

**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 for up to 75% of SBIF-eligible costs  
\$150,000 maximum assistance per project and per applicant  
Applicants selected by lottery; a waiting list will be created, if needed

**ELIGIBLE APPLICANTS**

- Property owners OR lessees, with property owners' consent
- If business occupying the property in question is *commercial*, eligible applicants will have a maximum of \$3 million in annual sales for the past three years, or a business plan for new businesses showing the same level of projected **maximum** sales for 3 years
- If business occupying the property in question is *industrial*, eligible applicants will employ a maximum 100 full-time equivalent employees. (no sales requirement)
- Building owners or ownership entities who conform to **maximum** net worth and liquidity requirements (total net worth no more than \$6.0 million, and total liquidity of no more than \$500,000) and who lease space to eligible commercial or industrial tenants.
- Tenants that meet the Annual Sales Requirement of a **maximum of \$3 million**, have a leasehold interest in the property, 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.
- Qualified building owners who seek to attract new commercial, industrial, or institutional tenants to vacant space
- 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 deducted from the maximum SBIF grant amount. Exceptions are made for prior SBIF grants. Eligible applicants may receive up to \$150,000 per year. 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: fast-food chain restaurants; national chain businesses (as defined by DPD); 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; truck washing facilities; trailer-storage yards; and junk yards, or any uses similar to those listed.

**VACANT PROPERTY**

Funding for vacant properties 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, prior to funding.

**ELIGIBLE COSTS**

Any TIF-eligible improvement which permits a building owner to attract new commercial or industrial tenants, allows an eligible business owner to maintain or expand operations, or contributes to the improved appearance and viability of a property. This includes, but is not limited to, rehabilitation, remodeling, or renovation of items such as:

- roof and façade; façade repair and restoration of historic buildings
- repair and other rehabilitation work to historic rooftop water tanks
- signs or awnings which are permanently affixed to the building
- alterations or structures needed for ADA compliance (e.g. railings or ramps)
- HVAC and other mechanical systems
- certain beautification efforts located in the public way

- certain environmental remediation measures
- purchase of adjacent land parcels for purposes of expansion or parking
- paving of parking facilities

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 such as painting
- equipment-related expenses
- planters surrounding or affixed to buildings
- perimeter security fencing
- work on the interior of residential units

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 tuckpointing 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**

- Checks 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.
- Each applicant will sign an affidavit in lieu of an Economic Disclosure Affidavit.
- 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 land purchase, 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.

### **TIME LIMITS**

Each stage of the program has a time limit by which it must be completed. **Applicants who do not complete each stage within that limit may be disqualified:**

- Applicant supplies any missing information to complete their application: **20 DAYS**
- Plans, bids, and specs, are obtained, debts are cured: **120 DAYS**
- Construction is completed or land is purchased: **10 MONTHS**

A maximum of one extension may be granted with City approval in the case of an unavoidable delay due to extraordinary circumstances, only.

### **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)**

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)** Applicant completes application and submits it during the application acceptance period (rolling, in some cases) with supporting documentation to via mail or personal delivery:

SomerCor 504, Inc.  
Attention: John Paulun or Derek Walvoord  
601 S. LaSalle Street, Suite 510  
Chicago, Illinois 60605  
Phone: (312) 360-3334

SomerCor conducts site visit and photographs property.

*Within 10 days of receiving the application, SomerCor will send a letter informing the applicant of its eligibility. A request for more information to determine eligibility may be made 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 month, 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)** Applicant will receive a letter from SomerCor informing them of the lottery results and / or their acceptance to the program. Within 120 days of receiving this letter:

- ❑ Applicants who have had funds reserved as a result of the lottery must submit **drawings, bids, and/or draft contracts** for **all** eligible work listed on their application.
- ❑ In addition, applicants must submit copies of **Insurance Certificates** and **Business Licenses** for all contractors, as well as copies of **City of Chicago Building Permits** for all work to be performed.
- ❑ 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.
- ❑ Applicant must either attend a MBE/WBE forum or receive an MBE/WBE directory.
- ❑ The Applicant is advised to consult SomerCor to insure that all Program Guidelines are met prior to finalizing plans for eligible work.

*If all the above is acceptable, Applicant will receive a **Conditional Commitment Letter** from the City of Chicago, indicating the maximum grant the Applicant may receive. If unacceptable, applicant will receive a letter explaining the determination.*

**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)** Construction work must be performed in accordance with plans and specifications approved by the City of Chicago. Entire SBIF project must be completed within **10 Months** of the date of the Conditional Commitment letter. Any changes must be approved in writing by the City of Chicago.

**Stage 4. (Closing)** A closing and reimbursement will occur only upon the completion of all of the following:

- ❑ SomerCor conducts final site visit and makes a finding that the Applicant fully complied with the program requirements.
- ❑ Applicant submits closing documentation.
- ❑ Applicant submits in writing verification that all of the agreed upon work was completed correctly.
- ❑ SomerCor makes final determination of grant amount (50% of funds expended for eligible, approved work, up to the maximum amount set forth in the Conditional Commitment letter.)
- ❑ SomerCor receives final approval from City of Chicago who processes grant payment and forwards to SomerCor. SomerCor will then reimburse Applicant.

## **Eligible Matching Percentage Schedule Small Business Improvement Fund**

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

*If the applicant has **net worth**<sup>1</sup>:*

- 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**<sup>2</sup>:*

- 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%**

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%).

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<sup>1</sup> Net Worth is defined as Assets minus Liabilities; what is owned minus what is owed.

<sup>2</sup> Sales are defined as gross receipts as filed on a tax return; if business is new, these are projected gross receipts

## **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
- permanent security measures
- Walk-in cooler systems

**NOTE ON DESIGN REQUIREMENTS  
TO SBIF APPLICANTS**

*All projects involving any work to the exterior of the building must meet the following minimum design standards, whether part of the project or not:*

- All signs must be well-maintained and kept in good working order. Signs which are in poor condition must be renovated or removed.
- Illegal signs, roof signs, signs with moving or flashing parts, temporary signs, signs for prior businesses, and unused structural sign supports must all be removed.
- Large projecting signs which project more than five feet from the face of the building or extend above the roof line must be removed.
- The City of Chicago will not fund work which may be damaging to property.

## **SMALL BUSINESS IMPROVEMENT FUND (SBIF) Frequently Asked Questions**

### ***What is the maximum grant amount allowed under the Small Business Improvement Fund (SBIF)?***

The SBIF Program provides grants in the form of reimbursement that are 25-75% of the total eligible project costs, not to exceed \$150,000 per applicant, with the opportunity to reapply after one year. The percent reimbursement is based on business sales or projected gross receipts. Any additional expenses incurred by the applicant that are not eligible under the program guidelines will not be considered in this calculation.

### ***What are eligible project costs?***

Project costs that are eligible under the SBIF program include renovation and repair of the building, alterations needed for compliance with the Americans with Disabilities Act, façade repair and restoration of historic buildings, repair and other rehabilitation work to historic rooftop water tanks, and improvements necessary for environmental remediation. All external work listed on the application must comply with City of Chicago design standards. Any work started prior to applicant receiving a Conditional Commitment from the City of Chicago is not eligible for SBIF funds. New construction is not eligible for SBIF funds.

### ***What is the first step to apply for the grant?***

The applicant should contact SomerCor 504, Inc. for program information and an application. Applicant should complete the simple application and submit it to SomerCor 504, Inc. SomerCor will notify the applicant of their eligibility and estimated grant amount, based on the application and the availability of funds.

### ***How do I qualify?***

- Commercial Business: Annual sales in each of the last three years of up to \$3 million.
- Industrial Business: Must have no more than 100 full time equivalent employees.
- Landlord: Property owners must have a combined net worth not exceeding \$6 million and total liquid assets not exceeding \$500,000.
- Tenant: Annual sales of up to \$3 million with express prior property owner approval

In addition, each individual who is applying for a grant and has an interest as an owner, tenant, partner or member in the property must not have any unpaid parking tickets or other indebtedness to the City and must be current on all applicable child support payments and must submit a satisfactory Economic Disclosure Statement and Affidavit.

### ***Will there be enough SBIF Funds for all applicants?***

Each Tax Incremental Financing (TIF) District has limited funds reserved for the SBIF Program. If demand for the SBIF funds is greater than the funds available, a lottery will be conducted. If any surplus funds become available, they will be allocated to waitlisted applicants.

### ***How do I get the grant?***

- Complete and submit application.
- Get project plans approved.
- Complete project exactly as approved.
- Meet all deadlines and requirements.

### ***How do I pay back the money?***

The funds provided by the City through the SBIF Program are grants, and therefore are not repaid by the applicant.

### ***What will my reporting responsibilities be to the City once I receive the money?***

Once the applicant receives the grant, he or she must provide minimal information to SomerCor annually and continue to own the property for three years. If applicant owns both property and business, they must not relocate the business outside of the TIF district for three years. If the applicant is a tenant, the lease term must have more than three years remaining.

### ***Who should I call if I have questions?***

SomerCor 504, Inc. is administering the program for the City. You can contact John Paulun or Derek Walvoord at (312) 360-3334 for assistance or to submit an application:

John Paulun, SBIF Director  
SomerCor 504, Inc.  
601 S. LaSalle Street, Suite 510, Chicago, IL 60605  
PH (312) 360-3305 FAX (312)-360-3333  
Email: jpaulun@somercor.com

OR

Derek Walvoord, SBIF Director  
SomerCor 504, Inc.  
601 S. LaSalle Street, Suite 510, Chicago, IL 60605  
PH (312) 360-3319 FAX (312)-360-3333  
Email: dwalvoord@somercor.com