

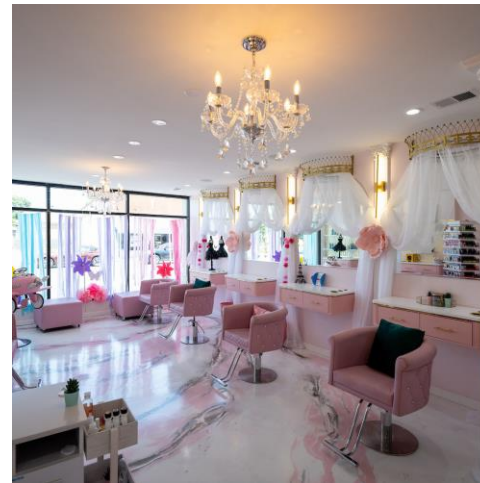
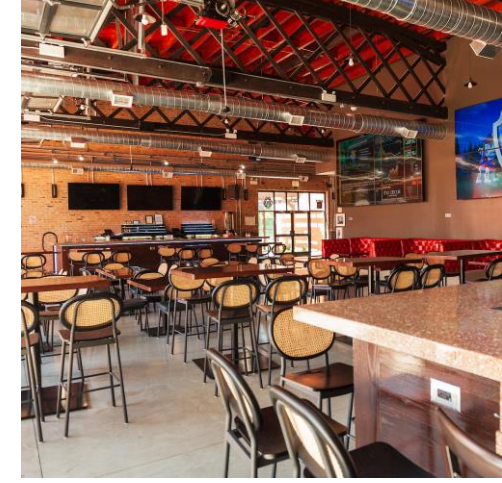
Neighborhood Opportunity Fund

Program Overview,
2024



AGENDA

- **What is the NOF?**
 - Overview
 - Structure
- **Before applying:**
 - Location Eligibility
 - Eligible Projects
 - Eligible Expenses
- **How applications are evaluated**
- **Common Application Mistakes**
- **Eligibility Tiers**
- **CDFI Assistance**
- **How to apply**



WHAT IS THE NEIGHBORHOOD

The Neighborhood Opportunity Fund (NOF), a program of the City of Chicago's Department of Planning and Development (DPD), was launched in 2016 to build economically strong and vibrant commercial corridors on the South, Southwest, and West sides. The program is funded by Neighborhood Opportunity Bonus – density bonus fees paid by downtown developers.

NOF Grants support commercial construction and rehabilitation projects through reimbursement and escrow payments.



WHAT IS NOF? OVERVIEW

What is the NOF grant?

- Provides funding up to \$250,000 for:
New construction, renovations, or acquisition* for existing businesses, start-up businesses or cultural establishments
- Once grantees have started paying for construction, assistance can be provided in one of two ways:
 - **Reimbursement**
 - **Construction Escrow**
- Accepted projects may be eligible for an additional 20% of their grant amount for NOF-approved technical assistance.
- Competitive selection process based on application details
- Grantees are expected to complete their projects within 2 years

**Acquisition is permitted only as part of a larger construction or renovation project.*

WHAT IS NOF? OVERVIEW

What is new with the NOF grant?

- A **Technical Assistance program** that provides additional assistance of up to 20% of their grant amount. This assistance is in addition to the grant and may be used to pay for services provided from a pre-selected list of Project Managers and Architects.
- **Increased coverage to 75%** from 50%, this will allow for more support for transformative, capital improvement projects.
- Established a **Loan Loss Reserve** that, with the assistance of Community Development Financial Institutions lenders (CDFIs), will provide a more equitable tool to address issues stemming from access to capital.
- More details on these tools later!

WHAT IS NOF?

Who is involved?

The Department of Planning and Development (DPD) funds and provides the Neighborhood Opportunity Fund grant. DPD works directly with NOF finalists and grant recipients, or grantees, to navigate City of Chicago departments and requirements.

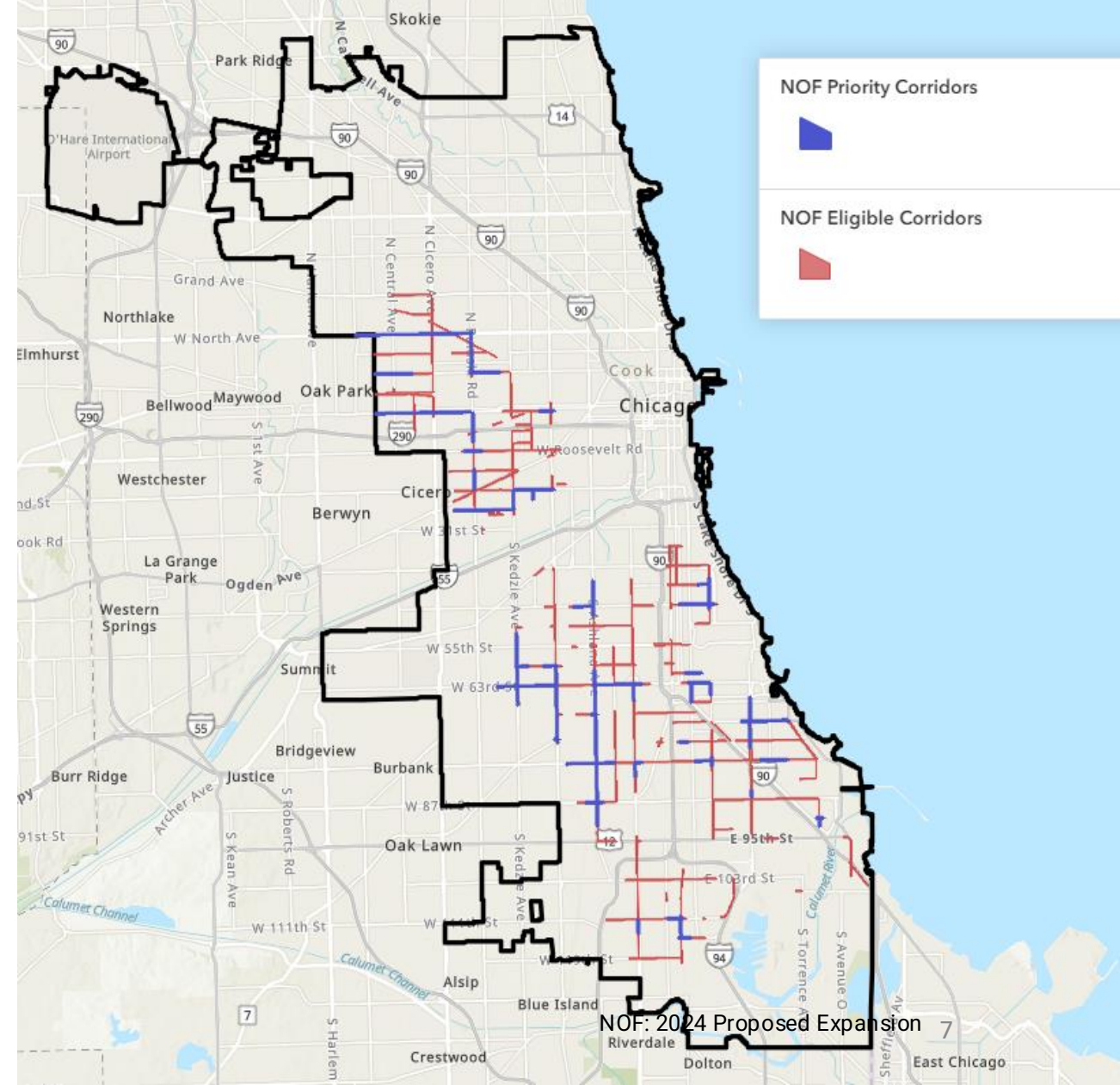
SomerCor, the Program Administrator, works in partnership with DPD. Somercor is the primary contact for NOF grantees. Somercor is responsible for assisting grantees in managing, and stewarding projects through necessary milestones to reach project completion.

Community Development Financial Institutions (CDFIs) are community-based lenders who are dedicated to delivering affordable capital to help low-income people and communities. CDFIs will work with NOF participants to develop tailored financial strategies to reach project completion.

BEFORE APPLYING: LOCATION ELIGIBILITY

NOF Eligible Locations:

- NOF Projects must be in an Eligible Commercial Corridor or a Priority Investment Corridor.
- These corridors provide a strategic focus on location and ensure collective impact on commercial corridors.
- To verify whether a project is on one of these corridors, visit chicago.gov/NOF



BEFORE APPLYING: ELIGIBLE PROJECTS

Eligible

- ✓ Commercial Property Owners with known business uses (no speculative/vanilla box projects)
- ✓ Commercial Business Tenants (with landlord approval)
- ✓ Non-Profit organizations providing a revenue generating commercial activity to the public
- ✓ Non-profits or businesses building or renovating a cultural establishment

Ineligible

- ✗ Residential properties including home-based businesses and live/work spaces
- ✗ Manufacturing or industrial businesses or properties
- ✗ Social services organizations including workforce development, schools and daycare centers
- ✗ Churches and places of worship

BEFORE APPLYING: ELIGIBLE EXPENSES

Eligible

- ✓ Minor site improvements (e.g. fencing or planters) as part of an eligible project
- ✓ Building acquisition, demolition and environmental remediation
- ✓ Security measures
- ✓ Roofing, façade and mechanical system repairs
- ✓ Architectural and engineering fees
- ✓ HVAC, plumbing and electrical

Ineligible

- ✗ Minor repairs or improvements not part of a larger renovation project (example: painting)
- ✗ Construction/rehabilitation of residential units or the residential portion of a mixed-use building
- ✗ Repairs or improvements to bring a building into compliance with the City of Chicago's Building Code
- ✗ Operating expenses
- ✗ Travel or lodging/hotel expenses

WHAT IS NOF? STRUCTURE

The NOF grant provides reimbursements or construction escrows for:

Up to \$250,000.00 for Construction

- 75% of eligible project (hard) costs, up to \$250,000.
- Hard costs include, but are not limited to, carpentry, mechanicals, painting, etc.

Up to \$50,000.00 for Technical Assistance

- The Technical Assistance (TA) program awards up to an additional 20% of the grant amount (up to \$50,000).
- Only NOF grantees working with pre-selected TA providers have access to this fund.
- Eligible TA expenses include architectural and project management services.

NOF grants are reimbursement-based, meaning all payments are for expenses already incurred by the owner.

WHAT IS NOF? STRUCTURE

The Technical Assistance (TA) program is designed to assist NOF Grantees with finding project managers and architects from a pre-selected list provided by the City

Project Managers

- Project managers handle specific elements of the construction process itself
- Their services can include, but are not necessarily limited to bid-letting, permit application, and management or contractor payment documents

Architects

- Architects provide construction drawings to the applicant, from schematics, to renderings, to permit-ready submissions

NOF grants are reimbursement-based, meaning all payments are for expenses already incurred by the owner.

BEFORE APPLYING: ELIGIBLE EXPENSES

Grant funds are awarded based on total eligible project costs.

- Grant amounts are awarded based on total eligible project costs.
- Applicants should consult and receive a bid from a licensed general contractor to have an accurate cost-estimate.

Project Line Item	Item Eligible?	Cost
Demolition	<input checked="" type="checkbox"/>	\$10,000
Masonry	<input checked="" type="checkbox"/>	\$30,000
Storefront Improvements	<input checked="" type="checkbox"/>	\$20,000
HVAC	<input checked="" type="checkbox"/>	\$30,000
Ceiling	<input checked="" type="checkbox"/>	\$5,000
Flooring	<input checked="" type="checkbox"/>	\$5,000
Furniture, Fixtures, & Equipment	<input type="checkbox"/>	\$20,000
Total Project Costs (TPC) The sum of <i>all</i> expenses		\$120,000
Total Eligible Project Costs The TPC minus <i>ineligible</i> expenses		\$100,000
Grant Percentage Rate: 75% of <i>eligible</i> project costs		x 0.75
NOF Grant Amount		\$75,000

HOW ARE APPLICATIONS EVALUATED?

Everyone is encouraged to apply; the strongest applications will demonstrate the following:

1

Readiness

Projects can demonstrate their projects are ready by providing:

- Site control documentation
- 50% or more of project financing has been secured once a Conditional Award Letter has been issued
- A profit and loss statement or demonstration of financial stability is included

2

Realization

Projects can demonstrate their projects can be fully realized by providing:

- Construction and design documents
- A detailed project budget and construction timeline
- A detailed business plan and leadership team summary is included

3

Community Impact

Explain how your project will contribute to the community:

- Incorporate the neighborhood design guidelines in your plans
- Submit letters of support from community members and elected officials
- Provide a detailed plan for community engagement and outreach
- Introduce yourself and your project to your Alderperson

COMMON APPLICATION MISTAKES

Failure to upload documents that are referenced

- Applicant checks 'Yes' for site control, but then does not upload deed/lease

Poor time management

- Applicant waits until last minute to submit application, not accounting for potential technology or submission issues

Incomplete responses

- Applicant answers some, but not all, of the application questions

Incomplete applications

- Applicant fails to respond to all required questions

ELIGIBILITY TIERS

Once your application is submitted, it is reviewed by the NOF team. There are three eligibility tiers:

Eligible

- Applicant has full eligibility in all major scoring categories, including location, business type, site control, financing, and project readiness
- Note: Eligible applicants still might not be selected for participation during a specific quarter, but may always re-apply

Pipeline

- Applicant has met some, but not all requirements in some or all major scoring categories, including location, site control, financing, and project readiness
- Pipeline applicants may be referred to a participating Community Development Financial Institution (CDFI) for assistance and encouraged to re-apply, (see next slide for details)

Ineligible

- Applicant is ineligible in at least one major category, including location, site control, financing, and project readiness
- Ineligible applicants are encouraged to utilize available resources to strengthen their proposal and to re-apply

CDFI ASSISTANCE

DPD will identify a select number of Community Development Financial Institution (CDFI) lenders who may assist pipeline applicants with financing strategy as follows:

Pipeline applicants are referred to a CDFI

- Pipeline applicants and CDFIs will be matched based on the needs of the applicant and the CDFI's financing specialty.

CDFI lenders work with Pipeline applicants towards project financing

- The applicant and the CDFI work together to determine the best financial solution for their project.
- If the applicant and CDFI do not come to an agreement, they may seek the services of another CDFI or secure financing independently.

CDFI issues a Commitment Letter for the Pipeline applicant

- Once the Pipeline applicant secures their financing they may re-apply for the NOF program at any time.

EXAMPLES



***Natural Roots Kids Hair Salon
and Spa - Calumet Heights***

\$190,725.50 Grant

1851-55 E 87th St

EXAMPLE PROJECTS



Justice of the Pies – Avalon Park
\$250,000 Grant
8655 S Blackstone Ave

EXAMPLE PROJECTS



Duo Development – North Lawndale
\$250,000 Grant
1600 S Sawyer Ave

NEXT STEPS: HOW DO I APPLY?

All applications must be completed through DPD's online platform on Submittable.com.

1. Create your free account on Submittable.com
2. Applications may be saved as drafts and continued later.
3. Upload all **required documentation** to ensure your project is accurately reviewed
 - Photos
 - Construction estimates
 - Preliminary design drawings and/or construction schedules
 - Proof of site control
 - Funding documentation
4. Review your application to ensure accuracy and completeness, seek assistance with a Community Partner (see next slide).
5. The next deadline is 11:59pm on February 14, 2025.

NEXT STEPS: APPLICATION PERIOD

- Applications are accepted on a **rolling basis** and evaluated quarterly.
- Applicants are encouraged to **work with community partners to develop strong and competitive applications.**
- Applications **must be submitted online through the Submittable platform.**

NEXT STEPS: RESOURCES

COMMUNITY PARTNERS FOR NOF APPLICANTS

List available at Chicago.gov/NOF



NEXT STEPS: CONTACT INFORMATION



City of Chicago – City Hall
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