

## City of Pontiac

TIF

Upstairs/Downtown  
Residential Grant  
Program

# Application and Agreement

The following includes the Residential Grant  
Program Description, Grant Application, and  
Agreement.

## **Pontiac TIF Upstairs/Downtown Residential Grant Program**

The Upstairs/Downtown Residential Grant provides financial assistance to Central Business District Owners in the Project Area that operate a commercial space on the first floor to rehabilitate upper levels into residential space. This program is intended to increase inventory of residential property in the TIF districts, increase the Equalized Assessed Valuation, Revitalize the Central Business District, increase the sustainability of downtown commercial business and achieve overall goals of the TIF I Redevelopment Area Plan. Grant funds are made available through the TIF I fund which is administered by the City of Pontiac.

### **Goal of the Program**

The goal of the program is to increase residential inventory in the downtown, provide a means for sustainable income for building owners with commercial business on the first floor and spur further investment and development of the TIF Redevelopment Project Area. The City believes that by providing incentives to spur revitalization and reinvestment in structures with residential spaces. It will encourage development of residential over commercial space, provide residential inventory and complement the economic development goals of the City of Pontiac.

### **Program Description/Grant Terms**

This physical improvement grant is a competitive program that provides a matching grant for developing space that is currently not being used for residential. Grants awards under this program shall not exceed \$50,000.00 per building in the Project Area. Limit one active grant per building, total grant awards limited to \$100,000.00 per building per ten years. This is a matching grant paid as a reimbursement upon completion of the project. The City portion of the grant is 75% with a maximum of \$50,000.00. The applicant is expected to match 25% or exceed any awarded program funding through contribution of his or her own capital to the total project cost. Priority will be given to applicants based on the highest life safety score on the performance model matrix.

### **Grant Cap Across Programs**

An applicant may apply for and receive assistance under more than one City of Pontiac TIF grant program; however, the combined total of all TIF grant assistance awarded to a single property shall not exceed Fifty Thousand Dollars (\$50,000.00) for a fiscal year and \$100,000.00 in ten (10) fiscal years. Under no circumstances may the cumulative amount of Upstairs/Downtown Residential, Façade, or any other TIF grants received for the same property exceed \$50,000.00 in a fiscal year.

## **PROJECT AREA**

The Project Area is within the Pontiac Mainstreet TIF I, within the following boundaries:

Chicago and Plum Streets from Howard St. to the north to Water St. to the south, and Howard and Water Streets from Chicago St. to the east and Plum St. to the west.

### **Eligible Applicants and Properties**

- Owners of multi-level buildings within the Project Area
  - Project must not currently be used as a residential space, nor have been an occupied residential space within the three months preceding the application.
  - Owner must not owe back property taxes.
  - Owner must not have a current lien or outstanding debt with the City unless that lien is for a separately approved City Grant Project.
  - Owner must not have active zoning or code enforcement violations. Violations that will be resolved by an acceptable project may be accepted by the City.
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The City of Pontiac reserves the right to determine the eligibility of all items in a project's scope of work. Grant eligible expenses must be TIF eligible expenses as defined by Illinois law. Eligible items include, but are not limited to:

- Construction materials
- Roofing
- HVAC
- Plumbing
- Electrical
- Contractor labor
- Other items that are viewed as necessary to the property's residential development or rehabilitation.

Ineligible expenses include, but not limited to:

- Furniture
- Appliances
- Personal Property
- Owners Labor
- Any expense not eligible under Illinois law
- Project costs not pertaining to the development or rehabilitation of residential space such as commercial space improvements

In addition, the City of Pontiac reserves the right to determine the eligibility of all contractor labor and time costs for reimbursement. Work may be completed by the owner with the exception of any work that is required to be completed by a licensed contractor such as plumbing or roofing. The City will not reimburse funds for the applicant's time spent on the project.

## **Ownership**

Owner must retain ownership for five years or repay the grant according to the following schedule

- If owned less than two years 100% of grant must be repaid

- If owned between two and three years, 75% of grant must be repaid
- If owned between three and four years, 50% of grant must be repaid
- If owned between four and five years, 25% of grant must be repaid
- If owned five years or more, no repayment is required and lien will drop off

### **Occupation/Tenancy**

The completed project may be owner occupied, rented or leased. Occupancy must occur within 90 days of project completion. If rented or leased, the initial term must be a minimum of one year. Reimbursement shall be made by the city upon inspection and approval of project completion.

### **Other Terms and Conditions**

- Owner(s) must appear at City Council for grant approval.
- Owner(s) must allow for inspection of the property prior to grant approval and as required during construction
- All contractors must be licensed by the City
- Owner(s) must abide by all adopted building, property maintenance, fire, plumbing and building codes of the City of Pontiac.
- Applicant must have at least 2 bids if contracting work or one bid if the contractor has a registered business address within the corporate limits of Pontiac.
- Owner(s) must agree to a lien levied against the property for the term of the grant.
- Project must be completed within six (6) months of approval. An extension may be granted by approval of the City.
- Owner(s) shall provide proof of occupancy throughout the grant term and cooperate with City inquiries regarding occupancy.
- Owner(s) must retain ownership for 5 years or will be subject to the following payback

|                                                              |             |
|--------------------------------------------------------------|-------------|
| <i>If sold within two years of grant payment</i>             | <i>100%</i> |
| <i>If sold within three years of grant payment</i>           | <i>75%</i>  |
| <i>If sold within four years of grant payment</i>            | <i>50%</i>  |
| <i>If sold within five years of grant payment</i>            | <i>25%</i>  |
| <i>No repayment after five years, and lien will drop off</i> |             |

### **Budget Allowance for 2026**

The City has set aside \$150,000 for the program. This amount may be combined with unused residential grant funds to create a pool of \$300,000.00 to be used for either program while funds are available.

### **Application Submittal**

To be formally considered for a grant request, an application must be completed and submitted to the City Building and Zoning Office located at City Hall. Applications can be obtained at City

Hall or on the City Website. Applicant must submit proof of ownership in form of deed or title.

### **Application Review**

The City of Pontiac's decision to accept an application will be based on available funds, the merits of the proposed project, life safety matrix and the support it provides to the structural enhancement and general beautification of Pontiac.

## City of Pontiac TIF Upstairs/Downtown Residential Grant Application

Date: \_\_\_\_\_

Owner #1 Legal Name: \_\_\_\_\_

Owner #2 Legal Name: \_\_\_\_\_

Street Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

Email Address: \_\_\_\_\_

Property PIN#: \_\_\_\_\_ Current EAV: \$ \_\_\_\_\_

**SCOPE OF WORK: (describe what work is going to be completed add additional pages if needed)**

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☐ Include photos of the current space conditions

**Estimated Costs of the Work:** \$ \_\_\_\_\_

☐ Include Bids with Application

☐ Owner is completing work on own

☐ Proof of Ownership included (Deed or Title)

***By signing this application, you agree to the terms and conditions of the grant program as well as the conditions contained on page 3 of this of this form.***

\_\_\_\_\_  
Owner 1 Signature

\_\_\_\_\_  
Owner 2 Signature

### City Zoning Official Use Only

Ownership and EAV Verified: \_\_\_\_\_

Inspection Completed: \_\_\_\_\_

Matrix Score: \_\_\_\_\_

Submitted for Approval: \_\_\_\_\_

Council Approval Date: \_\_\_\_\_

This page provided for convenience to itemize work to be completed

**Structural Tasks:**

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**Fire/Safety Tasks:**

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**Mechanical-Electrical-Plumbing Tasks:**

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**Interior Buildout:**

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**Exterior Buildout:**

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## Terms and Conditions

- Applicant Owner(s) must appear at City Council for grant approval
- This is a competitive reimbursement grant. Payment is made after project completion
- The grant will cover 75% of eligible costs up to \$50,000.00. Owner must contribute 25%
- The City reserves all rights to determine the number of grants awarded
- Priority will be given by highest score on the life safety matrix
- Owner must supply proof of ownership in the form of a deed or title
- Allow for an inspection of the property
- Space must not have been an occupied residential space for a minimum 3 months prior to Grant approval.
- Owner must follow the Municipal Code and all adopted codes and must not have any zoning or property maintenance violations
- Owner must not have unpaid real estate taxes or debt to the City
- Any work requiring a contractor must be performed by a City of Pontiac licensed contractor. Owners may complete work on their own unless Illinois law or city code require a licensed contractor such as plumbing or roofing.
- Work must be itemized to verify it is eligible for TIF funding
- Project must be completed within 6 months after City Council Approval
- Residential space must be occupied within 3 month of project. Occupied means owner occupied, leased or rented with a lease or rental initial term being at least one year.
- A lien will be levied against the property for the term of the grant
- Owner(s) must retain ownership for 5 years or will be subject to the following payback

|                                                              |             |
|--------------------------------------------------------------|-------------|
| <i>If sold within two years of grant payment</i>             | <i>100%</i> |
| <i>If sold within three years of grant payment</i>           | <i>75%</i>  |
| <i>If sold within four years of grant payment</i>            | <i>50%</i>  |
| <i>If sold within five years of grant payment</i>            | <i>25%</i>  |
| <i>No repayment after five years, and lien will drop off</i> |             |

Please contact Building and Zoning Director Greg Knowles with any questions.  
[greg.knowles@pontiac.org](mailto:greg.knowles@pontiac.org) or 815-844-1038.

# CITY OF PONTIAC

## TIF Upstairs/Downtown Residential Grant Program Redevelopment Agreement

**This Agreement**, entered into this \_\_\_\_\_ day of \_\_\_\_\_ between the City of Pontiac, Illinois (hereinafter referred to as "CITY") and the following OWNER(S), to witness:

Owner Name:

Address of Property to be improved:

PIN Number(s):

### WITNESSETH:

**WHEREAS**, the City of Pontiac has established a TIF Upstairs/Downtown Residential Grant Program for application within the designated TIF Upstairs/Downtown Residential Grant Program Area of the Pontiac TIF I and II Redevelopment Project Areas ("District"); and

**WHEREAS**, said TIF Upstairs/Downtown Residential Grant Program is administered by the CITY with the advice of the and is funded by the TIF fund for the purposes of controlling and preventing blight and deterioration with the District; and

**WHEREAS**, pursuant to the TIF Upstairs/Downtown Residential Grant Program, the CITY has agreed to participate, subject to its sole discretion, 1) in reimbursing owners for the cost of eligible interior residential improvements to multi-story buildings within the designated Project Area within the District at the rate of seventy-five percent (75%) of total project costs paid by the City up to a maximum of \$50,000.00 and twenty-five percent (25%) paid by the owner as set forth herein; and

**WHEREAS**, the OWNER(S)' property is located within the TIF Upstairs/Downtown Residential Grant Program Area, and the OWNER(S) desires to participate in the TIF Upstairs/Downtown Residential Grant Program pursuant to the terms and provisions of this Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements obtained herein, the CITY and the OWNER(S) do hereby agree as follows:

## **SECTION 1**

With respect to the residential improvements pursuant to the terms of the program, the CITY shall reimburse the OWNER(S) for the cost of improvements to the OWNER(S)' property at the rate of seventy five percent (75%) of such costs up to a maximum amount of \$50,000.00

The improvement costs, which are eligible for CITY reimbursement, include all labor, materials, equipment, and other contract items necessary for the proper execution of the work as shown on the plans, design drawings, specifications, and estimates approved by the CITY. The CITY will not reimburse funds for the OWNER(S)' time spent on the actual project. The CITY reserves the right to not reimburse for contractor or OWNER(S)' labor or time costs. Such plans, design drawings, specifications, and estimates are attached hereto as EXHIBIT A.

## **SECTION 2**

No improvement work shall be undertaken until its design has been submitted to and approved by the CITY. Following approval, the OWNER(S) construct or shall contract for the work and the project work shall commence within ninety (90) days and be completed within six (6) months from the date of such approval. The OWNER(S) may request an extension mutually agreed upon one time up to ninety-days (90), provided there is a demonstrated hardship.

## **SECTION 3**

The CITY shall periodically review the progress of the work on the residential improvements pursuant to the Agreement. Such inspections shall not replace any required permit inspection by the Building Inspectors. All work which is not in conformance with the approved plans, design drawings, specifications and violate permitting requirement shall be immediately remedied by the OWNER(S) and deficient or improper work shall be replaced and made to comply with the approved plans, design drawings, specifications or permitted work and the terms of this Agreement.

## **SECTION 4**

Upon completion of the improvements and upon their final inspection and approval by the CITY, the OWNER(S) shall submit to the CITY a properly executed and notarized contractor statement showing the full cost of the work as well as each separate component amount due to the contractor and each and every subcontractor involved in furnishing labor, materials, or equipment necessary to complete the residential improvement related work. In addition, the OWNER(S) shall submit to the CITY proof of payment of the contract cost pursuant to the contractor's statement and final lien waivers from all contractors and subcontractors. The CITY shall, within forty-five (45) days of receipt of the contractor's statement and proof of payment, issue a check to the OWNER(S) as reimbursement for the project construction cost estimate or the actual construction cost, whichever is less, (not to exceed \$50,000.00), subject to the limitations set forth in Section 1 hereof.

## **SECTION 5**

If the OWNER(S) or the OWNER(S)' contractor fails to complete the improvement work provided for herein in conformity with the approved plans, design drawings, and specifications and the terms of this Agreement, then upon written notice being given by the CITY to the OWNER(S), by certified mail to the address listed above, this Agreement shall terminate and the financial obligation on the part of the CITY shall cease and become null and void.

## **SECTION 6**

Upon completion of the improvement work pursuant to this Agreement and for a period of five (5) years thereafter, the OWNER(S) shall be responsible for properly maintaining such improvements, in finished form and without change or alteration thereto, as provided in this Agreement, retain occupancy by way owner occupancy, rental or lease, and for the said period of five (5) years following completion of the construction thereof, the OWNER(S) shall not enter into any Agreement or contract or take any other steps to alter, change, or remove such improvements, or the approved design thereof, nor shall the OWNER(S) undertake any other changes, by contract or otherwise, to the improvements provided in this Agreement unless such changes are first submitted to the CITY, and any additional review body designated by the CITY, for approval.

Such approval shall not be unreasonably withheld if the proposed changes do not substantially alter the original design concept of the improvements as specified in the plans, design drawings, and specifications approved pursuant to this Agreement. OWNER(S) shall execute and record a restrictive covenant at the CITY'S request.

## **SECTION 7**

OWNER(S) shall maintain ownership of the property and occupy, rent or lease the new residential space. If the OWNER(S) should no longer own the property, repayment of the grant shall be made by the OWNER(S) to the CITY at the following schedule:

|                                                              |             |
|--------------------------------------------------------------|-------------|
| <i>If sold within two years of grant payment</i>             | <i>100%</i> |
| <i>If sold within three years of grant payment</i>           | <i>75%</i>  |
| <i>If sold withing four years of grant payment</i>           | <i>50%</i>  |
| <i>If sold within five years of grant payment</i>            | <i>25%</i>  |
| <i>No repayment after five years, and lien will drop off</i> |             |

## **SECTION 8**

This Agreement shall be binding upon the CITY and upon the OWNER(S) to said property for a period of five (5) years from and after the date of completion and approval of the residential improvements provided herein and reimbursement payment made by the CITY.

## **SECTION 9**

The OWNER(S) acknowledge and agree that as a condition of receiving the grant from the City, the City shall have a lien against the real estate being improved using the grant funds in an initial amount equal to the grant paid by the City to the OWNER(s), and the amount of the lien shall at all times be an amount equal to the potential repayment amount determined under Section 7 in the event of OWNER(s) violation of this Agreement, plus the CITY'S attorneys fees and costs. The CITY shall record a Notice of Lien in the office of the Recorder of Deeds, Livingston County, Illinois, to make the lien created under this Agreement a matter of the record title to the affected real estate, and the lien shall be subject to foreclosure in the manner of a mortgage in the event the OWNER(S) shall become responsible for the repayment of all or any part of the grant. Unless the lien is released by the City at an earlier date, the lien shall expire and become unenforceable from and after the sixth anniversary of the payment of the grant by the CITY, unless the CITY institutes legal proceeding to recover the required repayment, or a records a notice of lien extension on or before the sixth anniversary of the payment of the grant.

## **SECTION 10**

The OWNER(S) releases the CITY from, and covenants and agrees that the CITY shall not be liable for, and covenants and agrees to indemnify and hold harmless the CITY and its officials, officers, employees, and agents from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with directly or indirectly with the residential improvement(s). Including but not limited to actions arising from the Prevailing Wage Act (820 ILCS 30/0.01 et seq.) The OWNER(S) further covenants and agrees to pay for or reimburse the CITY and its officials, officers, employees, and agents for any and all costs, reasonable attorney's fees, liabilities, or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, or causes of action. The CITY shall have the right to select legal counsel and to approve any settlement in connection with such losses, claims, damages, liabilities, or causes of action. The provisions of this section shall survive the completion of said residential improvement(s).

## **SECTION 11**

Nothing herein is intended to limit, restrict, or prohibit the OWNER(S) from undertaking any other work in or about the subject premises, which is unrelated to the residential improvement provided for in this Agreement.

**IN WITNESS THEREOF**, the parties hereto have executed this Agreement on the date first appearing above.

OWNER(S)

CITY OF PONTIAC

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Mayor  
The Honorable Kelly A. Eckhoff

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City Clerk