

# Somercor Small Business Improvement Fund (SBIF) FAQs

## What is a SBIF grant?

The City Chicago Small Business Improvement Fund or SBIF grant program uses Tax Increment Financing (TIF) revenues to assist owners and tenants of commercial and industrial properties with financing for the improvement of their building interior, exterior, mechanical systems and more, or to acquire adjacent land parcels. Program participants can receive reimbursement grants covering 25%, 50%, or 75% of approved project costs. Grants are provided after an approved project is complete and all expenses are paid.

## Who can apply for a SBIF grant?

Business and property owners can apply if they are in [SBIF districts](#) in the City of Chicago that are currently accepting new applications for the program. Business owners can own or lease their places of business. Landlords of commercial or industrial properties can also apply. Acceptance for possible funding shall be evaluated and approved according to the SBIF grant eligibility requirements as outlined [here](#).

## Am I in a SBIF district?

There are a few resources available to help you determine if you are in a SBIF district:

- You can consult the [Chicago Department of Planning and Development zoning map](#).
- [Individual maps of TIF districts](#) are made available by the Chicago Department of Planning and Development. A map with all TIFs with the SBIF program can be found below.
- If you own the property, your Cook County property tax bill will indicate if you are in a TIF district.

## How do I get the grant?

- Complete and submit [application](#) within a designated [application acceptance period](#).
- Get project plans approved.
- Complete project exactly as approved.
- Meet all deadlines and requirements.

## How do I apply for the grant?

Check to see if you are in an [eligible SBIF district](#). Download and submit an application within an open application acceptance period.

## What is a TIF, and why is it important for me?

Tax Increment Financing (TIF) is the public financing mechanism that funds the SBIF program in certain well-defined areas in Chicago. An incremental portion of the property taxes generated within these areas, which are commonly known as “TIF districts,” is allocated for economic development and public works projects and initiatives. A portion of those funds may then be allocated to the SBIF program for businesses located within that TIF district through an act of the City Council of Chicago. If a property is not located in a TIF district, then it cannot qualify for a SBIF grant.

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## **What can I do through the SBIF, and what costs are eligible for reimbursement?**

Project costs that are eligible under the SBIF program include expenses related to: renovation and repair of commercial and industrial buildings (or the commercial portion of a mixed-use building); alterations needed for compliance with the Americans with Disabilities Act; facade repair and restoration of historic buildings; MEP improvements; and improvements necessary for environmental remediation. The program can reimburse for qualified permanent work expenses as well as some of the associated project “soft costs” such as project-specific expenses for architectural work. A more complete list of eligible and ineligible project types and costs can be found on the [SBIF Eligibility page](#). All external work listed on the application must comply with [City’s Design Guidelines](#).

*Any work started before receipt of a conditional commitment letter from the City of Chicago’s Department of Planning and Development is not eligible for grant funds. Projects completed outside of the formal grant process are not eligible for grant funds; grants cannot be retroactively awarded for projects completed outside of the formal grant process. New construction is not eligible for grant funds.*

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

The funds provided by the City of Chicago through the SBIF program are reimbursement grants. As such, the funds are not repaid to the City of Chicago by the applicant.

## **Who is Somercor?**

Somercor is a 501(c)(4) not-for-profit corporation that has contracted with the City of Chicago to manage the SBIF program. Our address is: 601 S. LaSalle, Suite 510, Chicago, IL, 60605.

## **How do I qualify as a small business, and how will my reimbursement percentage be determined?**

- **Commercial Business:** Annual sales must total less than \$5,000,000.
- **Industrial Business:** Must have one hundred (100) or fewer full-time equivalent employees.
- **Landlord:** Property owners must have a combined net worth that does not exceed \$6,000,000 and total liquid assets that do not exceed \$500,000. (Examples of liquid assets are: cash on hand, and non-retirement stocks and bonds.) This requirement shall also apply to Industrial Businesses that lease any portion of the property to one or more entities which do not share common ownership with the applicant business.
- **Tenant:** Annual sales of less than \$5,000,000, with express prior property owner approval.

Your reimbursement percentage will be determined according to your *appropriate* application type (Landlord, Tenant, Owner-occupied, Industrial). Applicants cannot opt to apply under an application type that does not correspond to the actual nature of the applicant’s control of the project property or the organization or operation of the business. Factors that determine reimbursement percentage and related financial eligibility criteria are **business gross sales/not-for-profit gross receipts, landlord net worth, landlord liquidity, and number of full-time equivalent employees**, depending upon application type.

## **LANDLORD:**

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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 \$2.5 million: **eligible for 75%**

*If the applicant has cumulative liquidity of \$500,000 or more, ineligible. **Liquidity** includes cash on hand and in banks, marketable securities such as stocks and bonds held in non-retirement brokerage accounts, and the cash surrender values of certain types of life insurance policies.*

**PLEASE NOTE:** The restrictions on net worth and liquidity are **CUMULATIVE** restrictions that apply to all *individuals (natural persons)* with 7.5% or greater direct or indirect ownership interest in the project property for Landlord and Owner-occupied application types. For example, if a property is owned by four individuals through a limited liability company in which each individual possesses 25% of the company's ownership units, the cumulative net worth and liquidity totals for all four individuals shall be considered when eligibility is evaluated. The restrictions on net worth and liquidity do not apply to the Tenant applicant type (see below).

## **TENANT:**

Leasing for a minimum of three years from a building owner of no financial relationship

*If the applicant shows **gross sales (gross receipts for not-for-profits):***

- Greater than \$5 million: **ineligible**
- Greater than \$4 million, but less than \$5 million: **eligible for 25%**
- Greater than \$3 million, but less than \$4 million: **eligible for 50%**
- Less than or equal to \$3 million: **eligible for 75%**

## **OWNER-OCCUPIED**

Has ownership interest in business and property

- The above-mentioned schedules for both net worth AND sales AND all requirements for Landlord and Commercial Tenant types also 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%).

## **INDUSTRIAL**

Either a building owner or a building tenant

- Eligible Industrial applicants receive 50% rebates. (Must have 100 or fewer *full-time equivalent employees*. Sales and net worth maximums are not considered). *Property owners that would otherwise be evaluated for eligibility under this type but lease any part of the property to one or*

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*more entities in which they do not have an ownership interest shall also be subject to the net worth requirements.*

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

- \$150,000 maximum assistance per industrial property
- \$100,000 maximum assistance per single owner/tenant commercial property or landlord
- \$250,000 maximum may be granted per multiple owner/tenant commercial property, with \$50,000 maximum assistance per tenant/landlord

Applicants may receive one or more grants up to their maximum program assistance. Once this maximum is reached, the applicants will need to wait three years to reapply.

## **Is there SBIF funding in my area?**

Every SBIF area has its own budget that the City refills if it has TIF funds available and if there is a demonstrated need for more grant money. Please check with us to see if there are funds in your SBIF. [Here](#) is a list of the City's TIF districts that have SBIFs.

## **What if I am in a TIF and it is not a SBIF?**

Tax Increment Financing (TIF) is the mechanism that funds the Small Business Improvement Fund (SBIF). If you are in a TIF district and it does not have a SBIF, please contact your alderman. Your alderman's phone number can be found in the zoning map information ([click here](#)). You can also contact the project manager from the Department of Planning and Development.

## **What about Scofflaw (City Debt)?**

Each individual who is applying for a grant and has an interest as an owner, tenant, partner, member, or board member (in the case of not-for-profit entities) in the business that operates at the project property or in the ownership of that property (for owner-occupied applicants) may not have any unpaid parking tickets, water bills, past due license fees, or other indebtedness owed to the City of Chicago. No conditional commitment for funding or reimbursement for completed work shall be made in connection with a property for which Cook County property taxes are past due. Additionally, all such individuals must be current on all child support payments (if applicable) and must submit a satisfactory Economic Disclosure Statement and Affidavit.

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

Each Tax Increment Financing (TIF) district that has the SBIF program authorized in it has limited funds reserved for the program. If demand for the SBIF funds is greater than the available funding supply, then a lottery will be conducted to determine the order in which each grant application may be accommodated. If any surplus funds become available, they will be allocated to waitlisted applicants.

## **What will my 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. If the applicant owns the property, they must continue to own the property for three years. If

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applicant leases the property, 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.

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

Somercor is administering the program for the City, so please contact us at [sbif@somercor.com](mailto:sbif@somercor.com).

## **Can I be a start-up?**

Yes, start-ups can apply. Start-up applicants will need to supply a detailed business plan and projections of the business's income and expenses for its first 36 months of operation as part of their application materials. Please note that the City of Chicago reserves the right to impose additional conditions for funding in connection with start-up business applications.

## **What if I have been in business for only one or two years?**

If you have only been in business for 1-2 years, Somercor requires tax returns and a projection of gross sales to equal three years of data.

## **Am I eligible if I live outside of Chicago?**

The important consideration is where you have your business/property. To participate in SBIF, your property has to be in the City of Chicago, as the funding source comes from City of Chicago property taxes. If you live in another area, please call your city's planning, economic development, or community development department to see what other programs may be available to assist small business.

## **What if my building has both business and residential spaces?**

This program is primarily for business use. Business space projects may be eligible. Residential space interior and residential projects are ineligible. Mixed use exceptions: Chicago has many mixed use buildings, with both commercial and residential space. For these buildings, many envelope projects such as roofing, facade improvements, and tuck pointing can be eligible. No second-floor interior work to a mixed-use building shall be considered eligible if the property is classified as a "Class 2-12" type property ("Mixed use commercial/residential building with apartment and commercial area totaling six units or less with a square foot area less than 20,000 square feet") by the Cook County Assessor for property tax purposes.

**Ready to get started? Go to our [site](#) and start the inquiry process today!**