

**City of Chicago**  
**Department of Planning and Development (DPD)**  
**Retail Thrive Zone Small Business Improvement Fund (Thrive Zone SBIF)**  
**Program Rules**

The City of Chicago's Retail Thrive Zone Small Business Improvement Fund ("Thrive Zone SBIF," "Thrive Zone SBIF Program," "Program") is a tax increment financing ("TIF") program that reimburses building owners or tenants, as applicable, for eligible investments which preserve building stock, improve neighborhood appearance or economic value, and enable businesses to stay in the neighborhood, remain competitive, or expand within certain Chicago TIF districts.

SomerCor ("SomerCor"), a not-for-profit Certified Development Company, administers the Thrive Zone SBIF Program in conjunction with the Chicago Department of Planning and Development ("DPD").

**Funding.**

- Thrive Zone SBIF Program funds are awarded as reimbursement grants to the person or legal entity who incurred the costs of the eligible improvements.
- Each Property can receive the Maximum Program Assistance no more than every three years. "Property" shall mean: (1) a building regardless of whether it has multiple addresses or permanent index numbers ("PINs"); and/or (2) contiguous parcels under Common Ownership, regardless of whether they have multiple addresses or PINs. A building or multiple parcels under Common Ownership shall mean having an ownership interest by the same person or legal entity of 7.5 percent or more. The Property must be located in a Chicago TIF district. Residential properties or residential portions of a mixed-use property are not eligible.
  - The Maximum Program Assistance per commercial Property occupied by a single owner or tenant is Two Hundred Fifty Thousand Dollars (\$250,000).
  - The Maximum Program Assistance for a commercial Property occupied by multiple owners or tenants is Two Hundred Fifty Thousand Dollars (\$250,000), provided that no individual applicant for a commercial Property occupied by multiple owners or tenants shall receive assistance greater than One Hundred Twenty-Five Thousand Dollars (\$125,000). If the applicant is the owner of a multi-tenant Property, then the applicant may sign an affidavit requesting that the City of Chicago and SomerCor allow the property to be treated as a Property with a single owner/tenant under these Thrive Zone SBIF Program Rules and thereby be considered for the Maximum Program Assistance for a commercial Property occupied by a single owner or tenant.
- Applicants may receive one or more grants up to the Maximum Program Assistance. Once an applicant has received the Maximum Program Assistance, the applicant shall not be eligible to reapply for another Program grant for the same Property until three years from the date on which it receives final payment for the preceding Program grant(s), provided that the applicant has met DPD's guidelines and procedures regarding re-application. Applicants who have received a Program grant for one Property shall not be excluded from applying for a Program grant for another Property.
- The Maximum Program Assistance any Property would be eligible to receive under the Program shall be reduced dollar for dollar by (i) any Direct City Financial Assistance from any other program for the Property within (3) years before the date of the application, (ii) any Direct City Financial Assistance currently being received for such Property, or (iii) any Direct City Financial Assistance that the City has agreed to provide to such Property at any time in the future pursuant to a written contract (except for "gap" financing for the Project that is disclosed at the time the Application is first filed). "Direct City Financial Assistance" shall mean financial assistance directly provided by the City, but shall not include

any funds received pursuant to a contract for goods and services, a Delegate Agency Grant Agreement, a Cook County tax incentive, or the “TIF Works” Program.

- Any application for a commercial Property which is approved for a grant of \$25,000 or greater shall be required to make at least one exterior building improvement at the Property using at least ten percent (10%) of the maximum amount of their approved grant, including but not limited to, façade repair, windows and doors, awnings, and any other exterior improvements eligible under the Program (“Exterior Work Requirement”); provided that, *at the City of Chicago Department of Planning and Development’s (DPD) sole discretion for projects DPD deems significant interior rehabilitation projects (such as work involving building systems or interior “gut rehabs”)*, the Exterior Work Requirement may be waived if the applicant can demonstrate to DPD’s satisfaction that no exterior improvements are needed because improvements have been recently completed or the exterior features of the building have been well-maintained.
- Any funding for a vacant Property will require a minimum sixty percent (60%) lease-up by square footage of the entire Property and one hundred percent (100%) lease-up of the ground floor space with a qualified tenant before Program funds can be awarded to the applicant.

## **Applicant Types, Critical Redevelopment Priorities Criteria, and Eligibility Requirements.**

### **Applicant Types: Property Owners/Owner-occupied Businesses, Tenants; Ineligible Businesses; Religious Organizations.**

- Property owners may apply for a Program grant. Property owners that own and operate a small business at the Property (“owner-occupied small business”) may apply for a Program grant. Property owners do not need to own a business located at the Property to apply for a Program grant, but the Property must be occupied by an eligible small business tenant before the grant funds can be awarded.
- Commercial tenant small business owners that have a leasehold interest in the Property but do not have an ownership interest in the Property may apply for a Program grant. Local not-for-profit organizations that provide social services may apply for a Program grant, but applications for not-for-profit social clubs or for not-for-profit organizations that have a national affiliation (for example, American Legion, Salvation Army, or Goodwill) are not eligible.
- Certain business types are *not* eligible for Thrive Zone SBIF Program consideration; businesses which are *not* eligible include, but may not be limited to: fast-food chain restaurants; national chain businesses (as defined by DPD); not-for-profit social clubs or for not-for-profit organizations that have a national affiliation; branch banks; employment agencies; currency exchanges, pay day loan stores; pawn shops; astrology, palm reading; liquor stores, taverns, night clubs; adult bookstores, massage parlors; hotels or motels; track waging facilities; trailer-storage yards; and junk yards, or any uses that are similar to these business types (“Ineligible Businesses”). Applications made for a Property or a part of a Property occupied by an Ineligible Business will not be accepted.
- Religious organizations that operate an commercial or industrial business may be eligible for a Program grant provided that an authorized officer signs an affidavit stating that the room or space that the Thrive Zone SBIF Program funds will be used to acquire, improve or rehabilitate is not its primary place of worship; (b) Thrive Zone SBIF Program funds will be used only for those portions of the acquisition, improvement or rehabilitation of the premises that are attributable to business activities described in its application; and (c) if in the future it uses the premises for inherently religious activities it will reimburse the City of Chicago for the present value of the improvements, in an amount not to exceed the grant of Thrive Zone SBIF Program funds.

### **Critical Redevelopment Priorities Criteria.**

- Priority will be given to commercial projects that meet critical redevelopment priorities, as defined by DPD. DPD shall have sole discretion to determine if the proposed project meets the critical redevelopment priorities criteria. Commercial projects that meet critical redevelopment priorities criteria:
  - have a positive catalytic impact on a commercial corridor;
  - provide goods or services where those goods or services are lacking;
  - support a new or expanding small business;
  - have the potential to leverage other resources (private, state, federal);
  - show a clear path to financial closing and construction start;
  - commit to hiring from local neighborhoods; and
  - are economically viable and sustainable.

### **Eligibility Requirements.**

- **Property Owners:** The eligibility of property owner applicants for the Program is established by Net Worth Requirements as described below. The Net Worth Requirements are cumulative requirements that apply to all individuals that have 7.5 percent or greater ownership interest in the Property.
- **Tenants:** The eligibility of tenant commercial small business owners or not-for-profit organizations that do not have an ownership interest in the Property is established by the Annual Sales Requirements described below. Commercial tenant small business owners or not-for-profit organizations must also have a lease agreement with at least three (3) years remaining for the Property and approval from the Property owner to make specific improvements. The Property owner's eligibility will not be a requirement for the tenant commercial small business owners or not-for-profit organization's eligibility.
- **Owner-occupied:** The eligibility of owner-occupied commercial small business or not-for-profit organization applicants for the Program is established by Net Worth Requirements as described below as well as the Annual Sales Requirements described below. The Net Worth Requirements are cumulative requirements that apply to all individuals that have 7.5 percent or greater ownership interest in the Property. In addition to the Net Worth Requirements, the eligibility of owner-occupied small business applicants is also established by the Annual Sales Requirements described below. In the event that an owner-occupied commercial small business or not-for-profit organization applicant falls within different reimbursement percentage eligibility ranges under the Net Worth Requirements and Annual Sales Requirements, the applicant will be eligible for the lesser of the two reimbursement percentages.

### **Net Worth Requirements.**

- Under the Net Worth Requirements, the applicant is eligible for reimbursement:
  - up to seventy-five percent (75%) of eligible costs up to the Maximum Program Assistance if the applicant demonstrates a net worth less than \$2,500,000;
  - up to fifty percent (50%) of eligible costs up to the Maximum Program Assistance if the applicant demonstrates a net worth equal to or greater than \$2,500,000, but less than \$4,500,000;
  - up to twenty-five percent (25%) of eligible costs up to the Maximum Program Assistance if the applicant demonstrates a net worth equal to or greater than \$4,500,000.

## Annual Sales Requirements.

- Under the Annual Sales Requirements, the applicant is eligible for reimbursement:
  - up to seventy-five percent (75%) of eligible costs up to the Maximum Program Assistance if the applicant demonstrates annual sales totaling less than \$3,000,000;
  - up to fifty percent (50%) of eligible costs up to the Maximum Program Assistance if the applicant demonstrates annual sales totaling greater than or equal to \$3,000,000, but less than \$4,000,000;
  - up to twenty-five percent (25%) of eligible costs up to the Maximum Program Assistance if the applicant demonstrates annual sales totaling equal to or greater than \$4,000,000.

## Eligible Costs, Design Requirements.

- Any TIF-eligible improvement which permits a building owner to attract new commercial or industrial tenants, allows an eligible business owner to maintain or expand operations, or contributes to the improved appearance and viability of a property may be funded by the Program. This includes, *at DPD's discretion*, funding for the rehabilitation, remodeling, or renovation of improvements including, but not limited to, the following:
  - roof and façade;
  - masonry repairs;
  - HVAC and other mechanical systems;
  - plumbing and electrical work;
  - permanent interior renovations, including fixtures;
  - alterations or structures needed for ADA compliance (e.g., railings or ramps);
  - certain environmental remediation measures;
  - the purchase of adjacent land parcels for purposes of expansion or parking;
  - non-business-specific parts of signs or awnings which are permanently affixed to the building;
  - the cost of an energy audit that recommends measures to improve the energy efficiency of a building may be included as a rehabilitation cost to the extent that the cost of the energy audit does not exceed ten percent (10%) of the project budget.
- The following items are not eligible for reimbursement, and therefore will not be counted toward the total project cost (this is not an exhaustive list):
  - new construction (new buildings; vertical additions; addition to a building's footprint; work to buildings that were constructed fewer than three years before application);
  - any expenses for work that has started or for any construction (even if work has not started) or land purchase costs that are incurred before approval of a conditional commitment letter by DPD; projects completed outside of the formal grant process;
  - minor repairs or improvements such as painting or cleaning as standalone projects;
  - equipment-related expenses;
  - planters surrounding or affixed to buildings; private property landscaping
  - perimeter security fencing;
  - work on the interior of residential units and
  - work, *in DPD's sole determination*, that is not consistent with the goals of this Program or the redevelopment priorities of the relevant TIF area, including projects that do not conform with the uses and goals defined in the governing Redevelopment Plan for the relevant TIF area.
- 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. Plans

must be submitted to SomerCor for design approval prior to beginning construction, or the project will be automatically disqualified. Minimum design requirements for façade work are requirements that: (i) original wall materials such as brick, stone, and terra cotta must be repaired and maintained and imitation materials (e.g. concrete masonry units, dry-vit and other imitation stucco) must all be avoided, (ii) when individual pieces of brick, stone, or terra cotta are beyond repair, they must be replaced to match the original in terms of size, color, finish, and texture, (iii) decorative features such as cast iron piers, terra cotta masonry, pressed metal ornaments, and cast stone must be repaired and maintained, and (iv) signs should be constructed of durable high-quality materials and be consistent with the character of the commercial corridor.

## Lottery Process and Time Limits.

### Lottery Process.

- Applicants are selected by lottery if funding requests exceed the available supply of grant funds; a waiting-list will be created, if needed. Any waiting-list created shall expire two (2) years after the date of its creation or the termination of the Thrive Zone SBIF Program. Any applicants placed on the waiting-list shall remain on the list until the waiting-list expires, they receive a grant, withdraw from the waiting-list, or are otherwise determined to no longer be eligible under the Program to receive a grant. If the initial funding allocation is not fully utilized and no lottery needed, applications received after the initial deadline will be reviewed and processed on a first-come-first-served basis.
- If a lottery is required, only projects that meet four (4) or more of the critical redevelopment priorities criteria (as defined and established in the “Critical Redevelopment Priorities Criteria” section of these Thrive Zone SBIF Program Rules) will be included in such a lottery. ***DPD shall have sole discretion to determine if the proposed project meets the critical redevelopment priorities criteria.*** Applications that do not demonstrate that they will meet four (4) or more of the redevelopment priorities criteria but would otherwise be eligible under the standard SBIF Program Rules will be referred to the SBIF Program as funding permits.
- Following the lottery (if a lottery is needed), applicants will be contacted about their standing. If an application is to be placed on a waiting-list, the applicant will be informed. If the application is to be actively considered for funding, the applicant will be informed that the application is in Stage One of the grant process and provided with direction about documentation that will be required to advance the application to the next stage.

### Time Limits.

- Applications that are actively considered for Thrive Zone SBIF Program funding must complete three stages of the grant process before the reimbursement can be awarded. Each stage has a time limit by which it must be completed. Applicants who do not complete each stage within that limit will be disqualified.
  - **Stage One (Applicant Eligibility Review):** Applicant supplies any missing information to complete and establish the eligibility of their application as previously defined in the “Applicant Types, Critical Redevelopment Priorities Criteria, and Eligibility Requirements” section of these Thrive Zone SBIF Program Rules: twenty (20) days. Upon satisfactory completion of Stage One, the application will proceed to Stage Two.
  - **Stage Two (Project Eligibility Review):** Plans, bids, and specs are obtained and submitted by the applicant, City of Chicago debts are cleared, “before construction” site visit completed: one hundred twenty (120) days. Upon satisfactory completion of Stage Two, SomerCor will recommend that DPD issue a conditional commitment letter expressing Thrive Zone SBIF grant conditional approval for eligible costs and permission to start construction or purchase land related to those eligible costs.

The application will proceed to Stage Three once DPD approves the issuance of a conditional commitment letter. ANY WORK COMPLETED, LAND PURCHASED, OR CONSTRUCTION COSTS INCURRED PRIOR TO DPD APPROVAL AND ISSUANCE OF A CONDITIONAL COMMITMENT LETTER WILL NOT BE CONSIDERED FOR REIMBURSEMENT.

- **Stage Three (Project/Construction Execution):** Construction is completed or land is purchased by the applicant, all conditions of the conditional commitment letter are satisfied, City of Chicago debts are cleared, “after construction” site visit completed: twelve (12) months from the issuance of a conditional commitment letter from DPD.
- A maximum of two (2) extensions may be granted with DPD approval in the case of an unavoidable delay due to extraordinary circumstances only. If a second extension is granted, it shall be limited to a maximum of 45 days, unless the delay is caused by the City. In such case, DPD shall have discretion to determine the appropriate length of the extension.
- Once construction is complete, all conditions of the conditional commitment letter are satisfied, all construction project costs are paid, all payment documentation for these costs is submitted to SomerCor, City of Chicago debt is cleared, and a closing site visit is complete, it generally takes four-to-six weeks to receive the grant reimbursement.

## **Compliance.**

- Checks will be performed on all applicants prior to funding (before funding approval and before reimbursement can be made) to ensure that they are not indebted to the City of Chicago and that they are in compliance with child support laws. Each applicant will sign an Economic Disclosure Statement and Affidavit (“EDS”). More than one EDS may be required depending on the nature of the applicant’s organization or control of the business and/or Property.
- Grantees will be required to sign an affidavit certifying that they will not relocate out of the TIF district, sell the Property (if applicable), or sell the business within a three (3) year period following disbursement of funds under the Program. This will be monitored.
- In cases of SBIF reimbursement for land purchase, proof of land ownership will be required before reimbursement may be made.

## **Technical Assistance and Minority/Women-Owned Businesses (M/WBE).**

- Grantees will have access to technical assistance to aid them in selecting contractors and obtaining sufficient bid/proposal information.
- A directory of City of Chicago certified M/WBE contractors will be provided to all eligible applicants to encourage the hiring of such contractors under the Program.

## SomerCor Thrive Zone SBIF Contact and Mailing Information.

Applicants are encouraged to contact the SBIF Team with questions about the Thrive Zone SBIF Program.

<b>SBIF Team Member:</b>	<b>Phone:</b>	<b>E-mail:</b>
<b>Silvia Orozco</b> (hablo español)	(312) 360-3334	sorozco@somercor.com
<b>Joseph Lewis</b>	(312) 360-3329	jlewis@somercor.com
<b>Latonya Jones</b>	(312) 360-3308	ljones@somercor.com
<b>Jacob Stern</b>	(312) 360-3328	jstern@somercor.com

**Fax:**

(312) 757-4371

**SomerCor Office and Mailing Address:**

SomerCor  
Attn: SBIF Department  
601 South LaSalle Street, Suite 510  
Chicago, Illinois 60605

Applications can be submitted via e-mail, fax, U.S. Mail or other courier service (FedEx, UPS, local courier, etc.), or hand delivery at SomerCor's office. Applicants are encouraged to contact SomerCor to confirm receipt of their application after submission. **All applications must be received by SomerCor by 5:00 p.m. Central Time** on the application acceptance period "close" deadline date in order to be considered for the Thrive Zone SBIF Program.