



Cook County Bureau of Economic Development

Commit to Cook
2014

Toni Preckwinkle
President
Cook County Board of Commissioners

Herman Brewer
Bureau Chief
<http://cookcountyil.gov/economicdevelopment>



Loan Programs

BUILT In Cook Loan

Overview

Also known as the Section 108 Loan Pool, BUILT (Broadening Urban Investment to Leverage Transportation) in Cook program allows the County to borrow money from private investors at reduced interest rates to promote economic development, stimulate job growth and improve public facilities. The loan guarantee from HUD is for \$30 million.

Eligibility

Projects must support one of four types of sustainable development:

- Transit-oriented, mixed-use developments within a half-mile of passenger rail;
- Cargo-oriented projects near freight rail lines and terminals;
- Mixed-use hospitality/service sector projects near transit lines
- Business development loans.

Financing

The minimum amount per transaction is \$500,000. The maximum amount is \$5,000,000 or \$35,000 per job created, whichever is less. The BUILT in Cook Loan Program has prevailing wage requirements.

Loan Rates

The term of the loan will match the useful life of the assets being financed. The Cook County Bureau of Economic Development (CCBED) loan rate will be 150 to 450 basis points (1.5% - 4.5%) above the stated index rate as provided by HUD. Rates may vary based on market conditions and credit worthiness of the borrower.

- Maximum loan to value including the senior loan (lender's 1st mortgage) is 90%.
- The maximum loan provided by CCBED for any project cannot exceed 30% of total project costs.
- Additional security and cross collateralization may be required.
- CCBED reserves the right to require a debt service reserve and/or personal guarantees based on the financial strength of the borrower and the project risk.



Loan Programs, Cont.

BUILT 50-40 Loan Program

Overview

The 50-40 Loan Program provides loans to any industrial or commercial company located or planning to locate in Suburban Cook County. The goal of the program is to support job creation and retention projects that are typically associated with small businesses.

Eligibility

The 50-40 Program targets small businesses in Suburban Cook County. The company must be in business at least three years and have proof of credit via a formal bank commitment. The loan can be used for project related soft costs and acquisition, construction/rehabilitation, and machinery and equipment.

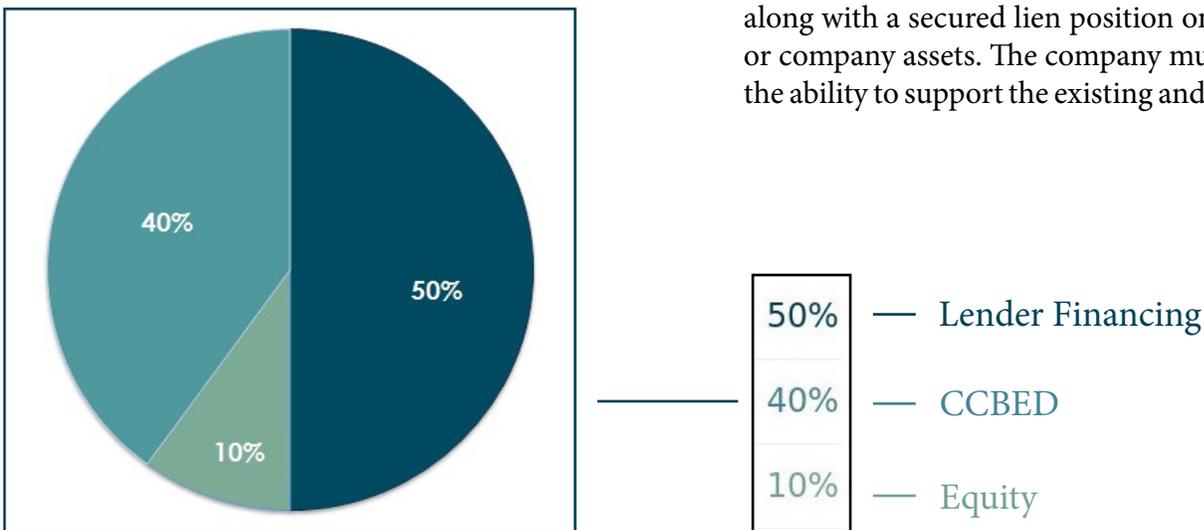
Financing

The Program may only be used to finance up to 40% of total project costs (e.g. 50% lender financing, 40% CCBED, and 10% equity). The loan amount per transaction is \$35,000 to \$500,000. One full-time equivalent job must be created or retained for every \$35,000 provided. CCBED financing cannot exceed 40% of total project costs. An equity contribution of 10% is required. Loans terms and amortization schedules shall be matched with the assets being financed by the program. Only one CCBED loan can be outstanding to the company and/or ownership group at any given time. Prevailing wage requirements may apply to this program (Davis-Bacon) along with permanent job creation/retention requirements.

Loan Rates

The CCBED loan rate will be 150 to 450 basis points (1.5% to 4.5%) above the stated index rate provided by HUD. Collateral requirements for the loan may include a personal and corporate guarantee along with a secured lien position on personal and/or company assets. The company must demonstrate the ability to support the existing and proposed debt.

Loan Structure



Loan Programs, Cont.

Emerging Business Development Loan Fund

Overview

This loan provides financing for certified Cook County minority owned businesses (including female owned businesses).

Eligibility

Loans will typically be used to finance acquisition, construction/rehabilitation, machinery and equipment, and project related soft costs.

Financing

- The loan amount per transaction is \$35,000 to \$500,000.
- Financing cannot exceed 50% of total project costs.
- Only one Cook County Bureau of Economic Development (CCBED) loan can be outstanding to the company and/or ownership group at any time.
- Prevailing wage requirements may apply to this program (Davis-Bacon) along with permanent job creation/retention requirements.

Loan Rates

The CCBED loan rate will be 150 to 450 basis points (1.5% to 4.5%) above the stated index rate provided by HUD.

Collateral requirements for the loan may include assignment of contract payments, a personal and corporate guarantee, along with a secured lien on personal and company assets.



No Cash Bid Program

Overview

The Cook County Board created the No Cash Bid Program in 1991. The No Cash Bid Program is an economic development tool designed to assist municipalities and taxing bodies in the acquisition of tax delinquent property allowing the transformation of parcels, through privately funded re-development and public works programs, into areas with new resources and an improved community environment. By assisting the municipalities in the process of acquiring Certificates of Purchase, Cook County Government is able to help revive areas with new housing and business ventures. These projects generate new property tax and sales tax from parcels that had once been a drain on municipal resources. Over half of the 135 municipalities in Cook County have participated in this process throughout the years.

Projects

Municipal projects include community centers, shopping centers, First Responder training and operations facilities, and storm-water management projects. These have brought needed resources and services to Cook County residents.

Eligibility

Any city, village, township, and park district within the boundaries of Cook County, or the Cook County Forest Preserve District may submit a request to participate. Other applicants interested in the No Cash Bid Program will be “Third Party Requestors” to a request from one of the qualifying taxing districts previously noted.

Current Uses

There have been many successful re-development projects that have returned properties to the tax rolls in 70 municipalities and 3 townships that have participated. Currently, Cook County’s Neighborhood Stabilization Program (NSP) is working with the City of Chicago Heights and other communities to build affordable housing on land that was acquired through the No Cash Bid Program.



Before - 5th Avenue & Roosevelt Road, Maywood, IL



After - 5th Avenue & Roosevelt Road, Maywood, IL



Tax - Exempt Bonds

Industrial Revenue Bond Program (IRB)

Overview

Cook County Bureau of Economic Development (CCBED) has the ability to issue tax-exempt Industrial Development Revenue Bonds (IRBs) on the behalf of manufacturing companies located or planning to locate in Suburban Cook County.

The IRBs can be used by manufacturing companies to finance qualified capital expenditures. The intent of the CCBED IRB program is to support job creation and retention activities as it relates to manufacturing companies in Suburban Cook County.

Eligibility

The Cook County IRB program can be used to finance qualified facilities that are involved in the manufacturing and processing of tangible goods.

- The program is available to manufacturing companies that have not incurred more than \$10 million of capital expenditures for a period of three years prior and three years after bond closing (6 year period).
- Additionally, the manufacturer cannot have outstanding tax-exempt debt of more than \$40 million anywhere in the United States.
- The final determination of the project eligibility is subject to the legal opinion provided by qualified municipal bond counsel.

Financing

- The recommended minimum IRB amount is \$1,500,000.
- Bonds issued for less than \$1,500,000 are typically not cost effective due to the issuance and closing cost associated with IRBs.

Loan Rates

Interest rates on IRBs can be fixed or variable. Typical interest rates on IRBs are significantly lower than conventional financing interest rates. The term of the IRBs can vary from five to 30 years, matching the life of the assets. Bank participation is required due to lender determining the credit worthiness of the project, the structure of the loan, along with setting the collateral requirements for the bonds issued. An irrevocable, direct pay, letter of credit is normally required for bond issuance.

NAVISTAR



\$90 Million expansion of a commercial and defense vehicle manufacturer in Melrose Park, IL



Property Tax Incentives

Overview

Cook County Property Tax Incentive Programs encourage private business investment, employment, the revitalization of communities suffering economic stagnation and the preservation and rehabilitation of landmark buildings.

Class 6b

- Properties must be used for industrial purposes and the project must involve new construction, substantial rehabilitation, or the re-occupancy of abandoned industrial property.
- Qualifying properties can apply to receive a 12 year reduction in real estate assessments from the standard commercial assessment rate of 25%.



Class 7a and 7b

- Properties must be used for commercial purposes. The project must involve new construction, substantial rehabilitation, or the re-occupancy of abandoned commercial property.
- Qualifying properties can apply to receive a 12 year reduction in real estate assessments from the standard 25% commercial assessment rate.
- 7a = projects less than \$2 million
- 7b = projects more than \$2 million



Fox Motors Ground Breaking Ceremony, 2014

Class 7c - Commercial Urban Relief Eligibility (CURE)

- Properties must be used for commercial purposes and project must involve new construction or substantial rehabilitation to the extent that such rehabilitation will add value to the improvements of the property.
- Qualifying properties can apply to receive a 5-year reduction in real estate assessments from the standard commercial assessment rate.

Class 8

- Properties must be located in a distressed area or the following five townships: Bloom, Bremen, Rich, Thornton, Calumet.
- Properties must be commercial or industrial.
- Qualifying properties can apply to receive a 12 year reduction in real estate assessments from the standard commercial assessment rate of 25%.



Property Tax Incentives, Cont.

Class 6b Sustainable Emergency Relief Program (SER)

- Approved by the Cook County Board in July 2013
- Applicable to long-term industrial tenants in Cook County for 10 years
- Demonstrated evidence of economic hardship
- Age of facility documented
- Area that demonstrates higher than normal industrial vacancy
- Qualified properties will be assessed at: 10% for 10 years; 15% for the 11th years; and 20% for the 12th year
- Applicants must obtain approval from the municipality prior to submittal
- Non-renewable



Before - Vacant Industrial Building



After - Rendering of Building Re-Use, Storage Unit

Temporary Emergency Economic Recovery Modification (TEERM)

- Approved by the Cook County Board in July 2013
- Reduces vacancy period from 24 months to 12 months for properties that have been 100% vacant with the same ownership
- Qualified properties will be assessed at: 10% for 10 years; 15% for the 11th year; and 20% for the 12th year
- Applicants must obtain approval from the municipality prior to submittal
- TEERM is only applicable to Class 6b and 8 applications.



Illinois Enterprise Zone Program

Overview

The Illinois Enterprise Zone Program is designed to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state. This is accomplished through state and local tax incentives, regulatory relief, and improved governmental services. Offering state incentives encourages companies to locate and expand in enterprise zones. The success of the zone depends largely on local commitment. Day-to-day administration of the enterprise zone is the ultimate responsibility of the participating community.

- 35,313 businesses investing in Illinois enterprise zones
- \$33.4 billion invested by companies in Illinois enterprise zones
- 281,330 jobs created by businesses in Illinois enterprise zones
- 458,250 jobs retained by businesses in Illinois enterprise zones

Tax Exemptions

Sales Tax Exemption

- 6.25% state sales tax exemption on building materials used for remodeling, rehabilitation, or new construction

Enterprise Zone Machinery and Equipment/Pollution Control Facilities Sales Tax Exemption

- 6.25% available on purchases of tangible personal property to be used or consumed in the manufacturing or assembly process or in the operation of a pollution control facility within an enterprise zone
- Business must make either a \$5 million investment that creates 200 full-time jobs in Illinois, an investment of \$40 million that causes the retention of 2,000 full-time jobs in Illinois, or an investment of \$40 million that causes the retention of at least 90% of the jobs in place. The majority of the jobs must be located in the enterprise zone in which the investment occurs.

Enterprise Zone Utility Tax Exemption

- A state utility tax exemption on gas and electricity to businesses located within the enterprise zones
- Contingent upon business making a \$5 million investment that creates 200 full-time equivalent jobs in Illinois, or an investment of \$175 million that causes the creation of 150 new full-time jobs in Illinois. The majority of the jobs created or retained must be located in the enterprise zone in which the investment occurs.



Illinois Enterprise Zone Program, Cont.

Tax Credits

Enterprise Zone Investment Tax Credit

- A state investment tax credit of 0.5% is allowed a taxpayer who invests in qualified property in a zone
- Qualified property = machinery, equipment and buildings
- Credit may be carried forward for up to five years

Jobs Tax Credit

- Allows a business a \$500 credit on Illinois income taxes for each job created in the zone for which a certified dislocated worker or economically disadvantaged individual is hired
- The credit may be carried for up to 5 years
- A minimum of five eligible employees must be hired to qualify for the credit

Tax Deductions

Dividend Income Deduction

- Individuals, corporations, trusts and estates are not taxed on dividend income from corporations doing substantially all their business in a zone

Interest Deduction

- Financial institutions are not taxed on the interest received on loans for the development within an enterprise zone

Contribution Deduction

- Businesses may deduct, from taxable income, double the value of a cash or in-kind contribution to an approved project of a designated zone organization



State of Illinois - Economic Development Programs

Advantage Illinois

The Advantage Illinois program is designed to provide Illinois businesses and entrepreneurs with access to the capital they need to start new companies and expand existing businesses. The program is comprised of multiple programs to spur institutional lending, including Capital Access Program, Participation Loan Program (which includes a component for Minority/Women/Disabled/Veteran-Owned businesses), Collateral Support Program, and the Invest Illinois Venture Fund, which leverages private investments in start-ups and high-growth businesses.

Business Development Public Infrastructure Program (BDPIP)

The BDPIP program is designed to provide grants to units of local government for public improvements on behalf of businesses undertaking a major expansion or relocation project that will result in substantial private investment and the creation and/or retention of a large amount of Illinois jobs.

- The infrastructure improvements must be made for public benefit and on public property and;
- Must directly result in the creation or retention of private sector jobs.
- The local government must demonstrate clear need for financial assistance to undertake the improvements. Grant eligibility/amounts are determined by the amount of investment and job creation/retention involved.

Economic Development For a Growing Economy Tax Credit Program (EDGE)

The EDGE program is designed to offer a special tax incentive to encourage companies to locate or expand operations in Illinois when there is active consideration of a competing location in another State. The program can provide tax credits to qualifying companies, equal to the amount of state income taxes withheld from the salaries of employees in the newly created jobs.

- The non-refundable credits can be used against corporate income taxes to be paid over a period not to exceed 10 years.
- Companies must make an investment of at least \$5 million in capital improvements and create a minimum of 25 new full time jobs in Illinois.
- For a company with 100 or fewer employees, the company must agree to make a capital investment of \$1 million and create at least 5 new full time jobs in Illinois.

Employer Training Investment Program (ETIP)

Competitive Component

Employer Training Investment Program (ETIP) is a competitive application program for Illinois based manufacturers and service companies to facilitate upgrading the skills of their workers in order to remain current in new technologies and business practices. Participation in the program will enable companies to remain competitive, expand into new markets and introduce more efficient technologies into their operations.

- May reimburse Illinois companies for up to 50 percent of the eligible cost of training their employees.
- Grants may be awarded to individual businesses, intermediary organizations operating multi-company training projects and original equipment manufacturers sponsoring multi-company training projects for employees of their Illinois supplier companies.



State of Illinois - Economic Development Programs

Employer Training Investment Program (ETIP)

Incentive Component

The ETIP Incentive Program is eligible to pre-qualified Illinois businesses *applying* for training funds as part of an Economic Development Incentive Project.

- Companies located in Illinois who are expanding, relocating, or are in jeopardy of closing may be eligible for pre-qualification in the program.
- Participation requires companies to meet certain capital investment and job creation/retention goals and provide a dollar for dollar match of the grant award.

Enterprise Zone Participation Loan Program (EZ/PLP)

The EZ/PLP is a variation of the conventional PLP Program, in that DCEO subordinates the loans through participating lending institutions. EZ/PLP may be able to provide small businesses located in an enterprise zone a more attractive loan rate than a conventional PLP.

Illinois Angel Investment Credit Program

Encourages job growth and capital investment in state by offering a tax credit to people or firms that make an investment in an innovative, qualified new business venture.

- The program offers a tax credit to qualifying firms in an amount equal to 25 percent of their investment made directly in a qualified new business venture, with a maximum credit of \$2,000,000.

Illinois Department of Agriculture AgriFIRST Grant Program

The AgriFIRST program is designed to provide grants to persons and agribusinesses in Illinois for the purpose of developing projects that enhance the value of agricultural products or expand agribusiness in Illinois.

Illinois Department of Transportation (IDOT)

IDOT has several programs that provide state assistance in improving highway and rail access improvement to new or expanding industrial, distribution or tourism developments. Funding may be available for transportation improvement projects related to facilities that provide direct access to economic development projects.

Illinois Finance Authority (IFA)

A self-financed, state authority principally engaged in issuing taxable and tax-exempt bonds, making loans, and investing capital for businesses, non-profit corporations, agriculture and local government units statewide. IFA finances about \$3 billion each year, helping generate economic growth and job creation.



State of Illinois - Economic Development Programs

Job Training and Economic Development

The Job Training and Economic Development (JTED) Grant Program assists low-wage, low-skilled workers to advance in their careers, and helps unemployed, disadvantaged people learn skills necessary to secure employment.

- The program provides grants to not-for-profit community-based organizations (CBOs), which work with small local businesses to develop curricula, train eligible workers, and provide ongoing support.

Large Business Development Program(LBDP)

The LBDP program is designed to provide grants to businesses undertaking a major expansion or relocation project that will result in substantial private investment and the creation and/or retention of a large number of Illinois jobs.

- Funds available through the program may be used by large businesses for bondable business activities, including financing the purchase of land or buildings, building construction or renovation, and certain types of machinery and equipment.
- Grant eligibility and amounts are determined by the amount of investment and job creation or retention involved.

Manufacturing Modernization Loan Program

Designed to provide manufacturers with access to adequate and affordable financing for upgrading and modernizing their manufacturing equipment and operations.



Fabtech IGM Solutions, Metal Fabrication in 2013. Libertyville, IL.

To learn more about programs offered by the State of Illinois Department of Commerce and Economic Opportunity, visit: <http://www.illinois.gov/dceo/ExpandRelocate/Incentives/Pages/default.aspx>



For more information please contact: Meisha Holmes, Economic Development Program Specialist
at meisha.holmes@cookcountyil.gov
phone: 312.603.1051



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