

**Red Line Extension
Chicago, Illinois
New Starts Project Development
(Rating Assigned November 2022)**

Summary Description	
Proposed Project:	Heavy Rail 5.6 Miles, 4 Stations
Total Capital Cost (\$YOE):	\$3,730.35 Million <small>(Includes \$155.9 million in finance charges)</small>
Section 5309 CIG Share (\$YOE):	\$2,238.21 Million (60.0%)
Annual Operating Cost (opening year 2029)	\$46.11 Million
Current Year Ridership Forecast (2019):	36,400 Daily Linked Trips 10,711,400 Annual Linked Trips
Horizon Year Ridership Forecast (2040):	41,500 Daily Linked Trips 12,194,900 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium-High
Local Financial Commitment Rating:	Medium

Project Description: The Chicago Transit Authority (CTA) plans to extend the Red Line Dan Ryan branch on Chicago’s Far South Side from the present 95th Street Terminal to the 130th Street area. The project includes parking facilities and multimodal connections at each new station, a new railyard and maintenance shop near 120th Street, and the purchase of 78 rail cars. Service is planned to operate 24 hours per day, seven days per week, with trains every three to six minutes during weekday peak periods, every seven to eight minutes during weekday off-peak periods, and every six to 15 minutes on weekday evenings and weekends.

Project Purpose: The project extends the existing Red Line, CTA’s most heavily used rail line. Approximately 24 percent of residents in the project corridor live below the poverty level, 18 percent are unemployed, and 25 percent travel over 60 minutes to their jobs – all of which exceed citywide averages. The project is intended to help remove these barriers, spur economic revitalization, and allow the Far South Side to share in Chicago’s growth and prosperity. The project is intended to reduce commute times, improve mobility and accessibility, and foster economic development. Activity centers in the project corridor include the Roseland Medical District, the Pullman National Monument, several schools and universities, and the Chicago Housing Authority’s Altgeld Gardens housing development.

Project Development History, Status and Next Steps: CTA selected the locally preferred alternative (LPA) in August 2009. The LPA was adopted in the fiscally constrained long-range transportation plan in October 2010. The project entered New Starts Project Development in December 2020. CTA completed the environmental review process with receipt of a Record of Decision from FTA in August 2022. CTA anticipates gaining entry into the Engineering phase in mid-2023, receiving a Full Funding Grant Agreement in late 2024, and opening for revenue service in late 2029.

Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 CIG	\$2,238.21	60.0%
FHWA Flexible Funds (Congestion Mitigation and Air Quality Program)	\$130.00	3.5%
Local:		
TIFIA Loan Repaid with TIF District Revenues	\$616.00	16.5%
CTA Bond Repaid with Sales Tax	\$349.78	9.4%
CTA Bond Repaid with TIF District Revenues	\$253.21	6.7%
TIF District Revenues	\$80.79	2.2%
Cash contribution by CTA	\$62.36	1.7%
Total:	\$3,730.35	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

**Illinois, Chicago, Red Line Extension
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Factor	Rating	Comments
Local Financial Commitment Rating	Medium	
Non-Section 5309 CIG Share	N/A	<ul style="list-style-type: none"> The CIG share of the overall project is 60.0 percent.
Summary Financial Plan Rating	Medium	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium-Low	<ul style="list-style-type: none"> The average age of the bus fleet is 11.6 years, which is older than the industry average. The most recent bond ratings for CTA, issued in March 2022, are as follows: Standard & Poor's Global Ratings A+ and Kroll Bond Rating Agency AA-. CTA's current ratio of assets to liabilities as reported in its most recent audited financial statement is 0.81 (FY2021). CTA did experience minor service cuts in FY2020 due to the COVID 19 pandemic. There were no service cutbacks prior to the COVID 19 pandemic. There were no cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	Medium-Low	<ul style="list-style-type: none"> Approximately 25.5 percent of the non-Section 5309 CIG capital funds are committed or budgeted, and the rest are considered planned. Sources of funds include FHWA Congestion Mitigation and Air Quality Program funds, Transportation Infrastructure Finance and Innovation Act Loan Proceeds repaid by Red Line Extension (RLE) Tax Increment Finance (TIF) district revenues, CTA Bond Proceeds repaid by Sales Tax, CTA Bond Proceeds repaid by RLE TIF District revenues, RLE TIF District revenue, and CTA Cash Contributions. Approximately 25.9 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, and the rest are not specified and considered planned. Sources of funds include farebox revenue, other operating revenue, and Regional Transportation Authority formula funds.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)	Medium	<ul style="list-style-type: none"> Assumed growth in the majority of capital revenues is reasonable compared to recent historical experience. The capital cost estimate is reasonable. Regarding growth in operating revenue assumptions, farebox collections, other operating revenue needed and future public funding are optimistic compared to recent historical experience, while federal stimulus and other operating revenues are reasonable, and public funding is considered conservative. Operating cost estimates are conservative compared to recent historical experience CTA has access to \$3.1 billion in funds via additional debt capacity under CTA's senior sales tax credit with the indenture's 2.0x additional bond test coverage requirement to cover unexpected cost increases or funding shortfalls equal to at least 50 percent of the estimated CIG capital cost and 50 percent (6 months) of annual system wide operating expenses.

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LAND USE RATING: Medium-High

The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county.

- Average population density within one-half mile of all station areas is about 6,800 persons per square mile, corresponding to a Medium rating. An estimated 704,600 jobs would be served by a one-seat ride on the project, which corresponds to a High rating. Average daily parking in the central business district costs approximately \$16 with an early-bird discount, which corresponds to a High rating. The ratio of station area to county LBAR housing units is 2.53, corresponding to a High rating.
- The character of the area is described as a “traditional neighborhood” with a grid pattern and single-family and multifamily housing in three of the four station areas. The 130th Street area, unlike the others, is a disconnected community consisting of public housing, industrial land, public utilities, highways, and railways, with little pedestrian connectivity or transit access.

ECONOMIC DEVELOPMENT RATING: Medium

Transit-Supportive Plans and Policies: Medium-High

- *Growth Management:* Regional plan emphasizes focusing development in established urban areas and near transit. Efforts to preserve natural areas and agricultural lands are present but enforceability is unclear.
- *Transit-Supportive Corridor Policies:* Some conceptual plans and policies have been adopted that propose to increase density and development around transit stations. Many plans propose to improve transit-friendly character and pedestrian connections in station areas to support transit investment.
- *Supportive Zoning Near Transit Stations:* Zoning consists of medium- to low-density residential, medium- to low-density commercial, and parcels for planned developments. Commercial zones allow a mix of uses. The Connected Communities Ordinance (COO) allows flexibility in building uses, small-scale multifamily housing, promotion of affordable housing, and reductions of parking minimums for areas within one-half mile of a transit station.
- *Tools to Implement Land Use Policies:* CTA is conducting community outreach and proactively working with developers. The Cook County Land Bank Authority (CCLBA) can enter into land banking agreements to support the project. State and local financial assistance programs generally support equitable transit-oriented development (ETOD) in station areas and infrastructure projects.

Performance and Impacts of Policies: Medium

- *Performance of Land Use Policies:* Redevelopment along the corridor is in very early stages. The ETOD Pilot Program has successfully promoted multifamily development near transit stations in other corridors.
- *Potential Impact of Transit Investment on Regional Land Use:* The City and CCLBA have acquired more than 1,000 parcels within station areas, between four and 19 percent of each station area, as catalyst redevelopment sites. Infill development is widely encouraged in the project area. The average housing vacancy rate is about 17 percent and impacted by the condition of the housing stock.

Tools to Maintain or Increase Share of Affordable Housing: Medium-Low

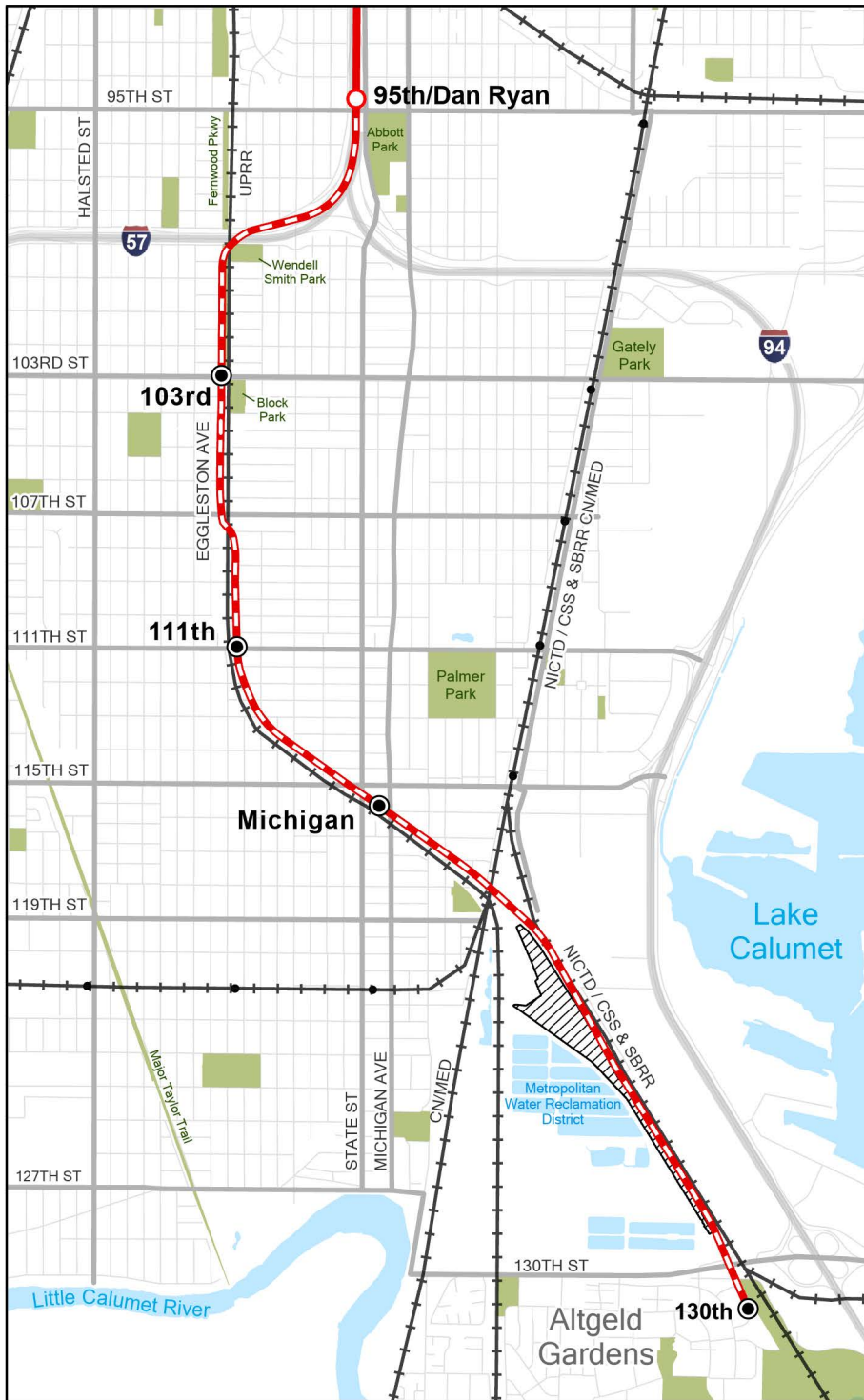
- Unclear affordable housing need in corridor. The corridor contains roughly 900 LBAR housing units with restrictions expiring between 2031 and 2035. The City estimates that roughly 26 percent of housing units are naturally occurring affordable housing units and 10 percent of housing units are LBAR housing units.
- The Affordable Requirements Ordinance, COO, and ETOD Policy Plan regulate and incentivize the provision of affordable housing throughout the City by leveraging density bonuses and parking reductions. Other programs provide financial subsidies to low-income renters and home buyers.



Chicago Transit Authority
Chicago, Illinois



Red Line
Extension



Inset

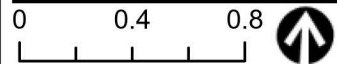


Legend

- Preferred Alignment
- Proposed Rail Yard
- Proposed Rail Station
- Existing CTA Red Line
- Existing CTA Station
- Metra Stations
- Railroad
- Parks
- Water Bodies

All proposed stations are fully accessible and include Park & Ride facilities

Scale



Miles

1 inch = 3,600 feet

NICTD/CSS & SBRR = Northern Indiana Commuter Transportation District/Chicago South Shore & South Bend Railroad, CN/MED = Canadian National/Metra Electric District, UPRR = Union Pacific Railroad