land is not something that we, as a bank, wanted to do." Nor was there any federal pressure to minimize the fallout of Park National's sudden absence in Pullman; the FDIC had its hands full with a burning financial sector and they "were receivers," Dolan confirms. "No feedback, no interest."

Concern, however, was voiced within the community. Park National had been viewed as a trusted partner. Pullman's residents were alarmed at what might happen in its absence. "After the acquisition," Tom McMahon recalls, "there were so many plates spinning in the air, it was like… like everybody was trying to hang on. We wondered 'what's gonna happen, what's gonna happen to that development.'" The *New York Times* describes one of many contentious community meetings that took place in this period:

> One speaker, the Rev. Randall Harris, led the audience in a rowdy chant. "U.S. Bank!" he shouted. "Step up!" Others vowed more vigorous protests unless U.S. Bank complied with community demands […] "We are ready to sit down inside your bank until you take action," said the Rev. Michael Stinson. "It's going to get real ugly before it gets pretty."[2]

Pullman's rich infrastructure of civic organizations made sure voices were heard. Through the Pullman Civic Organization (PCO), churches like Christ Community, and other local entities, "pastors and the community were active in holding U.S. Bank accountable to the promises that FBOP had made," says Doig.

U.S. Bank was listening. Representatives attended—and were grilled at—these meetings.[3] Terry Dolan was aware that "the Pullman community was particularly concerned about what we might do." Within two weeks of the acquisition, in November 2009, Dolan—who at that time was U.S. Bank's controller—came to Pullman for an on-site visit. The day proved memorable. "I was up on the floor with the boardroom in it," he recalls, describing that expansive 11th floor view, "and I remember looking out over Ryerson and thinking, 'Wow. I wonder who owns this piece of property.' And David Doig walks in and says, 'I see that you're overlooking the wonderful piece of land you've just acquired.'"

Zack Boyers, president of the U.S. Bancorp Community Development Corporation, or USBCDC, was there that day as well. "I think we were all a bit surprised at that part of the deal," he recalls with a laugh. "Terry's jaw practically hit the ground."

Boyers' presence itself was, in fact, significant. Much as PBI had been the community development arm of Park National, USBCDC was, in Boyer's words, "a for-profit arm" of U.S. Bank that applied "a minimum hurdle rate to our investments;" in other words, it was dedicated to mission-driven investments in community development. And, much as PBI had just been acquired when U.S. Bank acquired its parent entity, so too had USBCDC originally come into U.S. Bank as part of a small bank subsumed by the larger. Since then, the USBCDC had grown into a national organization with business lines in affordable housing, NMTCs and Historic Tax Credits, and renewable energy and syndications. It had investments in all 50 states and a depth of experience in managing the complex financial mechanics of community-development deals (see Exhibit 2). So Boyers' presence was a promising indicator that U.S. Bank was seriously assessing what it could do with PBI and its assets, especially that $50 million NMTC allocation.

The trouble was that U.S. Bank couldn't do anything with it. A $50 million lose-lose was brewing. U.S. Bank was now the 'controlling entity' of PBI's NMTC allocation, since the allocation had been awarded to a subsidiary entity (PBI) of a bank (FBOP) that U.S. Bank had acquired. Because of how the NMTC program works, a 'controlling entity' receives provisional authority over an allocation of tax credits, rather than outright ownership of a financial asset. It might have made sense to shift the allocation into USBCDC, which

[2, 3] "The Town that Loved Its Bank," The *New York Times*. published June 19, 2010.

had the experience and contacts to deploy the credits to positive effect. But USBCDC, as another U.S. Bank subsidiary, could not take on the credits; the Treasury Department's rules governing NMTC allocation explicitly forbade any single 'controlling entity' from receiving multiple allocations, and the USBCDC had received its own allocation that year. So PBI's $50 million NMTC allocation—the true worth of which was a multiple of its already significant face value—could not be transferred to U.S. Bank or USBCDC. Which raised the possibility that it would just go unused.

Unless…

"Dave and his team," Boyers says. "They were in it. In the planning and development, rehabbing houses. They were of it." And U.S. Bank wanted to strengthen its presence in Chicago, and did not want to start that off by disappointing and angering communities in which it hoped to earn customers. "Because of this desire," Boyers goes on, "and because of the passionate connected-ness of the members of the community, and because of PBI's presence in the community, we came up with the idea: why not spin off this group?"

THE REBIRTH OF PBI

'Spinning off' PBI would mean turning it into a self-sufficient 501(c)3 that was legally and operationally independent, while maintaining strong ties with U.S. Bank. This required a complex and delicate process. "We established a full-time, two-person team who reported to me," Boyers says. "We would have regular calls and engagements with the PBI team, the accounting team, and policy folks. It was a messy thing to tease out."

Consultants were brought in and bylaws drawn up. The connection between U.S. Bank and the re-formed PBI was to be cemented by the entity's board structure: a 15-person board of directors was mandated to include three representatives of U.S. Bank (one from corporate HQ; one from local operations in Chicago; and one from the USBCDC). At the same time, the deep ties that PBI had formed with the Pullman community were to be honored and strengthened, and an unofficial—but consistently observed—rule was that the board should reflect that community's makeup. Pastor Merlon Jackson was made chair, and Tom McMahon was also invited as a member. This created an oversight structure prepared to support the new organization with a community mandate, corporate contacts, and sector-based knowledge. Long-time CNI board member and USBCDC Senior Vice President Steve Kramer thinks "having that level of expertise" was a crucial foundation, and "credit[s] Dave [Doig] with really putting together the members of a board prepared to give advice and consent" to the nascent entity.

Most important was the question of how this 'new PBI' would support its own existence. Under FBOP, PBI had operated with the financial support of an engaged, unorthodox parent entity. While U.S. Bank and USBCDC were demonstrating their commitment to the new PBI, it was equally clear that now things would be different. "We went from being employees of a bank to basically running a small business," Angie Marks says. "A nonprofit that had to raise and make money."

To support the new organization in this existential change, Terry Dolan and U.S. Bank's leadership worked to send it into the world with a strong balance sheet. Outright, U.S. Bank donated about $8 million in Pullman-located residential and commercially-zoned real estate to the new organization, as well as a long-term option to acquire the Ryerson site in development phases. It was also agreed that the Ryerson site was to be developed by a new joint venture, Pullman Park Development, which was to be owned 40% by U.S. Bank and 60% by the new PBI.

NMTCS

Boyers and his team at USBCDC also worked with PBI's staff and the Treasury department to make sure that the NMTCs could be passed on to the new organization. This was imperative despite the fact that—thanks to another limitation on NMTC's use—the credits were not available for deployment on the Ryerson project (because PBI—the allocatee—was directly involved as a developer on that project). Why, then, were the NMTCs so important at this stage?

"You're able to generate fees off these," Marc Hirshman explains succinctly. Hirshman was one of USBCDC's specialists, with years of experience constructing complex deals involving an alphabet soup of tax-credits such as HTCs and LIHTCs—historic and low-income housing tax credits—as well as NMTCs. These different instruments each presented distinct challenges and opportunities. NMTCs could be thought of as, in Hirshman's words, "cash that you use to pay taxes:" a credit that is allocated first to a certified community development entity, or CDE, by the U.S. Treasury. This allocation then gives that CDE the authority to pass that credit on to an investor in exchange for equity financing towards an eligible community-development project (an investment that may serve another useful function for the investor, beyond the tax break, if they are a financial institution subject to Community Reinvestment Act requirements).

This bilateral exchange only captures a small part of the wider value created by these credits' effective deployment, however (see Exhibit 3). The driving power of the program is multiplied in two ways. First, because the initial investment is made in exchange for a tax credit of greater value—i.e., because the initial investor immediately sees a "return" in the form of the credit—the initial investment can become a capital cushion of equity or low-interest, forgivable debt. This plays the same role that purely philanthropic dollars might otherwise have to play: spurring further, larger third-party lending—often at market rates—by creating a buffer that assures these subsequent market-rate lenders that the project is a viable borrower.

"The capital stacks," Boyers confirms, "are not easy." These deals get complex (see Exhibit 3). Which leads to the second powerful subtlety of NMTCs, and the reason that it was so important to transfer the $50 million allocation authority to the new PBI to make it financially self-sufficient. The spoke at the hub of the complex wheel of capital that spins any NMTC deal is the original allocatee; this entity—PBI, hopefully, in this case—arranges and administers capital flow, allowing the benefits of the tax credits to flow to the initial investor, the standard benefits of market-rate lending to flow to subsequent lenders, and of course the benefits of the capital itself to flow to the community development project itself. In exchange for all this—coming back to Hirshman's pithy summary—the CDE makes money. Jennifer Bransfield, who at the time was PBI's NMTC lead, explains: "a single allocation award is like a seven-year annuity for a CDE. NMTCs enabled us much-needed space to breathe from an operations and programs perspective," since the compliance period and associated fees earned by the CDE run on parallel timelines.

The aim of the NMTC program is to support a virtuous cycle that brings private capital into low-income and other distressed neighborhoods while simultaneously expanding the capacity and self-sufficiency of the CDEs that serve those neighborhoods. So that, the next year, "the CDE can apply for another allocation," Hirshman finishes. "And it can make money off those transactions, which it then reinvests in the community," and so on.

PLANS TO REALITY: CHICAGO NEIGHBORHOODS INITIATIVE

With a strong board, the balance sheet donations from U.S. Bank, and technical support provided by USBCDC's bullpen of tax specialists, the organization-formerly-known-as PBI was ready. It was incorporated and structured to industry norms; its board featured specialty expertise, corporate connections, and community representation; it controlled the core real-estate asset that it sought to develop; and it had a financial tool in the NMTCs to help secure its own economic viability as it participated in other projects throughout Chicago. Anticipating a future of expansion across the South Side and beyond, Doig and his team chose a name: Chicago Neighborhood Initiatives (CNI). "It was aspirational," Doig explains, speaking of the plural 's'. "It's an aspirational name."

THE GATEWAY RETAIL CENTER

The development of the Ryerson site remained the new organization's central objective. From 2008 to 2010—throughout the financial crisis and the failure of FBOP, the acquisition by U.S. Bank, and the transition from PBI to CNI—Doig and his team kept doing their work. Engaging the community. Talking to potential partners. Trying to drive the big project forward.

It was clear to everyone, though, that the plan had to change. Ideas that worked pre-crisis needed to evolve. Aided by the board presence of Pastor Jackson and Tom McMahon and its staffers' own ties to community organizations, CNI kept up ongoing local dialogues to discern how to respond to the area's needs. First and foremost, building new housing was no longer a top priority, given the need to address significant numbers of existing vacant homes in the community. The acute economic duress of the crisis, moreover, had combined with Pullman's decades of industrial decline to create a strongly-voiced need for economic development—i.e., jobs. At the same time, the need for healthy, affordable groceries remained.

Throughout the previous two years, the CNI team had been having discussions along some of these lines. They'd been reaching out to potential anchor retail partners for the Ryerson site who could provide both jobs and daily shopping. It was the right search to undertake, and it went… terribly. As the economy crashed from recession to crisis, every retailer they spoke to was retrenching, drawing back. Companies weren't expanding in proven markets, never mind moving into unproven ones. But after months of flat 'no's, CNI got a 'yes'. Not just a 'yes', in fact, but a Letter of Intent.

The possible wrinkle was who it came from.

WALMART

CNI (back when it was still PBI) had gone to Walmart last, after months of other retailers rejecting their pitch. They went to Walmart last because the big box retailer was not known for its presence in urban markets and was not, in some respects, an obvious partner for a community-development project like this. But there were ways in which Walmart was a great fit. The big box retailer sold a wide range of goods—including fresh produce and groceries—at prices that were guaranteed to be low. It would also provide a meaningful number of potentially accessible, entry-level jobs. Walmart's positive response was itself surprising; David Doig notes that "the timing was opportune." The company had chosen this period of flux and retrenchment to expand, seeking a foothold in the very urban markets in which it had previously struggled.

But there were reasons that Walmart had struggled in these markets. The reputation of the world's largest brick-and-mortar retailer preceded it, and its status as the potential anchor tenant of an investment project dedicated to rebuilding a local economy and providing viable jobs quickly brought opposition. "We got the full-court press from the unions," Tom McMahon remembers. "And it was a fight." No one questioned CNI's assertion that many other retailers had been approached, but challenging questions were posed about whether enough and the right potential partners had been.[4] "Even people in my neighborhood didn't want Walmart," McMahon acknowledges immediately. "It was a big box store, 'they don't treat their employees well,' they had a litany of reasons. 'Why don't we get a Trader Joe's?' people kept asking."

CNI's core staff, and the community leadership with which it engaged, were confident that Walmart could benefit Pullman—if they handled the relationship correctly. The first step, of course, was making sure that the community wasn't railroaded into this. This meant proactive steps to assure that all concerns were heard, discussed and addressed. Once again, CNI's roots in a neighborhood with a rich, existing infrastructure of civic organizations made dialogue possible. Trusted, long-time community members like Tom McMahon and Merlon Jackson served as explainers and advocates. "The role that I took," recalls Pastor Jackson, "was trying to be present at every community meeting, and other conversations with

[4] www.chicagoreader.com/Bleader/archives/2013/09/12/new-walmart-subsidized-with-millions-of-taxpayer-dollarsand-some-residents-are-thrilled

political types," as well as more direct, face-to-face interactions. "I have found, through my many years of pastoring, that the approach sometimes has to be one-on-one with those who may not completely understand what the goal is. There has to be an intermediary."

A project of this scope also required governmental support, for practical and optical reasons. It was not obvious, ex ante, that this support would come. The same union "full-court press" that McMahon observed at the community level was active and influential in Chicago local and city government. A few years earlier, in 2006, Chicago's City Council had passed legislation that mandated a wage floor for workers in the city. An intentional consequence of this law would have been to keep Walmart and other big-box retailers out of the city. Mayor Richard Daley issued the first veto of his nearly two-decade tenure to strike down that bill, but the convictions and interests behind it remained. It was therefore crucial that Alderman Anthony Beale, the City Councilman for Pullman's 9th Ward, and Mayor Daley's administration were behind CNI's proposed deal with Walmart. Alderman Beale had, in fact, voted in favor of that 2006 ordinance. But he saw potential in the Walmart deal and energetically—and controversially—staked his reputation on publicly advocating that the retailer's presence would benefit the Pullman community.

Walmart's deal, meanwhile, was far from resolved. The Letter of Intent was just that: a statement of intent, not commitment. Even a formal commitment could fall through on a deal like this, since it had to survive public scrutiny, development, groundbreaking, and opening. CNI needed to get and keep Walmart on board, and to do so in the face of conflicting concerns. As David Doig told *The New York Times* in 2012, "getting the plan approved at all was going to be as much Walmart as the city council could absorb," meaning that the usual arsenal of TIFs, NMTCs, and other tax-credit acronyms had to be used with great care, if at all. CNI did its best to alleviate such concerns, and in this was assisted by the deal's overall structure. No TIF funds were used on the Walmart site directly; CNI managed site work with the retail giant contributing funds, after which CNI sold the plot to Walmart for the latter to build out its vertical development. But the plan for the Ryerson plot had always been that Pullman Park Development (PPD)—the joint entity that was co-owned 60/40 by CNI/U.S. Bank—would remediate and develop the plots, and then parcel off segments to other ownership as tenants and uses were identified. So TIFs had been deployed to remediate other plots under PPD's management, i.e., parcels on the Ryerson site around the Walmart acreage, including a retail site adjacent to it. This meant that the argument could be made—and was made, as noted above—that public funds were being used to incent a large corporation with a questionable community engagement track record to participate in Pullman's redevelopment.

Similar challenges faced the opportunity to deploy NMTCs in service of securing the Walmart deal. While neither CNI nor USBCDC's allocation could be used to this end, the USBCDC's contacts and track-record meant it could reach out to partner allocatees to deploy their NMTCs toward the development of the plot, before selling it on to Walmart. Again, the big-box retailer would be economically benefiting from the reduced cost of development that these tax credits afforded. But the overall redevelopment plan was "benefitting" as well; and, therefore, hopefully Pullman and its residents. And a good-faith argument could be made that any NMTCs deployed thus represented an additional investment in Pullman, rather than a drawdown on credits earmarked for the region (i.e., CNI's own allocation). "I remember feeling conflicted," Boyers recalls. "We can slice it a different way. And it's not playing games: it's a different allocation, not CNI's, not USBCDC's."

In turn, CNI got Walmart to commit to a five-year Community Benefits Agreement (CBA) that would apply to its build-out and early operations. CBAs, as a rule, come with significant limitations: they are not legally binding and frequently—as in this case—are closely, privately held. But it did represent an explicit affirmation of terms between CNI and its new corporate partner that the retail giant would pay workers the minimum wage-plus-$1 an hour, hire 80 percent of its employees from the local zip code (facilitated by a hiring center at U.S. Bank Tower), use all union labor for building the site, and design its store to fit in with Pullman's distinctive Victorian architectural aesthetic.

"Walmart was the test," McMahon concludes, "and it was a big, big test." But after months of community discussion, heated debate, public speeches, and financial mechanics, ground was broken and the store opened in 2013. Pastor Merlon Jackson also sees this as a transformative moment in Pullman's perception of the viability of economic development.

> Most people are visual, and until they get a sense of sight of what's really going on, you know... it's just talk. In the years prior—I think I was in the community about 14 years or so—there was a lot of talk… [but] when work began over there, and the community meetings had been had and the political battles had been fought and now the verticals are beginning to come in... Now hope could be seen on the part of the community. 'Hey, maybe something is going to take place here. Maybe these people are for real.'

METHOD AND WHOLE FOODS

Presenting the timeline of a decade-long, multi-stage, multi-partner development like this can create a misleadingly episodic impression. There are indeed literal separate parcels of land; separate deals and partners; separate 'rounds' of activity. But there is also work that is continuous and ongoing—and for CNI, this was its community engagement. While the separate parcels and deals can be divided into sections, the conversation between CNI and the Pullman community is better conceived of as continuous and, essentially, existential. As Ciere Boatright explains:

> I want to stress—I always stress—that these initial meetings and 'deep dives' are not one-offs. We're planning with the community, not for the community. With every phase of our development we go back and if things don't go well we're gonna hear about it. We're the boots on the ground, our offices are in the community. You've always got folks that hold you accountable, because you're there.

Above: Method's new manufacturing facility in Pullman.
Below: The U.S. Bank building in Pullman.

This is useful for understanding how the timelines of various elements of the overall Ryerson development overlap and interact, and also how CNI operated.

In parallel, then, with the development and opening of Walmart's big store in 2013, the "story had shifted," as Angie Marks says. The focus was now on "other job-creating opportunities. There was a general recognition that the market could not yet support large-scale new housing development, and we were slowly building retail demand. We needed to think about other ways to build on the neighborhood's assets and unleash the economic potential of the site."

This guided the search for the next corporate development partner. What CNI was hearing, what the community was saying, was that the Walmart jobs were just a piece of the puzzle. Despite lingering controversy, many in Pullman felt good about the introduction of Walmart's entry-level, low-wage positions. But everyone also felt that the next step had to be jobs further up the ladder of wages, training, and long-term career potential.

"So we started broaching with our board and our bank partners this possibility of industrial," Angie Marks recounts, "and at the same time, a site selection committee issued a request for proposals for an anonymous, clean, green company." That 'clean green company' was Method, a B-corp that produced personal and household cleaning products. Method's RFP was to build a manufacturing and distribution facility in the American Midwest, and CNI and the City of Chicago threw their hat in with all that they had. Method, a mission-driven B-corp, wanted more than a developable site; it wanted to be part of a larger community revitalization story. Mayor Rahm Emanuel and Alderman Beale led a vocal campaign that deployed Pullman's history and recent upswing to attract Method to come and be part of the story of the South Side's revitalization.

And the fact that Method was the sort of corporate partner receptive to these arguments meant that CNI could be less constrained in its use of incentives. "We had to be competitive with other sites in other states," Marks says, "meaning that we needed to find resources to offset some of the costs associated with an old industrial site" and its environmental and geotechnical challenges. With support from Mayor Emanuel, Alderman Beale, and the Chicago Department of Planning Development, significant TIF dollars were leveraged to mitigate these site costs, while NMTCs were also allocated to the building development.

Saskia van Gendt, Method's director of sustainability, indicates that this was a valuable piece in the company's decision to locate to Pullman:

> When you're looking at a factory site and it's such a big investment… you're looking at it holistically, like 'how much can we possibly do?' And the opportunity to leverage incentives, it means you can do more. One purpose of the incentives was also related to the brownfields [status of the site], and it's really the partnership with the city and that funding that make it viable for future development.

In 2015, Method opened an attractive $30 million facility in Pullman with 150 jobs that paid $18–$19 an hour. Gotham Greens, a company pioneering urban rooftop farming, partnered with Method to lay what was then the world's largest hydroponic roof-farm atop the facility, reducing the ecological footprint and producing about 500 tons of fresh produce a year.[5] The factory was LEED Platinum rated, further indicating the highest level of environmental sustainability in construction and operation. "Method was a turning point for Pullman," Marks says. "Their mission-driven approach aligned with the community's goals and objectives, and they set a high standard for future industrial development."

And indeed, the partnership between CNI, the City of Chicago, and U.S. Bank quickly led to another success. CNI had developed a relationship with Whole Foods from work on a separate site in nearby Englewood; building off this, U.S. Bank dug into its own connections to the upscale supermarket chain to get it to consider Pullman when

---

[5] "Gotham Greens + Method = World's Largest Rooftop Greenhouse Coming to Chicago." EcoWatch. published July 29, 2015. www.ecowatch.com/gotham-greens-method-worlds-largest-rooftop-greenhouse-coming-to-chica-1882078249.html

U.S. Bank Chief Financial Officer Terry Dolan.

it began looking to build a distribution center in the area in 2016. Whole Foods representatives visited Pullman and toured the facility that Method had created. And the Chicago City Council once again supported CNI's efforts, this time with $8.4 million in further TIF funding toward site preparation costs.[6] In 2018 the new Whole Foods distribution center opened, providing another 100+ jobs at competitive wages.

THE U.S. BANK PULLMAN COMMUNITY CENTER

In that same year, the most high-profile opening of all these investments took place. The U.S. Bank Pullman Community Center was a massive, 135,000-square-foot sports and recreation center. Beneath its high, hangar-like ceiling, an indoor public park spread out hundreds of meters, including playing fields, basketball courts, and numerous spaces for safe community recreation and gathering. The visibility and nature of the $20 million center meant that CNI and other leaders on the project, such as Alderman Anthony Beale, were able to line up significant corporate sponsorship. U.S. Bank maintained the naming rights with its gift of the site; donations were also brought in from Ford Motor Co., Wintrust, Exelon, and both the Chicago Cubs and the Chicago Bears.[7] In a demonstration of the complexities of how public subsidy is assessed and discussed on big projects like this, a single *Chicago Sun-Times* article reported both that "the center was built without city money" and that NMTCs were an important part of the financing.[8] Once again, U.S. Bank's resources and expertise were crucial. In addition to its donation of the site for the center, U.S. Bank brought $4 million in equity investment to the deal, while USBCDC brought another $4 million of its own NMTC allocation into the capital stack.

The community center also benefited from robust public support. When the proforma didn't pencil out under the burden of property taxes, the Chicago Park District stepped in and took a majority ownership stake in the property—which spared it a property tax bill that would have come to nearly a half-million dollars a year.

CNI upheld its practice of creating interconnected partnerships. Local nonprofits were put in charge of operations and running the educational and tutoring programs, which were central to Alderman Beale's vision of what the center should be. "We're looking at keeping 1,100 kids a week off the streets," said the Alderman in his speech at the opening ceremony. "Doing something positive and constructive. A facility that's gonna be open probably 12 to 14 hours a day. That gives people opportunity. It gives 'em hope."[9]

IMPACT...

By the time that the community center opened, development on the Ryerson site had been ongoing for a decade; its potential for impact on the community had been active and direct for five or six years, since breaking ground in 2013. The theory of change behind all this investment is often known as "place-based investing." Boyers shrugs at the label, but not the concept: "We did not say, 'Hey, we inherited this piece of ground. Let's do some place-based investing.' What we did say was that (U.S. Bank and USBCDC) were committed to this area, and that we had a partner," CNI, "who was also committed."

The dollars brought into Pullman through the rehabilitation of the Ryerson steel site; the partnerships and tax incentives deployed to attract major retailers, two light industrial facilities, and a major community center—all of this was part of a recognizable investment strategy. Place-based investing seeks to create positive economic and social returns in a given geography—say, a neighborhood: Pullman—through a coordinated influx of capital and development. The idea is layered: financial investors will see financial returns; "social" investors will see financial returns and community impact; and the community will benefit from economic development in the form of jobs, access to goods, services, housing, and quality of life.

CNI built the goal of community impact into its plans from the start, which meant making sure that beneficial economic returns were created and remained within the community. "We partnered with a diversity consultant that focuses on minority- and women-owned businesses," Ciere Boatright explains. "It's important to have the workforce and contracting that reflect our neighborhood and that meant getting the word out to smaller contractors, getting them to the table and making sure they were prepared." Similar efforts went into "the permanent workforce side, assuring that we've gotten a great pool of candidates from 60628," the area's zip code. Boatright led CNI's efforts, in collaboration with other local nonprofits, to develop a pipeline of local job-seekers "with resumes in hand and interview skills, so companies can't say, 'you guys don't have a workforce.' We have to show them we're ready."

This kind of diligence assured that the project's headline outcomes were captured as benefits to the people of Pullman. According to CNI[10], the investments it spearheaded in Pullman between 2010 and 2019 brought $350 million dollars into the community, leading

---

6 www.metroplanning.org/news/7369/Coordinated-reinvestment-in-Pullman-earns-2016-Burnham-Award-for-Excellence-in-Planning

7, 8, 9 chicago.suntimes.com/2018/11/8/18413272/20-million-field-of-dreams-finally-opens-in-pullman

10 /www.cnigroup.org/pullman-revitalization/. Accessed December 2019.

to the development of more than a million feet of commercial, industrial, and recreational space; creating 1,500 permanent jobs, a 43 percent increase for the area; and leading to a 136 percent rise in residential property values. Jennifer Bransfield—now the organization's chief operationing officer and general counsel—indicates that a majority of this investment occurred within a single census tract. Reflecting on this activity, Pastor Jackson echoes Alderman Beale's note of hope with respect to intangible outcomes, observing a softening of the divides that had split Pullman along neighborhood, socioeconomic, and racial lines.

But for all this, it's hard to know what impact this investment strategy in Pullman has had. It is very hard to know this with the same kind of rigor, specificity, and quantified accuracy that might be applied to any commercial investment strategy dedicated to creating a given return. This boils down to two challenges: tracking and causality.

The social return of place-based investing is hard to track because places are hard to measure. Getting ground-level data about neighborhoods means numerous diverse data-sets from varied sources, and the process is costly and time-consuming. "I'd love to know," says Ciere Boatright,

> of all those hires that started with Walmart, where are they now? Are they in management? Have they gone on and done opportunities at Method? Or those smaller contractors [brought into construction], how do they grow over time? How has an opportunity like ours helped smaller contractors build their capacity? We know it anecdotally, but we haven't captured it.

For any organization, tracking and analyzing data is hard. For CDEs like CNI, whose capacity is often limited by staffing that emphasizes sophistication in core activities and leanness in all else, it is often impossible. Even for larger organizations like USBCDC, it's hard. Kyle Kochtanek, an expert in tax credits there, sounds much like Boatright when he outlines what USBCDC knows, and does not:

> We know how many dollars we invested in separate areas, how many units we created, how much with nonprofits, how many are for veterans… but the question is what effect that has on society? What's that do? Did crime drop? Did income increase?

The issues are fundamental: time and causality. There is public data of course—lots of it (see Exhibit 4). It is not hard to see, to borrow Kochtanek's example, if crime dropped. But the challenge that these expert practitioners are pinpointing goes past that, because using high-level statistics (housing prices, employment) or even targeted metrics (work-commute times, for example) to assess impact is, at best, an analytic challenge; and at worst it can lead to mistaken conclusions. 'Impact,' first of all, can take years to occur: the effect of a community development intervention may unfold over decades. And this contributes to the second fundamental difficulty: assessing causality. How does one account for other variables when gauging which social changes were wrought by a specific investment? The array of other influences is hard to even know, let alone factor into analytic frameworks. Macroeconomic factors; weather trends; regional- and city-wide economic shifts; legislation; other local events—all these, and more, doubtless come into play. In Pullman's case, for example, a long-awaited triumph overlapped with CNI's work. In February 2015, parts of the neighborhood's historic core were designated as a National Monument, putting them under the care of the National Park Service; this had long been sought in its own right for the tourism and budgetary support such a designation can spur, and it created a beneficial synergy with the influx of investment CNI was managing.[11] "The two played off each other pretty well," says McMahon. The park designation impacted Pullman, just as CNI's developments did. And each may have influenced—and been influenced by—the other. What is the best way to factor this into an assessment of the impact and replicability of CNI's place-based investment strategy in Pullman?

… AND REPLICABILITY

That word, "replicability," is crucial as well. It is why assessing impact is a strategic imperative as well as a matter of discovery and knowledge. An organization like CNI—or USBCDC; or even U.S. Bank, as it gauges its giving—needs to understand if its work is impactful in order to know how to do it again. Or how not to do it; what to do differently. So what were the "lessons learned" from the Pullman investments? Would this strategy work in adjacent Roseland, or nearby Auburn Gresham (see Exhibit 4)? What about other, distant, neighborhoods? Or cities? Or states?

Even for those who were close to the process, questions like these are tricky to unpack. Especially in a project with such a twisting, eventful timeline. "It didn't feel 'perfect'," Angie Marks recalls, "but it did feel like a storm."

David Doig starts with one clear lesson learned. "Don't drip money into orgs," he says, crediting not just U.S. Bank's overall commitment, but the decision to provide CNI with a robust portfolio of resources at inception. "Give them a purse they can do something with."

This, of course, went alongside U.S. Bank's steady, long-term investment in CNI and Pullman. Terry Dolan, of U.S. Bank, is cautious about ascribing too much to his own involvement, but acknowledges that its consistency "was helpful. You know, I was there from day one. And I stayed involved. Part of [CNI's success] was having the right level of executive commitment to it." CNI agrees. "This level of attention and buy-in from senior leadership at a big bank," recalls Jennifer Bransfield, "was, in our eyes, unprecedented." In the early years of the partnership between CNI and U.S. Bank, Terry Dolan personally visited Pullman quarterly. He reviewed deal pipelines and served as an intermediary between CNI and the bank—often as a champion for CNI's transactions. Zack Boyers and USBCDC also stayed close, keeping track of and supporting the new entity's transition and

---

11 "Pullman a national park? This could be big." *Chicago Tribune*. published August 25, 2014.

operations. The demands of redeveloping the Ryerson site were met by, and in turn strengthened, a distinct and close relationship between these three entities.

Then, of course, there are many ways in which Pullman is distinct. Its placement in Chicago—a national logistics hub: "There's no place in North America that has a confluence of rail, road, and water like the Calumet area," notes Doig.[12] Its history and National Monument designation, as noted earlier, and and social assets that flow from all this. Tom McMahon notes, for instance, that "the neighborhood is well organized. We have the Historic Pullman Foundation, the Pullman Civic Organization that's been around 60 years, and we hold monthly meetings, we tell everybody what's going on. That's where we're able to get messages out." Without this community infrastructure, CNI's outreach would have been harder to effect and might have lacked legitimacy in the residents' eyes.

In addition to ground-up grassroots validation, the theme of top-down public support runs through each of these deals. Especially with respect to financial incentives. "We have to show that the city and state are our partners," says Alderman Beale, of state-offered incentives. "Having that partnership shows that we're open for business."[13] Steve Kramer, the CNI board member and USBCDC senior vice president who is close to many of the development's transactions, strongly agrees. "I can say definitively that these developments would not have occurred without NMTCs and TIF dollars," he recalls, speaking of the early stages of retail development that brought in multiple partners alongside Walmart. This, in turn, brings up a related conjecture: Pullman's brownfield status—not, in itself, a positive attribute—may have helped the neighborhood in attracting these developments, since it rendered the real-estate assets eligible for tax incentives attached to their remediation as potentially contaminated post-industrial sites.

Finally, it is impossible to consider the replicability of a project such as this without assessing CNI as an organization: its mission, its leadership, its growth, and its capacity. Jennifer Bransfield and Angie Marks both specifically focus on the organization's "varying technical skill sets," in Bransfield's words, which were necessary to "navig[ate] governmental approval processes" and then construct and execute these complex deals by "accessing and layering various forms of capital" in accordance with associated regulatory compliance. These skills, along with project management expertise in handling the cadres of consultants and contractors that come with any large-scale development, paint a picture of an organization whose ability to originate and execute is itself a significant—and not easily replicated—asset.

This list of potential "lessons learned" is necessarily partial. A central challenge that CNI, USBCDC, and U.S. Bank faced as the project progressed was how to even tease out what their take-aways were. The conclusions above are neither exhaustive nor mutually exclusive; each—individually—is hard to confirm or deny. This was the core of the partners' next challenge: what lessons to bring forward for future action.

WHAT NEXT?

U.S. BANK, USBCDC, AND CORPORATE SOCIAL RESPONSIBILITY

For U.S. Bank and USBCDC, at least some things were clear; the importance, for example, of consistent leadership involvement in projects like this. As described above, Terry Dolan stayed engaged throughout—serving as guide, intermediary, and champion. This engagement had impact throughout U.S. Bank. The level of attention required to reconceive, fund, and technically support a new organization like CNI—which then, in turn, undertook a project as ambitious and wide-reaching as the Ryerson site redevelopment investments—impacted the relationship between the USBCDC and U.S. Bank, and how U.S. Bank approached corporate social responsibility (CSR) more broadly.

"The biggest shift that occurred [for USBCDC]," says Zack Boyers, xxxx "and Pullman was a part of this, was that for a lot of years we had stayed under the radar" with respect to the broader bank and its operations. "But we wanted to grow, and the company wanted us to grow, and there was no way to grow under the radar; so communicating and integrating more with the company was important. Not only culturally, but in terms of what we know how to do."

Reba Dominski, U.S. Bank's chief social responsibility officer, agrees. She puts this in context of how a major financial institution conducts CSR. "Pullman was leveraging the full resources of the bank," she says, "and that kind of approach is challenging" for an institution of U.S. Bank's size. Challenging, but valuable: in order to "do more Pullmans," as Dominski frames it, she and other leadership have focused on thinking holistically about U.S. Bank's capabilities—sometimes in integration with USBCDC, sometimes distinctly—to create a "more planful, landmark-ed, blue-printed" approach. The idea is to set and follow a strategic agenda in deploying U.S. Bank resources, rather than engage in piecemeal charitable giving. "One of the things that we're good at is marketing," she notes, as an example. "And one thing that frustrates us is the way that low-income communities are presented in the media. So we're using marketing to demonstrate their assets," engaging sponsorship strategies with public-facing entities like sports teams, utilizing U.S. Bank's relationships and scale to do so. Dominski says the aim is to look for places where U.S. Bank's resources can provide "a catalytic or multiplier effect. Where we can connect dots and help."

CNI AND THE FUTURE

CNI, meanwhile, faced questions of its own. As the organization entered its second decade, it had to decide what to focus on next. What kinds of investments and strategies should it pursue? Where should it pursue them? Its opportunities and capabilities had

[12, 13] "Chicago's Pullman: A Model for Neighborhood Revitalization?" WTTW (Chicago public news station). news.wttw.com/2020/01/29/chicago-s-pullman-model-neighborhood-revitalization. Accessed February 2020.

Mayor Rahm Emanuel, xxxx, U.S. Bank's Terry Dolan, xxxx, and CNI's David Doig celebrate the opening of the Pullman Community Center.

transformed. For its first few years of existence, CNI was "a startup kicking off a new business," remembers Angie Marks,

> setting ourselves up as a nonprofit, organizing the donations and financial support from U.S. Bank, and at the same time putting our bylaws together and at the same time putting together a deal that would generate income and building the technical expertise of our staff… we didn't have a lot of guiding principles beyond 'run as fast as you can and throw as many things up against the wall as you can.'

Jennifer Bransfield remembers those days as well, noting: "Initially it was like, 'How are we going to pay staff?'"

But after 10 successful years, this changed. It was now important to assess plans through "a very specific lens," Bransfield continues. "'How are we going to sustain this organization?' 'Strategically, what will we look like three years from now? Five years from now?'" CNI's place-based investment strategy in Pullman was a growing success. As of 2019, the retail center contained Walmart, plus a Potbelly, Ross, Planet Fitness, and Laine's Bake Shop; a food hall had opened in 2018, in which three locally-owned eateries catered to the expanding base of weekday workers. And new ground was still being broken for further industrial development: a 400,000-square-foot plot on the Ryerson site was being built out, using a new federal "Opportunity Zone" program to spur ongoing investment.

CNI had also grown into new business lines, expanding its ways to drive investment and growth in Chicago's South Side. CNIMFG, which stands for "microfinance group," opened in 2012. Led by Erica King, it was one of the 12 percent of community development financial institutions that reported being owned or led by a woman from a minority group in 2018.[14] In its first few years, CNIMFG made $3 million in micro-loans to about 50 local entrepreneurs—including two of the three vendors in the new Pullman food hall.

Chicago Neighborhood Initiatives was not just about Pullman. The organization had lived up to that aspirational plural 's' it had put in its name. It continued to apply for NMTC allocations, and over the course of its first decade had received a total of $80 million in credits that it was deploying on developments all over the South Side, half of which were outside its own neighborhood (see Exhibit 5). In 2019, it joined another gigantic project, but this time as a development partner, rather than lead—contributing its experience and contacts to the remaking of 80 acres in Chicago's Bronzeville neighborhood that had formerly housed Michael Reese Hospital.

CNI no longer could just "run as fast as it could." It needed to strategize, choose where to run. Doig, Bransfield, and the rest of its team knew that. They had to choose where to put effort, resources. The organization occupied a definitionally challenging position: a nonprofit that sought self-sustaining lines of business by sourcing difficult-but-viable development projects that held the promise of effecting positive social outcomes; projects that entailed gathering grass-roots support, "social" investment dollars, commercial investment and lending, complex public financial incentives, and regulatory permissions. CNI already ran multiple business lines in multiple geographies with an array of nonprofit and commercial partnerships. It had an operating budget of $2.6 million, with which it supported project budgets of 10 or 20 times that. And it had achieved all this while maintaining its physical and human connection to the community of its roots: Pullman.

"Our role is community quarterback," Doig says. "Trying to equip and empower local residents to make their own initiatives." The question was how to "equip and empower?" How should CNI work to maximize its impact? It still faced the challenge of assessing that impact, and therefore of knowing how to replicate or scale work. But it couldn't stand still, and had a mission to serve. Success in Pullman and partnerships with federal entities like the National Park Service "made us focus on how our work in Pullman could be scalable to other places," Bransfield says. So geographic scope was a central question. As was the choice of what role CNI should play: should it look to lead another major project? Or, as on the Michael Reese site, be a partner with others, sparing bandwidth and disseminating its 'lessons learned'? Finally, there were questions of breadth and activity: how much of CNI's work should go into creating new business lines—like its burgeoning microfinance group—versus sticking to historic strengths in housing and commercial development?

CNI's past reflected that of the communities it served: it had faced existential challenges and was in the process of newly emerging, remade. Like Pullman, it hoped for a dynamic future. The question was how best to bring that about. ■

14 "Perception vs. Reality: Women and Change in the CDFI Industry." Barber, Ruth. FUND Community Institute. www.fundconsulting.com/wp-content/uploads/2018/10/FUNDCI-Perception_vs_Reality.pdf

About U.S. Bank

U.S. Bancorp, with 70,000 employees and $547 billion in assets, is the parent company of U.S. Bank, the fifth-largest commercial bank in the United States. The Minneapolis-based bank blends its relationship teams, branches, and ATM network with mobile and online tools that allow customers to bank how, when, and where they prefer. U.S. Bank is committed to serving its millions of retail, business, wealth management, payment, commercial and corporate, and investment services customers across the country and around the world as a trusted financial partner. This commitment is recognized by the Ethisphere Institute, which named the bank one of the 2020 World's Most Ethical Companies.

Visit U.S. Bank at www.usbank.com

About U.S. Bancorp Community Development Corporation

With $33.8 billion in tax credit equity committed as of August 31, 2020, U.S. Bancorp Community Development Corporation, is the community development and tax subsidiary of U.S. Bank. It provides innovative financing solutions for community development projects across the country using state and federally sponsored tax credit programs. USBCDC's commitments provide capital investment to areas that need it the most and contribute to the creation of new jobs, the rehabilitation of historic buildings, the construction of needed affordable and market-rate homes, the development of renewable energy facilities, and the generation of commercial economic activity in underserved communities.

Visit USBCDC on the web at www.usbank.com/cdc

Chicago Neighborhood Initiatives

Chicago Neighborhood Initiatives (CNI) is a nonprofit community and economic development organization working with neighborhood stakeholders to identify and implement high-impact projects for revitalizing low-to-moderate income communities. CNI coordinates public and private investments, acting as a developer and as a lender to encourage opportunities for combatting community deterioration: growing small businesses; creating training and jobs; and developing, renovating, and preserving affordable housing. Since its inception in 2010, CNI has been revitalizing the Pullman neighborhood on Chicago's Far South Side and other disinvested urban neighborhoods through use of New Market Tax Credits (NMTC), equity investments, and micro-loans through its Certified Financial Development Institution subsidiary, the CNI Micro Finance Group (CNIMFG). CNI has spearheaded more than $350 million of public and private investment in Pullman by leveraging its location near major transportation to attract a dozen companies to relocate to the Far South Side neighborhood and create additional economic opportunities that have been instrumental in its revitalization.

Visit Chicago Neighborhood Initiatives on the web at www.cnigroup.org

About the Rustandy Center for Social Sector Innovation

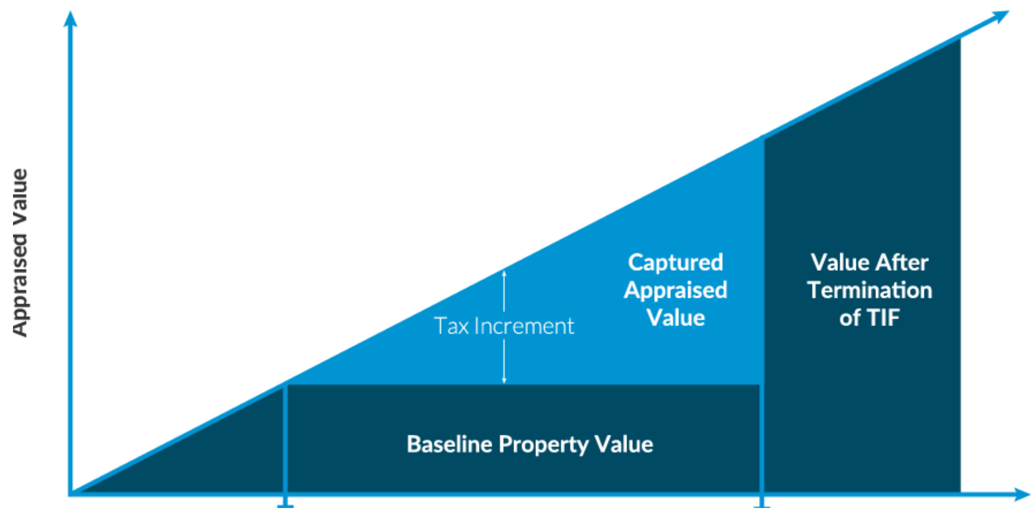
The Rustandy Center for Social Sector Innovation is the destination at the University of Chicago Booth School of Business for people committed to helping solve complex social and environmental problems. As Chicago Booth's social impact hub, the Rustandy Center offers hands-on learning opportunities, supports innovative courses, and pursues research—all with the goal of developing people and practices with the potential to solve the world's biggest problems.

Visit Rustandy Center on the web at www.chicagobooth.edu/research/rustand

Exhibits

Exhibit 1: Tax Increment Financing (TIF) Basic Structure

Figure 1: Diagram of a Conceptual Tax Increment Financing Plan

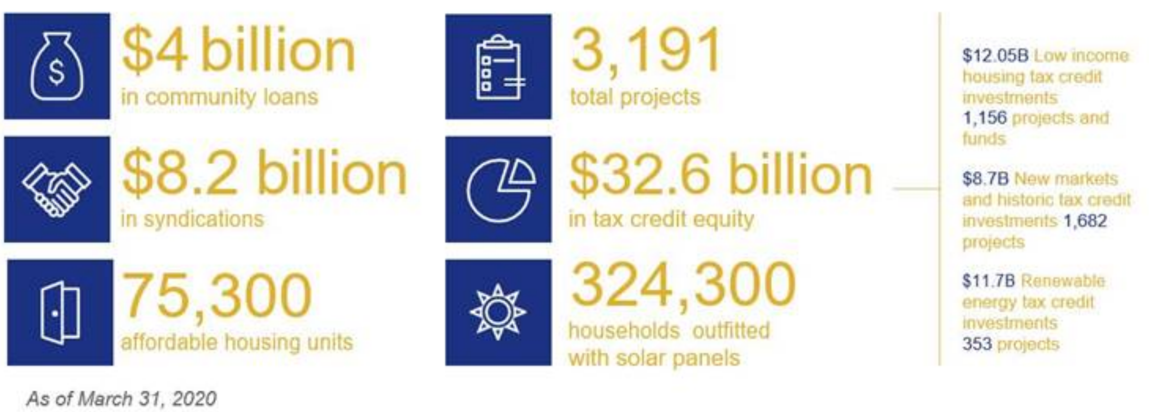


source: Citizens Budget Commission, "Tax Increment Financing: A Primer". December 5 2017.

Exhibit 2: USBCDC Overview

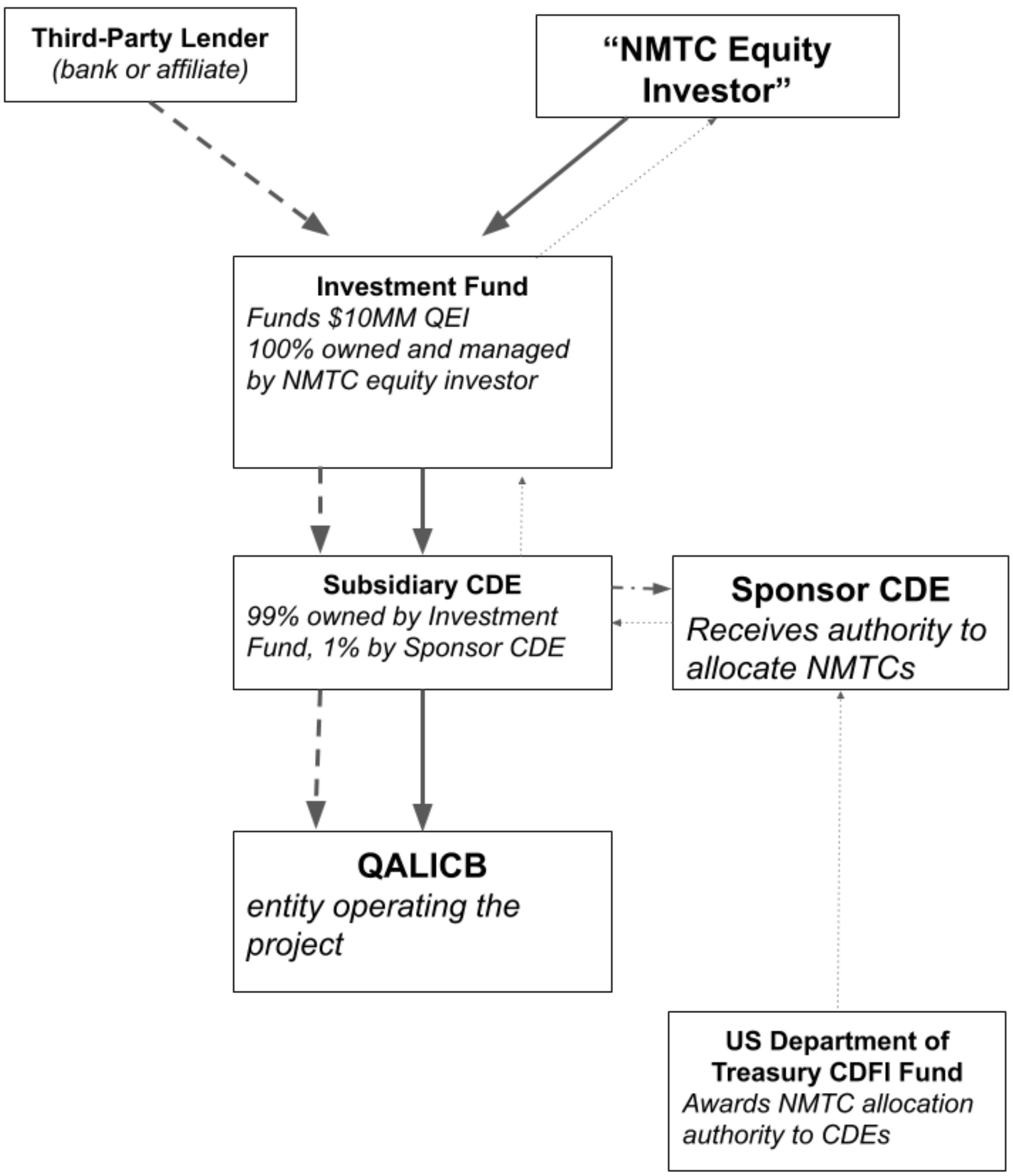
Founded in 1988, **U.S. Bancorp Community Development Corporation, or USBCDC**, is the tax credit and community investment division of U.S. Bank. With more than 400 employees across the country, USBCDC is headquartered in St. Louis, MO. With $32 billion in managed assets as of December 31, 2019, USBCDC provides innovative financing solutions for community development projects across the country using state and federally sponsored tax credit programs. USBCDC's commitments provide capital investment to areas that need it the most through a range of product- and business-lines:

- **Low-Income Housing Tax Credits** (LIHTC) are used to finance the construction and rehabilitation of low-income affordable rental housing.
- **New Markets Tax Credits** (NMTC) support projects that create quality education, jobs, services and other community amenities.
- **Historic Tax Credits** help preserve historic buildings and lead to the creation of affordable housing and new economic activity in underserved neighborhoods.
- **Renewable Energy Tax Credits** help provide clean energy options for homes, towns and businesses through wind and residential, utility and community solar projects.
- Through USBCDC's **syndications** platform, they provide customers with tax credit equity to help deliver new and vital capital to renewable energy and community development projects.
- **Financial services** help fulfill capital needs often not met by mainstream financial institutions, including community lending, deposit and treasury management, card products and investment options.



source: USBCDC. March 2020.

Exhibit 3: New Markets Tax Credit (NMTC) Investment Structure and Capital Stack



Based on data and infographics provided by Twain Financial Partners and USBCDC, December 2019.

Key

New Markets Tax Credits flow from the US Treasury to the Sponsoring Community Development Entity (CDE), which then allocates the tax credits to the "NMTC Investor" via pass-through entities; the value of the tax credits exceed the Investor's contribution to the project.
For example, in developing the Method soap production facility on the Ryerson site, CNI did not use its own NMTC allocation (because it was the developer) but partnered with other CDEs to use their allocations, which included the US Bank CDE, the Business Valued Investor Fund (LLC), the Chicago Development Fund, and Brownfield Revitalization

The "NMTC Investor" provides equity or a low-interest rate loan to the Qualified Active Low-Income Community Business (QALICB) via pass-through entities; the QALICB can be another sub-entity or the operating business on the site.
For example, the US Bank NMTC tax-credit fund invested in the development of the Ryerson site at multiple stages in exchange for New Markets Tax Credit allocations.

The NMTC Investor's cushion of capital, positioned to absorb initial losses, facilitates the acquisition of third-party market-rate lenders or equity investors; these "third-party" investors may be affiliates of the Sponsor CDE or true commercial third-parties.
For example, the safe investment cushion provided by the US Bank NMTC tax-credit fund in the development of Method's production facility helped bring in lending from affiliates to finance the project's completion.

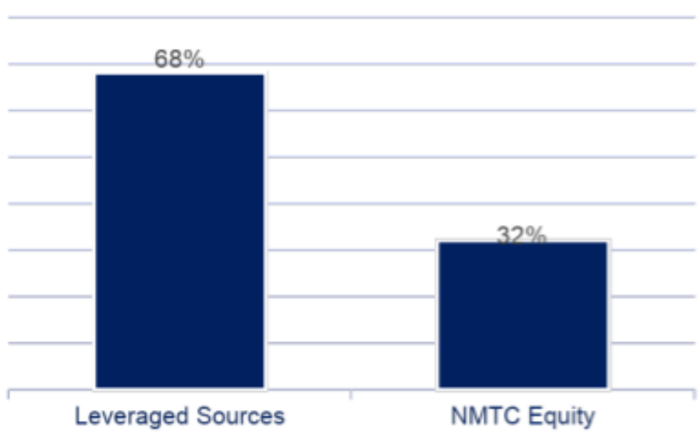
As part of the deal's financials, the Sponsoring CDE earns a fee for the provision of its CDE allocation; a portion of this goes to transactional costs in legal and accounting, and a portion can be reinvested in other areas of the CDE's work.
For example, when CNI (as PBI) applied for and received an NMTC allocation shortly before US Bank took over its parent entity, this allocation helped it achieve self-sufficiency by allowing it to serve as a Sponsor CDE and earn revenue on other deals beside the Ryerson redevelopment project (on which it was project manager, and did not use its own allocation).

source: Based on data and infographics provided by Twain Financial Partners and USBCDC, December 2019.

General Capital Stack

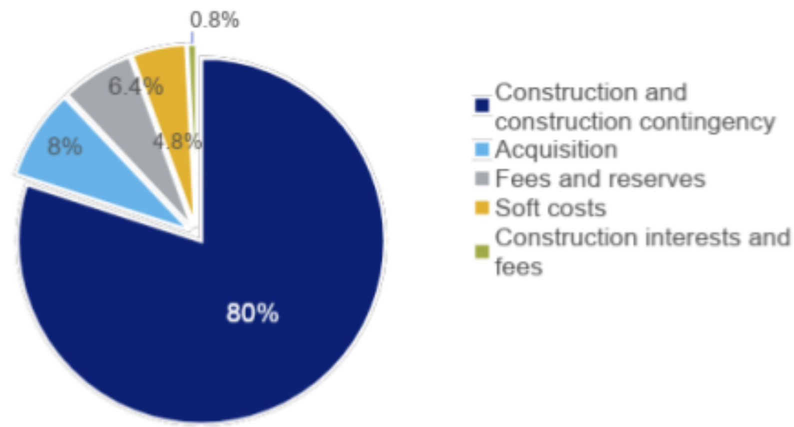
New Markets Tax Credits (NMTC)

Sources



The leverage debt may include multiple lender sources including debt from project affiliates or commercial debt. Additionally, a project fund may receive direct sources such as grants or philanthropic dollars or direct loans outside of the leveraged structure depending on the amount of allocation associated with the project.

Fee examples



Construction
- General construction costs
- Utilities

Construction Fees
- Construction period interest
- Inspection fees

Soft Costs
- Feasibility Study
- Market Study
- Transaction Fees

Exhibit 4: Changes in Pullman, South Side, and Chicago

Pullman	2000	2009-2013	Difference 00/09-13	2014-2018	Difference 09-13/14-18
RACE					
Total population	8,921	6,934	-22.3%	6,816	-1.7%
Hispanic or Latino (of any race)	8.9%	9.8%	0.8%	4.4%	-5.3%
White alone	12.0%	8.4%	-3.6%	9.9%	1.5%
Black or African American alone	81.7%	81.1%	-0.5%	83.5%	2.3%
EMPLOYMENT STATUS					
Population 16 years and over	6,632	5,638	-15.0%	5,727	1.6%
In labor force	58.7%	60.9%	2.3%	67.4%	6.5%
Employed	82.8%	75.4%	-7.4%	83.5%	8.1%
Unemployed	17.2%	24.6%	7.4%	16.5%	-8.1%
Not in labor force	41.3%	39.1%	-2.3%	32.6%	-6.5%
OCCUPATION					
Civilian employed population 16 years and over	3,220	2,599	-19.3%	3,215	23.7%
Management, business, science, and arts occupations	25.1%	37.6%	12.4%	23.3%	-14.2%
Service occupations	16.7%	20.0%	3.3%	29.6%	9.5%
Sales and office occupations	27.5%	30.4%	3.0%	25.7%	-4.8%
Natural resources, construction, and maintenance occupations	7.6%	2.0%	-5.6%	6.6%	4.6%
Production, transportation, and material moving occupations	23.1%	9.9%	-13.2%	14.8%	4.8%
INCOME (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Total households	3,270	2,915	-10.9%	3,067	5.2%
Median household income (dollars)	$ 47,219	$ 44,145	-6.5%	$ 40,536	-8.2%
POVERTY STATUS IN PREVIOUS 12 MONTHS					
Percent below poverty level	28.0%	25.3%	-2.7%	22.1%	-3.2%
HOUSING OCCUPANCY					
Total housing units	3,549	3,445	-2.9%	3,516	2.1%
Occupied housing units	91.9%	84.6%	-7.3%	87.2%	2.6%
Vacant housing units	8.1%	15.4%	7.3%	12.8%	-2.6%
HOUSING VALUE (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Owner-occupied units	1,422	1,424	0.1%	1,443	1.3%
Median (dollars)	$ 122,691	$ 139,348	13.6%	$ 129,395	-7.1%
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME					
Occupied units paying rent	1,591	1,368	-14.0%	1,496	9.4%
Less than 15.0 percent	18.8%	12.2%	-6.6%	14.7%	2.5%
15.0 to 19.9 percent	12.8%	13.0%	0.3%	13.7%	0.7%
20.0 to 24.9 percent	12.8%	16.3%	3.5%	11.9%	-4.4%
25.0 to 29.9 percent	7.5%	11.1%	3.6%	8.6%	-2.5%
30.0 to 34.9 percent	6.8%	3.2%	-3.6%	5.1%	1.9%
35.0 percent or more	34.6%	44.2%	9.6%	46.1%	1.9%
EDUCATIONAL ATTAINMENT					
Population 25 years and over	5,556	4,970	-10.5%	4,924	-0.9%
Less than 9th grade	6.7%	5.7%	-1.1%	5.5%	-0.1%
9th to 12th grade, no diploma	20.5%	9.1%	-11.3%	7.0%	-2.1%
High school graduate (includes equivalency)	26.3%	25.1%	-1.2%	24.3%	-0.8%
Some college, no degree	27.3%	31.2%	3.8%	29.8%	-1.3%
Associate's degree	7.5%	7.9%	0.4%	9.4%	1.5%
Bachelor's degree	8.0%	12.8%	4.7%	15.3%	2.5%
Graduate or professional degree	3.6%	8.3%	4.6%	8.6%	0.4%
Percent high school graduate or higher	72.8%	85.2%	12.4%	87.4%	2.2%
Percent bachelor's degree or higher	11.6%	21.0%	9.3%	23.9%	2.9%
COMMUTING TO WORK					
Workers 16 years and over	3,125	2,460	-21.3%	3,132	27.3%
Mean travel time to work (minutes)	41.6	40.2	-3.2%	43.6	8.4%

Exhibit 4: Changes in Pullman, South Side, and Chicago (*continued*)

West Pullman	2000	2009-2013	Difference 00/09-13	2014-2018	Difference 09-13/14-18
RACE					
Total population	17,430	14,437	-17.2%	12,649	-12.4%
Hispanic or Latino (of any race)	8.8%	7.3%	-1.5%	11.2%	3.9%
White alone	1.0%	1.4%	0.4%	0.6%	-0.8%
Black or African American alone	90.2%	90.7%	0.6%	87.2%	-3.5%
EMPLOYMENT STATUS					
Population 16 years and over	12,477	10,571	-15.3%	10,091	-4.5%
In labor force	54.9%	54.9%	0.0%	60.9%	6.0%
Employed	85.4%	77.4%	-8.0%	75.3%	-2.0%
Unemployed	14.6%	22.6%	8.0%	24.7%	2.0%
Not in labor force	45.1%	45.1%	0.0%	39.1%	-6.0%
OCCUPATION					
Civilian employed population 16 years and over	5,847	4,492	-23.2%	4,630	3.1%
Management, business, science, and arts occupations	17.7%	20.8%	3.1%	22.3%	1.6%
Service occupations	22.1%	29.7%	7.5%	26.0%	-3.7%
Sales and office occupations	31.4%	26.8%	-4.6%	20.8%	-5.9%
Natural resources, construction, and maintenance occupations	7.14%	6.9%	-0.2%	6.2%	-0.7%
Production, transportation, and material moving occupations	21.7%	15.9%	-5.7%	24.7%	8.7%
INCOME (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Total households	5,096	4,267	-16.3%	4,213	-1.3%
Median household income (dollars)	$ 51,655	$ 34,417	-33.4%	$ 43,857	27.4%
POVERTY STATUS IN PREVIOUS 12 MONTHS					
Percent below poverty level	26.0%	34.9%	8.9%	26.2%	-8.7%
HOUSING OCCUPANCY					
Total housing units	5,544	5,484	-1.1%	5,381	-1.9%
Occupied housing units	91.8%	77.8%	-14.0%	78.3%	0.5%
Vacant housing units	8.2%	22.2%	14.0%	21.7%	-0.5%
HOUSING VALUE (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Owner-occupied units	2,831	2,438	-13.9%	2,802	14.9%
Median (dollars)	$ 119,898	$ 128,862	7.5%	$ 103,360	-19.8%
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME					
Occupied units paying rent	1,669	1,625	-2.6%	1,222	-24.8%
Less than 15.0 percent	21.3%	6.4%	-14.9%	7.6%	1.2%
15.0 to 19.9 percent	8.1%	7.2%	-0.8%	3.1%	-4.1%
20.0 to 24.9 percent	13.6%	6.1%	-7.5%	10.9%	4.8%
25.0 to 29.9 percent	7.6%	5.4%	-2.2%	12.6%	7.1%
30.0 to 34.9 percent	4.9%	12.9%	8.0%	12.0%	-0.9%
35.0 percent or more	41.5%	61.9%	20.4%	53.7%	-8.2%
EDUCATIONAL ATTAINMENT					
Population 25 years and over	10,190	8,485	-16.7%	8,228	-3.0%
Less than 9th grade	9.1%	9.5%	0.4%	5.0%	-4.5%
9th to 12th grade, no diploma	24.8%	14.3%	-10.5%	13.9%	-0.4%
High school graduate (includes equivalency)	23.7%	29.9%	6.2%	30.2%	0.4%
Some college, no degree	28.9%	27.1%	-1.8%	28.9%	1.8%
Associate's degree	5.5%	5.1%	-0.4%	6.9%	1.8%
Bachelor's degree	5.4%	10.2%	4.8%	9.2%	-1.0%
Graduate or professional degree	2.6%	3.9%	1.4%	5.8%	1.8%
Percent high school graduate or higher	66.0%	76.2%	10.1%	81.0%	4.9%
Percent bachelor's degree or higher	8.0%	14.1%	6.1%	15.0%	0.9%
COMMUTING TO WORK					
Workers 16 years and over	5,755	4,359	-24.3%	4,467	2.5%
Mean travel time to work (minutes)	44.7	42.5	-4.8%	41.9	-1.5%

Exhibit 4: Changes in Pullman, South Side, and Chicago (*continued*)

Roseland	2000	2009-2013	Difference 00/09-13	2014-2018	Difference 09-13/14-18
RACE					
Total population	22,287	17,668	-20.7%	16,681	-5.6%
Hispanic or Latino (of any race)	0.7%	1.1%	0.4%	2.0%	0.9%
White alone	0.9%	1.1%	0.2%	1.6%	0.6%
Black or African American alone	98.9%	97.5%	-1.4%	94.5%	-3.0%
EMPLOYMENT STATUS					
Population 16 years and over	15,908	13,592	-14.6%	12,927	-4.9%
In labor force	54.2%	47.9%	-6.3%	54.2%	6.3%
Employed	82.2%	71.7%	-10.5%	73.8%	2.1%
Unemployed	17.8%	28.3%	10.5%	26.2%	-2.1%
Not in labor force	45.8%	52.1%	6.3%	45.8%	-6.3%
OCCUPATION					
Civilian employed population 16 years and over	7,092	4,617	-34.9%	5,116	10.8%
Management, business, science, and arts occupations	24.3%	27.3%	3.0%	21.2%	-6.1%
Service occupations	21.6%	28.6%	7.0%	24.6%	-4.0%
Sales and office occupations	33.9%	22.0%	-11.9%	28.0%	6.0%
Natural resources, construction, and maintenance occupations	6.0%	6.5%	0.5%	4.0%	-2.5%
Production, transportation, and material moving occupations	14.2%	15.7%	1.5%	22.3%	6.6%
INCOME (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Total households	6,387	5,464	-14.5%	4,942	-9.6%
Median household income (dollars)	$ 53,414	$ 36,913	-30.9%	$ 33,296	-9.8%
POVERTY STATUS IN PREVIOUS 12 MONTHS					
Percent below poverty level	27.6%	32.0%	4.4%	35.3%	3.4%
HOUSING OCCUPANCY					
Total housing units	7,044	6,951	-1.3%	6,723	-3.3%
Occupied housing units	90.6%	78.6%	-12.0%	73.5%	-5.1%
Vacant housing units	9.4%	21.4%	12.0%	26.5%	5.1%
HOUSING VALUE (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Owner-occupied units	3,343	2,942	-12.0%	2,594	-11.8%
Median (dollars)	$ 122,691	$ 122,699	0.0%	$ 111,546	-9.1%
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME					
Occupied units paying rent	2,283	2,127	-6.8%	2,118	-0.4%
Less than 15.0 percent	17.4%	5.6%	-11.8%	4.6%	-1.0%
15.0 to 19.9 percent	13.1%	5.1%	-8.1%	7.8%	2.7%
20.0 to 24.9 percent	9.9%	6.6%	-3.3%	7.8%	1.2%
25.0 to 29.9 percent	5.9%	6.4%	0.5%	8.8%	2.4%
30.0 to 34.9 percent	7.6%	9.3%	1.6%	8.1%	-1.1%
35.0 percent or more	39.7%	67.2%	27.5%	62.9%	-4.3%
EDUCATIONAL ATTAINMENT					
Population 25 years and over	13,006	11,071	-14.9%	10,790	-2.5%
Less than 9th grade	6.7%	5.2%	-1.5%	3.5%	-1.7%
9th to 12th grade, no diploma	20.4%	11.9%	-8.5%	15.1%	3.2%
High school graduate (includes equivalency)	30.3%	32.6%	2.3%	27.4%	-5.3%
Some college, no degree	24.8%	31.1%	6.3%	29.5%	-1.6%
Associate's degree	6.8%	5.4%	-1.4%	7.6%	2.2%
Bachelor's degree	7.5%	8.7%	1.2%	10.1%	1.4%
Graduate or professional degree	3.6%	5.1%	1.5%	6.7%	1.7%
Percent high school graduate or higher	72.9%	82.9%	9.9%	81.3%	-1.5%
Percent bachelor's degree or higher	11.1%	13.7%	2.7%	16.9%	3.2%
COMMUTING TO WORK					
Workers 16 years and over	6,906	4,479	-35.1%	4,977	11.1%
Mean travel time to work (minutes)	45.0	41.6	-7.6%	43.9	5.6%

Exhibit 4: Changes in Pullman, South Side, and Chicago (*continued*)

Auburn Gresham	2000	2009-2013	Difference 00/09-13	2014-2018	Difference 09-13/14-18
RACE					
Total population	55,928	48,934	-12.5%	45,271	-7.5%
Hispanic or Latino (of any race)	0.06%	1.3%	1.3%	1.8%	0.5%
White alone	0.04%	0.3%	0.2%	0.8%	0.5%
Black or African American alone	99.1%	97.3%	-1.8%	96.2%	-1.1%
EMPLOYMENT STATUS					
Population 16 years and over	41,290	38,265	-7.3%	36,492	-4.6%
In labor force	54.8%	55.6%	0.8%	55.0%	-0.6%
Employed	83.2%	71.7%	-11.5%	81.3%	9.6%
Unemployed	16.8%	28.3%	11.5%	18.7%	-9.6%
Not in labor force	45.2%	44.4%	-0.8%	45.0%	0.6%
OCCUPATION					
Civilian employed population 16 years and over	18,816	15,210	-19.2%	16,299	7.2%
Management, business, science, and arts occupations	23.8%	24.4%	0.6%	22.6%	-1.8%
Service occupations	21.8%	28.5%	6.7%	27.9%	-0.6%
Sales and office occupations	33.8%	29.7%	-4.1%	24.1%	-5.5%
Natural resources, construction, and maintenance occupations	6.1%	4.6%	-1.5%	3.7%	-0.9%
Production, transportation, and material moving occupations	14.6%	12.8%	-1.8%	21.6%	8.8%
INCOME (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Total households	18,214	17,315	-4.9%	16,967	-2.0%
Median household income (dollars)	$ 75,155	$ 33,775	-55.1%	$ 34,104	1.0%
POVERTY STATUS IN PREVIOUS 12 MONTHS					
Percent below poverty level	22.3%	31.3%	8.9%	26.1%	-5.1%
HOUSING OCCUPANCY					
Total housing units	19,955	20,626	3.4%	20,726	0.5%
Occupied housing units	91.6%	84.0%	-7.6%	81.9%	-2.1%
Vacant housing units	8.4%	16.0%	7.6%	18.1%	2.1%
HOUSING VALUE (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Owner-occupied units	7,155	7,800	9.0%	7,607	-2.5%
Median (dollars)	$ 198,553	$ 151,505	-23.7%	$ 136,800	-9.7%
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME					
Occupied units paying rent	8,664	8,733	0.8%	8,500	-2.7%
Less than 15.0 percent	18.9%	4.8%	-14.1%	10.0%	5.2%
15.0 to 19.9 percent	14.0%	8.5%	-5.5%	7.3%	-1.2%
20.0 to 24.9 percent	8.7%	7.9%	-0.8%	10.9%	2.9%
25.0 to 29.9 percent	7.6%	9.1%	1.5%	9.8%	0.7%
30.0 to 34.9 percent	7.6%	8.5%	0.9%	9.4%	0.9%
35.0 percent or more	37.6%	61.1%	23.5%	52.7%	-8.5%
EDUCATIONAL ATTAINMENT					
Population 25 years and over	34,381	31,365	-8.8%	31,178	-0.6%
Less than 9th grade	6.5%	4.6%	-1.9%	3.9%	-0.7%
9th to 12th grade, no diploma	20.6%	14.3%	-6.3%	11.9%	-2.4%
High school graduate (includes equivalency)	30.0%	34.4%	4.4%	31.3%	-3.1%
Some college, no degree	26.4%	26.7%	0.3%	30.6%	3.9%
Associate's degree	6.0%	7.3%	1.3%	7.6%	0.4%
Bachelor's degree	7.0%	8.6%	1.6%	9.5%	1.0%
Graduate or professional degree	3.4%	4.2%	0.8%	5.2%	1.0%
Percent high school graduate or higher	72.9%	81.2%	8.3%	84.2%	3.0%
Percent bachelor's degree or higher	10.4%	12.8%	2.4%	14.7%	2.0%
COMMUTING TO WORK					
Workers 16 years and over	18,328	14,878	-18.8%	15,967	7.3%
Mean travel time to work (minutes)	45.0	39.2	-12.8%	40.6	3.4%

Exhibit 4: Changes in Pullman, South Side, and Chicago (*continued*)

Chicago	2000	2009-2013	Difference 00/09-13	2014-2018	Difference 09-13/14-18
RACE					
Total population	2,896,016	2,706,101	-6.6%	2,718,555	0.5%
Hispanic or Latino (of any race)	26.0%	28.7%	2.7%	29.00%	0.3%
White alone	31.3%	32.2%	0.9%	32.80%	0.6%
Black or African American alone	36.4%	31.9%	-4.5%	29.70%	-2.2%
EMPLOYMENT STATUS					
Population 16 years and over	2,215,574	2,159,678	-2.5%	2,201,687	1.9%
In labor force	61.3%	66.3%	5.0%	66.7%	0.4%
Employed	89.8%	86.4%	-3.4%	91.0%	4.7%
Unemployed	10.2%	13.6%	3.4%	8.9%	-4.7%
Not in labor force	38.7%	33.7%	-5.0%	33.3%	-0.4%
OCCUPATION					
Civilian employed population 16 years and over	1,220,040	1,236,807	1.4%	1,336,278	8.0%
Management, business, science, and arts occupations	33.5%	37.9%	4.4%	41.0%	3.1%
Service occupations	16.6%	20.4%	3.8%	19.5%	-0.9%
Sales and office occupations	27.0%	23.2%	-3.8%	21.0%	-2.2%
Natural resources, construction, and maintenance occupations	6.7%	5.6%	-1.1%	5.2%	-0.4%
Production, transportation, and material moving occupations	16.2%	12.8%	-3.4%	13.3%	0.5%
INCOME (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Total households	1,061,964	1,028,746	-3.1%	1,056,118	2.7%
Median household income (dollars)	$ 84,456	$ 50,958	-39.7%	$ 55,198	8.3%
POVERTY STATUS IN PREVIOUS 12 MONTHS					
Percent below poverty level	19.6%	22.6%	3.0%	19.5%	-3.1%
HOUSING OCCUPANCY					
Total housing units	1,152,871	1,192,790	3.5%	1,208,839	1.3%
Occupied housing units	92.1%	86.2%	-5.9%	87.4%	1.2%
Vacant housing units	7.9%	13.8%	5.9%	12.6%	-1.2%
HOUSING VALUE (IN 2018 INFLATION-ADJUSTED DOLLARS)					
Owner-occupied units	464,865	466,089	0.3%	474,852	1.9%
Median (dollars)	$ 289,505	$ 251,396	-13.2%	$ 246,500	-1.9%
GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME					
Occupied units paying rent	596,060	528,286	-11.4%	546,768	3.5%
Less than 15.0 percent	19.3%	10.7%	-8.6%	12.3%	1.6%
15.0 to 19.9 percent	14.7%	12.2%	-2.5%	13.1%	0.9%
20.0 to 24.9 percent	12.7%	12.3%	-0.4%	13.1%	0.8%
25.0 to 29.9 percent	9.9%	11.1%	1.2%	11.3%	0.2%
30.0 to 34.9 percent	7.1%	8.8%	1.7%	8.7%	-0.1%
35.0 percent or more	30.8%	44.9%	14.1%	41.5%	-3.4%
EDUCATIONAL ATTAINMENT					
Population 25 years and over	1,815,896	1,795,412	-1.1%	1,865,252	3.9%
Less than 9th grade	12.4%	9.5%	-2.9%	7.8%	-1.7%
9th to 12th grade, no diploma	15.8%	9.4%	-6.4%	7.6%	-1.8%
High school graduate (includes equivalency)	23.0%	23.2%	0.2%	22.9%	-0.3%
Some college, no degree	18.7%	18.3%	-0.4%	17.6%	-0.7%
Associate's degree	4.6%	5.5%	0.9%	5.7%	0.2%
Bachelor's degree	15.5%	20.4%	4.9%	22.7%	2.3%
Graduate or professional degree	10.0%	13.8%	3.8%	15.6%	1.8%
Percent high school graduate or higher	71.8%	81.1%	9.3%	84.5%	3.4%
Percent bachelor's degree or higher	25.5%	34.2%	8.7%	38.4%	4.2%
COMMUTING TO WORK					
Workers 16 years and over	1,192,139	1,209,799	1.5%	1,310,127	8.3%
Mean travel time to work (minutes)	35.2	33.3	-5.4%	35.0	5.1%

Exhibit 4: Changes in Pullman, South Side, and Chicago (*continued*)

ACS 5-Year Estimates

The American Community Survey is a national survey that uses continuous measurement methods.[1] The ACS's 5-year estimates are based on data collected over a 5-year period of time and therefore they describe the average characteristics over that time period.[2]

These tables compare the base year of 2000 to the years 2009-2013 and 2014-2018 in the Pullman, West Pullman, Roseland, and Auburn Gresham neighborhoods of Chicago. These neighborhoods were chosen as points of comparison to Pullman due to their similar socioeconomic indicators to those of Pullman in the base period. The tables contain census data that was aggregated from the tract to the neighborhood level. Despite large margins of error in survey data of such small sample sizes,[3] these tables use the best publicly available census data for analyzing such small geographies.[4] The following paragraphs explain selected variables.

RACE - Only Hispanic, White, and Black are included. In the majority of the tracts in this analysis, no observations identify as any other race. In the cases in which some observations identify as another race, the number is extremely small (excluding in Chicago as a whole).

INCOME - ACS 5-year data on income are always reported in the latest year, e.g., the 2014-2018 5-year estimates include income in 2018 inflation-adjusted dollars. For consistency, all income values are reported in 2018 dollars.

POVERTY STATUS IN PREVIOUS 12 MONTHS - The variable "poverty status in previous 12 months" includes the percentage of all individuals, regardless of age, who had lived below the poverty line at some point in the previous year.

HOUSING VALUE - ACS 5-year data on housing values are always reported in the latest year, e.g., the 2014-2018 5-year estimates include housing values in 2018 inflation-adjusted dollars. For consistency, all housing values are reported in 2018 dollars. The median housing variable is calculated using only owner-occupied units. It does not include renter-occupied units.

GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME - In some census tract areas, gross rent as a percentage of income (GRAPI) could not be calculated for all houses. For this reason, the percentages of each bracket of GRAPI may not add up to 100%.

Information on individual housing values and household income is not available, making it impossible to truly calculate the median of either at any level other than the census tract. For this reason, the median household income and housing value reported in each neighborhood should be thought of as a weighted average across census tracts. The included neighborhoods range from 3 census tracts (in the case of Pullman) to 15 (in the case of Auburn Gresham). For a reference of the census tracts in Chicago's neighborhood areas, see the following link: https://www.csu.edu/cerc/documents/ChicagoCommunityAreasMapWithCensusTracts2000-NIPC.pdf

While census data containing the variables of interest are available for all tracts in the Pullman, West Pullman, Roseland, and Auburn Gresham neighborhoods in the base year of 2000, data are not available for all tracts in the 2009-2013 and 2014-2018 5-year estimates. Only census tracts for which data was available in all three points/periods of interest are included. For this reason, only 5 of Roseland's 14 census tract areas (4910-4914) are included, and only 4 of West Pullman's 15 census tract areas (5301-5304) are included.

---

[1] American Community Survey, "Methodology," available at: https://www.census.gov/programs-surveys/acs/methodology.html.
[2] University of Washington Center for Social Science Computation and Research, "ACS 5-Year Estimates," available at: http://depts.washington.edu/csscr/acs/acs5yr/.
[3] Chris Winters, "The Recent Geography of Gentrification in Chicago," available at: https://www.liberallandscape.org/2017/01/27/the-recent-geography-of-gentrification-in-chicago/.

Exhibit 5: Chicago Neighborhood Initiatives Overview

Organized in 2010, Chicago Neighborhood Initiatives, Inc. (CNI) seeks to revitalize neighborhoods and create jobs by developing high impact projects, providing financial resources to entrepreneurs, and sustaining long-term community partnerships through:

Impactful Real-Estate Development: CNI undertakes large scale, high-impact real estate projects in underserved areas of Chicago in partnership with community stakeholders. CNI also undertakes neighborhood preservation projects, such as redeveloping vacant rowhomes for affordable housing and rehabbing historic properties to promote cultural tourism. All CNI real-estate projects create construction and permanent jobs for LMI residents and MBE/WBE/DBE businesses, achieving upwards of 40% MBE hires throughout construction phases.

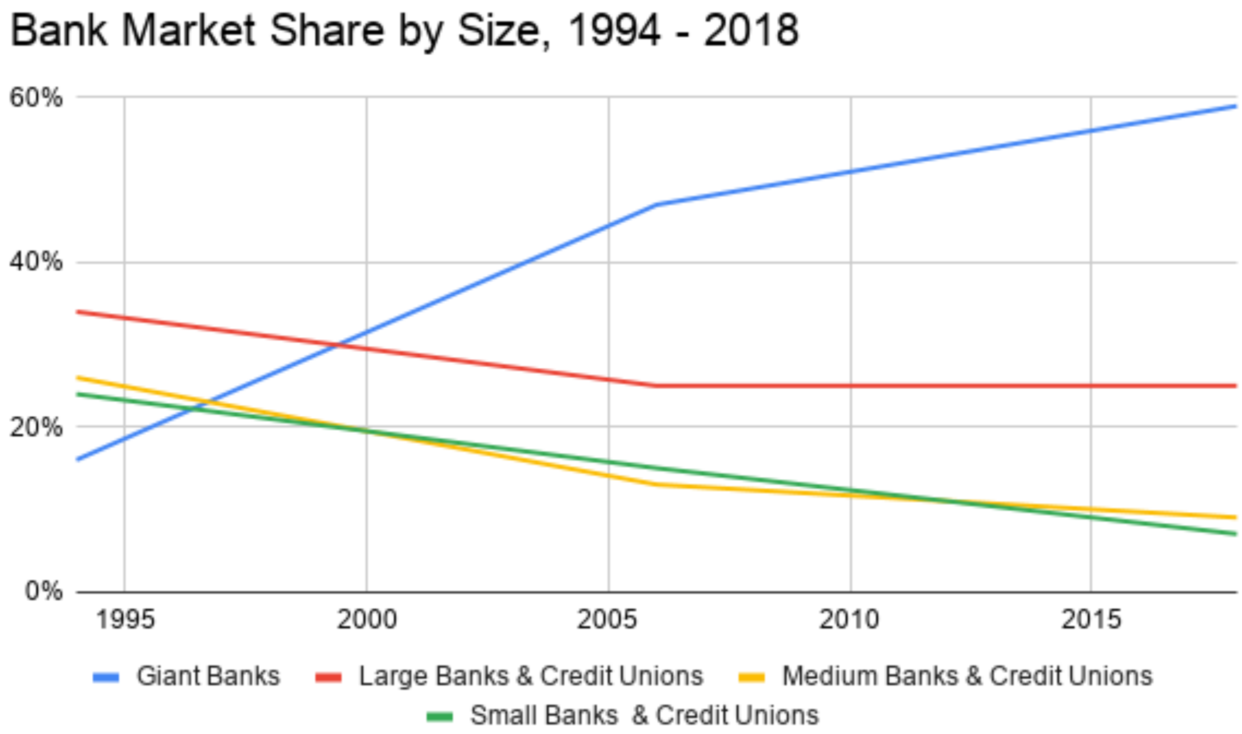
Opportunities for Entrepreneurs: CNI creates opportunities for entrepreneurs through our CDFI subsidiary, CNI Micro Finance Group (CNIMFG). CNIMFG creates financial and business development training opportunities for entrepreneurs and brings affordable microfinance solutions to low-income business owners. We continuously develop new products responsive to the needs of small businesses, including a credit facility for minority contractors and Pathways to Enterprise for Returning Citizens (PERC). Since inception in 2012, CNIMFG has deployed over $3 million in microloans averaging $20,000 to over 85% African American-identifying borrowers.

Long Term Community Partnerships: CNI believes in authentically partnering with community stakeholders to achieve stronger outcomes. CNI's initial work began in Pullman, an iconic Chicago neighborhood that is important for its labor history, architecture, and manufacturing innovation. The long-term revitalization of Pullman remains at the core of CNI's mission, and there is still much more to be done to advance the $350 million deployed in coordinated investment in the neighborhood since CNI's inception. CNI is also playing a significant role in managing the Pullman National Monument State Historic Site and Visitor Center project, scheduled for delivery in 2021. Upon stabilization, the project will attract more than 300,000 visitors to Pullman each year, further increasing the need for additional small businesses to support cultural tourism in the neighborhood and beyond.

CNI's leadership includes a board of 15 directors comprised of real estate, accounting, and legal professionals, as well as urban planners and--of course--community representatives. CNI is staffed by 9 individuals are trained to support all aspects of the business and identify opportunities to align programmatically. The team is committed to fostering an inclusive environment both in the office and in the neighborhoods served by CNI.

source: Chicago Neighborhood Initiatives. December 2019.

Exhibit 6: Community Banks in the U.S. in the early 2000s



Market share is defined as the share of assets held by U.S. banks and credit unions.

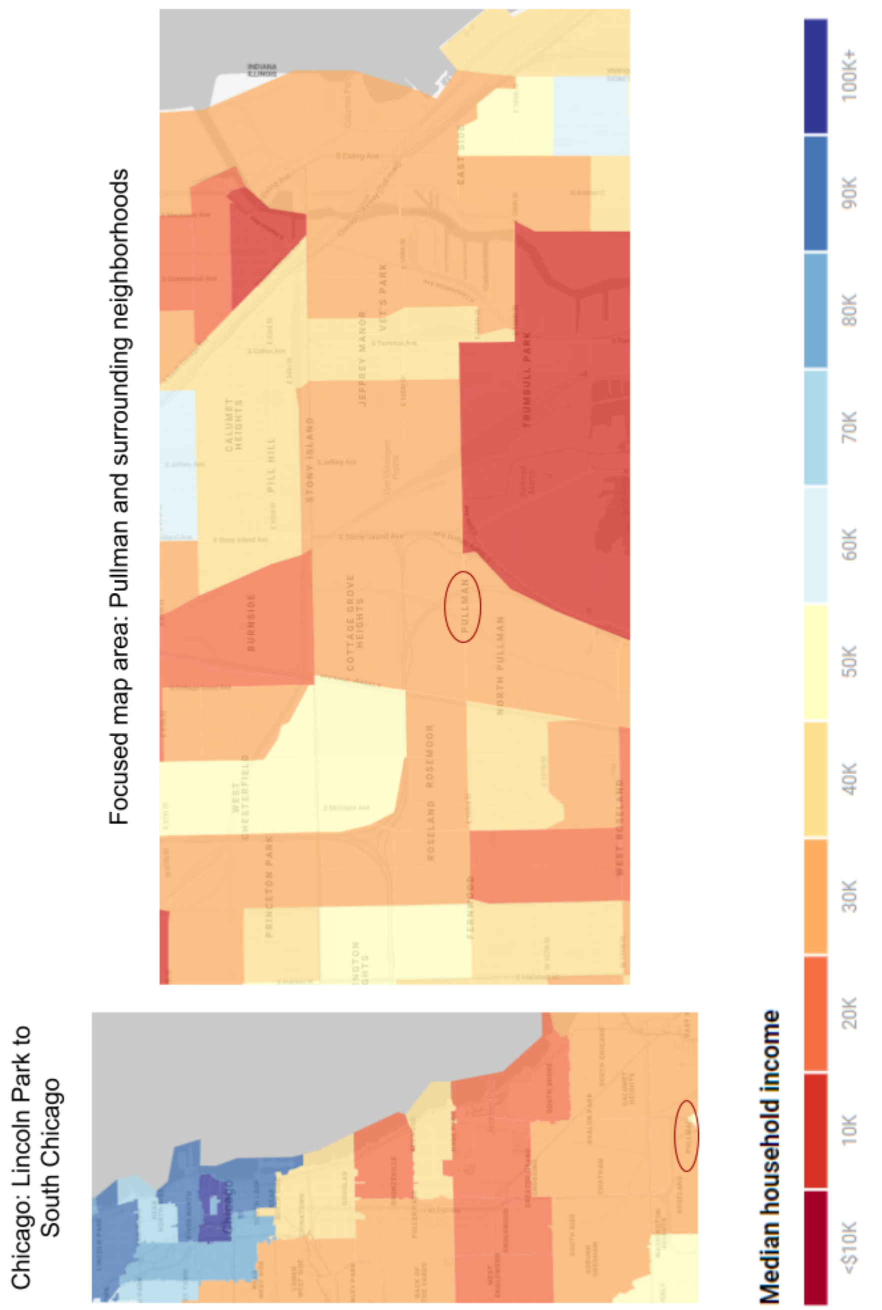
Small banks and credit unions are defined as those with $1.2 billion in assets or less in 2018 dollars.

Medium banks and credit unions are defined as those with between $1.2 billion and $10.2 billion in assets.

Large banks and credit unions are defined as those with over $100.2 billion in assets.

source: Federal Deposit Insurance Corporation and National Credit Union Administration, as tabulated by the Institute for Local Self-Reliance in "Bank Market Share by Size of Institution, 1994 to 2018", May 14 2019.

Exhibit 7: Chicago Neighborhoods by Median Income



source: Rich Blocks, Poor Blocks (https://richblockspoorblocks.com/), with data sourced from U.S. Census. Accessed December 2019.

Exhibit 8: Ryerson Site Images

Site Schematic, *c.* 2010

Ryerson Site, 2009

Gateway Retail Center (former Ryerson Site), 2014

source (all images): Chicago Neighborhood Initiatives.