

P2018-04

City of Salem

Solicitation of Downtown TIF Project Applications

Deadline: March 5, 2018, 3:00 pm



**\*\* THIS DEADLINE MAY BE EXTENDED \*\***

**Purpose**

In 2003, the City of Salem created the Downtown TIF District for the purpose of encouraging economic growth in the Salem Downtown area. The City now requests proposals from current or prospective owners of, or parties with current or prospective leasehold interest in, real estate within the Downtown TIF District to submit proposals for financial assistance in support of TIF-eligible projects.

**What are TIF-eligible projects?**

The City requests proposals for the following types of projects when they will create a new business or new economic activity or will help retain a current business or established economic activity:

- 1) Property acquisition if the property is located within the Downtown TIF District.
- 2) Rehabilitation / renovation projects that improve the structural integrity of properties.
- 3) Improvement of public facilities or infrastructure that complement new or existing economic activity.
- 4) Demolition of structures.
- 5) Capital projects of taxing districts.

**What are ineligible projects?**

- 1) Projects that retire or refinance existing debt of the applicant, or projects for which dollars matched by applicant have been spent prior City Council-approval of project **AND** execution of development agreement.
- 2) Projects that only involve new construction, and don't include any eligible activity noted above.
- 3) Projects that aren't of a permanent nature or, at the opinion of the City, that may be easily changed, relocated out of the TIF District, or replaced.
- 4) Projects of a residential nature when the applicant will be the only party living within the project area, unless the project can be shown to support an existing or new business in the Downtown TIF.
- 5) Projects that require financial support from the Downtown TIF exceeding 50% of total project cost. "Sweat equity" shall not be considered an applicant contribution for budgeting purposes.

**Information requested from applicants**

Applications for Downtown TIF assistance shall provide for the following information:

- 1) Name of the applicant(s). If the applicant is a corporation, the name of the person who is the president or executive officer of the corporation who would be responsible for the project. Contact information (telephone and email) of applicants must also be provided.
- 2) Address or detailed description of location of project.
- 3) Project narrative explaining the nature of the project and why it will improve or sustain economic activity in Salem.
- 4) An explanation of why TIF assistance is necessary to make the TIF-supported project viable ("This project would not happen without TIF help because...").
- 5) Pictures are not required but are encouraged.
- 6) Applications may be submitted in paper or electronic format.

- 7) Project contingencies shall be clearly explained. For example, if the project is contingent upon zoning approval, financing, etc, the application shall explain the contingency and when the applicant expects it will be resolved.
- 8) Information, if any, related to Downtown TIF assistance previously granted to the project location that is the subject of the current application. If the project has not received Downtown TIF assistance in the past, the applicant shall state that no assistance has been previously received at the project location.
- 9) Timeline / schedule for project, including when project can commence and when it is likely to be finished.
- 10) Signature of applicant(s).

#### **Comments and notes regarding the solicitation and review process**

- 1) A paper map of the Downtown TIF district is available at the Salem City Hall. A digital map in a format readable by Google Earth is available at [salemil.biz/maps/](http://salemil.biz/maps/).
- 2) Financial support for any individual project is not likely to exceed \$15,000, but shall in every instance not exceed 50% of the total project budget.
- 3) Financial assistance awarded to projects not involving demolition shall be made in the form of a "forgiveable loan." Forgivable debt may be completely forgiven if the applicant adheres to all conditions precedent to the Downtown TIF assistance for the entire term of the development agreement. Projects receiving \$15,000 in assistance may be subject to a 3 to 5-year term.
- 4) Properties that are the subject of a Downtown TIF application shall be made completely accessible to City officials or designees prior to project approval and during all phases of the project for the purpose of building and code inspection and project inspection. Costs related to inspection shall become part of the project budget and shall be split by the project applicant and the City.
- 5) Financial assistance for any project subject shall be limited to amount approved by the City Council and shall not be increased. Increases over approved project budget shall be borne entirely by project applicant.
- 6) Projects selected for TIF assistance shall be approved by the City Council, based upon its review of projects that the Council believes will have the best and highest impact on the City and its Downtown area, and those projects which it believes are most likely to be completed. Approval may be subject to review of project suitability and existing structural integrity by a City-appointed structural engineer. Additional selection criteria may or may not be used by the Salem City Council. The City shall not be obligated to approve any project application, and may reject any and all applications it wishes to reject. All applicants making application agree that rejection shall be without liability on the part of the City, and applicants making proposal shall not seek recourse of any kind against the City because of such rejection. The submission of any application shall constitute an agreement on the part of the applicant(s) to these terms and conditions.
- 7) TIF assistance approved by the Salem City Council shall be awarded pursuant to a development agreement executed by the project applicant and the City Manager. Such agreement may provide that financial assistance shall be in the form of reimbursement of eligible expenses identified in the agreement. ***Even if awarded by the City Council, TIF funds are not obligated to the applicant until a development agreement is executed and terms and conditions met.***
- 8) TIF dollars provided to approved projects are public dollars. Illinois prevailing wage requirements may apply.
- 9) Application requirements, terms and conditions, ***and deadline*** for this solicitation are subject to change.

#### **Questions?**

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