



Board of Commissioners of Cook County

Finance Subcommittee on Real Estate and Business and Economic Development

Tuesday, February 18, 2014

12:00 PM

*Cook County Building, Board Room, 569
118 North Clark Street, Chicago, Illinois*

NOTICE AND AGENDA

There will be a meeting of the Committee or Subcommittee of the Board of Commissioners of Cook County at the date, time and location listed above to consider the following:

PUBLIC TESTIMONY

Authorization as a public speaker shall only be granted to those individuals who have submitted in writing, their name, address, subject matter, and organization (if any) to the Secretary 24 hours in advance of the meeting. Duly authorized public speakers shall be called upon to deliver testimony at a time specified in the meeting agenda. Authorized public speakers who are not present during the specified time for public testimony will forfeit their allotted time to speak at the meeting. Public testimony must be germane to a specific item(s) on the meeting agenda, and the testimony must not exceed three minutes; the Secretary will keep track of the time and advise when the time for public testimony has expired. Persons authorized to provide public testimony shall not use vulgar, abusive, or otherwise inappropriate language when addressing the Board; failure to act appropriately; failure to speak to an item that is germane to the meeting, or failure to adhere to the time requirements may result in expulsion from the meeting and/or disqualify the person from providing future testimony.

14-0099

Presented by: HERMAN BREWER, Chief, Bureau of Economic Development

Sponsored by: TONI PRECKWINKLE, President, Cook County Board of Commissioners

PROPOSED ORDINANCE

An Ordinance authorizing Cook County through its Bureau of Economic Development to establish Program Fees for various BUILT in Cook Loan Programs.

WHEREAS, the Cook County Board of Commissioners on April 17, 2013 approved a Resolution authorizing the Bureau of Economic Development to accept the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee financing which will launch the BUILT (Broadening Urban Investment to Leverage Transportation) in Cook Loan Fund in an amount not to exceed \$30 million dollars; and

WHEREAS, this financing will provide Cook County (County) through the Bureau of Economic Development with the lending authority to support sustainable economic development for the benefit of low- and moderate-income individuals; and

WHEREAS, the Section 108 program is administered as part of HUD's Community Development and Block Grant (CDBG) program and is subject to the requirements governing the CDBG program; and

WHEREAS, it is permissible for Section 108 recipients to impose fees on third party borrowers who receive loans made with the proceeds of Section 108 loans; and

WHEREAS, if the purpose of the fees is to defray costs related to administering aspects of a Section 108 project, the fee should be treated as an applicable credit against administrative costs; and

WHEREAS, it is permissible by HUD that the County collect an application processing fee of \$500.00 or \$1,000.00 to defray the administrative costs of processing a Section 108 application and such fee will be treated as an applicable credit against administrative costs; and

WHEREAS, it is permissible by HUD for Cook County to charge third party borrowers an interest rate that is higher than the rate payable on the Section 108 loan (interest rate spread) and HUD encourages Section 108 recipients to use the interest rate spread as a reserve for interest rate fluctuations; and

WHEREAS, it is permissible by HUD that the County charge a 2 - 3% loan commitment, a portion of which will be used to defray administrative costs associated with the Section 108 loan program(s) and the remaining portion of which may be used as program income to serve as a reserve for the loan program.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Commissioners of the County of Cook, Illinois:

SECTION 1. The above recitals are expressly incorporated in and made a part of this Ordinance as though fully set forth herein.

SECTION 2. The Cook County Bureau of Economic Development (Bureau of Economic Development) is authorized to establish various programs for qualified entities to obtain federally financed economic development Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loans pursuant to Section 108 of the Housing and Community Development Act, 43 USCS § 5301 and Title V of the Small Business Investment Act, 15 USCS § 695 *et seq.*; 24 CFR Part 570, Subpart M (Community Development Block Grants, Loan Guarantees); and 13 CFR Part 120 (Business Loans). Such programs may include but are not limited to:

- (a) *The BUILT in Cook HUD 108 Loan Program*, to finance transit-oriented development, cargo-oriented development, and mixed-use/service sector projects. The HUD 108 loan minimum under the HUD 108 program is \$500,000. The maximum loan amount is \$5 million or \$35,000 per job created, whichever is less.
- (b) *The BUILT 50-40 Loan Program*, to support job creation and retention projects that are typically associated with small business, specifically industrial or commercial companies that are located or planning to locate in Suburban Cook County. The program may only be used to finance up to 40% of total project costs, provided that the grantee has additionally attained 50% lender financing and 10% equity. The loan amount per transaction is \$70,000 to \$500,000. One full time equivalent job must be created or retained for every \$35,000 provided.
- (c) *The Emerging Business Development Loan (EBDL) Program*, to provide interim financing for minority and/or woman owned businesses that are certified by Cook County, or eligible for reciprocal treatment under the Cook County Code, and have direct or indirect contracts with Cook County government. Loans under this program shall not exceed \$500,000 or 25% of the value of the work awarded by Cook County government, whichever is less.

SECTION 3. The programs established under the BUILT in Cook Loan Program shall be administered by the Cook County Bureau of Economic Development and the Bureau of Economic Development is hereby authorized to issue any required BUILT in Cook Loan Program rules and regulations.

SECTION 4. The Bureau of Economic Development is authorized to establish a Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loan Fund to support sustainable economic development for the benefit of low and moderate income individuals, in accordance with Section 108 of the Housing and Community Development Act, 42 U.S.C. § 5301, *et seq.* The BUILT in Cook Loan Fund will be funded pursuant to a Grant Agreement with U.S. Department of Housing and Urban Development (HUD) and secured by pledging current and future Community Development Block Grants and other collateral in the event of nonpayment, as required. Such Grant Agreements are subject to the authorization of the County Board of Commissioners.

SECTION 5. In order to defray various administrative costs for processing the various BUILT in Cook Loan applications for loan programs authorized per Section 2 of this Ordinance, a loan application processing fee shall be determined by the Bureau of Economic Development and implemented in an amount of \$500.00 or \$1,000.00 depending on the size and complexity of the loan and loan program. The loan application processing fee shall not exceed \$1,000.00. Said fee shall be in addition to any costs of financing, including and not limited to legal and other third party costs related to program participation which is the sole responsibility of the program participant. The loan processing application shall be a non-refundable fee and is permissible by HUD.

SECTION 6. Cook County through the Bureau of Economic Development shall charge a loan commitment fee in an amount up to three percent on each approved loan authorized under Section 2 of this Ordinance. A portion of this loan commitment fee as permitted by HUD shall be used to defray administrative costs and the remaining portion shall be used as program income to serve as a loss reserve. The loan commitment fees shall be treated in accordance with the regulations governing Community Development Block Grants.

SECTION 7. The Bureau of Economic Development shall make a copy of this Ordinance available with its BUILT in Cook Loan program materials or post a copy of this Ordinance on its website.

SECTION 8. The County Clerk shall maintain a copy of this Ordinance and publish said Ordinance in the Journal of Proceedings.

Effective date: This ordinance shall be in effect as of the date of its passage and approval.

Legislative History: 1/15/14 Board of Commissioners referred to the Finance Subcommittee on Real Estate and Business and Economic Development

14-0709

Presented by: HERMAN BREWER, Chief, Bureau of Economic Development

Sponsored by: TONI PRECKWINKLE, President, Cook County Board of Commissioners and JOAN PATRICIA MURPHY, County Commissioner

PROPOSED RESOLUTION

EJM PROPERTIES, LLC REQUEST FOR A Real Property Assessment Classification 8

WHEREAS, the Cook County Board of Commissioners has adopted a Real Property Assessment Classification 8 that provides an applicant a reduction in the assessment level for an industrial facility; and

WHEREAS, the County Board of Commissioners has received and reviewed an application from EJM Properties, LLC and Resolution from the Village of South Holland for an abandoned industrial facility located at 570 Armory Drive, South Holland, Cook County, Illinois, Cook County District 17 6, and Permanent Index Number 29-21-319-003-0000; and

WHEREAS, Cook County has defined abandoned property as buildings and other structures that, after having been vacant and unused for at least 24 months, are purchased for value by a purchaser in whom the seller has no direct financial interest; and

WHEREAS; industrial real estate is normally assessed at 25% of its market value, qualifying industrial real estate eligible for the Class 8 can receive a significant reduction in the level of assessment from the date that new construction or rehabilitation has been completed, or in the case of abandoned property from the date of substantial re-occupancy. Properties receiving Class 8 will be assessed at 10% of the market value for 10 years, 15% for the 11th year and 20% in the 12th year.

WHEREAS, in the instance where the property does not meet the definition of abandoned property, the municipality or the Board of Commissioners, may determine that special circumstances justify finding that the property is abandoned for purpose of Class 8; and

WHEREAS, in the case of abandonment of less than 24 months and purchase for value, by a purchaser in whom the seller has no direct financial interest, the County may determine that special circumstances justify finding the property is deemed abandoned; and

WHEREAS, Class 8 requires the validation by the County Board of the shortened period of qualifying abandonment in cases where the facility has been abandoned for less than 24 consecutive months upon purchase for value; and

WHEREAS, the Cook County Board of Commissioners has determined that the building was abandoned for 22 months at the time of application, and that special circumstances are present; and

WHEREAS, the applicant estimates that the re-occupancy will create 3-5 full-time jobs; retain 10 full-time jobs; and create 10 construction jobs; and

WHEREAS, the Village of South Holland states the Class 8 is necessary for development to occur and that special circumstances exist which include the subject property has been vacant for less than 24 months there has been a purchase for value; and that the subject property is in need of substantial rehabilitation; and

NOW, THEREFORE, BE IT RESOLVED, by the President and Board of Commissioners of the County of Cook, State of Illinois, that the President and Board of Commissioners validate the property located at 570 Armory Drive, South Holland, Cook County, Illinois, is deemed abandoned with special circumstances under the Class 8; and

BE IT FURTHER RESOLVED, that the County Clerk is hereby authorized and directed to forward a certified copy of this resolution to the Office of the Cook County Assessor.

Legislative History: 1/15/14 Board of Commissioners referred to the Finance Subcommittee on Real Estate and Business and Economic Development

Presented by: HERMAN BREWER, Chief, Bureau of Economic Development

Sponsored by: TONI PRECKWINKLE, President, Cook County Board of Commissioners and ELIZABETH "LIZ" DOODY GORMAN, County Commissioner

PROPOSED RESOLUTION

Siam Marina Properties, LLC REQUEST FOR A Real Property Assessment Classification 8

WHEREAS, the Cook County Board of Commissioners has adopted a Real Property Assessment Classification 8 that provides an applicant a reduction in the assessment level for a commercial facility; and

WHEREAS, the County Board of Commissioners has received and reviewed an application from Siam Marina Properties, LLC and Resolution No. 2013-R-003 from the Tinley Park for an abandoned commercial facility located at 16846 Oak Park Avenue, Tinley Park, Cook County, Illinois, Cook County District 6, and Permanent Index Number 28-30-107001-0000; and

WHEREAS, Cook County has defined abandoned property as buildings and other structures that, after having been vacant and unused for at least 24 months, are purchased for value by a purchaser in whom the seller has no direct financial interest; and

WHEREAS; industrial real estate is normally assessed at 25% of its market value, qualifying industrial real estate eligible for the Class 8 can receive a significant reduction in the level of assessment from the date that new construction or rehabilitation has been completed, or in the case of abandoned property from the date of substantial re-occupancy. Properties receiving Class 8 will be assessed at 10% of the market value for 10 years, 15% for the 11th year and 20% in the 12th year; and

WHEREAS, in the instance where the property does not meet the definition of abandoned property, the municipality or the Board of Commissioners, may determine that special circumstances justify finding that the property is abandoned for purpose of Class 8; and

WHEREAS, in the case of abandonment of less than 24 months and purchase for value, by a purchaser in whom the seller has no direct financial interest, the County may determine that special circumstances justify finding the property is deemed abandoned; and

WHEREAS, Class 8 requires the validation by the County Board of the shortened period of qualifying abandonment in cases where the facility has been abandoned for less than 24 consecutive months upon purchase for value; and

WHEREAS, the Cook County Board of Commissioners has determined that the building was abandoned for 17 months at the time of application, and that special circumstances are present; and

WHEREAS, the applicant estimates that the re-occupancy will create 8 full-time jobs and 7 part-time jobs; and

WHEREAS, the Village of Tinley Park states the Class 8 is necessary for development to occur and that special circumstances exist which include the subject property has been vacant for less than 24 months and there has been a purchase for value; and

NOW, THEREFORE, BE IT RESOLVED, by the President and Board of Commissioners of the County of Cook, State of Illinois, that the President and Board of Commissioners validate the property located at 16846 Oak Park Avenue, Tinley Park, Cook County, Illinois, is deemed abandoned with special circumstances under the Class 8; and

BE IT FURTHER RESOLVED, that the County Clerk is hereby authorized and directed to forward a certified copy of this resolution to the Office of the Cook County Assessor.

Legislative History : 1/15/14 Board of Commissioners referred to the Finance Subcommittee on Real Estate and Business and Economic Development



Secretary

Chairman: Garcia
Vice-Chairman: Murphy
Members: Butler, Gorman, Reyes, Schneider, Steele