



**DPD** | **SBIF**

Small Business Improvement Fund

**somercor**
Catalysts for the entrepreneurial dream



- What is TIF?
- What is SBIF?
- Who is eligible?
- What are eligible expenses?
- What's the application process?
- What are the requirements / restrictions?
- What's the payment process?



TIF: Tax Increment Financing



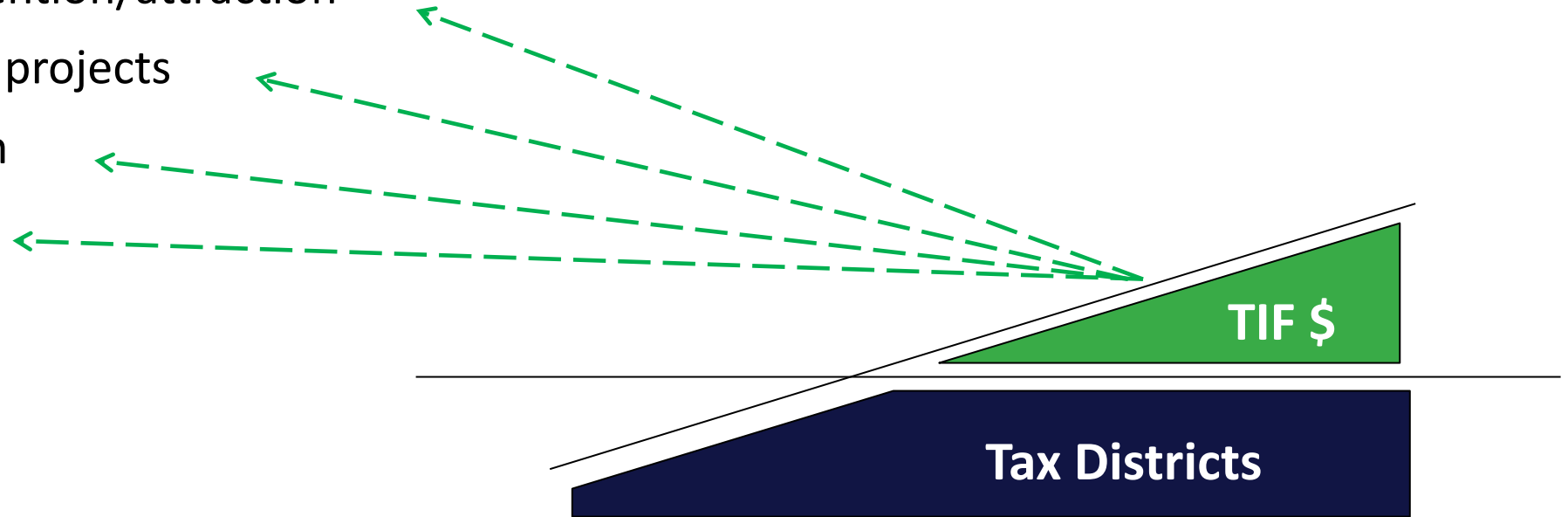
$$\begin{array}{r} \text{Property Tax \$ After TIF} \\ - \text{Property Tax \$ Before TIF} \\ \hline \text{Tax Increment \$} \end{array}$$



TIF: What Does It Do?

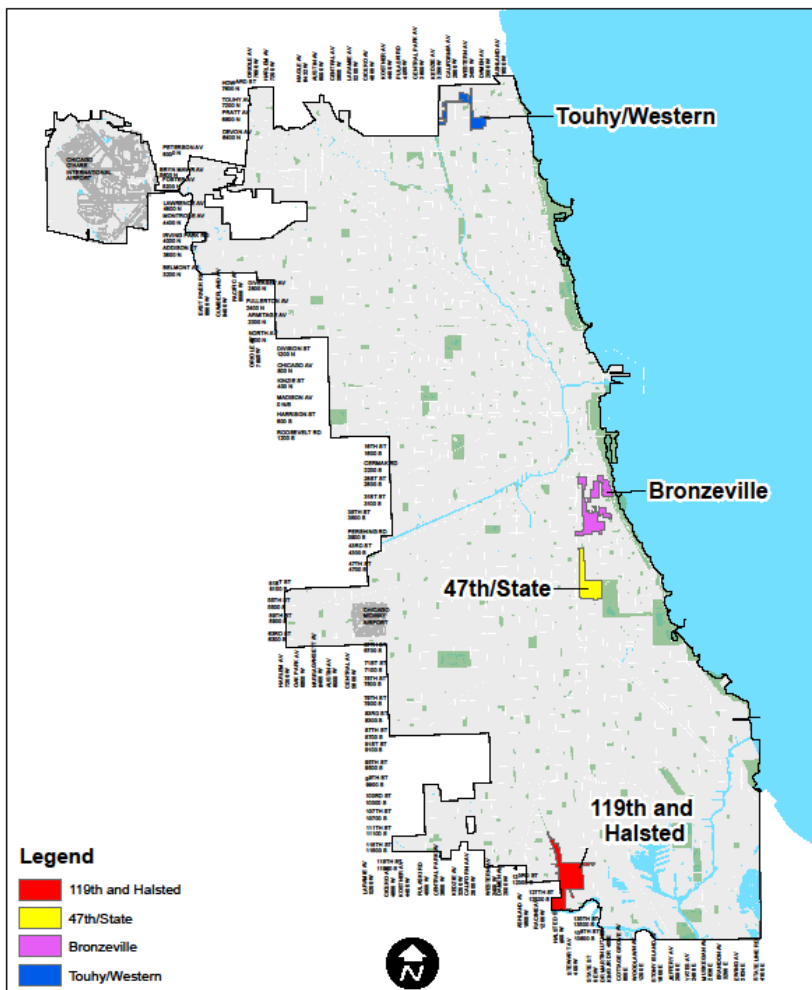


- Long term investment (23 years)
- Funds improvement projects & development
 - Business retention/attraction
 - Public works projects
 - SBIF Program
 - TIF Works





SBIFs

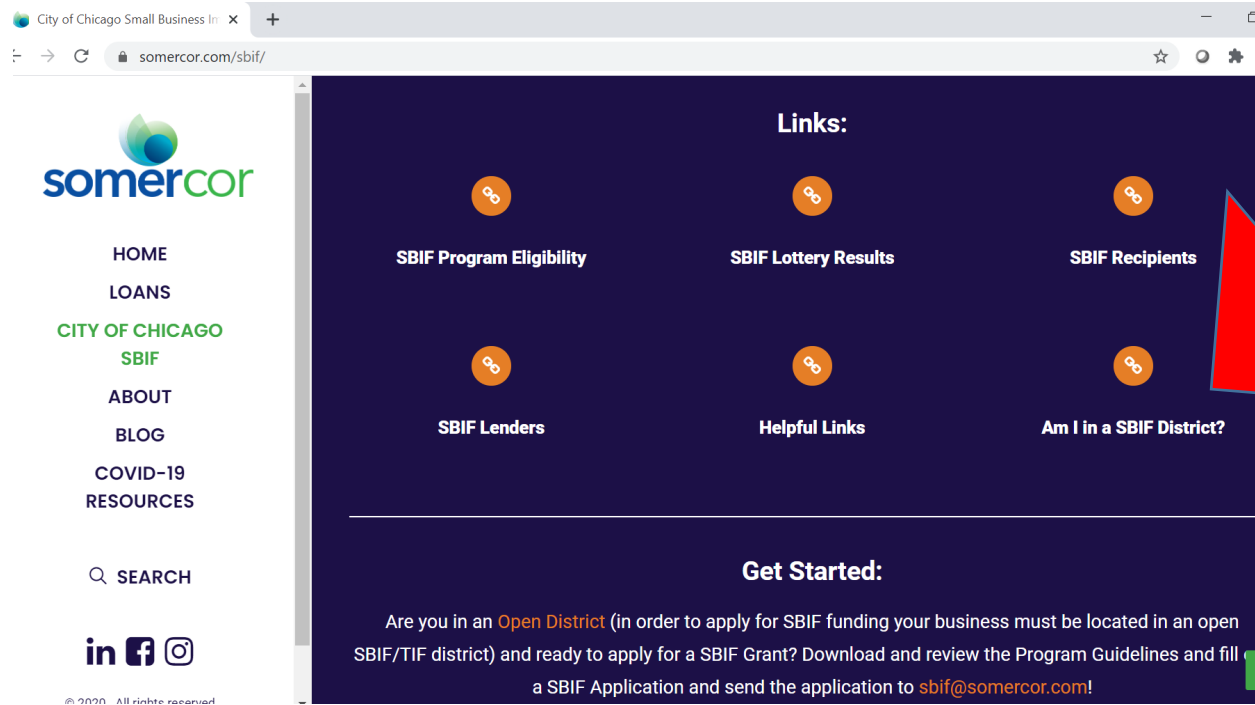


SBIF Districts open in November

- 119th & Halsted
- 47th/State
- Bronzeville
- Touhy/Western

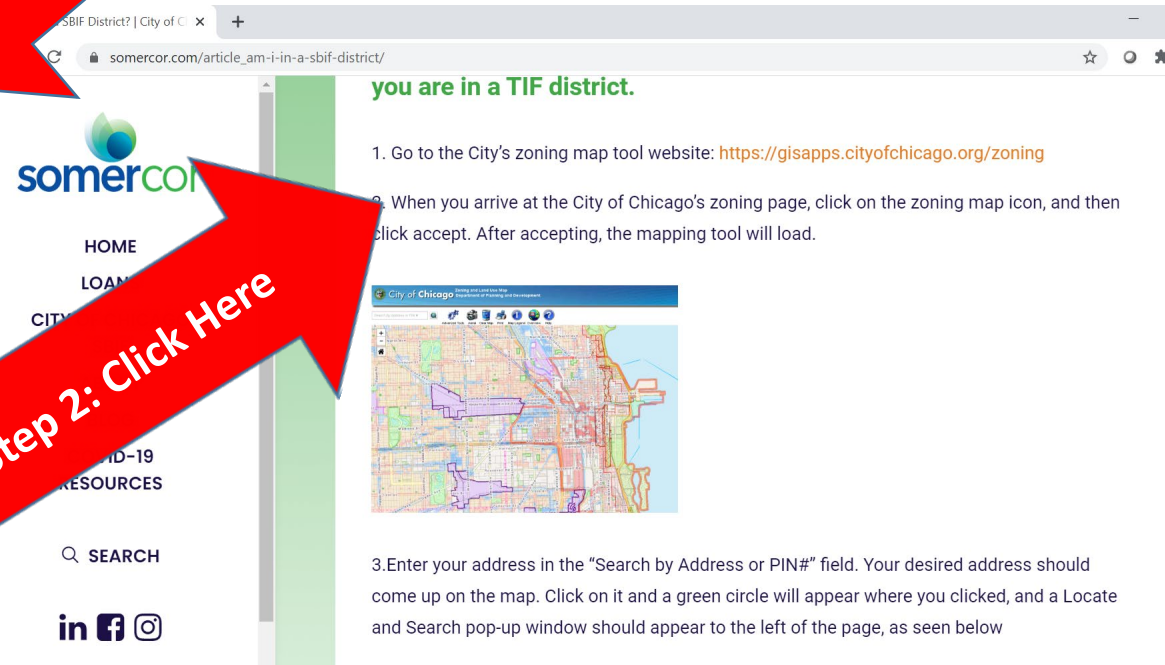


Visit www.somercor.com/sbif to see if your property is in a SBIF district:

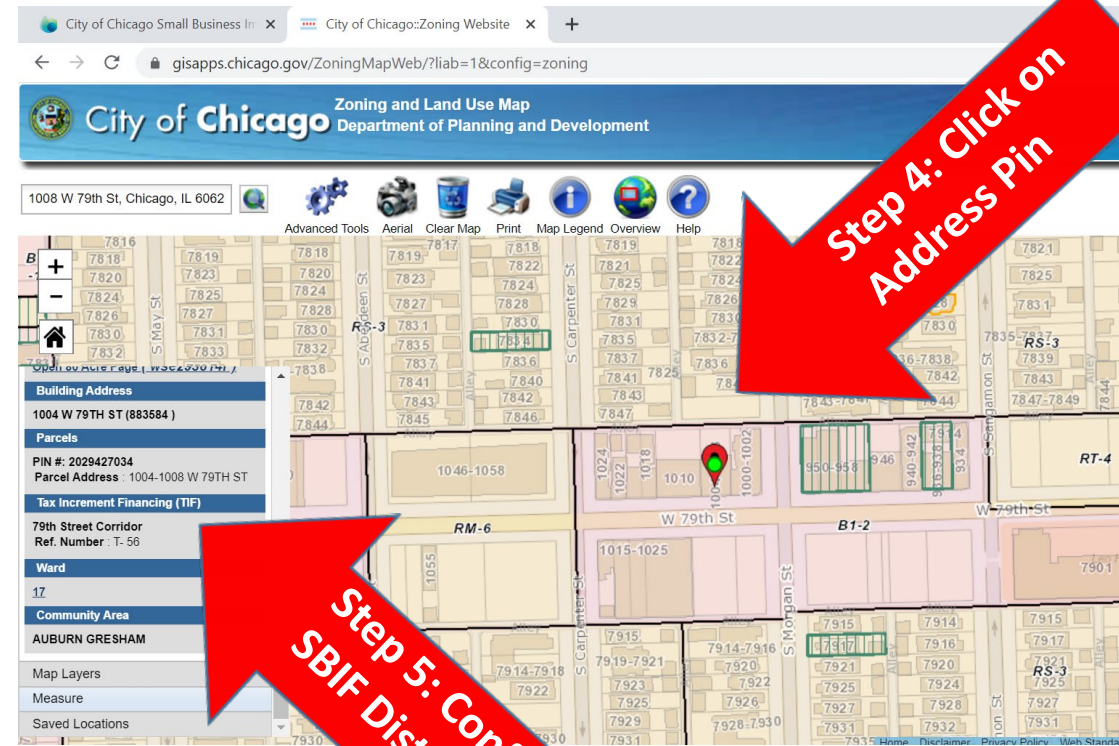
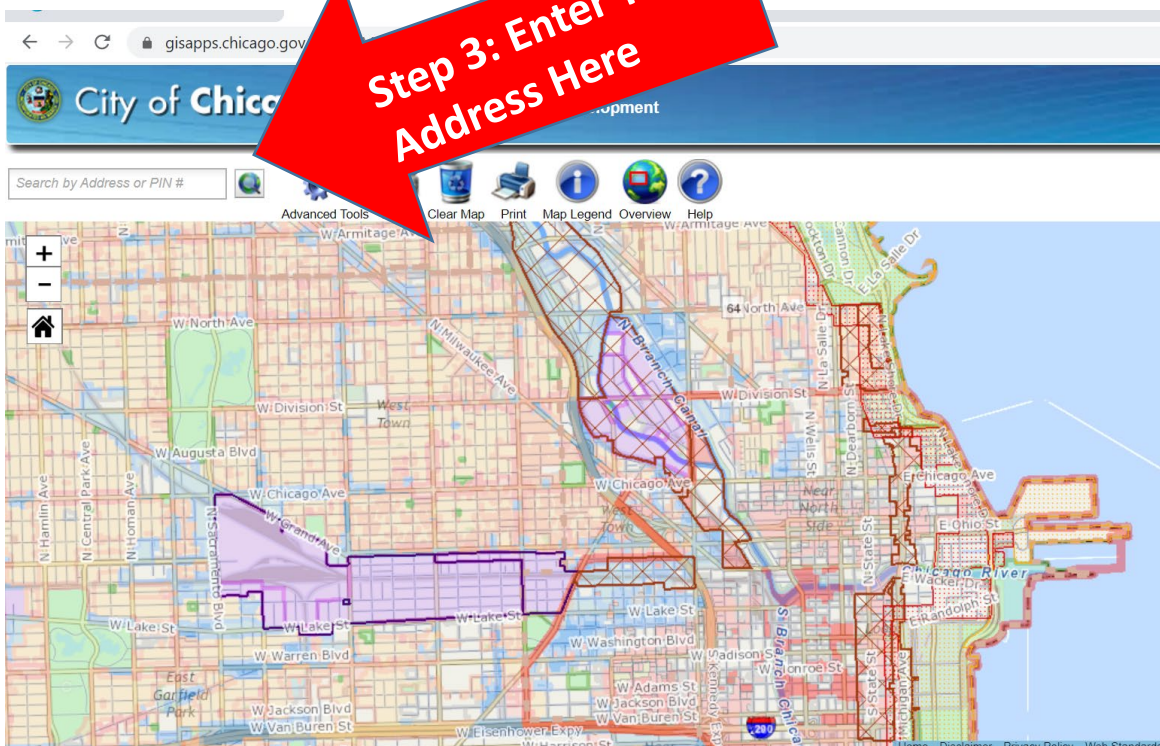


Step 1: Click Here

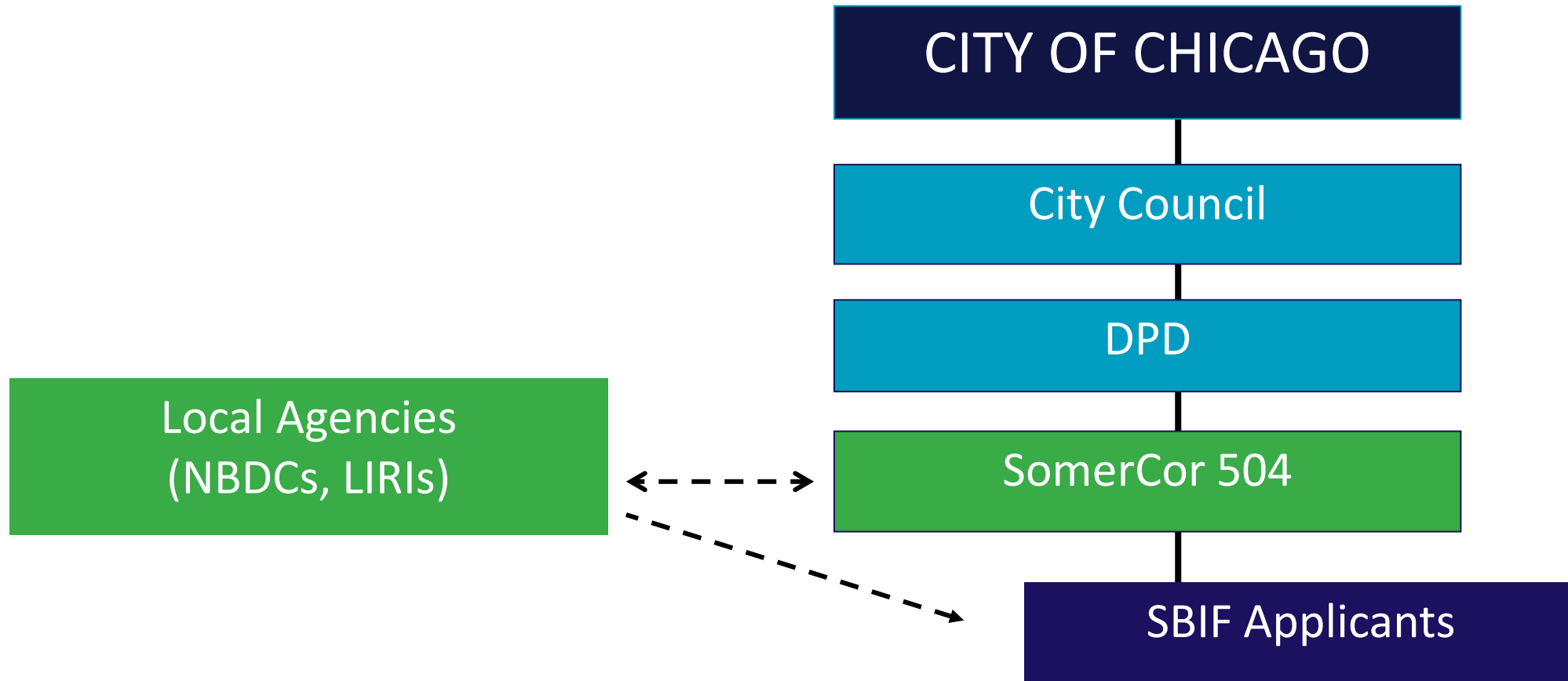
Step 2: Click Here



Visit www.somercor.com/sbif to see if your property is in a SBIF district:



SBIF Organization



SBIF Organization – Local Delegate Agencies





- Grants for permanent building improvements for small business properties in TIFs
- **Rebate** of 25%, 50% or 75% of SBIF-eligible costs
 - \$100,000 max per commercial applicant or landlord
 - \$150,000 max per industrial applicant
 - \$50,000 max per applicant in multi-tenant property with limit of \$250K per property





- **Property Owner:** Personal Net Worth (cumulative), Liquid Assets (cumulative)
- **Commercial Lessee:** Annual Sales Requirement / Limits (“gross receipts”)
- **Industrial Lessee:** Max 100 FTE *Employees (including all employees if multiple locations)*
- **Property & Business Owner:** Both Property Owner and Commercial Lessee requirements apply
- **Vacant Property:** Min 60% lease-up; 100% ground floor lease-up by “*SBIF-qualified*” tenants

Sliding Scale Eligibility: Landlord



1. Landlord

- No ownership interest in the business leasing the commercial space.
- All individuals with 7.5+% ownership interest evaluated

2. Net Worth (cumulative among all owners)

- Less than \$2.5 Million → **75%**
- \$2.5 - \$4.5 Million → **50%**
- \$4.5 - \$6 Million → **25%**
- Greater than or equal \$6 Million → **ineligible**

3. Additional eligibility considerations

- Cumulative liquid assets (<\$500K), lease-up requirement (*must be SBIF qualified tenants*)
- Applicable to industrial property owners that lease any part of property to 3rd party tenant



1. Tenant

- Leasing for a minimum of three years from a building owner of no financial relationship
- No overlap with property ownership.

2. Sales Requirements (gross receipts as filed on tax returns)

- Less than \$3 Million → **75%**
- \$3 - \$4 Million → **50%**
- \$4 - \$5 Million → **25%**
- Greater than or equal to \$5 Million → **ineligible**
- Start-ups: if business is new, projected income statement will be used to apply the sales schedule.
 - Business plan also required.



Industrial Business Owner:

Less than 100 FTE employees – 50% rebate

Industrial Landlord:

IF applicant owns an industrial property and also leases any portion of the industrial property to a third-party tenant (income generator), landlord sliding scale will be used.

SBIF Reimbursable Expenses



- Roofing
- Storefront/façade improvements
- Masonry repairs, tuck-pointing
- Building systems: HVAC, electrical, plumbing
- Interior renovations: rough and finish carpentry, “gut rehab” interior work
- ADA compliance improvements
- Environmental remediation
- Permanent signage (structural only)
- Land purchase (business expansion or parking)
 - Must already own directly adjacent real estate and operate a business from it

Ineligible Business/Organization Types



- National chains (food, bank branches, etc.)
- Currency exchanges, pay day loan stores
- Places of worship
- Liquor stores, bars
- Start-up banquet halls
- Astrology, palm readers
- Hotels and motels
- Home-based businesses
- Trailer storage, junk yards
- *Similar uses*



NON-Reimbursable Expenses



- New construction (additions/expansions, “ground up”)
- Serious/chronic building code violations (Circuit Court)
- Cosmetic upgrades/minor repairs as standalone projects (e.g. painting, new carpet, interior office remodel)
- Equipment-related expenses, personal property, impermanent items (e.g. computers, phones, kitchen appliances, cash registers, furniture, etc.)
- Parking lot improvements, landscaping
- Business-specific signage
- Perimeter security fencing
- Work on residential unit interiors

SBIF Grant - Sample Project Structure



Total Eligible Project Costs - \$50,000

- Masonry improvements (tuckpointing, lintel replacement): \$30,000
- Roof replacement (tear off, new insulation, TPO membrane): \$20,000

Eligible rebate percentage: 75%

- SBIF Grant calculation: $\$50,000 \times 75\% = \$37,500$

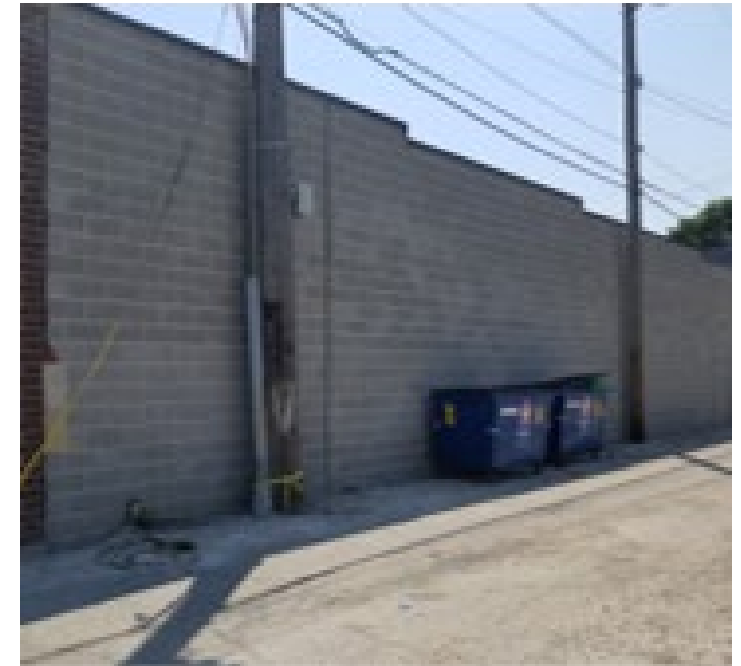
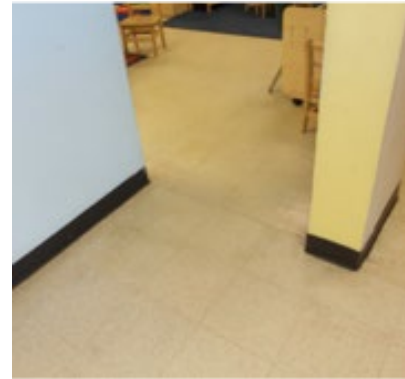
Additional advantages

- Project can be completed in up to 3 phases
- SBIF funds can be assigned to a lender (“bank assignment” to leverage construction financing)

Recent Projects



BEFORE



AFTER

47th/State TIF

**Precious Little Ones Learning Center, Inc.
221 E. 51st Street**

Recent Projects



BEFORE

119th & Halsted TIF

**All Weather Specialists, Inc.
214 W. 119th Street**



AFTER

Recent Projects



BEFORE



AFTER

Bronzeville TIF

Emeche Cupcakes
3453 S. Prairie Street

Recent Projects



BEFORE

Touhy Western TIF



AFTER

Katz, LLC
2723 W. Touhy Ave

SBIF Exterior Work Requirements



- For **commercial** grantees receiving over \$25,000 in SBIF funding, at least 10% of grant funding must be put towards an exterior improvement (i.e. masonry repairs, storefront improvements).

- Possible waiver of this requirement if:
 1. Exterior was recently updated and/or no exterior work needed;
 2. AND Interior work is “substantial” (i.e. building systems, concrete, structural work)



Ways to save money with energy efficiency

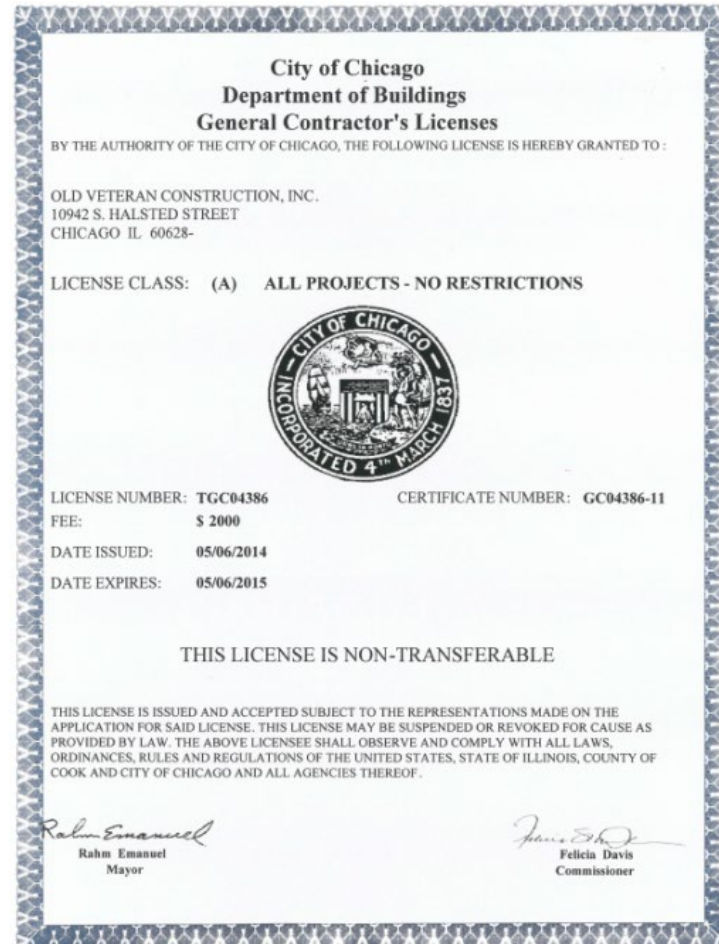
- Insulation and high efficiency furnaces and water heaters will dramatically cut down energy costs.
 - *Peoples Gas Natural Gas Savings Program*
- Look for EnergyStar ratings (required for industrial)
- High efficiency lighting will cut down electrical bills.
 - *ComEd Smart Ideas program*

- Façade design guidelines
- Valid city business license
- No city debt
- Economic Disclosure Statement
- Property taxes - *current*
- Grant Recipient Affidavit (e.g. no relocation)
- Proof of land ownership or min 3 yr. Lease
- Other direct city financial assistance deducted from grant amount, excluding TIF Works
- Start-ups – “follow through” required

Other SBIF Criteria



- Contractor licensed by City and insured
- M/WBE contractor list provided
- Technical Assistance by SomerCor



Project Completion Requirements

- **Proof of payment:**
 - Invoices
 - Cancelled checks
 - Waivers of lien
 - **Site visit**
 - **Copy of building permit(s)**
- ➔ **3-5 weeks for grant payment**



SBIF Timeline - 3 Stages



Application Period and Lottery: App Period Ends **December 1, 2020 at 5 PM CST**

Stage 1 - Within 20 DAYS: Furnish additional documents to complete initial application

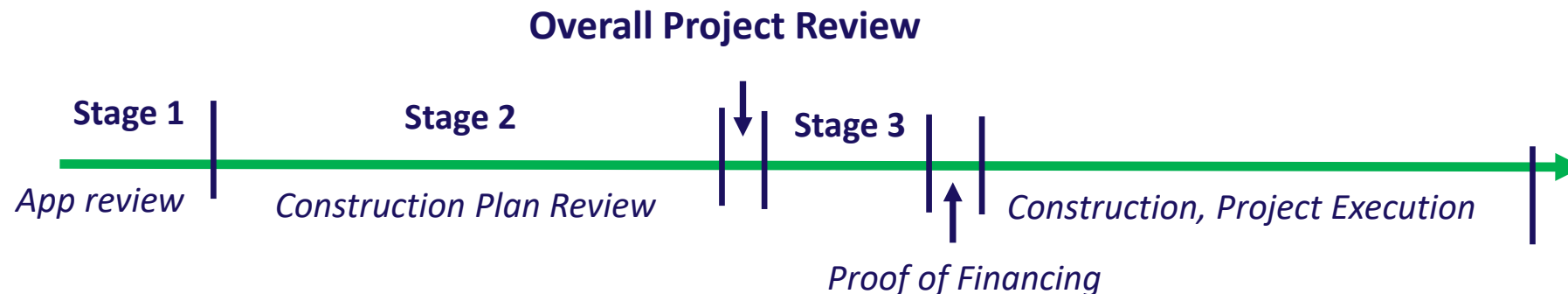
Stage 2 - Within 120 DAYS: Construction planning & cost estimate submittal

Note: Stage 1 and 2 must be completed before approval of grant funds can be fully considered.

Application Review – Conditional commitment letter issuance if approved

Stage 3 – Within 120 DAYS – Submit proof of financing (e.g. bank statement, commitment letter)

Within 300 DAYS: Complete construction





November Open Districts Accepting Applications through December 1st at 5PM CST

- 47th/State
- 119th/Halsted
- Bronzeville
- Touhy/Western

Applications received for these areas will NOT be accepted after 5pm on Tuesday, December 1.

Submit via email: sbif@somercor.com

Applications can also be submitted via fax to 312-757-4371

or USPS / UPS / FedEx / courier to SomerCor's offices

(601 S. LaSalle Street, Suite 510, Chicago, IL 60605)

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A copy of the presentation and a link to a video will be
emailed to all attendees.

THANK YOU

QUESTIONS?



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