



Chicago Development Fund Application for New Markets Tax Credits

GENERAL INFORMATION

The Chicago Development Fund (CDF), a legal entity controlled by the City of Chicago, is seeking to provide New Markets Tax Credit (NMTC) assistance to challenging development projects that will create substantial positive community impacts. CDF's federal allocation of NMTCs can be used to provide capital at below-market terms to industrial, commercial, institutional, and mixed-use real estate projects located in "Areas of Greater Economic Distress" within Chicago (as defined by the U.S. Treasury and illustrated on the City map included in the Supplemental Information Packet that accompanies this application).

CDF seeks to assist projects within the following categories:

- Community and cultural facility projects which provide substantial benefits to low-income persons and residents of low-income communities
- Grocery-anchored retail developments which help to alleviate "food desert" conditions
- Expansion or rehabilitation of industrial facilities

CDF will prioritize projects requesting assistance primarily using the following criteria:

- Level of community impact
- Demonstrated need for assistance
- Conformance with City and CDF policy goals
- Compatibility with NMTC financing structure
- Insufficiency of other programs, such as Tax Increment Financing (TIF), as an assistance tool

INSTRUCTIONS

This application may be filled out and submitted in either of the following ways:

- **Electronically.** The form can be completed electronically using Adobe Reader (version 8 or above) or Adobe Acrobat and then submitted via the 'Submit by Email' button above. Those applicants needing to upgrade to the latest version of Adobe Reader can do so for free at www.adobe.com. Applicants may either insert a digital signature on Page 11 prior to submittal or follow up with a hard copy of the completed signature page by mail.
- **Hard Copy.** Hard copy of the application can be mailed to:

Chicago Development Fund
c/o *S. B. Friedman & Company*
221 North LaSalle Street, Suite 820
Chicago, IL 60601
(312) 424-4250
tsmith@friedmanco.com

The required EDS(s) must be submitted in hard copy format, care of *S. B. Friedman & Company*. All other supporting documents (e.g., site plan, proof of site control, etc.) can be emailed or submitted to CDF in hard copy, care of *S. B. Friedman & Company*.

Please retain a copy of the completed application for your records. If you have any questions regarding the program or application, please contact Tony Smith or Carmelo Barbaro at *S. B. Friedman & Company*, operating on behalf of the Chicago Development Fund.

APPLICATION PROCESS

CDF will use the following process for reviewing and underwriting projects when a completed Application for NMTC Assistance is received:

1. Review Application and Supplemental Materials for completeness
2. Screen Project to determine NMTC eligibility
3. Evaluate Project based on criteria outlined above
4. Consult with Department of Planning and Development staff regarding green requirements, outreach to community groups and elected officials, and other contemplated forms of public assistance
5. Work with Applicant to identify participating lenders/investors and issue term sheet outlining general transaction parameters
6. Present the recommended transaction to the CDF Advisory Board for input
7. Present the recommended transaction and Advisory Board comments to the CDF Board of Directors for approval
8. Finalize legal documentation and close the transaction

CDF anticipates that the process outlined above may be completed in as little as 60-90 days.

ADDITIONAL CITY REQUIREMENTS

New construction and/or rehabilitation activities supported by the program must meet a Building Green/Green Roof requirement. The level of requirement is equivalent to that for projects of the same size and land use that receive assistance through the following City/County programs:

- Bond programs;
- Bank Participation Loan program;
- Small Business Improvement Fund program; and
- Cook County Class 6B property tax incentive program.

Information regarding specific requirements by project type is included in the Supplemental Information Packet that accompanies this application.

Following submission of the Application for NMTC Assistance and upon preliminary recommendation of the project for NMTC assistance by CDF staff, all applicants are required to meet with a representative of the City's Department of Planning and Development to receive additional information on the Building Green/Green Roof requirements and review process.

**Chicago Development Fund
Application for New Markets Tax Credits**



LEGAL DISCLAIMER

Completion of this application does not entitle the applicant to City assistance. Any such assistance must be evaluated by CDF staff and approved by the CDF Governing Board.

GENERAL INFORMATION

| | |
|------------------------------------|----------------------|
| Project Name | <input type="text"/> |
| Application Submission Date | <input type="text"/> |
| Primary Contact | <input type="text"/> |
| Name | <input type="text"/> |
| Phone | <input type="text"/> |
| Email | <input type="text"/> |
| Project Category | <input type="text"/> |
| If Other, Please Specify: | <input type="text"/> |

SPONSOR/BORROWING ENTITY INFORMATION

General

| | |
|------------------------|---|
| <u>Project Sponsor</u> | |
| Organization Name | <input type="text"/> |
| Contact Name | <input type="text"/> |
| Street Number/Address | <input type="text"/> |
| City, State, ZIP Code | <input type="text"/> |
| Phone | <input type="text"/> |
| Fax | <input type="text"/> |
| Email | <input type="text"/> |
| For-/Non-Profit Status | <input type="checkbox"/> For-Profit <input type="checkbox"/> Non-Profit |

| | |
|---------------------------------------|--|
| <u>Project Sponsor's Legal Status</u> | <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Partnership <input type="checkbox"/> Other |
|---------------------------------------|--|

If other, please specify:

*** Please attach an organizational chart outlining the sponsor's ownership structure and any related-party entities.*

***Please complete and submit the City of Chicago Economic Disclosure Statement and Affidavit(s) (EDS(s)), included in the Supplemental Information Packet that accompanies this application.*

Current Site Control Status

- Own Under Contract Option
 Lease Other

If other, please specify:

***If site control has been attained, please submit a deed, contract, option agreement, lease, or other evidence with the application.*

Proposed Activities to be Conducted on Project Site

Note: Chicago Development Fund will generally provide capital to entities specifically tailored to the development and/or ownership of the real estate component of the proposed Project (as opposed to an operating business engaged in non-real-estate activities). Please answer the following questions in relation to the business(es) proposed to occupy the subject property. The following questions attempt to verify the prospective project's eligibility as a Qualified Active Low-Income Community Business (QALICB) within the federal program regulations.

a) The NMTC program regulations prohibit assistance from being provided to a Borrowing Entity that engages in any of the following types of businesses:

- Massage parlor
- Hot tub facility
- Suntan facility
- Country club
- Golf course
- Racetrack or other gambling facility
- Development or holding of intangibles for sale (e.g., software)
- Store with principal purpose of sale of alcoholic beverages for consumption off premises

Please certify the following regarding the proposed Borrowing Entity:

Borrowing Entity does not engage in the types of businesses prohibited by the NMTC

legislation, nor will it engage in the listed businesses during the 7-year NMTC compliance period.

If the proposed project is to be owner-occupied, please certify the following regarding the proposed occupant:

Proposed occupying entity does not engage in the types of business activities listed above, nor will it engage in the listed business activities at the Project site or other location during the 7-year NMTC compliance period.

If the proposed project includes space intended for lease to one or more unrelated tenants (i.e., non-owner-occupied), please certify that the proposed tenancy does not include any of the above-listed types of businesses at the Project site.

Proposed tenant(s) do not engage in the types of businesses prohibited by the NMTC legislation

If you cannot certify the above, please describe the issues preventing such certification:

b) Are any of the revenues of the proposed Project anticipated to come from the rental of residential property (apartments or live/work units)?

No Yes

If yes, please estimate the percentage of revenues that are projected to be derived from this source of income: _____%

c) Does the Borrower (or, for an owner-occupied project, the proposed occupant) have multiple business/real estate locations?

No Yes (Number of locations: _____)

If yes, please provide the full address (street number, street, and ZIP code) for all locations:

| |
|--|
| |
|--|

If yes, please describe the types of uses/operations that occupy these locations:

| |
|--|
| |
|--|

| |
|----------------------------|
| PROJECT ELIGIBILITY |
|----------------------------|

Project Address and ZIP Code
PIN(s) (tax parcel numbers)
11-Digit Census Tract Code(s)*

| |
|--|
| |
| |
| |

* This information can be found at www.ffiec.gov/Geocode/default.aspx. The 11-digit code is comprised of the 2-digit state code, plus the 3-digit county code, plus the 6-digit tract code.

Areas of “Greater Economic Distress”

The Chicago Development Fund has committed to providing 100% of its NMTC assistance to projects located in Census tracts that meet the CDFI Fund’s criteria of “Greater Economic Distress.” The criteria that the Census tract must meet are as follows (please check all that are known to apply; resources for determining applicability of some criteria are provided below):

At least **one** of the following:

- Poverty rate greater than 30%
- Median income less than 60% of Area Median Income
- Unemployment rate at least 1.5 times the national average

OR, At least **two** of the following:

- Federal Empowerment Zone
- Federal Enterprise Community
- Federal Renewal Community
- SBA Designated HUB Zone
- Federal Brownfields Redevelopment Area
- HOPE VI Redevelopment Area
- CDFI Hot Zone
- Federally Designated Medically Underserved Area (only applicable if project will provide medical services)
- Illinois Enterprise Zone
- TIF District
- Other State/Local Development or Incentive Zone

If Project is located in a TIF District, please specify which district:

If Project is located in another state/local development or incentive zone and this is part of the evidence that the project exhibits Greater Economic Distress Criteria, please specify which zone(s):

***Please submit documentation of each checked factor with the application, as available.*

Resources for obtaining documentation include the following:

- *Poverty rate, median income, and unemployment: 2000 U.S. Census*
(<http://www.census.gov/main/www/cen2000.html>)
- *Federal Empowerment Zones, Enterprise Communities, and Renewal Communities: U.S. Department of Housing and Urban Development*
(http://egis.hud.gov/egis/cpd/rcezec/ezec_open.htm)
- *SBA Designated HUB Zone: U.S. Small Business Administration*
(<http://map.sba.gov/hubzone/init.asp#address>)
- *Federally Designated Medically Underserved Area: U.S. Department of Health and Human Services*
(<http://muafind.hrsa.gov/>)
- *Illinois Enterprise Zones, TIF Districts: Chicago Department of Planning and Development*
(www.cityofchicago.org, then follow links to "City Departments," "Planning and Development," "Maps")

PROJECT DESCRIPTION

Type of Development

- Expansion of Existing Facility
- New Construction
- Rehabilitation
- Other: _____

Development Program

| Category | Existing | Proposed | Building Area | |
|-----------------------------|--------------------------|--------------------------|----------------------|--------------------|
| | | | Existing SF | Proposed SF |
| Total Land Area | N/A | N/A | _____ | _____ |
| Industrial | <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____ |
| Warehouse | <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____ |
| Cultural/Community Facility | <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____ |
| Retail | <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____ |
| Other Commercial | <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____ |
| Office | <input type="checkbox"/> | <input type="checkbox"/> | _____ | _____ |
| Vacant Building | <input type="checkbox"/> | N/A | _____ | N/A |

Please provide a brief description of the project:

*** Please submit a conceptual/preliminary site plan with the application*

| |
|--------------------------|
| COMMUNITY IMPACTS |
|--------------------------|

Employment and Income (All Projects)

Please indicate the anticipated employment impacts of the Project on Low-Income Communities and/or Low-Income Persons.

| Job Type | Full-time Equiv. Jobs Retained | Full-time Equiv. Jobs Created | Average Wage |
|--------------------------|-----------------------------------|----------------------------------|---------------|
| Permanent | _____ | _____ | \$/_____/Hour |
| Temporary (Construction) | _____ | _____ | \$/_____/Hour |

Please describe the nature of the full-time employment opportunities that will be created or retained for Low-Income Persons and/or residents of Low-Income Communities as a result of the Project. Please include details regarding employee benefits and union membership, if applicable:

Social and Other Services (Community Facility Projects Only)

Please estimate the number of Low-Income Persons anticipated to gain access to the following types of services:

| | Service Provided? | Number Served/Year |
|---------------------------------|--------------------------|--------------------|
| • Employment Training/Placement | <input type="checkbox"/> | _____ |
| • Other Educational Programs | <input type="checkbox"/> | _____ |
| • Childcare | <input type="checkbox"/> | _____ |
| • Healthcare | <input type="checkbox"/> | _____ |
| • Other (Specify: _____) | <input type="checkbox"/> | _____ |

Please briefly describe the nature of the social or other services anticipated to be provided to Low-Income Persons and/or residents of Low-Income Communities:

Please briefly describe any other impacts on Low-Income Communities and/or Low-Income Persons anticipated to result from the Project (e.g., wealth creation, assistance to women- and/or minority-owned businesses, environmentally sustainable outcomes, etc.):

| |
|-----------------------------------|
| PROPOSED PROJECT FINANCING |
|-----------------------------------|

Total Project Costs \$ _____

NMTC Allocation Requested from CDF (Max \$15,000,000) \$ _____

Has the Sponsor or Borrowing Entity approached other NMTC Allocatees to request NMTC allocation for the proposed Project? No Yes

If yes, please complete the following summary of requests for NMTC allocation:

| Allocatee Approached | Alloc. Amount | Status* |
|----------------------|---------------|---------|
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |
| | \$ | |

- * The status categories are defined as follows:
- Committed: The borrower has received an unconditional or contingent commitment from the NMTC provider
 - Letter of Intent: The borrower has secured a non-binding letter from the NMTC provider indicating the intention to provide NMTC allocation
 - Ongoing Discussions: The NMTC provider has indicated interest in providing allocation to the project
 - Application Pending: Borrower has submitted a request for allocation but not yet received a decision.
 - Rejected: NMTC provider has indicated it cannot or will not support the project

Please complete the following summary of proposed Project funding sources:

| Type of Financing | Amount | Source | Status* | If "Other," Please Explain Status |
|-------------------|-----------|------------|------------|-----------------------------------|
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| | \$ | | | |
| TOTAL | \$ | N/A | N/A | N/A |

- * The status categories are defined as follows:
- Disbursed: Funds have been given to the borrower and distributed for use.
 - Committed: The borrower has received a legally binding commitment from the lender.
 - Term Sheet: Financing is contingent on approval and verification of assumptions. The lender is not yet legally bound.
 - Application Pending: Borrower has submitted a request for financing but not yet received a decision.
 - Estimate: An informal, preliminary estimate of available funds based on typical underwriting standards. Funding has not yet been formally requested.

Has assistance under other City programs been applied for or contemplated? No Yes

If so, which programs have been/may be pursued, and what is the status of these efforts?

Need for NMTC Financing

Why is NMTC financing necessary to make the Project feasible? (check all that apply)

- Project requires enhanced conventional debt financing (e.g., reduced interest rate, expanded loan-to-value, longer interest-only period, etc.)
- Project has a “financing gap,” is unable to assume a commercial debt obligation, and is not anticipated to generate property taxes (e.g., non-profit project)
- Project has an up-front “financing gap” that cannot be addressed or sufficiently met via tax increment financing (TIF)
- Other (Please specify: _____)

Please provide a brief description of the Project’s need for NMTC financing:

****Please submit the following financial information with this application:**

- Sources and uses of project funds, including the terms of all potential financing
- 10 to 15-year pro forma for the proposed real estate project
- If the proposed project is owner-occupied, a 5-10 year projection of operating revenues and expenses for the proposed occupant, as well as a prior year tax return

PROJECT TIMEFRAME

Estimated Construction Start Month: _____ Year: _____
Estimated Construction End Month: _____ Year: _____
Earliest Feasible NMTC Closing Date Month: _____ Year: _____
Latest Feasible NMTC Closing Date Month: _____ Year: _____

Please describe the factors affecting the range of closing dates cited above (e.g., site control, site preparation, environmental concerns, permitting, other financing, etc.):

SIGNATURE

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information provided in this application are true and complete to the best of my knowledge. I have read and understood the requirements described in this application, including the City Requirements on Page i. Furthermore, I certify that I am authorized to initiate the New Markets Tax Credits application process on behalf of the Project Sponsor.

Signed: _____ Date: _____

Title: _____

***Chicago Development Fund
NMTC Application Attachment Checklist***

The NMTC Application should be as complete as possible upon submission in order to facilitate timely review of the proposed Project’s fit with CDF’s NMTC program. All additional materials noted through the application (and listed below) should be included with this completed application. Please check the boxes next to each listed attachment to indicate that they are included in the overall submission package.

- 1. Evidence of Site Control**
 - Deed, contract, option agreement, lease, or other documentation

- 2. Organizational Structure Chart for Project Sponsor**

- 3. City of Chicago Economic Disclosure Statement and Affidavit(s)**

- 4. Documentation of “Greater Economic Distress” Factors**
 - Documentation to support each factor that is checked (as available)

- 5. Conceptual/Preliminary Project Site Plan**

- 6. Financial Information**
 - Sources and uses of project funds, including terms of all potential financing
 - 10- to 15-year pro forma for the proposed real estate project
 - If the proposed project is owner-occupied, a 5-10 year projection of operating revenues and expenses for the proposed occupant
 - If proposed project is owner-occupied, a prior year tax return for proposed occupant