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CLASS 7c
ELIGIBILITY BULLETIN

The Class 7c Incentive and Its Benefits

The Class 7c Incentive – Commercial Urban Relief Eligibility (CURE) of the Cook County Real Property Assessment Classification Ordinance ("Ordinance") is intended to encourage commercial projects which would not be economically feasible without assistance. The five-year (5) incentive applies to all newly constructed buildings or other structures, including the land upon which they are situated; the utilization of vacant structures abandoned for at least twelve (12) months, including the land upon which they are situated; or all buildings and other structures which are substantially rehabilitated to the extent such rehabilitation has added to their value, including qualified land related to the rehabilitation.

Projects which qualify for the Class 7c incentive will receive a reduced assessment level of ten percent (10%) of fair market value for the first three years, fifteen percent (15%) for the fourth year and twenty percent (20%) for the fifth year. Without this incentive, commercial property would normally be assessed at twenty-five percent (25%) of its market value.

The Class 7c incentive is available to "real estate used primarily for commercial purposes", which is defined in the Ordinance as:

> "Any real estate used primarily for buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel and motel purposes." [74-62]

Where projects qualify for the incentive as new construction or reoccupied abandoned property, the incentive will apply to them in their entirety, including the land upon which they are located. For projects involving substantial rehabilitation of existing structures, the incentive applies to the added value which is attributable to the rehabilitation and to the land, if vertical or horizontal square footage has been added, in such proportion as the square footage added by the rehabilitation bears to the total square footage of the improvements on the parcel. ***(Please note that the additional value attributable to the rehabilitation for assessment purposes is likely to be lower than the actual amount spent on the rehabilitation.)*** The reduced assessment continues for five years from the date that the new construction or substantial rehabilitation is completed and substantial occupied or, in the case of abandoned property, from the date of substantial reoccupation.

Under the Ordinance, "abandoned property" qualifies if it consists of:

> "Buildings and other structures that, after having been vacant and unused for at least 12 continuous months."

Abandonment for twelve (12) consecutive months may be evidenced by utility bills, Internal Revenue Service statements, certified business statements, and records of building code violations. Proof of reoccupancy may be evidenced by sworn statements from persons with knowledge, occupancy permits and utility statements.

Eligibility Requirements

The four (4) mandatory eligibility factors of the Ordinance are as follows:

1. Real Estate Tax Analysis:

That the Property's (the real estate that is subject of the Incentive application) Assessed Value, Equalized Assessed Value or Real Estate taxes for three of the last six years, have declined or remained stagnant due to the depressed condition;

2. Viability and Timeliness:

There is a reasonable expectation that the development, re-development or rehabilitation of the commercial development project is viable and likely to go forward on a reasonably timely basis if granted Class 7c designation and will therefore result in the economic enhancement of the property. Therefore, submitted evidence of economic viability and timely completion of the project should be relevant and specific in addressing the following points:

A. New Construction and Rehabilitation Incentive

i) **Construction Documentation:** architectural exhibits and building plans; site plans demonstrating the relationship of the proposed development to its private and public surroundings including open spaces, service areas, driveways, parking areas, walks and adjacent streets, sidewalks and buildings; a description of structures to be demolished and of buildings to be rehabilitated or reoccupied. The applicant must provide a development schedule which at least includes the starting date of construction, the projected completion of construction and the projected date for occupancy.

ii) **Financial Documentation:** Income Tax Statements for the last three (3) years, including Schedule E's and/or recent appraisals. A description of any lawful, participation agreement between the developer and any taxing districts for the sharing of future profits should also be included.

iii) **Owners, Developers, Prime Tenants and other Interested Parties: The** business experience and financial strength of the participants is important to the project's viability. The applicant should therefore provide sufficiently detailed information about the developers, owners, prime tenants, and any other interested parties, including their names and addresses. Information about owners must include all general and limited partners and beneficiaries of a land trust. Any material, legal or tax liabilities, which might affect the project's viability must be disclosed.

B. Vacancy Incentive:

i. **Evidence of Vacancy:** The development must be vacant for 12 months or more.

ii. **Evidence of Marketing:** Documents evidencing that the property was marketed for 6 months or more.

iii. **Financial Documentation**: Income Tax Statements for the last three (3) years, including Schedule E's and/or recent appraisals. A description of any lawful, participation agreement between the developer and any taxing districts for the sharing of future profits should also be included.

3. Assistance and Necessity:
Certification of the commercial development project for Class 7c designation will:

A. "But For" Certification: The Incentive materially assists development, redevelopment or rehabilitation of the property and the commercial development property would not go forward without the full Incentive offered under Class 7c.

B. Condition Subsequent Certification: Be economically feasible when the incentive expires.

4. Increased Tax Revenue and Employment:
Certification of the commercial development project for Class 7c designation is reasonably expected to ultimately result in an increase in real property tax revenue and employment opportunities of the property. The applicant must supply a statistical analysis projecting the added real estate tax revenue and employment which will result from the development, with and without the incentive. Employment figures should be categorized to show projections for new full and part-time employment and for temporary construction employment.

Application Procedures
An Eligibility Application for Class 7c, accompanied by supporting documentation, must be submitted to the Assessor and the Bureau of Economic Development prior to the commencement of construction, rehabilitation or reoccupation. At the time of filing the application, a filing fee of $500.00 must be paid.

The Application must include a resolution or ordinance from the municipality where the real estate is located or from the Cook County Board of Commissioners if the real estate is located in an unincorporated area.

The resolution or ordinance must expressly state that the municipality has reviewed the Incentive Classification Initial Questionnaire (IC - IQ), and that the four eligibility factors which must be present to demonstrate that the area is "in need of commercial development" are satisfied and that the municipality consents to and supports the Application.

To be eligible for a Certificate of Error (when applicable), the municipal resolution must explicitly state that they are in support of its issuance.

Where EDAC fails to return a finding stating whether the conditions of Subsection (a)(1) to (a)(4) of the ordinance are present within 30 days*, and upon further application of the requesting party to the Assessor's Office, the Assessor may conduct its own review of the application, supporting data and facts and may certify the commercial development for incentive classification and grant the incentive.

*Please note that the applicant must have submitted a full and complete application to the Bureau of Economic Development prior to requesting a review from the Assessor's Office.

During the term of the incentive, the Class 7c recipient must file an annual affidavit attesting to the use of the property and the number of workers employed at the Class 7c site. The affidavit must be verified and returned to the Assessor within twenty-one (21) days. Failure to file the triennial report within that time will result in the loss of the incentive.

Class 7c classification may be renewed during the last year in which a property is entitled to a 10% assessment level or when the incentive is still applied at the 15% or 20% assessment level. A renewal application must be filed, along with a certified copy of a resolution or ordinance adopted by the municipality in which the real estate is located (or by the County Board, if the property is located in an unincorporated area of Cook County). The resolution or ordinance must expressly state that the municipality or County, as the case may be, supports and consents to the renewal of the Class 7c incentive and that it has determined that use of the property is necessary and beneficial to the local economy. The notice of intent to request a renewal will be submitted to the Bureau of Economic Development. The owners must notify the Bureau of Economic Development of their intent to request this renewal prior to their requesting a resolution or ordinance from the municipality or County Board. An additional resolution will be required from the Economic Development Advisory Committee (EDAC). The number of renewal period requests is limited to one.

Please note that the incentive is cancellable by the taxpayer and revocable by the Assessor's Office, the Cook County Board or by the Municipality as provided by Ordinance. If the incentive is canceled or revoked, the taxpayer is required to pay back the savings, which is the difference between the incentive class and the classification the property would have been without the incentive, for the tax year that the cancellation or revocation occurred.