

RUN OFF THE ROAD

Chicago's Taxi Medallion Foreclosure Crisis



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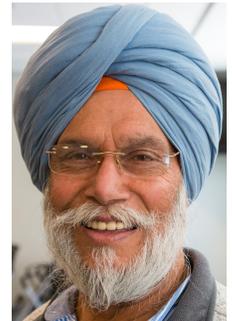
Chicago's Taxi Medallion Foreclosure Crisis

In June 2014, the City of Chicago enacted a two-tier regulatory system that opened the taxi market to tens of thousands of for-hire vehicles. Now, three years later, the income of small taxi operators has been decimated. Unable to keep up with loan payments for their taxi medallions coupled with high operating costs imposed by the city, hundreds of taxi owner/operators are facing foreclosure on their medallions. Thousands more foreclosures are likely unless the city takes substantial action to reduce the financial burden on small taxi owners.



Of the 6,999 taxi medallions in Chicago, 39% are owned not by cab companies, but by small family businesses - operators who have just one to four taxis.

For these families, their medallion is their small business, their livelihood, and their retirement savings.



4,291 medallions

2,708 medallions

**Owned by large companies
with 5 or more medallions**

**Owned by small businesses
with 4 or fewer medallions**

Under extreme financial pressures, more and more taxi operators are unable to make their medallion loan payments. As a result, the number of loan defaults, foreclosure notices and surrendered licenses is skyrocketing.

For the first time, lenders are beginning to file foreclosure lawsuits in court. As of May 22nd, 2017, 774 medallions have been surrendered to the city at some point, with another 579 receiving foreclosure notices. 107 lawsuits have been filed since October 2016 with more being filed every day.

Surrendered

Medallions surrendered have been given back to the city because the owner cannot afford city-imposed taxes and license fees and are often soon moved to foreclosure.

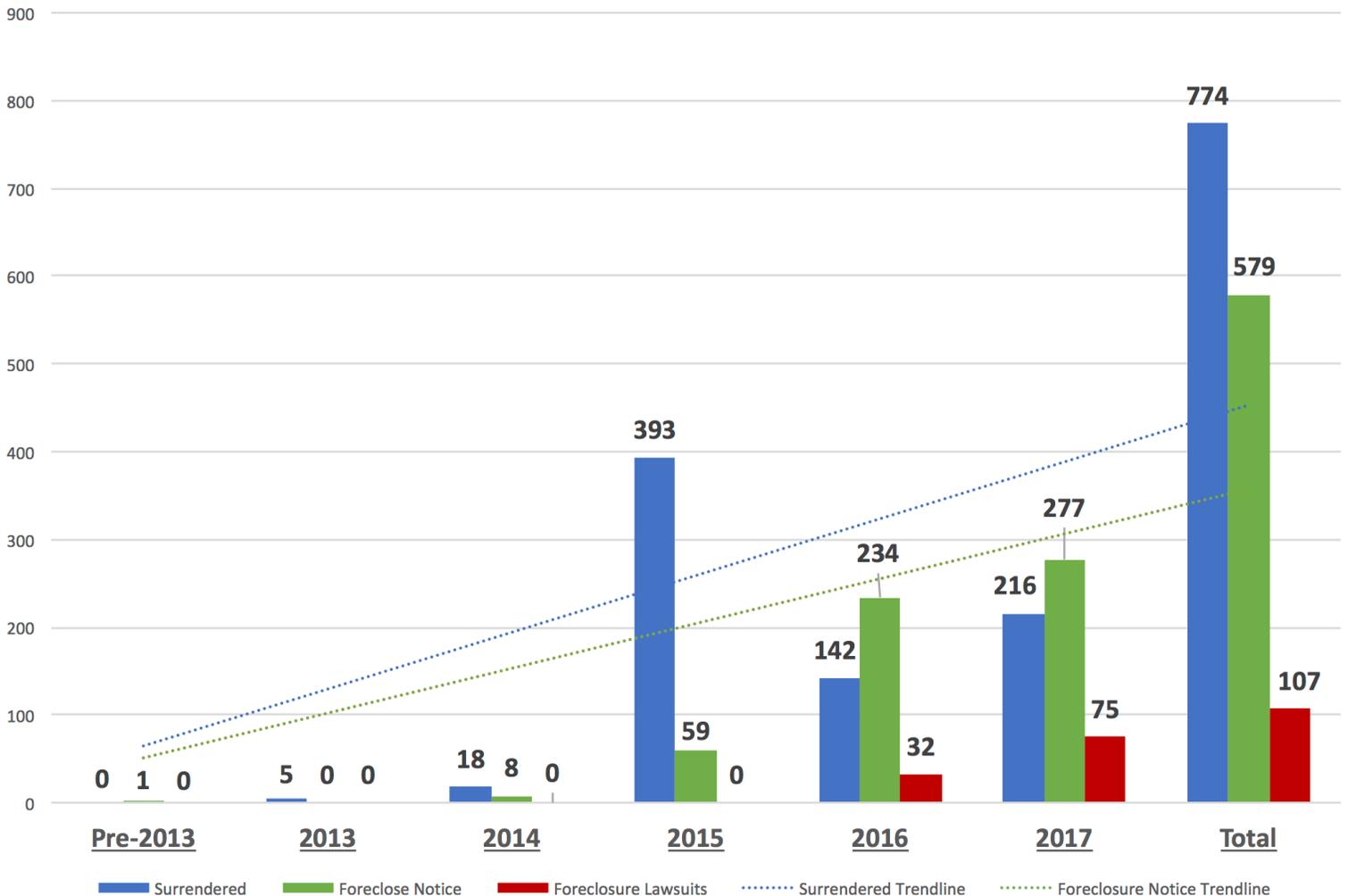
Foreclosure Notice

Medallions in foreclosure status have received a notice of intent to foreclose from the lender because the owner has missed a payment.

Foreclosure Lawsuit

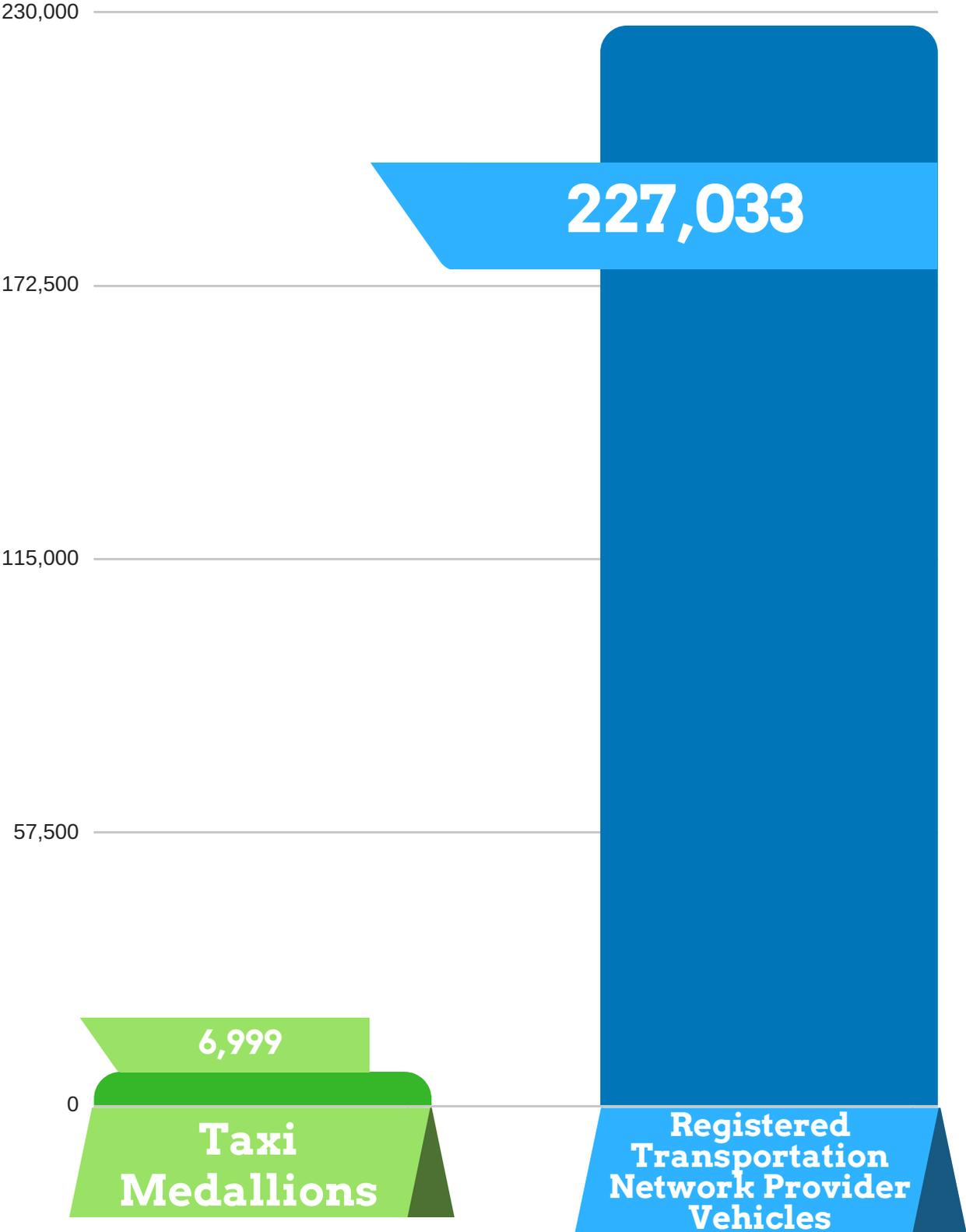
Lender has filed suit in court to foreclose, repossess the medallion and seek a deficiency judgment for the outstanding loan balance.

Taxi Medallion Status Breakdown



Source: City of Chicago Data Portal Public Passenger Vehicle Licenses

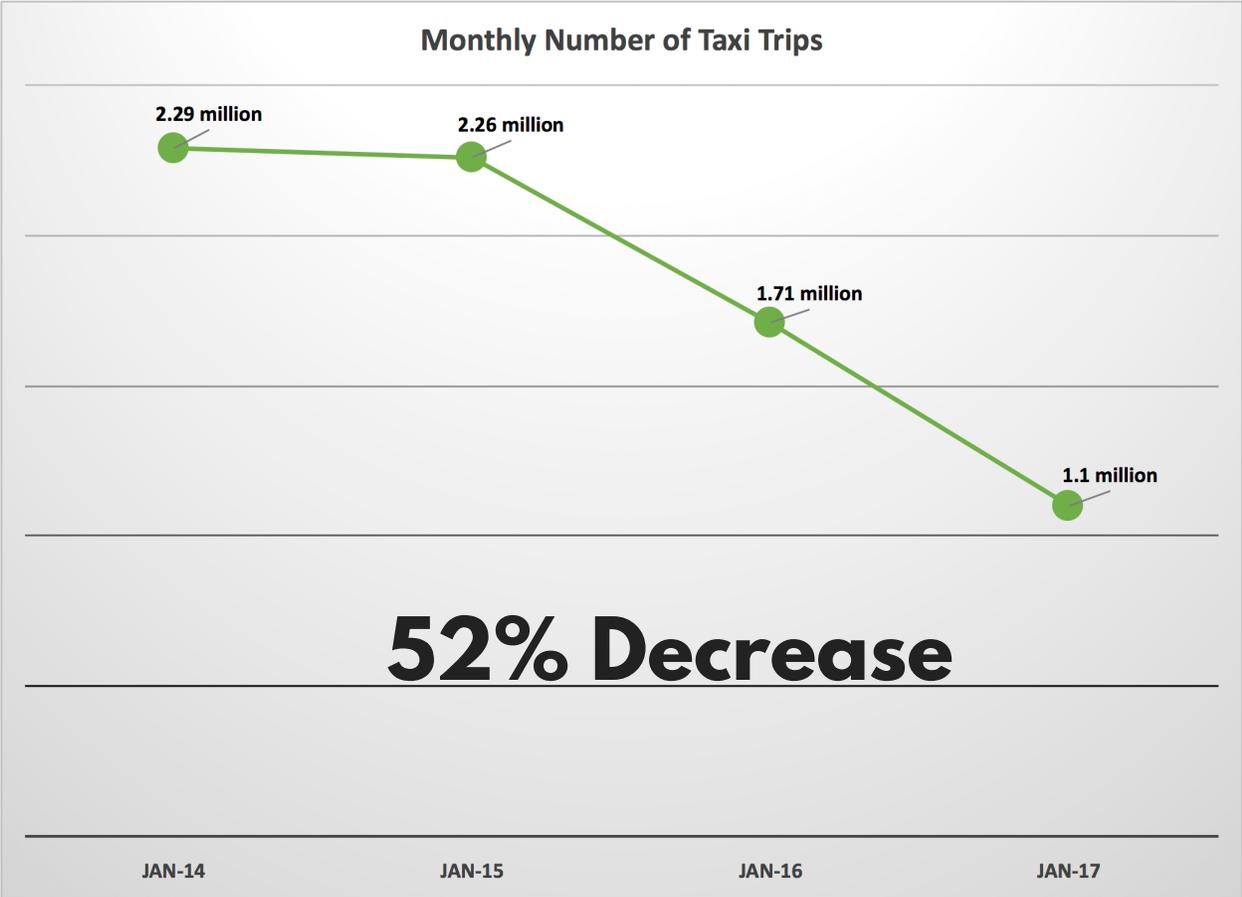
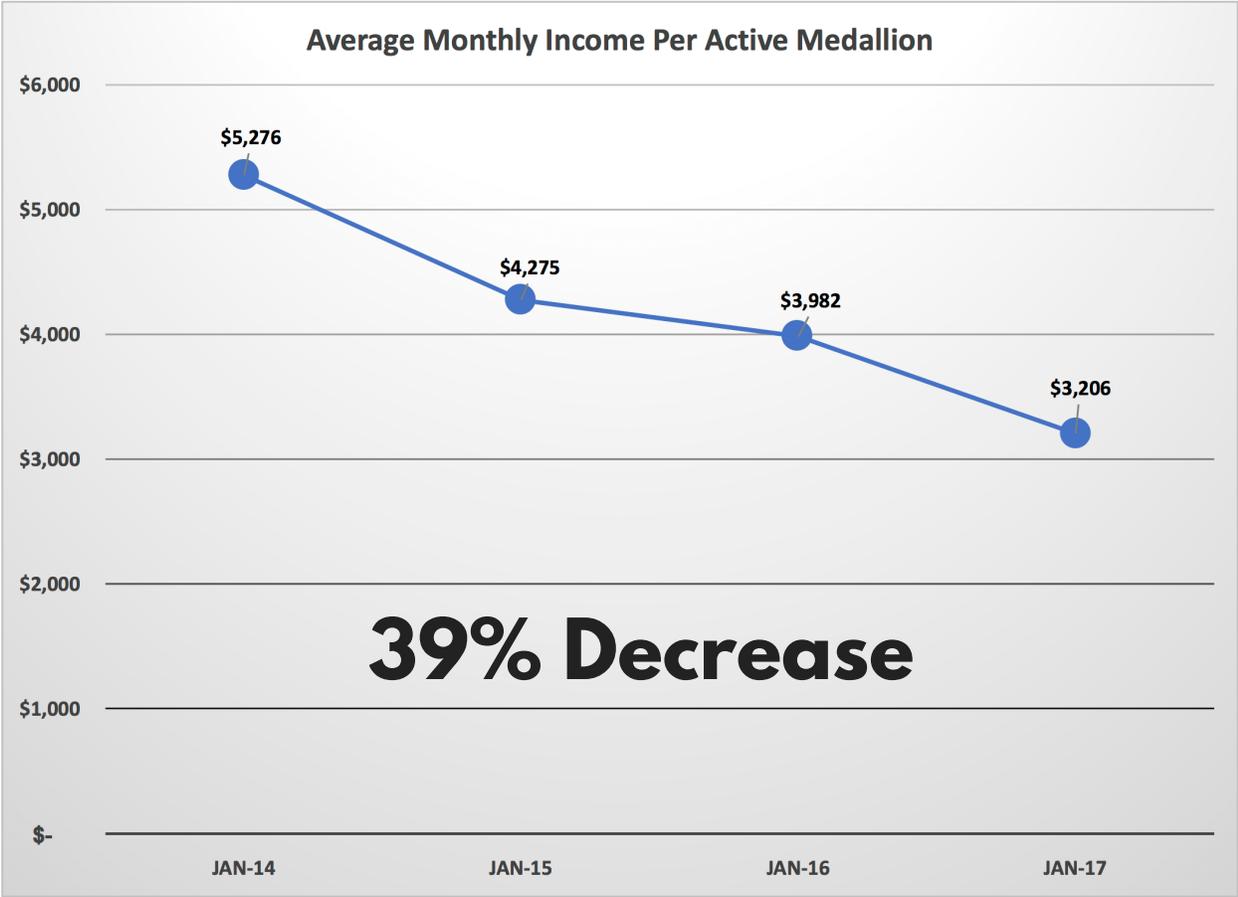
Since the city opened the market to an unlimited number of "rideshare" or Transportation Network Provider vehicles, the supply of for-hire vehicles has exploded.



(Numbers as of April 2017)

Source: City of Chicago Department of Business Affairs and Consumer protections information response 4/28/17

The oversupply of vehicles has resulted in a drastic decline in the number of taxi trips and fare revenue.



Data analysis by James Bradach, Nonprofit Data and Applications, <https://jamesbradach.com>
Source: City of Chicago Data Portal, Taxi trip data

While taxi revenue has plummeted, the high operating expenses have remained the same. As a result, the average net income per medallion is negative.

AVERAGE OPERATING EXPENSES FOR AN OWNER/OPERATOR

Medallion Loan Payment

\$14,000 per year

Auto Loan Payment

\$6,000 per year

City Expenses

Ground transportation tax, medallion renewal, accessibility fund
\$1,940 per year

Operating Expenses

Gas, affiliation/insurance, maintenance, airport stamps, credit card fees
\$22,000 per year

Total Annual Expenses: \$44,000

2013 Median Revenue Per Medallion

\$63,000

-\$44,000

= \$19,000

2013

Net Revenue per medallion

2016 Median Revenue Per Medallion

\$40,000

-\$44,000

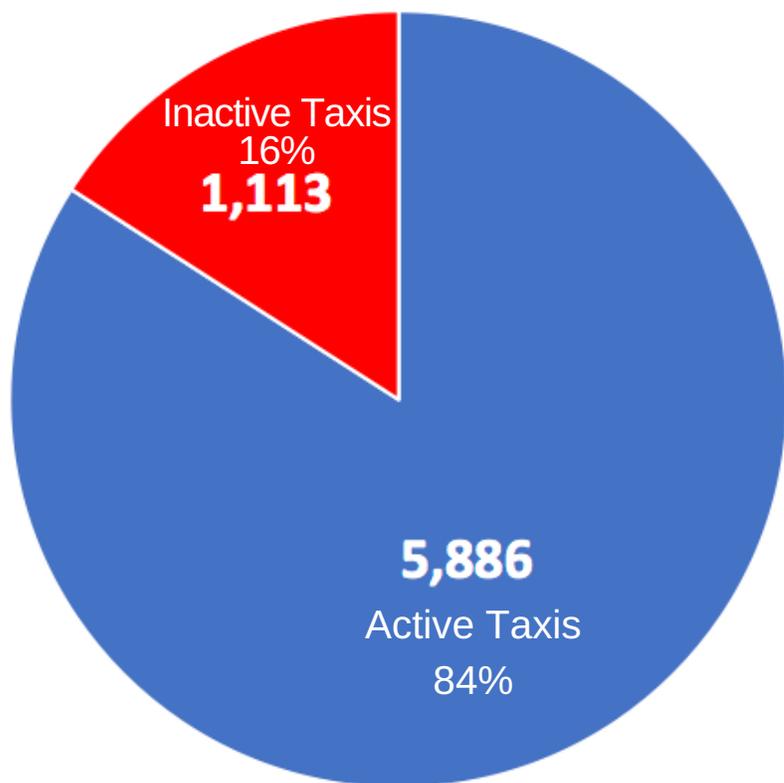
-\$4,000

2016

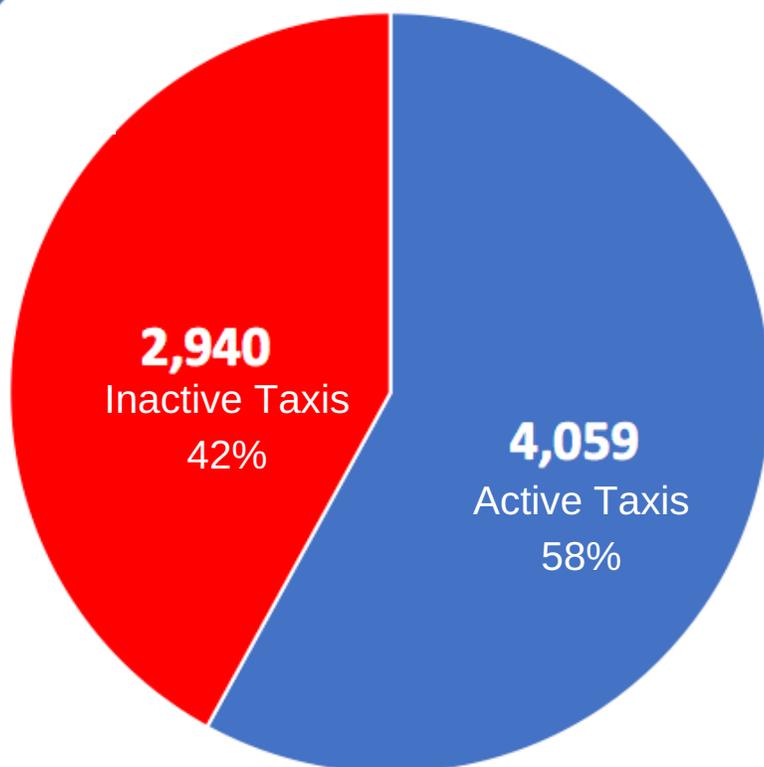
Net Revenue per medallion

Unable to meet operating costs, more than 40% of taxis are now off the road and likely to face imminent foreclosure in the coming months.

March, 2014



March, 2017

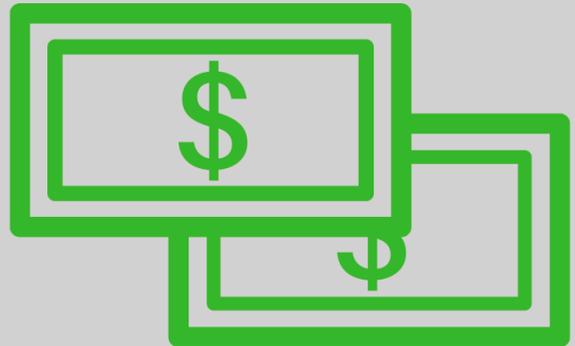


The only for-hire option for passengers in wheelchairs are

Taxis



The only cash option



Why does taxi service matter?

Full-time jobs

Operate a small business



The **ONLY** option for
fully insured vehicles and
trained, professional drivers
who pass city-verified
background checks.



Cab Drivers United's Plan for Comprehensive Reform

We're calling on City Council to pass comprehensive reform to assist struggling taxi operators and preserve a taxi system in Chicago:

- Amend the Medallion owner code to eliminate vehicle age/change of equipment requirements (as long as vehicle passes city inspection, same policy that applies to TNPs)
- Create a waiver of ground transportation tax for struggling owner/drivers
- Eliminate medallion license renewal fee (same as TNPs, which have no per-vehicle license fee)

We're calling on the Department of Business Affairs and Consumer Protection to enact common-sense rule changes to protect struggling taxi operators and drivers and allow taxis to compete:

- Eliminate regulatory barriers to a driver-to-passenger taxi ehail app
- Enact protections for lease drivers in the event of fleet bankruptcy
- Reinstate the lottery for city-owned medallions to reduce operating costs for lease drivers
- Strengthen foreclosure protections in the City Medallion Owner Rules

We're educating distressed taxi operators about the law that applies to their medallion loans and referring them to affordable, independent legal service providers who can help drivers individually negotiate with lenders and restructure their debt.



The data used in this report comes from the City of Chicago's data portal:
<https://data.cityofchicago.org/Transportation/Taxi-Trips/wrvz-psew>

Data analysis by James Bradach
Nonprofit Data and Applications
<https://jamesbradach.com>



**Building Power To
Make Real Change**

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