

# EXISTING FINANCIAL INCENTIVES

## CHICAGO DEPARTMENT OF PLANNING & DEVELOPMENT PROGRAMS

### Tax Increment Financing (TIF) (Fullerton/Milwaukee TIF expires 2027)

The TIF is intended to help rehabilitate existing buildings, assemble and prepare land for new uses, and install streetscape elements that reinforce neighborhood identity. The TIF is also designed to undertake appropriate remediation measures on redevelopment and rehabilitation sites and repair and replace infrastructure where needed.

### Small Business Improvement Funds (SBIF)

SBIF grants use local TIF funds to reimburse commercial property owners for pre-approved repair or rehabilitation of their building or adjacent land acquisition. Grants will cover a percentage of the cost of a permanent building improvement, such as storefront rehabilitation, building system fixes, interior remodeling, and roof replacement. Residential projects are not eligible for SBIF funds.

### PACE Program

Chicago Property Assessed Clean Energy (PACE) is a financial tool that facilitates the City's sustainability efforts while providing economic development opportunities by reducing developer capital costs and driving down operational expenses for existing properties.

## DEPARTMENT OF HOUSING

### LIHTC

Low Income Housing Tax Credits (LIHTC) are a dollar-for-dollar federal tax credit for affordable housing investments. LIHTC gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans.

Within the study area, some potential programs and locations can assist in higher scoring for LIHTC applications:

Qualified Census Tract (QTC): There is one QTC in the study area, located on Milwaukee Avenue between Central Park and Ridgeway Avenues.

Opportunity Areas (OA): There is one OA in the study area, located on Milwaukee Avenue between Sacramento and Kedzie Avenues.

## CHICAGO DEVELOPMENT FUND

### New Market Tax Credits

New Market Tax Credits incentivize community development and economic growth through the use of tax credits that attract private investment to “distressed” communities. In Chicago, New Market Tax Credits are administered by the Chicago Development Fund (CDF).

New Market Tax Credits in the Study Area:

- Milwaukee Avenue between Western and California Avenues
  - These two census tracts are considered eligible because they may exhibit secondary distressed criteria.
- Milwaukee Avenue between Kedzie and Ridgeway Avenues
  - Census tracts along this stretch of the study area are considered distressed and are eligible for New Market Tax Credits.

### Aldermanic Menu Funds

The City of Chicago allocates funds to each Alderperson to spend at their discretion on capital improvements within their ward. Menu funds can only be spent on capital projects such as street repaving, pedestrian safety projects, lighting, traffic calming, and sidewalk repairs.

### Special Service Area (SSA)

A Special Service Area (SSA) is a local tax district that funds expanded services and programs through a localized property tax levy within an area. SSA projects typically include

public way maintenance and beautification, district marketing, business retention and attraction strategies, special events, rebate programs for exterior improvements, and other commercial and economic development initiatives. There is currently no SSA within the study area.

### Small Business Loan Program

Through a partnership between the City of Chicago Treasurer’s Office and community-based lenders, small companies can use a loan of up to \$250,000 for equipment purchases, working capital, inventory, leasehold improvements, expansion, or other uses.

## STATE OF ILLINOIS

### Affordable Illinois - HB 2621

The Affordable Housing Special Assessment Program was established by House Bill 2621 in July 2021 and provides property tax relief to incentivize the creation, rehabilitation, and maintenance of affordable housing units in Cook County. While the ordinance only applies to D (downtown) zoning districts, a developer can achieve a D-zoning change with City Council approval.

### Illinois Main Street

Illinois Main Street is part of Main Street America, a national network of organizations and individuals working to bring vitality and prosperity to downtowns across the country. This organization fosters local economic development by providing hands-on training, workshops, networking opportunities, and access to resources, incentives, and grants.

## **NON-PROFIT PARTNERS**

### **Community Investment Corporation (CIC)**

CIC is a nonprofit, certified Community Development Financial Institution (CDFI) that provides financing to acquire, rehab, and preserve affordable rental housing in metropolitan Chicago. CIC leads a variety of programs, including “The Preservation Compact”, a partnership that works to preserve affordable rental stock of buildings with 5 or more units, and Mezzanine Debt that offers flexible financing options for developers looking to purchase or refinance existing rental properties in higher-cost markets.

### **Neighborhood Housing Services of Chicago**

NHS is a nonprofit, HUD-certified housing counseling organization committed to helping homeowners strengthen neighborhoods by offering grants to provide and preserve affordable home ownership to property owners with fewer than 5 housing units.

## **FEDERAL INCENTIVES**

### **Transportation Infrastructure Finance and Innovation Act (TIFIA49)**

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides credit assistance for surface transportation and Transit-Oriented Development (TOD) projects. TOD projects eligible for TIFIA funding include those improving public infrastructure near transit stations and joint developments that coordinate transit facilities with non-transit private development, with eligible costs covering various project phases and expenses.

### **Railroad Rehabilitation & Improvement Financing (RRIF)**

The RRIF program provides credit assistance for railroad infrastructure, intermodal facilities, and economic development projects, with eligibility criteria including private investment, proximity to transit stations, and the ability to generate revenue exceeding costs. The program has a \$35 billion revolving loan authority for construction and related expenses.

### **New Energy Home Credit (45L)**

The section 45L tax credit offers tax incentives for constructing energy-efficient homes that meet EPA’s Energy Star or DOE’s Zero Energy Ready Homes certification. Eligible projects, including commercial to residential conversions under the Energy Star Multifamily New Construction program, can receive tax credits ranging from \$500 to \$5,000 per dwelling unit, with additional considerations such as certification requirements and prevailing wage criteria for multifamily projects.

### **Energy Efficient Commercial Buildings Deduction (179D)**

179D offers a tax deduction for energy efficiency improvements in commercial and multifamily buildings over three stories, covering enhancements to lighting, HVAC systems, and the building envelope. Commercial to residential conversions meeting the energy requirements of this deduction may be eligible for deductions ranging from \$0.50 to \$1.00 per square foot, with potential adjustments for prevailing wage and apprenticeship requirements, and the deduction available to building owners and long-term lessees.