CHICAGO: A UNIQUE TALE OF MULTIPLE CITIES
Dichotomy, Demographic Transformation, Urban Renaissance & Bankruptcy

8/20/19

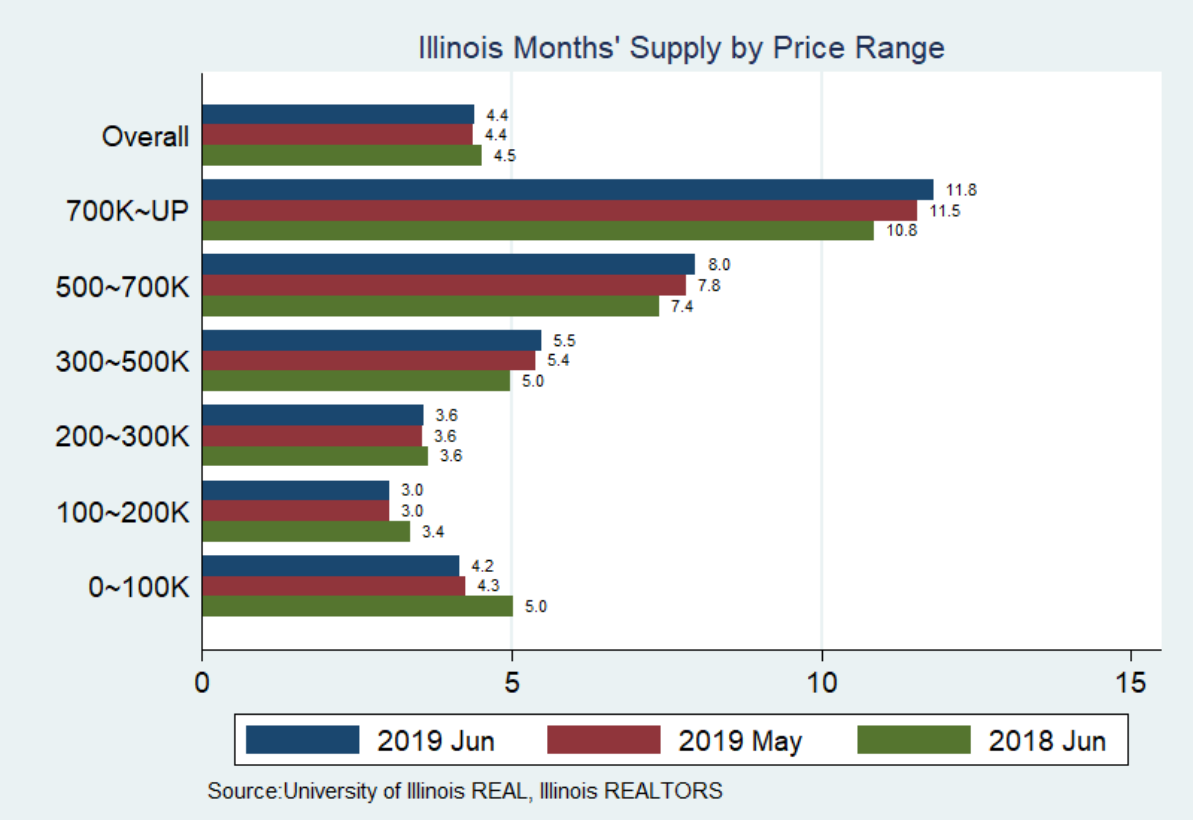
WHAT HOUSING MARKET?

DAI's 8/10/19 Newsletter, *Top in the Housing Cycle & Looming Insolvency*, noted that real estate has always been a local market. Indeed, extremely local with vastly different micro areas. In reality, there is no housing market, but rather thousands of wide ranging local markets.

In addition to the varying state, regional, metro, county, city and micro areas, activity by housing type and price segment varies widely. To that point, see the US June existing homes sales by price segment and the Illinois day's supply by segment below. As you can see**, mid-market sales continue in a positive mode and while there may be a shortage of low-end homes, there is no shortage of higher-end homes.**

US Existing Home Sales by Price Segment
% Change From Prior Year
June, 2019
Source: NAR

$1-100K	$100-250K	$250-500K	$500-750K	$750-1,000	$1,000+
-18.7%	-10.0%	1.0%	0.8%	-2.4%	-7.2%



DEBUNKING HOUSING DEMAND

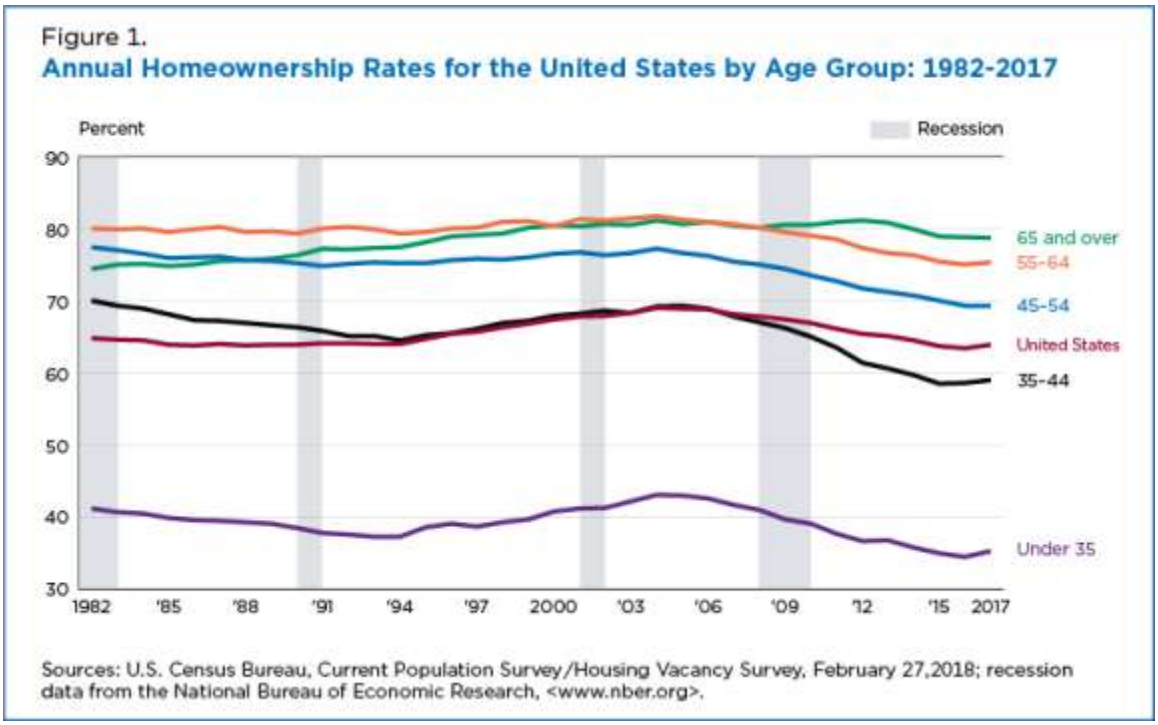
DAI's last newsletter already debunked the myths surrounding a shortage of homes priced over $500,000. Using the August, 2019 *Real Estate Market Outlook* by Realtor.com, let's continue and debunk the myths surrounding the demand for housing.

After peaking in 2006, **existing home prices** started to climb in 2012 and now exceed the previous high. Despite population increasing by 50 million since 2000, the flattening **existing home sales** remain well below the pre-financial crisis high and the year 2000.

Unlike existing home sales and prices, the number of **households** did not dip during the financial crisis and continue to march higher. However, **home ownership rates peaked prior to the financial crisis and have not recovered.**

Millennials born between 1980-1998 total almost 90 million today. While they represent the biggest block of workers, the combined millennial group (youngest & oldest) have the lowest home ownership rate.

Based on the latest Census Bureau data, the **millennial home ownership rate of 35% is far below the national average of 69%.**



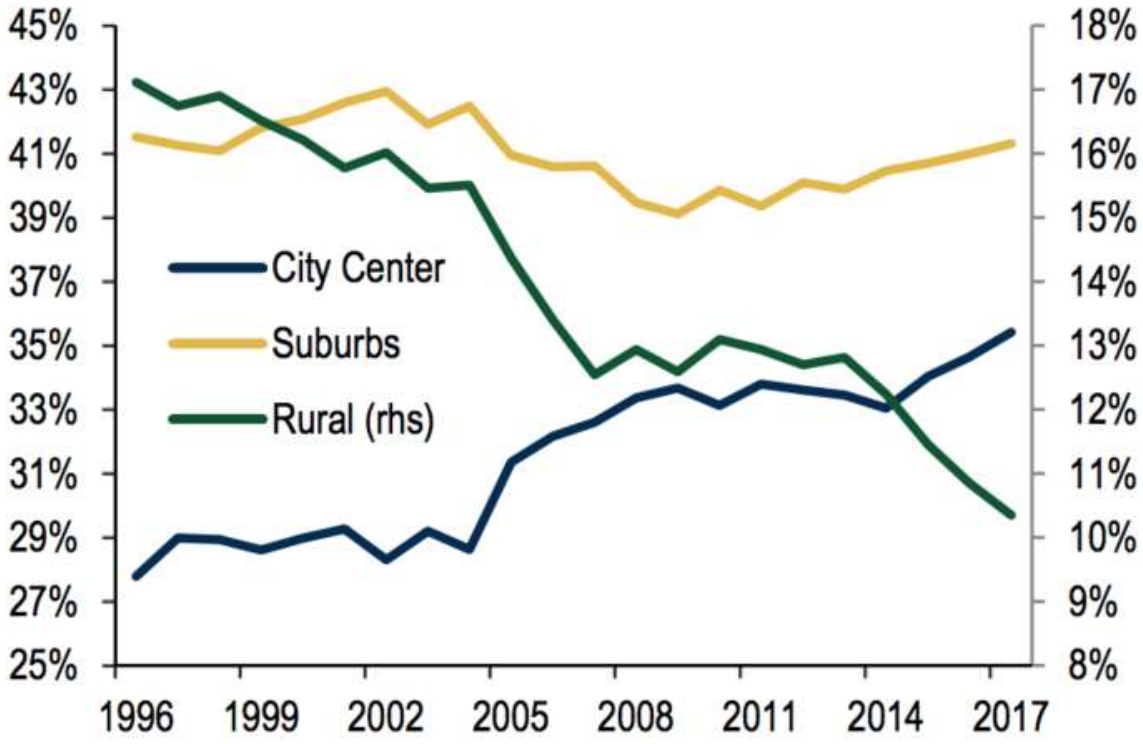
Student loans, affordability, investment concerns, memories of the financial crisis, non-mortgage operating/maintenance costs, cohabiting and the deferral of marriage are no doubt all playing a role in home ownership decisions.

Nevertheless, there can be no doubt that **millennials increasingly prefer urban living, amenities and the flexibility of renting over home ownership.** Even when they do decide to raise a family, millennials are less likely to leave the city than previous generations.

Urban living and renting is also in sync with the prioritization of higher paying jobs, convenience, walkability, proximity, liquidity, freedom, sharing, downsizing, green living, socialization, making a difference, digital dependence and the experience fixation.

In conjunction with lifestyle changes, the importance of homeownership is evolving. In short, **owning a home is far less important to Lollapalooza loving millennials than previous generations**. **The rental trend has and will continue to undermine the alleged pent up demand for traditional homes**.

Chart 5: Location of young adults (% of 25-34 year olds)



Note: data are as of January of each year
Source: BofA Merrill Lynch Global Research, Bureau of Labor Statistics , Current Population Survey

DOWNTOWN CHICAGO's RENTAL SUPPLY & ABSORPTION

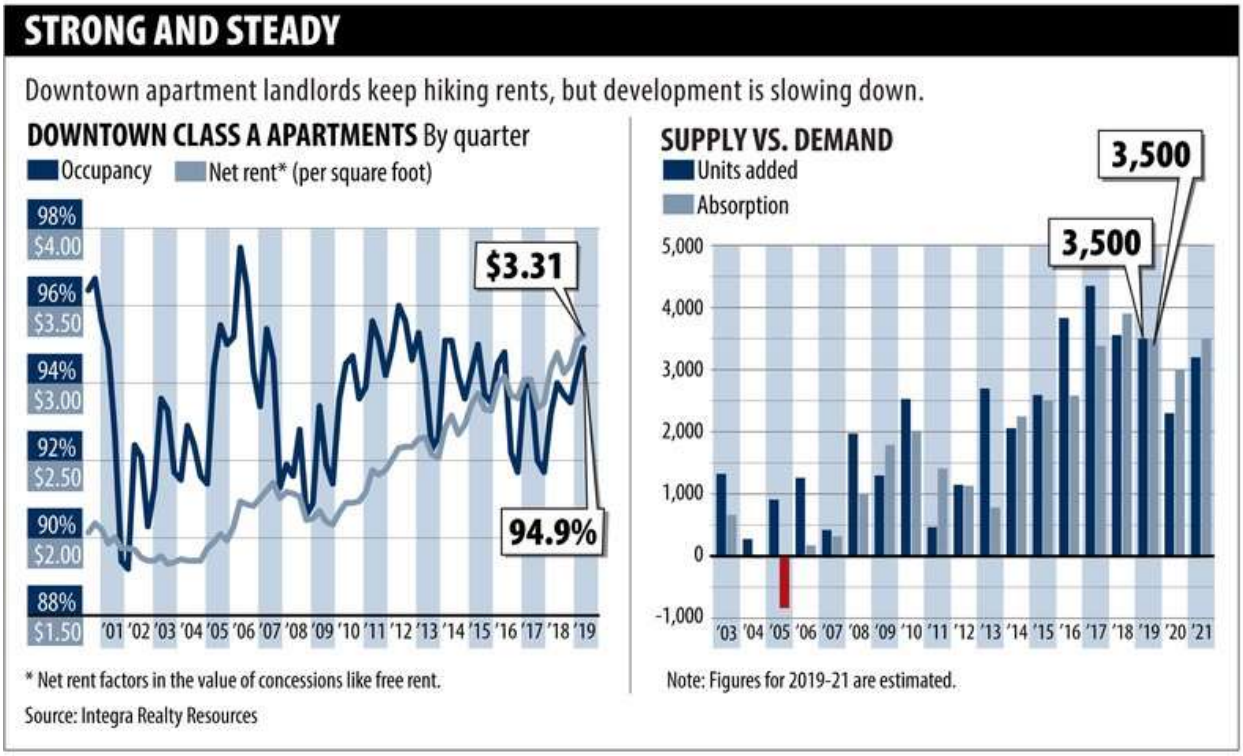
Consistent with the millennial lifestyle, reverse migration on the part of empty nesters and surge in downtown job growth, **Chicago's Class A rental supply and absorption has grown significantly over the last decade.**

Based on the latest forecast from Integra Realty Resources, rental demand remains robust and prices continue to rise. Meaningful supply is still being delivered, but **the growth of new supply has slowed** in the face of still strong demand.

Peaking at 4,400 units in 2017, but in sync with demand, new supply is expected to total about 3,500 units in 2019. Validating the downtown job growth and reverse migration**, demand is projected to exceed supply over the next few years.**

As you can see, the projected slowdown in supply is not based on demand. Based on Integra's projections, **new supply is slowing due to concerns over construction costs, a skilled labor shortage, regulations, the fiscal crisis and the outlook for higher property taxes.** Given the amount of new construction in the pipeline, the Integra forecast may or may not be correct.

See *Killing the Golden Goose* in this release for more.



CHICAGO'S 2020 BUDGET SHORTFALL

Seeking public support, the well intentioned Mayor Lightfoot is expected to publicly discuss the inherited 2020 budget shortfall before the end of August.

While Chicago is not the only large Illinois city with a pension-driven budget gap, **the shortfall could exceed $1 billion**. In our minds, the lack of a pension fix and the budget shortfall are the primary reasons why the former Mayor Emanuel decided not to run again.

Beyond the 2020 shortfall, **an additional $1 billion in mandated pension contributions will be required by 2023** due to Chicago's low pension funding. Estimated at 25%, Chicago's pension funding is among the worst. A looming strike by the already well paid and out of touch CTU could present additional challenges. Yet to be negotiated pay raises for teachers, police and firefighters will add more fuel to the fiscal fires.

While the mayor and the governor both campaigned against benefit cuts, they were at odds over taxing high-end retirement income. Lacking state assistance and failing to get Chicago's pension debt consolidated in a new statewide system, **Chicago residents will shoulder the new taxes and fees** expected to be announced by the mayor.

The new revenue sources will no doubt include a broadened sales tax, a levy on high-end professional services, increased real estate transfer fees and a ride-hailing service tax. Higher property taxes, particularly on the wealthy, may also be under consideration.

As you might guess, higher property taxes are a slippery slope because they are already among the highest and could further cripple the real estate industry, undermine the Chicagoland economy and voter support for the graduated income tax proposal.

The new taxes and fees will not improve the pension system, but rather close a short-term budget gap. Unfortunately, all the new state and local taxes are peanuts compared to what is needed to right the fiscal ship.

To placate residents, efficiencies and service consolidation will no doubt be part of the Mayor's discussion. This is important because while tax hikes are repetitive, they are rarely accompanied by spending cuts. **WITH MANDATED PENSION CONTRIBUTIONS INCREASING ANNUALLY FOR THE NEXT DECADE, ILLINOIS AND CHICAGO NEED A FISCAL PLAN, NOT TAX PLANS**. Like tax hikes, transferring government owned assets to pension funds is not a fiscal plan.

As the state's economic engine, Chicago's pension problems demand a fix beyond short term strategies that compound the longer-term problem. After decades of corruption and mismanagement, **officials cannot tax or borrow their way out of the fiscal crisis**. With debt dwarfing the revenue generating capacity, some investment managers, like Franklin Templeton, are already avoiding general obligation bonds from Illinois and any debt from Chicago or the public school system.

Unlike states, but requiring state approval, **cities and counties are eligible for bankruptcy**. Bankruptcy is a last resort type of strategy with threshold requirements. It is also complicated, expensive to arbitrate, initially disruptive and requires policymakers to make tough decisions. While the negotiated haircut would be opposed by the unions and the elected officials they control, the two factions would quickly queue up once Chicago can no longer pay their bills.

Beyond the shared/negotiated haircuts and with the necessary oversight, **a growth-oriented recovery plan with benchmarked strategies could end the fiscal crisis, right the financial ship, hasten the renaissance and ensure a long-term solution.** The recovery plan could also **REVIVE CHICAGO'S AILING HOUSING MARKET.**

To facilitate growth, the recovery plan must be structured to retain and attract residents, businesses and investors. If the recovery plan does not resolve the structural issues, they will haunt or preclude the recovery.

HOW MUCH DEBT DOES ILLINOIS REALLY HAVE?

Despite the $8 billion increased contribution and good investment returns, the COGFA pegged Illinois' unfunded pension liability at **$134** billion for the year ending June, 2018, up from $129 billion in 2017.

Covering teachers, state workers, university employees, judges and lawmakers, the assets and funding ratios vary widely among the state's five pension funds. Using a somewhat optimistic rate of return, the collective funding ratio of the state funds was estimated to be about 40%.

Not included in the Illinois debt, Chicago has about **$34** billion in outstanding debt, including unfunded pension liabilities in their four pension funds and retiree healthcare. The Chicago funds are also among the worst funded. See Truth in Accounting for more.

Unfunded pension liability for the 650+ suburban and downstate police and firefighter funds was estimated at **$11** billion as of 2017.

Despite the bull market in equities, robust economic expansion and increased contributions, **THE COMBINED FUNDING RATIO OF ALL THE PLANS IS LOWER TODAY THAN IT WAS PRIOR TO THE FINANCIAL CRISIS and well below the 90% required by 2040.**

According to the Illinois State Comptroller, the state's backlog of unpaid bills has dropped from $16 billion to about **$6.6** billion, a dynamic number.

Growing rapidly and contributing to the resource strain, Illinois' unfunded retiree health insurance liability for state workers was estimated at **$73** billion in 2016, up from $40 billion in 2007. See Wirepoints for more.

As a PAYGO program, the health insurance liabilities have no actuarial set aside. The free and subsidized retiree health insurance is teamed with unusually rich healthcare benefits for active state workers, an additional expense.

The Illinois public sector benefits are far richer than other states and rarely provided in the private sector. Indeed, the new AFSCME contract will cost taxpayers billions more. See Illinois Policy for more.

While there are certainly other state and local government debts, the five categories mentioned above total **$259 billion**. Using optimistic valuations, the debt is no doubt understated. **If more realistic valuations were used for the decade ahead, THE TOTAL DEBT AND UNFUNDED LIABILITY WOULD BE WELL OVER $300 BILLION.**

If actuarially paid with more realistic valuations, the debt funding would be a Giganotosaurus type consumer of the state's annual revenue. The revenue consumption would be far more than the 25% kicked around today. Because Illinois is not prepared for a meaningful equity market correction or an economic contraction, **the debt is not sustainable.**

With decades of pension plan and corporate retirement plans experience, DAI finds this debt - including the new AFSCME and looming CTU contract debt - gut wrenching. Because the root cause of the crisis is too much debt, task forces and pension consolidation cannot solve the problem, particularly since **the debt is still growing.**

Tax burdens can certainly be shifted, but that won't change the need for revenue. Similar to killing the gambling initiative with too many taxes, **shifting the exponentially growing property tax burden to commercial developers will simply claim another victim.**

US EQUITIES & OUT OF SYNC PUBLIC PENSION PLAN ASSUMED RETURNS

Concerned over trade fears, a slowing global economy, an inverted yield curve, the durability of corporate earnings and the long in the tooth economic cycle, **US equities have been under downside pressure since late July.**

While recent German and Chinese economic data is weak, the US consumer, including retail sales, and labor markets remain a source of strength. As a non-trade dependent nation**, the US economy has remained resilient to date.**

Apprehensive about the trade war's economic impact, the Fed cut rates for the first time since 2008. Given the over reliance on fiscal stimulus, record high federal debt, deficit and record low long bond yields, the Fed's flexibility is somewhat limited. Expectations for a rate cut at the September meeting are no doubt already factored in, but the future path of monetary policy has not been well communicated.

Additional stimulus makes little sense at this time, but given Trump's penchant for borrowing and then declaring bankruptcy, payroll tax cuts could be forthcoming.

The yield curve inversion, negative global rates, demand for high quality fixed income and the six year high spurt in gold prices are all **recessionary flags.** The weaker outlook for corporate earnings and the contentious political environment have further eroded investor confidence and corporate spending plans.

Further benefiting the spurt in gold, China and Russia are building a permissioned distributed digital ledger similar to bitcoin. Appealing to North Korea and Iran, the DragonBear net gold payment system is **designed to subvert the US controlled currency payments system and circumvent sanctions** that are increasingly used like a hammer. Capturing little public attention, **Russia's %share of foreign reserves held in gold increased from 2% to over 19% over the decade.**

Including intellectual property and technological innovation, the trade war is complicated. Hoping for the election of a non-pro-growth Democrat in 2020 and consistent with the Asian mindset, China is playing the eat bitter/long game.

China is an export economy with more than 25% of their sales going to the US. To undermine investor confidence, China let the yuan fall and halted US agricultural imports. Upping the brinkmanship and irking the Chinese, the US Treasury labeled China a currency manipulator. **Despite Chinese warnings about consequences, the US approved F-16 fighter jet sales to Taiwan.**

Frustrated by their own economic shortcomings and failed doomsday weapons, Moscow and Beijing are accusing the US of meddling in their internal affairs, including the ten weeks of violent confrontations in Hong Kong. Shanghai has certainly grown some financial legs, but Hong Kong is a major financial center. Skillfully posturing and ignoring Trump's offer to meet, the autocratic Chinese martialed paramilitary exercises nearby to cool the unrest.

Battling over global dominance and technology, the trade war is not going away. Lacking a cohesive US foreign policy, high risk geopolitical flashpoints are becoming concerning, including Moscow, Beijing, Hong Kong, North Korea, Iran and Kashmir (India & Pakistan), all nuked-up countries.

After numerous attempts to penetrate the 27,000 level on heavy volume over the last 18 months, the Dow declined about 2,500 points, or 9%, during early August before rebounding. A full 20% correction would take the Dow down to the 21,900 level, 4,000 points lower, and test the lows made in late 2018.

Fueled by trade rumors, **rallies could be robust**, but given the increased risks, debt loads, over reliance on fiscal stimulus, top heavy P/E valuations, broad topping action and increased volatility over the last 18 months, **sustained equity gains are unlikely.** While both nations need a solution, **the trade war has become a long-term cold war of epic proportions.**

Equity market corrections, recessions and bear markets may not be pleasant, but they are not unusual. Short term fluctuations cannot be predicted, but **market conditions are not in sync with the 7% assumed returns used by public pension plans and high risk alternative investments.**

Being the least prepared**, a 20% equity market correction and or an economic contraction would wreak havoc on poorly managed states like Illinois and New Jersey**. Given the dire financial condition, Chicago would also feel the pain. With near junk bond status, Illinois is in no position to bail out Chicago and neither are the overburdened taxpayers**.** In short, **HISTORY MAKING MUNICIPAL BANKRUPTCY IS ON THE HORIZON.**

Taxes are particularly relevant because in addition to **record high debt that continues to increase,** the **escalating state and local taxes are already among the highest i**n the nation. Click HERE to see how high Illinois taxes really are by category.

DICHOTOMY & DEMOGRAPHIC/ECONOMIC TRANSFORMATION

As college graduates increasingly reject suburban life for the amenity rich urban core, former industrial areas - like Chicago's West Loop - have become home to thousands of new workers. Because many live in nearby upscale rental complexes, the concentrated spending benefits the neighborhood.

Beyond employment, these reclaimed areas have transformed into residential neighborhoods, including restaurants, nightlife, grocery outlets, retail shopping, hotels and various entertainment venues.

Deferring marriage, parenting and home ownership - including mortgages, property taxes, maintenance & train schedules - these young, educated and reasonably affluent millennials have sparked growth in Chicago's extended downtown area. Indeed, more than 70% of the West Loop zip codes are populated by millennials.

The demographic and economic transformation is a real dichotomy because the downtown Chicago area growth is at odds with the flat or declining population in most of the metro and collar counties. The population loss has been particularly acute among low-middle income African Americans on the Chicago's Far South Side, many of which have moved to the suburbs.

While Chicago may be home to the nation's fastest growing downtown area, **the disinvestment in the surrounding area is what makes Chicago's Business District (CBD) job and population growth unique.**

- Population in the downtown Central Area - neighborhoods within two miles of City Hall - increased by almost 100,000 since 2000 and no doubt exceeds 250,000 today.

- Chicago's 25-39 year-old population grew 16% over the 2005-2017 period while the rest of Cook County and the collar counties declined.

- During the same period, Chicago's population of 25+ year-olds with a bachelor's degree or higher grew 42%, far more than the rest of the metro.

In addition to population growth, the CBD dominates job growth. According to HFF, **jobs in the CBD increased by 134,000, or 28%, since 2010 while the rest of the city increased by 43,000.** Totaling more than 613,000 and driven by the growth in services, **the CBD job growth was double the metro's growth**.

- As noted by Ed Zotti in the recent Sun Times article, *Where the Jobs Are in Chicago*, the number of jobs in Chicago hasn't changed much over the last half century, but the location and type has changed.

- More than 50% of the city's 1.2 million jobs are located downtown today, up from 40% in 1972. **While the downtown jobs are at a record high, jobs in the rest of the City declined by 30% since 1972.**

- Similarly, **manufacturing jobs declined by 372,000 while service jobs increased by 450,000** over the same period. The service job growth is expected to continue, but totaling only 63,000 today, the lost manufacturing jobs are not coming back.

Employing over 167,000 workers, **Chicago is the nation's 6th largest tech hub** and among the fastest growing.

In search of talent, customer closeness, affordability, availability and transportation, **downtown Chicago leads the nation in corporate relocations**. The city also has a major footprint under other business expansion, luxury home rental development and startups.

Based on data from the Center for an Urban Future, **the number of startups in Chicago increased from 908 to 3,359, or 27%, between 2008 and 2018,** the nation's seventh fastest growth rate.

Leveraging the downtown growth in jobs and population, thousands of apartments have been added annually over the last decade with high absorption, few concessions and higher trending rents. Based on recent surveys, **half of the new renters are dual income couples from outside Chicago** who are drawn by high paying jobs in the urban core.

Chicago is not the only city to experience reverse migration and/or demographic inversion, but few have benefited from the transformation like Chicago's downtown area. **Despite the spectacular renewal of the city's urban core, CHICAGO AND ILLINOIS ARE FACING INSOLVENCY AND POISED TO MAKE MUNICIPAL BANKRUPTCY HISTORY.**

CHICAGO: A TALE OF SEVEN CITIES

Rejecting the notion that Chicago's downtown is the only area thriving, the noteworthy Sun Times article, *Chicago: A Tale of Seven Cities*, by Ed Zotti proves that **Chicago is at least seven different cities, each with their own trajectory.**

Containing a few surprises, Zotti concluded that some areas are booming, some are prospering, some are showing signs of life and some remain in sharp decline. Not generally recognized, **large sections of the South, Southwest and West Side are reviving.**

Carving out maps with positive demographic attributes - including household income, home values & percentage of college graduates - Zotti computed the population changes from 2000-2010 and 2010-2017. Zotti's well concluded observations are highlighted below.

- As expected, neighborhoods with the dominant positive attributes were clustered along most of the North Lakefront, i.e., 2200 South to 5600 North.

- Surprisingly, positive signs were apparent along most of the South Lakefront, including all the way to 71St street.

- Downtown was the only area to gain population over the 2000-2010 period, but most of the city recovered after 2010, i.e., five of Zotti's carve outs gained population and two continued to shrink.

Central Area

2000-2010	49,792
2010-2017	44,208

Gaining 94,000 residents in the face of overall population decline during the 2000-2017 period and home to about 250,000, **the booming core Central Area remains the magnet for new residents**. The Central Area was also the only area that did not lose population during the 2000-2010 period.

North Side

2000-2010	13,011
2010-2017	-67,632

The vast North Side area is home to 1.2 million residents. Combined with the Central Area, **the two areas hold half the city's population and most of its wealth**. The North side affluence has spread to the Near West Side making the two almost indistinguishable.

Far West Side

2000-2010	-2,132
2010-2017	-34,326

Primarily African American, population on the Far West side has declined notably. While still bleeding population, **the Far West Side losses are slowing.**

Southwest Side

2000-2010	6,761
2010-2017	-10,297

While the economic attributes remain below the county median, the Southwest Side is experiencing some population and household growth.

Far Southwest Side

2000-2010	4,604
2010-2017	-1,089

With hilly terrain and quality housing on the edge of the city**, the Far Southwest Side is growing and continues stable.**

Far South Side

2000-2010	-97,129
2010-2017	-57,143

Bleeding serious population, the Far South Side lost 100,000 residents over the 2000-2010 period and is on track to lose a somewhat comparable number during the current decade. Offsetting gains elsewhere**, THE FAR SOUTH SIDE TELEGRAPHS WHY THE OVERALL POPULATION IS DECLINING.**

South Lakefront

2000-2010	4,244
2010-2017	-34,223

Benefiting from the Asian community expansion beyond Chinatown and the slow departure of African Americans, **the South Lakefront Area is experiencing growth.** Before exiting in the 19th century, the South Lakefront was home to the city's millionaires.

The Chicago Sun Times series on City at the Crossroads by Ed Zotti*, takes an informed dive into the trends affecting the city and the choices it faces. The article referenced above,* Chicago: A Tale of Seven Cities*, is just one in the series. The series is timely, well done and quite illuminating.*

Zotti's work is important because some of the widely circulated demographic work is flawed, particularly the recycled information. Looking at the state, metro or county data isn't sufficient. To evaluate a sizable urban area like Chicago, analysts must drop down to the census tract or block group level.

***With Chicago's Central Area gaining 94,000 and the Far South Side losing -154,272 over the 2000-2017 period, the aggregate data does not provide an accurate picture** of the city's changing dynamics, including the characteristics of those moving in and out.*

When looking at some of the moronic and snide postings about Chicago on allegedly neutral forums, it becomes quite clear how few really understand the CBD's revival or the potential to leverage the economic engine during restructuring.

See links below for more.

8/09/19 - *Where The Jobs Are In Chicago*
7/28/19 – *Chicago: A Tale Of Seven Cities*
6/28/19 - *The Growing Lure Of City Living*
5/31/19 - *Everything You Think You Know About Chicago Is Wrong*

KILLING THE GOLDEN GOOSE: Transferring The Tax Burden To Developers

The metro's population loss, fiscal crisis and property tax burdens are quite real. Like the population loss, they have also been well discussed. While the rental prone millennials and downtown developers have not felt the pain yet, the metamorphosis is underway.

The demand emanating from the CBD's demographics, educated talent pool, job creation, tech status, corporate relocation and continued business expansion remains robust. In sync with that demand, developers continue to unveil plans for capital rich, mixed-use, high quality residential and retail product, including mega developments that will further transform the area.

The mega plans include *Lincoln Yards*, Sterling Bay's 50 acre development on both sides of the Chicago River's North Branch and *The 78*, Related Midwest's 62 acre project south of downtown. Including office towers and residential units, both have already been planned, approved, funded and will commence and deliver over different time periods.

Other projects include *Lendlease, Southbank, Riverline* and *One Chicago Square*. Additional mega projects are planned for the former Michael Reese Hospital site and a project built over train lines adjacent to Soldier Field.

In contrast to projects already on the books, **RECENT INVESTMENT SALES AND INTEREST IN NEW PROJECTS HAVE PLUMMETED**. According to a recent report from MBRE, the decline has been fueled by uncertainty surrounding the fiscal crisis, assessments, future tax bills and reduced investment returns.

The dual fiscal crisis at the state & local level, new political faces (Governor, Mayor & Cook County Assessor), a revised property assessment system, the potential for exponentially increasing property taxes, the federal shakedown investigation, crime and economic concerns over the trade war are all extracting a toll. In other words, **enthusiasm over the explosive downtown CBD growth is being tempered by uncertainty.**

Rather than reduce spending or seek a solution to the fiscal crisis, officials have put commercial developers in the crosshairs. Transferring the property tax burden to commercial developers would generate revenue, but claim another victim at the same time.

Given that spending is unlikely to be reduced, the transfer may end up as just another tax. If so, **commercial developers and homeowners would both be subject to excessive taxes,** thus killing the goose laying the golden eggs. In addition to an already weak residential market, **the higher taxes on developers could undermine the local economy and slow the downtown CBD boom.**

For more on the growing investor caution, see the series by Brian Rogal at BISNOW.

RENAISSANCE DOGS Vs RESERVOIR DOGS

With near junk credit ratings at the state and local level, Illinois and Chicago are both facing a fiscal crisis.

Ignoring other shortcomings of GASB reporting, but using more realistic valuations, the state and local **debt is much higher than reported** or generally recognized.

Despite increased contributions and a decade of mostly good investment returns, the **record debt continues to increase** while the pension funding ratio declines. Like the debt and despite already high and ever increasing taxes, **the need for tax revenue continues to grow.**

Diverting much needed resources, Illinois is already channeling a significant percent of state sourced revenue to pension contributions. While recognizing the recently increased contributions, the latest Pew research on *The State Funding Pension Fund Gap* notes that **Illinois needs to contribute much more to avoid falling below their net amortization benchmark**. As you can see, this can't go on.

Reflecting a justified lack of confidence, the string of net domestic out-migration continues. At the same time, **Illinois officials continue to rank among the most corrupt**.

Looking at the possibility of low or negative returns in the decade ahead, **Illinois is among the state's least prepared** for an equity market correction/and or a recession. The reliance on overly optimistic assumed returns and high risk/high fee alternative investments could further undermine investment returns.

Elected officials continue down the path of tax increases, but they haven't presented, discussed or offered the voters a fiscal plan to solve the debt crisis.

Given the already high taxes, **the continually growing debt burden is not sustainable**. In short, **THERE IS NO SOLUTION WITHOUT BENEFIT CUTS AND/OR INSOLVENCY.**

Illinois is not yet eligible for Chapter 9 Bankruptcy, but a pioneering and successful restructuring in Puerto Rico could change that. With state approval, Chicago could, however, pursue a bankruptcy solution.

Confirmed by the governor, Illinois' precarious financial condition precludes the state from assuming Chicago's debt. Without state help, the city has been forced to ever burden taxpayers to pay for the long string of sins committed by elected officials.

Facing a taxpayer revolt, the day of restructuring will arrive when Chicago can no longer borrow to pay their bills. Given the peak in the equity/economic cycle, that day may be approaching. Because **the extended downtown Super Loop area has a spectacular future**, the day restructuring starts can't arrive soon enough, particularly since revenue hungry officials have put commercial developers in the crosshairs.

Chapter 9 is no walk in the part and while it would be challenging initially, it could provide a solution, something elected officials have failed to offer. With proper oversight, taxpayer representation and a pro-growth recovery plan with benchmarked strategies, **THE EXTENDED SUPER LOOP'S ECONOMIC ENGINE COULD PUSH OUT LIKE AN ALIEN AMOEBA AND REVITALIZE THE CITY, THE COUNTY, THE METRO AND A CHUNK OF THE STATE.**

Unlike higher taxes and reduced services, **the pro-growth recovery plan could spark a much needed recovery in the residential home market**, something home owners and realtors should be championing. In short, it's time to unleash the organic Renaissance Dogs and retire the elected Reservoir Dogs.

TAXPAYER SEAT AT THE MUNICIPAL BANKRUPTCY TABLE

Because the feeding hogs will suckle until they can suckle no more, corrupt, compromised and inept elected officials must not represent taxpayers during the negotiated restructuring process. Like Mexican police, these officials believe their right to suckle is an inalienable right.

Because Chapter 9 - a portion of the US Bankruptcy Code devoted to the reorganization of municipalities & other local entities - has historically conferred participation status to a very limited category of taxpayers, participation and representation under municipal bankruptcy is an evolving area.

Taxpayers are allegedly represented by their elected officials. However, **representation by elected officials is not sufficient for bankruptcy purposes, particularly when officials have proved corrupt, inept and impaired by creditor relationships**, all key dynamics. Indeed, higher taxes, declining property values and reduced services should not and must not be shouldered by taxpayers without a seat at the table.

Given the importance of the recovery plan, ongoing oversight and taxpayer representation during the restructuring process, DAI has changed their business model. Going forward, DAI will devote all resources to Illinois analytics, including the fiscal crisis, local economy, housing market, luxury homes, Super Loop expansion, block group/census tract analysis, the tech scene, documented migration, skilled immigration, the looming bankruptcy and Municipal restructuring.

DAI will also **provide home owners, investors and realtors with insight on HOW TO POSITION AND INVEST DURING RESTRUCTURING.**

For more on taxpayer representation during Municipal bankruptcy, see *Who Pays the Price? The Necessity of Taxpayer Participation in Chapter 9* by C. Scott Pryor, Professor, Campbell University, Norman Adrian Wiggins School of Law.

ORGANIZATIONAL/GROUP SUBSCRIPTIONS FOR THE PRICE OF AN INDIVIDUAL SUBSCRIPTION

Because impaired officials will do everything possible to preclude taxpayers from gaining representation at the negotiating table, **NOW IS THE TIME TO PIONEER & DEVELOP TAXPAYER STRATEGY** applicable to municipal bankruptcy. Without a seat at the table, resident taxpayers will pay for the sins of their elected officials twice.

To find out more about taxpayer representation, committee selection, communication and investing during Municipal restructuring, click HERE to subscribe to DAI's **twice monthly newsletter**. DAI's complimentary subscriptions end this month. To continue receiving the newsletter, you must subscribe.

As an introductory bonus, organizational/group subscriptions will be priced at the same level as individual subscriptions if initiated during the next thirty days. In other words, your entire office and/or organization can benefit from the cost of an individual $250 subscription.

To process a discounted group subscription, email Data@DataAnalyticsIllinois.com your full subscription list after payment is made. Group subscriptions require the same organizational email address.

_____

Headed For the Gallows of Chapter 9 Bankruptcy, the City of Chicago, Chicago Public Schools & Cook County Are a Simultaneous Trifecta

-Bankruptcy Maven-

_____

About Data Analytics IL

When analyzing current and future locations, dependable, relevant and useable data has become increasingly important to the decision making process, particularly when climate, economic, demographic, geographic and the competitive landscape is changing. To assist individuals and businesses with personal and commercial location related decisions, DAI identifies developing trends, opportunities, risks and facilitates data-driven decision making. In addition to analyzing/integrating multi-sourced federal geographic, demographic, economic and business data, our analytic tools include digital map databases, GIS software and web-based interactive tables/data. The Data Analytics Illinois (DAI) staff has decades of experience providing competitive intelligence to the financial services industry, including the largest banks, insurance companies, mutual fund companies, trust companies and brokerage firms. DAI has also provided private institutional research on site selection. By linking pertinent geographic, demographic and economic data - including the Census Bureau, Bureau of Labor Statistics & Bureau of Economic Analysis - Geostatistical data can be more usable than the data released by the Census Bureau and other Federal agencies. Going forward, new variables will play a significant role in migration, both domestic and international. **The migratory impact on the housing market, local economies and state/local fiscal health will be significant, including the rise of new geographic areas and the demise of others**. With emphasis on the future, high quality integrated data and unique tools - including ultra-granular microdata and an infinite number of attribute overlays – our forward looking analytic commentary identifies and analyzes developing trends, opportunities and facilitates data-driven decision making as well as risk management. To learn more, visit our landing page located at: www.DataAnalyticsIllinois.com. To monitor our buildout progress, check back frequently.

To subscribe to DAI's monthly newsletter on *Population, Migration, Trends, Risks & Opportunities*, click HERE or forward your full contact information and a check for $250 for an annual subscription to: Data Analytics Illinois, PO Box 8, Western Springs, IL 60558. Worth thousands more than the subscription cost, subscribers gain access to unmatched analytic commentary/analysis, rich resource tables, interactive/web based tables, state data packs, GIS software and DIA's *Guide To Non-Distressed Luxury Home Auctions*. As a bonus, all HTML blasts, newsletters and state data packs are archived for subscriber convenience. Not available from any other source, the ProximityOne GIS software is a highly effective problem solving tool empowering users to make informed decisions. By linking pertinent geographic, demographic, personal and economic data - including Census, BLS & BEA - the software accommodates an infinite number of attribute overlays that can be applied to a myriad of geographic areas, including micro areas. As an additional bonus, users benefit from GIS tutorial education, including videos and web-based lab sessions. To show the value of GIS technology, each DIA newsletter will feature a different application. Without quality analysis, GIS technology and the right data, a thorough location analysis is simply not possible. For discounted group subscriptions, email Data@DataAnalyticsIllinois.com

Use the interactive/sortable web-based tables to evaluate migration and population by STATE, METRO, COUNTY and CITY. You can analyze the data on a national basis or drill down within each state independently. You may also sort/rank using personalized parameters, i.e., geographic areas with population over 50,000, etc.

Phil Chiricotti, Editor
Data Analytics Illinois, Inc.
PO Box 8
Western Springs, IL 60558
Data@DataAnalyticsIllinois.com
www.DataAnalyticsIllinois.com

"Without quality analysis, GIS technology and the right data, a thorough location analysis is simply not possible."
-PGC-