

# **CITY OF CHICAGO SMALL BUSINESS IMPROVEMENT FUND (SBIF) GRANT PROGRAM RULES**

The City of Chicago's SBIF Grant is a Tax Increment Financing (TIF) program which will reimburse eligible applicants for building renovation. Projects must preserve building stock, improve neighborhood appearance or economic value, and enable businesses to stay in the neighborhood, remain competitive, or even expand within the TIF District.

## **FUNDING**

- Grants only, in the form of reimbursement
- Funding from 25%-75% of SBIF eligible costs
- \$150,000 maximum assistance per industrial property
- \$100,000 maximum assistance per single owner/tenant commercial property or landlord
- In a multi-tenant building, \$250,000 maximum may be granted per property, \$50,000 maximum per tenant/landlord
- Applicants may receive one or more grants up to their maximum program assistance. Once this maximum is reached, the applicants will need to wait three years to reapply.
- If needed, applicants selected by lottery with a waiting list created

## **ELIGIBLE APPLICANTS**

- **Commercial Applicant:** eligible applicants will have a maximum of \$5 million in gross sales for each of the past three years (a three year average will be used), or if it is a new business, a business plan for projected maximum sales for 3 years. If property is owner occupied, landlord requirements will also apply.
- **Industrial Applicant:** eligible applicants will employ a maximum of 100 full-time equivalent employees. (no sales or personal finance requirements)
- **Landlord Applicants:** maximum net worth of \$6.0 million, and total liquidity of no more than \$500,000. Liquidity will be considered cash-on-hand or non-retirement marketable securities. Tenants must qualify as eligible commercial or industrial tenants. Personal Financial information is collected from owners with 7.5% or more ownership interest and affidavit of child support with 7.5% or more ownership interest.
- **Tenant Applicants:** maximum of \$5 million in gross sales, must have a leasehold interest in the property for a minimum of 3 years remaining on the lease term at the time of application, and have express prior property owner approval
- **New Businesses:** eligible, but require a business plan with projected gross sales. 2/3 of the SBIF Grant may be awarded prior to receiving a City of Chicago Business License, but 1/3 will be retained until the

Business License is obtained.

- “Properties” will be defined by the building, even if it has multiple PIN numbers, and/or contiguous parcels under common ownership. This common ownership will be defined as ownership interest of 7.5% or greater. If applicants have more than one property, they may receive multiple SBIF Grants.

Businesses which are NOT eligible include, but may not be limited to: chain businesses (as defined by DPD); franchise businesses; branch banks; employment agencies; currency exchanges, pay day loan stores; pawn shops; astrology/ palm-reading; liquor stores, bars, and night clubs; adult bookstores, massage parlors; hotels or motels; track waging facilities; trailer-storage yards; and junk yards, or any uses similar to those listed.

### **VACANT PROPERTY**

The SBIF Program encourages funding to bring vacant properties into rentable condition. In order for the landlord to receive reimbursement, the program will require a minimum 60% lease-up by square footage of the entire property and 100% lease-up of the ground floor space with a qualified tenant.

### **OPEN/CLOSED SBIF DISTRICTS**

SBIF Districts will open and close upon funding availability. Districts will be open during the SBIF Application Acceptance Period. If additional funding becomes available, either through attrition of existing funds or if new funds are added, areas may be opened. Areas will open and close with the 30 day Application Acceptance Period. While a SBIF District is closed, no additional applications will be accepted. Applicants that wish to apply will be placed on an Interested Parties List.

### **WAITING LIST/ LOTTERY PROCEDURES**

After a SBIF Application Acceptance Period Rollout Meeting is held, if there is more interest in an area than funding permits, a lottery will be held at City Hall to establish a Waiting List. If a Waiting List is created for an area, additional SBIF funds will be used first to assist applicants on this previously created Waitlist. Waitlists created after rollout meetings will be good for two years after the date of the creation of the Waitlist. Waitlist older than the two years will expire.

### **ELIGIBLE COSTS**

Eligible costs are based upon renovations that become permanent to the building. The SBIF Program is designed to encourage economic development, to help Chicago businesses, and to encourage revitalization of neighborhoods. Eligible projects may include rehabilitation, remodeling, or renovation of items such as:

- Roofing and façade repair, including restoration of historic buildings
- Alterations or structures needed for ADA compliance (i.e. railings or

- ramps)
- HVAC and other mechanical systems
- Fixtures
- Certain beautification efforts located in the public way
- Environmental remediation measures
- Purchase of adjacent land parcels for purposes of expansion or parking
- Repair and other rehabilitation work to historic rooftop water tanks
- Structural aspects of permanent signage (business identifying aspects of sign will not be included)

The following items are NOT eligible for reimbursement, and therefore will not be counted toward total project cost (this is not an exhaustive list):

- New construction
- Minor repairs or improvements (very small jobs)
- Equipment-related expenses (i.e. cash registers and computers, furniture)
- Chain link perimeter security fencing
- Residential unit interiors

Only projects conforming to the uses and goals defined in the governing TIF Redevelopment Plan for the relevant TIF district will be accepted for funding.

### **DESIGN REQUIREMENTS FOR FACADE WORK**

In order to receive funding, projects must conform to minimum design requirements. In addition, projects will be encouraged to meet design goals and guidelines. Applicants are strongly advised to consult with SomerCor on design requirements and guidelines before drawing up plans for work. **Work which is potentially damaging to the building, such as the use of incorrect tuck pointing materials, will not be reimbursed. Plans must be submitted to SomerCor for design approval prior to beginning construction, or the project will be automatically disqualified.**

### **COMPLIANCE**

- Investigations will be performed on all applicants prior to funding to insure that they are not indebted to the City and that they are in compliance with child support laws (called a Scofflaw check). These checks will be done on individuals with 7.5% or more ownership in a property and all tenant applications. If the business is a non-profit, the non-profit's board will be considered the applicant, and therefore subject to a Scofflaw check.
- Each applicant will complete and sign an Economic Disclosure Statement Affidavit (included in application documents).
- Grantees will be required to sign an affidavit certifying that they will not relocate out of the TIF district or sell the business within a three-year period following disbursement of funds under the Program.
- In cases of SBIF reimbursement for adjacent property purchase for

business expansion or parking, proof of land ownership will be required before reimbursement may be made.

- A maximum of two extensions may be received by an applicant. The first extension cannot exceed the time period of the current applicants' stage. A second extension may be granted for 45 days in extreme situations. No extensions will be granted if work has not been started after the Conditional Commitment Letter has been granted.
- Commercial grantees of over \$25,000 will need to do at least 10% of their work on exterior improvements unless they receive a waiver from the Department of Planning and Development (DPD). These waivers will be granted if the façade and landscaping are well maintained.
- Industrial Applicants purchasing equipment will need to achieve an Energy Star rating or equivalent to promote energy efficiency. Industrial applicants are encouraged to visit [energystar.gov](http://energystar.gov) for a list of product specifications and qualifying products.
- SBIF Applicants will display a DPD/SBIF placard in their business indicating that they are receiving City of Chicago TIF Assistance.
- Maximum Grant amounts will be reduced if the applicant has received any other City of Chicago Financial Assistance, excluding contracts for goods and services, Delegate Agency Grant Agreements, or TIF Works grants.

### **TECHNICAL ASSISTANCE**

Grantees will have access to technical assistance to aid them in selecting contractors, obtaining bids, and drawing up proper work contracts. They should also consult with their Delegate Agency.

### **MINORITY/WOMEN OWNED BUSINESSES (M/WBE)**

Upon request, directories of M/WBE contractors will be provided to all successful applicants to encourage the hiring of such contractors under the program.

### **APPLICATION PROCESS**

#### **Stage 1.** (Application Process, 20 day time frame)

Application has been received; all supporting documents due within 20 days. Missing or incomplete paperwork will be requested at this time. If the applicant is ineligible, the reasons for that determination will be explained.

**Lottery.** If demand for grant funds exceeds available money in any given SBIF District after the Application Acceptance Period, all eligible applications will be placed in a lottery. Once all the available funds have been reserved for lottery participants, the remaining participants will be put on a waitlist in the order their lottery numbers were drawn. Waitlisted participants will be notified if surplus funds become available.

**Stage 2.** (Project Planning, 120 day time frame)

- Applicants must submit a minimum of two separate contractor bids, a City of Chicago Business License for their contractor, and proof of their contractor's General Liability Insurance for all eligible work listed on their application
- If a permit is needed, applicants must submit a City of Chicago Building Permit for all work to be performed
- SomerCor determines the percentage of rebate 25%, 50%, or 75%
- Any outstanding debt to the City of Chicago must be paid. Any outstanding child support payments must be paid. A receipt for payment must be submitted to SomerCor
- The Applicant is advised to consult SomerCor to insure that all Program Guidelines are met prior to finalizing plans for eligible work
- SomerCor shall conduct an initial site inspection and photographically document proposed projects

If all the above is acceptable, Applicant will receive a **Conditional Commitment Letter** (Stage Three Letter) from the City of Chicago, indicating the maximum grant the Applicant may receive and the description of eligible work to be performed.

**ANY WORK BEGUN PRIOR TO RECEIVING A CONDITIONAL COMMITMENT LETTER FROM THE CITY OF CHICAGO WILL NOT BE ELIGIBLE FOR REIMBURSEMENT UNDER THIS PROGRAM**

**Stage 3.** (Construction, 300 day time frame) Construction work must be performed in accordance with plans and specifications approved by the City of Chicago. Changes may occur, but must be approved in writing by the City of Chicago.

- **Proof of Financing Requirement** (120 day time frame) Applicant submits proof of project financing within 120 days of receipt of Conditional Commitment Letter. At least 50% of Project Costs should be shown.
- Applicant submits closing documentation including cancelled checks and waivers of lien to prove payment. **Projects paid in cash will not be reimbursed.**
- SomerCor conducts the final site visit to confirm that the Applicant fully complied with the program requirements.

**Stage 4. (Voucher)** SomerCor will collate documents and submit to the City of Chicago for reimbursement. This process should take around 6-8 weeks.

**Stage 5. (Closing)** Reimbursement of grant funds. Funds can be directed to a lending institution if desired.

## **Eligible Matching Percentage Schedule**

Landlord- no ownership interest in the business leasing the commercial space

*If the applicant has **net worth**:*

- Greater than or equal to \$6 Million, **ineligible**
- Greater than or equal to \$4.5 Million, but less than \$6 million; **eligible for 25%**
- Greater than or equal to \$2.5 Million, but less than \$4.5 million; **eligible for 50%**
- Less than \$2.5 Million; **eligible for 75%**

Tenant- leasing for a minimum of three years from a building owner of no financial relationship

*If the applicant shows **sales**:*

- Greater than or equal to \$5 Million, **ineligible**
- Greater than or equal to \$4 Million, but less than \$5 million; **eligible for 25%**
- Greater than \$3 Million, but less than \$4 million; **eligible for 50%**
- Less than \$3 Million; **eligible for 75%**

Industrial – All industrial applicants receive a 50% rebate. They must have 100 or fewer full time equivalent employees. They are exempted from gross sales reporting and personal net worth requirements.

Owner / Occupied- has ownership interest in business and property

-The schedules above for both net worth and sales apply. If the applicant should fall within different eligibility ranges for net worth and sales (i.e. 75% / 50%), then the applicant will be eligible for the **lesser** of the two percentages (i.e. 50%).

## **SomerCor 504, Inc. Mailing Address:**

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