Presentation Focus

- 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

Property Tax $ After TIF
- Property Tax $ Before TIF
  Tax Increment $
TIF: What Does It Do?

- Long term investment (23 years)
- Funds improvement projects & development
  - Business retention/attraction
  - Public works projects
  - SBIF Program
  - TIF Works
SBIF Districts open in July
SBIF Districts open in August
Visit [www.somercor.com/sbif](https://www.somercor.com/sbif) to see if your property is in a SBIF district:

**Step 1:** Click Here

**Step 2:** Click Here

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[1. Go to the City’s zoning map tool website: https://gisapps.cityofchicago.org/zoning](https://gisapps.cityofchicago.org/zoning)

2. When you arrive at the City of Chicago’s zoning page, click on the zoning map icon, and then click accept. After accepting, the mapping tool will load.

3. Enter your address in the “Search by Address or PIN” field. Your desired address should come up on the map. Click on it and a green circle will appear where you clicked, and a Locate and Search pop-up window should appear to the left of the page, as seen below.
Visit www.somercor.com/sbif to see if your property is in a SBIF district:

Step 3: Enter Your Address Here

Step 4: Click on Address Pin

Step 5: Confirm SBIF District Name
SBIF Overview

- 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
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 3\textsuperscript{rd} 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 \(\rightarrow\) **75%**
   - $3 - $4 Million \(\rightarrow\) **50%**
   - $4 - $5 Million \(\rightarrow\) **25%**
   - Greater than or equal to $5 Million \(\rightarrow\) **ineligible**
   - Start-ups: if business is new, projected income statement will be used to apply the sales schedule.
     - Business plan also required.
Eligibility: Industrial Applicant

**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
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 x 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

RENEWAL CHURCH

AFTER

DLV Printing Service, Inc.
5825 W. Corcoran
Recent Projects

Panamericana Auto Parts & Repair
5430 S. Ashland
Recent Projects

Duwell Fish Company
617 S. Pulaski Rd.
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)
Going Green with SBIF

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*
Compliance

- 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 **September 4, 2020 at 5 PM CST for August open districts.**

**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

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**Overall Project Review**

- Stage 1: App review
- Stage 2: Construction Plan Review
- Stage 3: Construction, Project Execution
July Open Districts – Deadline is August 14th at 5PM CST

- 47th/Ashland
- 79th/Southwest Highway
- 79th Street Corridor
- 79th/Vincennes
- 87th/Cottage Grove
- Bryn Mawr/Broadway
- Commercial Avenue
- River West
- Washington Park

Applications must be received by SomerCor by 5:00 pm CST, August 14, 2020!

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 St. #510, Chicago, IL 60605).
August Open Districts
Accepting Applications August 3, 2020 through September 4\textsuperscript{th} at 5PM CST

- 43\textsuperscript{rd}/Cottage Grove
- 47\textsuperscript{th}/King Drive
- 63\textsuperscript{rd}/Ashland
- 119\textsuperscript{th} & I-57
- Avalon Park/South Shore
- Madison/Austin
- Midwest
- Ogden/Pulaski

Note: Applications received for these areas will NOT be accepted prior to 9AM CST on Monday, August 3, 2020. Applications received for these areas will NOT be accepted after 5pm CST on Friday, September 4, 2020.
Applications must be received by SomerCor by 5:00 pm CST,
August 14, 2020 for July open districts!

Applications must be received by SomerCor by 5:00 pm CST,
September 4, 2020 for August open districts!

by 5:00 p.m. Central Time

Submit via email: sbif@somercor.com

Applications can also be submitted via fax to 312-757-4371
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A copy of the presentation and a link to a video will be emailed to all attendees.