

CITY OF CHICAGO
SMALL BUSINESS IMPROVEMENT FUND (SBIF)
PROGRAM RULES

The City of Chicago's Small Business Improvement Fund is a Tax Increment Financing (TIF) program, which will reimburse building owners for TIF-eligible investments. Projects must preserve building stock, improve neighborhood appearance or economic value, and enable businesses to stay in the neighborhood, remain competitive, or even expand within the TIF District.

FUNDING

Grants only, in the form of reimbursement

Funding from 25%-75% of SBIF-eligible costs

\$150,000 maximum assistance per project and per applicant

If needed, applicants selected by lottery with a waiting list created

ELIGIBLE APPLICANTS

- Property owners or lessees. If lessee, property owners' consent needed
- Commercial Applicant: eligible applicants will have a maximum of \$3 million in annual sales for the past three years, or if new, a business plan for projected maximum sales for 3 years
- Industrial Applicant: eligible applicants will employ a maximum of 100 full-time equivalent employees. (no sales requirement)
- Landlord Applicants: maximum net worth of \$6.0 million, and total liquidity of no more than \$500,000. Lessees must also be eligible commercial or industrial tenants.
- Tenant Applicants: maximum of \$3 million in Gross Sales, must have a leasehold interest in the property for a minimum of three (3) years remaining on the lease term, would like to improve property according to a lease agreement, and have express prior property owner approval.
- Any applicant that has received other City of Chicago funding during three years prior to the date of the application, or is currently receiving additional assistance from the City of Chicago, shall have the total amount of said assistance deducted from the maximum SBIF grant amount. Exceptions are made for prior SBIF grants. Eligible applicants may receive up to \$150,000 per grant term. Applicants may re-apply one year from the date they receive a SBIF reimbursement check. If applicants received funding less than \$150,000, the applicant may reapply in the same year and their prior SBIF funds will be deducted from their eligible grant amount.

Businesses which are NOT eligible include, but may not be limited to: chain businesses (as defined by DCD); franchise businesses; branch banks; employment agencies; currency exchanges, pay day loan stores; pawn shops; astrology/ palm-reading; liquor stores, bars; adult bookstores, massage parlors; hotels or motels; track waging facilities; trailer-storage yards; and junk yards, or any uses similar to those listed.

VACANT PROPERTY

The SBIF Program encourages funding to bring vacant properties into rentable condition. In order for the landlord to receive reimbursement, the program will require a minimum 60% lease-up by square footage of the entire property and 100% lease-up of the ground floor space with a qualified tenant.

ELIGIBLE COSTS

Eligible costs are based upon renovations that become permanent to the building. The SBIF Program is designed to encourage economic development, to help Chicago businesses, and to encourage revitalization of neighborhoods. Eligible projects may include rehabilitation, remodeling, or renovation of items such as:

- Roofing and façade repair, including restoration of historic buildings
- Signs or awnings permanently affixed to the building
- Alterations or structures needed for ADA compliance (i.e. railings or ramps)
- HVAC and other mechanical systems
- Certain beautification efforts located in the public way
- Environmental remediation measures
- Purchase of adjacent land parcels for purposes of expansion or parking
- Parking facility paving
- Repair and other rehabilitation work to historic rooftop water tanks

The following items are NOT eligible for reimbursement, and therefore will not be counted toward total project cost (this is not an exhaustive list):

- New construction
- Minor repairs or improvements (very small jobs)
- Equipment-related expenses (i.e. cash registers and computers)
- Chain link perimeter security fencing
- Residential unit interiors

Only projects conforming to the uses and goals defined in the governing TIF Redevelopment Plan for the relevant TIF district will be accepted for funding.

DESIGN REQUIREMENTS FOR FACADE WORK

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. **Work which is potentially damaging to the building, such as the use of incorrect tuck pointing materials, will not be reimbursed. Plans must be submitted to SomerCor for design approval prior to beginning construction, or the project will be automatically disqualified.**

COMPLIANCE

- Investigations will be performed on all applicants prior to funding to insure that they are not indebted to the City and that they are in compliance with child

- support laws (called a Scofflaw check).
- Each applicant will complete and sign an Economic Disclosure Statement Affidavit (included in application documents).
 - Grantees will be required to sign an affidavit certifying that they will not relocate out of the TIF district or sell the business within a three-year period following disbursement of funds under the Program.
 - In cases of SBIF reimbursement for adjacent property purchase for business expansion or parking, proof of land ownership will be required before reimbursement may be made.
 - If an owner and a tenant apply for program funds separately for the same property, they are eligible for a combined assistance of \$150,000, to be allocated per the owner's request.

TECHNICAL ASSISTANCE

Grantees will have access to technical assistance to aid them in selecting contractors, obtaining bids, and drawing up proper work contracts.

MINORITY/WOMEN OWNED BUSINESSES (M/WBE)

Upon request, directories of M/WBE contractors will be provided to all successful applicants to encourage the hiring of such contractors under the program.

APPLICATION PROCESS

Stage 1. (Application Process, 20 day time frame)

Application has been received; all supporting documents due within 20 days. Missing or incomplete paperwork will be requested at this time. If the applicant is ineligible, the reasons for that determination will be explained.

Lottery. If demand for grant funds exceeds available money in any given SBIF District, all eligible applications will be placed in a lottery. Once all the available funds have been reserved for lottery participants, the remaining participants will be wait-listed in the order their lottery numbers were drawn. Wait-listed participants will be notified if surplus funds become available.

Stage 2. (Project Planning, 120 day time frame)

- Applicants must submit a minimum of two separate contractor bids, a City of Chicago Business License for their contractor, and proof of their contractor's General Liability Insurance for all eligible work listed on their application
- If a permit is needed, applicants must submit a City of Chicago Building Permit for all work to be performed
- SomerCor determines the percentage of rebate 25%, 50%, or 75%
- Any outstanding debt to the City of Chicago must be paid. Any outstanding child support payments must be paid. A receipt for payment must be submitted to SomerCor

- The Applicant is advised to consult SomerCor to insure that all Program Guidelines are met prior to finalizing plans for eligible work
- SomerCor shall conduct an initial site inspection and photographically document proposed projects

If all the above is acceptable, Applicant will receive a **Conditional Commitment Letter** (Stage Three Letter) from the City of Chicago, indicating the maximum grant the Applicant may receive.

ANY WORK BEGUN PRIOR TO RECEIVING A CONDITIONAL COMMITMENT LETTER FROM THE CITY OF CHICAGO WILL NOT BE ELIGIBLE FOR REIMBURSEMENT UNDER THIS PROGRAM

Stage 3. (Construction, 300 day time frame) Construction work must be performed in accordance with plans and specifications approved by the City of Chicago. Changes may occur, but must be approved in writing by the City of Chicago.

- Applicant submits closing documentation including cancelled checks and waivers of lien to prove payment.
- SomerCor conducts the final site visit to confirm that the Applicant fully complied with the program requirements.

Applicants may receive one extension in the case of an unavoidable delay due to extraordinary circumstances. Extension requests must be submitted in writing.

Stage 4. (Voucher) SomerCor will collate documents and submit to the City of reimbursement. This process should take around 6-8 weeks.

Stage 5. (Closing) Reimbursement of grant funds.

Eligible Matching Percentage Schedule

Landlord- no ownership interest in the business leasing the commercial space

*If the applicant has **net worth**:*

- Greater than \$6 Million, **ineligible**
- Greater than \$4.5 Million, but *less than or equal to* \$6 million; **eligible for 25%**
- Greater than \$2.5 Million, but *less than or equal to* \$4.5 million; **eligible for 50%**
- Less than or equal to* \$2.5 Million; **eligible for 75%**

Tenant- leasing for a minimum of three years from a building owner of no financial relationship

If the applicant shows **sales**¹:

- Greater than \$3 Million, **ineligible**
- Greater than \$2 Million, but less than or equal to \$3 million; **eligible for 25%**
- Greater than \$1 Million, but less than or equal to \$2 million; **eligible for 50%**
- Less than or equal to \$1 Million; **eligible for 75%**

Industrial – All industrial applicants receive a 50% rebate. They must have 100 or fewer full time equivalent employees. They are exempted from gross sales reporting and personal net worth requirements

Owner / Occupied- has ownership interest in business and property

-The schedules above for both net worth and sales apply. If the applicant should fall within different eligibility ranges for net worth and sales (i.e. 75% / 50%), then the applicant will be eligible for the **lesser** of the two percentages (i.e. 50%).

Eligible Project Costs **Small Business Improvement Fund**

**this list is not intended to be exhaustive, but rather a representation of what the program has covered in prior projects.*

Exterior Work:

- Storefronts, Awnings, signs
- Masonry, Tuck pointing, structural improvements
- Sidewalks, permanent landscaping, public beautification efforts
- Parking lot paving, wrought iron fencing, acquisition of adjacent land for parking
- Roof, Skylights, insulation measures
- windows, doors, exterior lighting, lintels, detail, garage / service doors

Interior Work:

- Wood Floors, Marble Floors, Tile Floors
- Carpentry work, tenant build-out, new walls, interior renovations, office buildouts
- Lighting systems, permanent fixtures and equipment
- Bathroom Renovations
- Drop Ceilings
- stairways, basements, I-beams

Systems Work:

- Plumbing
- Electrical
- Heating, Ventilation, and AC
- Boilers
- Elevators

¹ Sales are defined as gross receipts as filed on a tax return; if business is new, these are projected gross receipts

- permanent security measures
- Walk-in cooler systems

SomerCor 504, Inc. Mailing Address:

SomerCor 504, Inc.
Attn: SBIF Department
601 S. LaSalle Street, Suite 510
Chicago, Illinois 60605
Phone: (312) 360-3334