

# **TAX INCREMENT FINANCING**

Riverfront Improvement Fund  
Program Overview and Application Form



**Richard M. Daley, Mayor**  
**CITY OF CHICAGO**

**Department of Community Development**

## ***I. Background: TIF and the Riverfront Improvement Fund***

### **What is the Goal of this Program?**

The Riverfront Improvement Fund (RIF) program will provide Tax Increment Financing (TIF) grants for the reconstruction or improvement of river frontage. The grants are intended to help property owners replace or repair deteriorated riverwalls and riverbanks.

As the Chicago River's historic role as a channel for waterborne commerce has declined in importance, its role as an aesthetic, environmental, and recreational waterway has increased. Riverwall structures are expensive to replace and with little economic function, many riverwalls have deteriorated due to neglect. The City of Chicago recognizes the importance of maintaining the structural and aesthetic integrity of its river frontage and has developed this targeted TIF program to assist riverfront property owners and MWRD (Metropolitan Water Reclamation District) tenants with the cost of improving deteriorated river frontage.

### **What is TIF?**

TIF stands for "Tax Increment Financing." TIF is a program administered by the City of Chicago's Department of Community Development (DCD) to encourage and help pay for certain redevelopment projects located within designated areas of the city called "TIF Districts." TIF funds are made available to property owners and businesses located within TIF Districts for certain improvements. TIF funds are provided in the form of a grant and do not have to be repaid. To find out if a property is located in a TIF district, or for more information about the TIF program, please contact the City of Chicago DCD, Development Finance Division, at (312) 744-4389 or visit the department's website at: [www.cityofchicago.org/dcd](http://www.cityofchicago.org/dcd).

### **Who Is Eligible To Apply?**

For assistance under the RIF program, the applicant must either own, or lease from the MWRD, riverfront property that is located in a TIF district (see the attached map for eligible TIF districts). The property can represent any type of land use, but industrial property owners are provided with a higher level of assistance. Each property must be in productive use or be proposed for development. Owners of vacant land or vacant improved properties are excluded.

### **What Can TIF Funds Be Used For Under the RIF Program?**

The program is designed to help riverfront property owners replace or repair deteriorated riverwalls and riverbanks. Riverwalls typically consist of steel sheet pilings or interlocking masonry units. Riverbanks are landscaped earthen banks that typically employ a short riverwall structure for stability. Exhibit A displays examples of riverbank and riverwall systems.

Costs eligible for reimbursement under RIF are only those costs directly related to the installation or repair of sheet pilings, masonry units, or other hard-surfaced riverwall structures. These costs include, but are not limited to:

- Cost of repairing or replacing riverwall structures;
- Site work and grading;
- Certain environmental remediation measures;
- Professional fees, such as engineering and architectural fees; and
- Up to 30% of the applicant’s construction period interest costs.

Landscaping is not eligible for TIF reimbursement under State law, but vegetation is a critical component of stable riverbank systems. Therefore in return for assistance under RIF, applicants must install the necessary plantings at their own expense. Riverfront greening is also an important environmental and aesthetic goal of the Chicago River Corridor Development Plan, and DCD will favorably consider those proposals that ‘green’ the riverfront with native vegetation in a naturalistic landscape plan.

Examples of other costs that are not eligible for reimbursement under the RIF program include any cost associated with the general redevelopment of the property, renovation of any building structures, parking lot improvements, private walkways, land acquisition costs, the purchase of equipment, or developer fees.

### **How Is TIF Assistance Calculated and Disbursed Under RIF?**

For industrial properties, the City will pay up to 50 percent of the eligible costs of replacing or repairing steel, concrete, or wood riverwall structures and up to 65 percent of the eligible costs of developing or repairing riverbanks. For commercial, retail, residential, and other property types the City will pay up to 25 percent of the eligible costs of replacing or repairing steel, concrete, or wood riverwall structures and up to 33 percent of the eligible costs of developing or repairing riverbanks.

Under this program the following maximum eligible unit costs have been established: repair or replacement of a riverwall system, \$1,200 per linear foot; development of a riverbank, \$1,800 per linear foot.

In order to ensure that this program’s limited resources are widely distributed, the maximum reimbursement for a riverwall project is \$300,000 for industrial properties and \$150,000 for non-industrial properties; and the maximum reimbursement for a riverbank project is \$585,000 for industrial properties and \$297,000 for non-industrial properties. For projects that combine riverwall and riverbank work, the maximum reimbursement must be proportional to each type of work.

The table on the following page summarizes TIF assistance under the program.

### *RIF TIF Assistance Summary*

| <b>Type of Work</b> | <b>Type of Property</b> | <b>Maximum Eligible Unit Cost</b> | <b>Maximum Reimbursement Rate</b> | <b>Maximum Reimbursement Amount</b> |
|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| Riverwall           | Industrial              | \$1,200 per linear foot           | 50 percent                        | \$300,000                           |
| Riverwall           | Non-industrial          | \$1,200 per linear foot           | 25 percent                        | \$150,000                           |
| Riverbank           | Industrial              | \$1,800 per linear foot           | 65 percent                        | \$585,000                           |
| Riverbank           | Non-industrial          | \$1,800 per linear foot           | 33 percent                        | \$297,000                           |

Reimbursement will be made in two payments. The first payment will be made following completion of construction and will provide full reimbursement except that a portion of the payment will be withheld to guarantee the successful establishment of planted materials. The second payment will be made following the close of the first full growing season in the year after the initial planting. Complete payment requires that all planting materials have been successfully established according to the approved landscape plan. TIF assistance may be subject to recapture if the property is sold within three years of project completion (MWRD tenants excepted).

#### **What Are The City’s Construction and Monitoring Requirements?**

All recipients of TIF assistance must comply with the City of Chicago’s construction requirements. During construction, 24% of hard costs must be paid to City-certified Minority Business Enterprises (MBEs) and 4% must be paid to City-certified Woman Business Enterprises (WBEs). In addition, construction employees must be paid at prevailing wage rates (as defined by the Illinois Department of Labor), and Chicago residents must perform at least 50% of total construction-worker hours. Prevailing wage rates are determined for Cook County on a monthly basis, and can be found online at [www.state.il.us/agency/idol/CM/countym.htm](http://www.state.il.us/agency/idol/CM/countym.htm).

The RIF recipient is responsible for maintaining the riverfront structures and landscaping. The City will require that the property owner grant the City a conservation easement providing the right to inspect the improvements and to enforce maintenance standards. The easement will prohibit alteration of the improvements and prohibit new construction within the easement area. Public access will not be required. The easement will be coterminous with the life of the TIF district (maximum 23 years).

Following submission of the RIF application and upon preliminary recommendation of the project for TIF assistance from DCD, all applicants are required to meet with a representative of the City’s Monitoring and Compliance Division to receive additional information on the construction requirements and monitoring process. To arrange the meeting, please call 312-747-2608.

## **What Government Permits are Required for Riverfront Work?**

Riverfront work will require permits from federal, state and city agencies such as the Army Corps of Engineers, the Illinois Environment Protection Agency, the Metropolitan Water Reclamation District, and the Chicago Department of Transportation. DCD will provide additional information on required permits including contact information; however, it is the sole responsibility of the applicant to obtain all necessary government permits.

## ***II. Application, Approval, Construction, and Reimbursement Process***

The following section outlines the approval, construction and reimbursement process under the Riverfront Improvement Fund Program:

### **STEP ONE: APPLICATION PROCESS**

The applicant submits the completed application. DCD will review the application and will notify the applicant within 30 days whether or not the project will be recommended, and if so, the amount of TIF assistance the department recommends.

For Step One, the applicant must provide:

- Completed application form
- If the project is bank-financed, a letter of interest from the proposed lender
- Certified contractor estimates to support the construction and landscape budgets (at least two of each)
- Engineering report that evaluates existing conditions, including photographs
- Copy of deed, title policy, or purchase option or contract
- Copy of MWRD lease if applicable
- Site plan and landscape plan
- Cross section of each type of proposed riverfront improvement

### **STEP TWO: APPROVAL PROCESS**

If the project is recommended by DCD, it will be presented to the Community Development Commission (CDC). If approved, a Redevelopment Agreement will be prepared between the City and the applicant, which then must be approved by the City Council. The final step in the approval process is the closing of the Redevelopment Agreement.

For Step Two, the applicant must provide:

#### Prior to CDC:

- Economic Disclosure Statements
- Principal Profiles

#### Prior to City Council:

- Proof of equity and lender financing
- Detailed project budget (final estimate, including M/WBE project budget)

Prior to Closing:

- Proof of required insurance coverages
- Title policy and survey
- Copies of permits (CDOT, IEPA, MWRD, Army Corps)
- Plans and specifications
- Any other customary legal documents

**STEP THREE: CONSTRUCTION**

Construction may not begin before the City Council has approved the project. Construction may begin after Council approval and before the closing of the Redevelopment Agreement; however, there is no guarantee of TIF assistance until the final Redevelopment Agreement is approved and signed by the applicant and the City.

The applicant and general contractor are reminded that they must meet with the Monitoring and Compliance Division of the City prior to the start of construction to discuss the City's construction requirements. It is the responsibility of the applicants to ensure that the general contractor complies with all City construction requirements.

Once construction is completed and proof of completion has been provided, DCD will issue a Certificate of Completion for the project. The applicant must then submit a Requisition Form to the City to initiate the reimbursement process.

For Step Three, the applicant must provide:

- Monitoring and compliance documentation

**STEP FOUR: REIMBURSEMENT**

TIF funds will be disbursed in two payments under the following conditions:

- The initial payment will include reimbursement for all items except that a portion of the payment will be withheld to guarantee the successful establishment of planted materials. The initial disbursement will be authorized after DCD has inspected the premises and issued a conditional Certificate of Completion.
- The second payment will be made following the close of the first full growing season in the year following the initial planting. Complete payment requires that all planting materials have been successfully established according to the approved landscape plan. The second disbursement will be authorized after DCD has reinspected the premises and issued a final Certificate of Completion.
- There are no outstanding issues regarding City permits or monitoring and compliance.
- TIF assistance may be subject to recapture if the property is sold within three years of project completion (MWRD tenants excepted).
- Once the preceding conditions have been satisfied, payment will be made within 60 days.

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**If you have any questions regarding the RIF program, please contact the City of Chicago DCD, Development Support Services Division at (312) 744-4389.**

# Riverfront Improvement Fund Application

Return the completed application and supporting documentation to:  
City of Chicago  
Department of Community Development– Development Support Services Division  
121 N. LaSalle St., Room 1006  
Chicago, IL 60602  
(312) 744-4389

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## *I. Applicant Information*

1. Applicant Name and Contact Information:

Primary Contact: \_\_\_\_\_  
Business Name: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
E-Mail Address: \_\_\_\_\_

2. Type of Entity\*:  Sole Proprietorship  Partnership  
 For-Profit Corporation  Nonprofit Corporation  
 Limited Liability Company

\* Provide partnership agreement or articles of incorporation

3. Ownership/Tenant Status:  Currently Own (attach deed and title policy)  
Year Purchased \_\_\_\_\_  
 Contract to Purchase (attach copy)  
Contract Date \_\_\_\_\_  
Closing Date \_\_\_\_\_  
 Metropolitan Water Reclamation District Lease (attach copy)  
Expiration Date \_\_\_\_\_

4. Name, address, and phone numbers of other persons or entities having an ownership interest in the property to be improved, if applicable:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**II. Property Description**

5. Project Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. General Location: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Property Size: \_\_\_\_\_ square feet or \_\_\_\_\_ acres  
Riverfront: \_\_\_\_\_ linear feet  
Existing riverwall structure-length \_\_\_\_\_ linear feet  
Existing riverwall structure-height \_\_\_\_\_ feet (measured from mean water level)  
Existing riverbank \_\_\_\_\_ linear feet  
Depth of existing river setback: \_\_\_\_\_ feet  
Area of existing river setback: \_\_\_\_\_ square feet

8. Zoning Designation: \_\_\_\_\_

9. Current Land Use:  Industrial  Commercial  
 Retail  Residential  
 Mixed Use  Other \_\_\_\_\_

10. Describe the current condition of the property. Include a description of building and site, indicate how the property and riverfront is used, identify any tenants, and indicate the number of on-site jobs. Describe the type, condition and use of the existing riverfront improvements and any riverfront setback area. Attach additional sheets if necessary.

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**III. Project Description**

11. Proposed riverfront system \_\_\_\_\_ linear feet  
Depth of proposed river setback: \_\_\_\_\_ feet  
Area of proposed river setback: \_\_\_\_\_ square feet

Type of Riverfront System:       Riverwall                       Riverbank  
    Combined System               Other system \_\_\_\_\_

12. Describe the proposed riverfront project. Describe the new riverfront structure or riverbank and any riverfront setback landscaping.

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13. Have any government permit applications been filed in connection with the proposed work? If so, identify the application and its status. Fully explain the reasons for any denial of permit.

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14. If the riverfront project is part of a larger redevelopment of the property, describe that project and indicate the estimated project costs. Indicate the expected jobs impact of the project.

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15. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to either of the applicants or the property?  Yes  No

If so, describe the type and amount of assistance provided:

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**Project Timing**

16. When will construction start (Month/Year)? \_\_\_\_\_ / \_\_\_\_\_
17. When will construction be completed (Month/Year)? \_\_\_\_\_ / \_\_\_\_\_

**Project Budget and Financing**

18. Complete Exhibit B, "Sources and Uses of Funds" regarding anticipated project costs and financing. What is the total amount of TIF assistance requested (in current dollars)? \$ \_\_\_\_\_

**IV. Signature**

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have 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 Construction Monitoring Requirements. Furthermore, I certify that I am authorized to initiate the application process on behalf of the project described.

Signed, \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

**Legal Disclaimer**

Completion of this application does not entitle the applicant to financial assistance. Any such assistance must be approved by the Community Development Commission and the Chicago City Council.

## *Application Checklist*

This checklist has been provided for your convenience. If you have any questions regarding the TIF application process, please call (312) 744-4389, if you have questions regarding the IRIF program, please call (312) 744-4171.

### **Forms**

- Application Form
- Sources and Uses of Funds

### **Provide the following documents**

- Legal Description of Property
- Proof of Ownership or Site Control:  
Property Deed, Title Policy,  
Purchase Option Contract, or MWRD lease
- Financial Statement
- Partnership Agreement, Operating Agreement  
or Articles of Incorporation
- Letter of Interest From Financing Sources (if project is to be bank financed)
- Engineering Report with Photographs
- Contractor's Estimates for Construction and Landscaping (minimum 2 each)
- Cross Section of proposed riverfront systems
- Site plan and landscape plan of proposed improvements
- Copies of any construction permits or permit applications

**All forms and documents must be submitted with the completed application.**