

**State of Illinois Uniform Notice of Funding Opportunity (NOFO)  
Summary Information**

Awarding Agency Name	Commerce And Econ Opp
Agency Contact	Wendy Bell (ceo.ocd@illinois.gov)
Announcement Type	Initial
Type of Assistance Instrument	Grant
Funding Opportunity Number	24-1 CDBG Economic Development Program
Funding Opportunity Title	Community Development Block Grant Economic Development Program
CSFA Number	420-75-1631
CSFA Popular Name	CDBG Economic Development Program
Anticipated Number of Awards	0
Estimated Total Program Funding	\$3,000,000
Award Range	\$0 - \$1000000
Source of Funding	Federal
Cost Sharing or Matching Requirements	No
Indirect Costs Allowed	No
Restrictions on Indirect Costs	Yes : The CFDA Number for these awards is 14.228, which exempts the grants from the indirect cost requirements of 2 C.F.R. Part 200, pursuant to 2 C.F.R. § 200.101(d)(1).
Posted Date	04/05/2022
Application Date Range	General announcement open for a period of time with no specific due dates for applications.
Grant Application Link	Please select the entire address below and paste it into the browser... <a href="https://dceo.illinois.gov/aboutdceo/grantopportunities/1631-2007.html">https://dceo.illinois.gov/aboutdceo/grantopportunities/1631-2007.html</a>
Technical Assistance Session	No

# Agency-specific Content for the Notice of Funding Opportunity

## CDBG Economic Development Program 24-1

1631-2007

### A. Program Description

The Community Development Block Grant (CDBG) Program was established by the federal Housing and Community Development Act of 1974 (Act). Administered nationally by the U.S. Department of Housing and Urban Development (HUD), the Act combined eight existing categorical programs into a single block grant program. In 1981, Congress amended the Act to allow states to directly administer the block grant for small cities. At the designation of the Governor, the Department of Commerce and Economic Opportunity (Department) assumed operation of the State of Illinois CDBG – Small Cities Program in the same year. Through this program, funds are available to assist Illinois communities to meet their greatest economic and community development needs, with an emphasis on helping persons of low-to-moderate income.

To ensure that the State-administered program meets the intent of the federal Housing and Community Development Act of 1974, as amended, Congress has required that state-administered programs meet at least one of the following three national objectives:

- Benefiting low-to-moderate income (LMI) persons; or
- Aiding in the prevention or elimination of slums and blight; or
- Meeting other community development needs that pose a serious and immediate threat to the health and welfare of the community.

To complement these federally-mandated objectives, the State has established the following specific objectives for the CDBG Program:

- Strengthen community economic development through the creation of jobs, stimulation of private investment and strengthening the tax base;
- Improve public infrastructure and eliminate conditions which are detrimental to health, safety and public welfare; and
- Conserve and expand the State's housing stock in order to provide a decent home and a suitable living environment for persons of low-to-moderate income and the developmentally disabled.

**The purpose of grants relative to the Economic Development (ED) Notice of Funding Opportunity are to assist communities attract or expand private businesses. The program provides financial assistance in the form of a grant to private businesses that create or retain jobs primarily for low-to moderate-income workers. Public infrastructure grants may also be made to support a private business that creates or retains jobs primarily for low- to moderate-income workers. This assistance can benefit both private "for-profit" and "not-for-profit" organizations.**

For grant funds provided as financial assistance to a business in support of economic development (commonly referred to as "Direct" Assistance), the participating business must meet one of the following criteria in determining the appropriate level of financial assistance:

- Financing Gap Assessment - This assessment will be utilized in assisting the Department in determining whether a business can raise only a portion of the financing necessary to complete a project.

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- Location (Site Selection) Assessment - This assessment will be made when a firm or business is considering multi-state location options. CDBG funds are needed to equalize cost factor variations between sites. The Department will generally request cost disclosures for each site under consideration.

For grants for public infrastructure in support of economic development (commonly referred to as "Indirect" Assistance), all projects are reviewed to determine whether CDBG funds are appropriate. A financial review of the unit of local government will be conducted to ensure that it does not have the capacity to fund infrastructure improvements without CDBG assistance. Additionally, the unit of local government will need to submit confirmation from the appropriate legal authority that all infrastructure related activities will take place on publicly-owned. Lastly, the unit of local government must demonstrate the financial gap argument as the sole rationale for funding. This rationale will be determined through the review of the unit of local government's audit to ensure that it does not have the capacity to fund infrastructure improvements without CDBG assistance.

Participating private businesses must identify with the following North American Industry Classification System (NAICS) codes:

<u>Sector</u>	<u>Description</u>
11	Agriculture, Forestry, Fishing and Hunting
21	Mining, Quarrying, and Oil and Gas Extraction
23	Construction
31-33	Manufacturing
42	Wholesale Trade
48-49	Transportation and Warehousing
51	Information
52	Finance and Insurance
53	Real Estate and Rental and Leasing
54	Professional, Scientific, and Technical Services
55	Management of Companies and Enterprises
56	Administrative and Support and Waste Management and Remediation Services
62	Health Care and Social Assistance
72	Accommodation and Food Services
81	Other Services (except Public Administration)

Eligible projects and activities that may be funded through ED grants are:

- Acquisition of land;
- Public facilities and improvements in support of economic development (such as water, sewer, and utility lines);
- Acquisition, construction, and rehabilitation of commercial and industrial buildings/facilities;
- Machinery and equipment;
- Furnishings and fixtures; and
- Working capital expenses (inventory, employee salaries, general operating expenses and advertising/marketing expenses).

Grants are awarded on an as-needed basis throughout the year to units of general local government meeting eligibility and program component requirements until all funds allocated to this program have been distributed. All awards in this category are predicated upon project feasibility and a demonstrated need for funds. This will include a review of all sources and uses of funds, an analysis of the recipient's ability to comply with the terms of the program, and a determination that CDBG participation is appropriate. The grant ceiling has been established at \$1,000,000 per award. The grant funds awarded shall not exceed \$10,000 per job for any job that is retained and \$25,000 per job for any job that is created.

For a project to be eligible for funding, applicants must document the following:

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- At a minimum, 51% of those benefiting from the project will be LMI persons.
- The financial feasibility<sup>1</sup> of the project and how program objectives will be met through proposed activities. Participating businesses must submit supporting financial data.
- That the project and related investment would not occur without CDBG involvement.
- If a start-up project is proposed, a 20% commitment of equity included in the leveraging, unless waived by the Director for good cause shown. Good cause may include, but is not limited to, cases in which CDBG funds are used for the construction or rehabilitation of public infrastructure, when the equity requirement would work an unreasonable hardship upon the applicant, when the loan is sought by a minority enterprise, when other conditions of the financial assistance are so firmly supported that the equity requirement is not necessary, or when the need for job creation in the geographical area far exceeds the relative security offered by the 20% equity requirement.
- For public infrastructure projects in support of economic development, when the improvements are to take place in an area that is residential in character, that the area is comprised of at least 51% low- to moderate-income persons.

The following activities are specifically identified as ineligible:

- Construction of buildings, or portions thereof, used predominantly for the general conduct of government (e.g., city halls, courthouses, jails, police stations).
- General government expenses.
- Costs of operating and maintaining public infrastructure and services (e.g., mowing parks, replacing street light bulbs).
- Servicing or refinancing of existing debt.
- Marijuana projects for medical and/or recreational purposes.

Additionally, the following activities are generally ineligible under the ED program and (without special waiver or explicit approval) from the US Department of HUD:

- Assistance to professional sports teams;
- Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele where the benefit to such clientele clearly outweighs employment or other benefits to low-to-moderate income persons;
- Acquisition of land, for speculative purposes, for which no specific proposed use has been identified;
- Additional assistance to a for-profit business while that business is the subject of unresolved findings of noncompliance relating to previous CDBG assistance;
- Projects that provide direct support for gambling or construction of facilities that have gambling as their principal purpose; and
- Projects that involve the use of marijuana for medical and/or recreational purposes.
- Job-Pirating Activities<sup>2</sup>
  - The regulations prohibit CDBG recipients from providing CDBG funds to businesses (including expansions of existing businesses) (1) if the funding will assist in the relocation of a plant, facility, or operation (terms defined in the regulations) – and – (2) if the

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<sup>1</sup> Financial feasibility is determined by the anticipated project in relation to the company's ability to maintain continuous operation beneficial to the public based on the anticipated operations costs, of less than or equal to anticipated income, or the availability of equity to cover any shortfalls as identified in the review of the company's historical financial statements.

<sup>2</sup> By both federal statute [HCDA, codified at 42 U.S.C. §5305(h)] and HUD regulation [24 C.F.R. §570.482(h)] that govern the CDBG program, anti-pirating policies were established, prohibiting the states (and state grantees) from using CDBG funds for "job-pirating" activities that result in significant job loss in a defined Labor Market Area ("LMA") from which the business is relocating. The regulation targets businesses that move (or expand) their existing operations from one Labor Market Area to another. Relocations within a LMA are not subject to the anti-pirating regulations.

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- relocation will result in "significant loss of jobs in the Labor Market Area (LMA)<sup>3</sup> from which the relocation occurs. A "significant job loss" is defined as follows:
- 500 or more jobs lost in a LMA is always considered a significant loss; and thus, CDBG funds cannot be used in such cases.
  - 26-499 jobs lost may be significant job loss if the lost jobs are equal to or greater than one-tenth of one percent (0.1%) of the total number of persons in the labor force of the LMA from which the proposed business relocation would occur. As an example, 26 jobs lost would be a significant job loss in a LMA with a labor force size of 26,000 people.
  - 25 or fewer jobs lost in a LMA is not a significant loss; and thus, not a job-pirating problem, allowing CDBG funds to be used in such cases.
- Under the regulations, a job will be considered to have been relocated if positions are eliminated at an existing operation within three (3) years of the time when CDBG funding assistance was provided to the expansion site operation of the business.
    - The business must also contractually agree that if significant job losses do occur (within a 3-year window) at an existing location from which an expansion was CDBG assisted, then the business will reimburse the CDBG recipient (the community) for CDBG assistance provided to the business (directly) or expended on behalf of the business (e.g., infrastructure improvement project).
  - The guidelines explanations above are not intended to be a full explanation of this restriction. The full text of the regulations must be read and understood in order to achieve compliance (see Section II, Part B in the Guidebook<sup>4</sup>, which is located in this Notice of Funding Opportunity).

All projects are assessed to determine whether CDBG funding is appropriate. The following elements are included in the Department's determination of whether funding is appropriate and whether the activity complies with the guidelines for evaluating project costs and financial requirements set forth in 24 CFR 570.209(a):

- The Department will review each project cost element to determine that the cost is reasonable and consistent with third-party, fair-market prices for that cost element.
- The Department will review all projected sources of funds necessary to complete the project. The applicant must verify that all sources (in particular private debt and equity financing) have been firmly committed and are available to be invested in the project at the time CDBG funds are awarded.
- A financial review will be conducted to ensure that CDBG funds are not being substituted for available private debt financing or equity capital.

The amount of CDBG grant assistance provided to a business will be limited to the amount sufficient to allow the project to go forward without substituting CDBG funds for available private debt or cash equity.

The Department will conduct a financial analysis of the participating businesses in relation to the proposed project and assess the risk of potential project failure. The project benefit is weighed by the number of jobs created and/or retained; the type of jobs created and/or retained; private funds invested; and the level of distress of the area that will benefit from the project (i.e., the county rate of unemployment as compared to the state-wide average). The Department may approve the project if it determines that the risk is reasonable, that is, the potential benefit outweighs the potential financial risk.

The following are examples of what will generally be required for all participating businesses as a condition of a CDBG grant closing:

- Written evidence of finalization of all financing (copies of promissory notes and commitment letters);

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<sup>3</sup> The Labor Market Areas defined by the U.S. Department of Labor will be used. The designations of the LMAs and labor force data are found at the Bureau of Labor Standards website at <http://www.bls.gov/>.

<sup>4</sup> The Guidebook will be referenced throughout this document. The Guidebook can be found at: <https://dceo.illinois.gov/communitydevelopment.html>.

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- Finalization and documentation of all project costs (a detailed narrative for all non-CDBG activities with corresponding costs) and independent vendor cost estimates which verifies expenditures associated with CDBG activities.

As a condition of the award of a grant for the construction of public infrastructure in support of economic development and/or as a grant for “direct” assistance to a business, the grantee will be required to enter into a “Participation Agreement” or what is commonly known as a “claw back agreement” with the business regarding the specific CDBG project objectives, e.g., investment, jobs, and low-to-moderate income benefit, and the applicable sanctions that may be applied if those objectives are not satisfied.

Community Development Block Grants are federally funded and must comply with extensive federal regulations including procurement, environmental, Davis-Bacon labor standards and others. Failure to comply could result in grant funds being repaid by the Grantee/Community. Therefore, it is important that Grantees seek out an experienced Grant Administrator to manage all the details of the grant, provide oversight and coordination of the project. This management process is called “Activity Delivery.” (see Section II, Part D of the Guidebook for specifics on Activity Delivery, located in this Notice of Funding Opportunity)

**All application writers and grant administrators must have administered an Illinois CDBG grant within the last 2 years or complete the grant administration segment as well as the application segment of the 2021 workshops.**

**Additionally, all Grantees must use an experienced environmental specialist, who has completed at least one Illinois CDBG Environmental Record Review since January 1, 2018 OR has successfully completed DCEO Environmental Training conducted on July 18, 2018.**

Contracts for the purpose of securing services for Activity Delivery must be competitively procured unless the contract is with an Intergovernmental Agreement Agency, an Inter-Entity Agreement Agency. If an applicant is awarded a CDBG grant, the grantee’s procurement process must be documented and kept with the grant files (see Section IX of the Guidebook, Attachments for the Illinois CDBG Procurement Policy).

The maximum amount of CDBG funds that may be allowed for reasonable activity delivery costs is \$30,000 and must be included in the total grant award. Activity delivery costs above that amount must be contracted separately and not included in the application.

Activity Delivery costs include costs such as (but not limited to) salaries, travel costs, services performed under third party contracts, including legal and audit services, environmental record review preparation, additional fidelity bonding costs or other services required for the delivery of grant activities.

Activity delivery costs may include the estimated cost of an audit to be conducted in accordance with the Comptroller General's Governmental Auditing Standards, and 2 CFR 200.501, if applicable. However, be advised that CDBG funds can only be used to pay for its portion of the costs of an audit when a "single audit" is required. If a grantee expends less than \$750,000 of federal funds in one fiscal year, a single audit is not required. The grantee may still have to conduct an annual audit as required by State statute, but CDBG funds may not be used to pay for any portion of the audit costs.

Agreement(s) and budget(s) with subrecipients and subcontractors must be pre-approved by and on file with DCEO. Agreements can be submitted to DCEO when available. Subcontractors and subrecipients are subject to all applicable provisions of the Agreement(s) executed between DCEO and the grantee. The successful applicant shall retain sole responsibility for the performance of its subrecipient(s) and/or subcontractor(s).

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A public hearing must be held prior to submission of an application and prior to passage of a local council resolution of support by the local governing body. If the publication guideline or public hearing requirements are not met, the application will not be reviewed further nor considered for funding.

### Public Participation

- All applicants must provide for public participation. All citizens must be given reasonable access to the community's application and reasonable time to review the application prior to the public hearing.

### Public Notice

- A Notice of Public Hearing must be published at least once in a newspaper of general circulation at least seven calendar days (excluding the date of publication *and* the date of the hearing) prior to the public hearing.
- All project information must be available for viewing on the first date of publication at a location within the community.
- The Public Comment Period must coincide with the time period between Notice and Hearing; concluding after the Hearing has been completed. The address for submission of written comments must be included in the Public Notice.

### Conducting the Public Hearing

- Public Hearings must be facilitated by the applicant's governing body authorized official and certified by the authorized official or clerk.
- Efforts must be made to assure reasonable access to the public hearing by persons with disabilities; as well as be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.
- Those attending the public hearing must be informed of where and how to access the applicant's CDBG records.
- The Hearing must allow for public comments on the application and project.
- A sign-in sheet must be provided to document attendance. It is suggested that each person attending the public hearing provide his address and identify his role of participation (e.g., citizen, elected or appointed official, municipal employee, contractor, grant administrator, business owner, etc.).
- The public hearing must cover:
  - The amount of funds available;
  - The project activities that will be undertaken with CDBG funding, including amount;
  - The project activities that will be undertaken with additional project funding, including amount;
  - The estimated amount proposed for activities that will benefit LMI individuals;
  - Plans for minimizing displacement as a result of the CDBG grant-assisted activities and to assist persons actually displaced, if applicable;
  - A detailed, prioritized list of community development and housing needs; and
  - A narrative discussion of the scope of the project including the proposed improvements, costs, benefit area, impact on community finances, etc.
- The minutes of the public hearing must be certified by the chief elected official or other authorized local officials, such as county clerk, city clerk, etc.
- Following the Public Hearing, a Resolution of Support from the local governing body must be passed that authorizes the local government to apply for funds.

### Documenting Citizen Participation

The following documents verifying 7-day notice and citizen participation must be submitted with the application.

- Newspaper Clipping of Notice of Public Hearing
- Publisher's Certification (cannot be an e-mail)
- Certified Minutes
- Attendance Sheet (original sign-in sheet; not type-written, not roll call from minutes)

A sample of a public hearing notice is contained in Section VII of the Guidebook, which is located in this Notice of Funding Opportunity.

## **B. Funding Information**

This grant program is utilizing federal funds allocated to the State appropriated by 875-42075-4900-1000 CDBG PROGRAM ADMIN, TECHNICAL ASSISTANCE AND GRANTS.

Community Development Block Grant funds are authorized by Congress on an annual basis and allocated by HUD to States and Entitlement programs. HUD has determined the State's 2021 allocation to be \$31,038,073. The Department of Commerce and Economic Opportunity is making \$3,000,000 available for the ED program. The Department has established a grant ceiling of \$1,000,000.

The ED funds are available on an as-needed basis throughout the year to all eligible applicants meeting program component requirements until all funds allocated to this component have been distributed.

**The release of this NOFO does not obligate the Department to make an award.**

## **C. Eligibility Information**

An entity must be registered in the Grant Accountability and Transparency Act (GATA) Grantee Portal, <https://grants.illinois.gov/portal> at the time of grant application. The portal will verify that the entity:

- Has a valid FEIN number;
- Has a current SAM.gov account;
- Is not on the Federal Excluded Parties List;
- Is in Good Standing with the Illinois Secretary of State, as applicable;
- Is not on the Illinois Stop Payment list; and
- Is not on the Department of Healthcare and Family Services Provider Sanctions list.

Entities on the Illinois Stop Payment List and/or the Federal Excluded Parties List at time of application submission will not be considered for an award.

An automated email notification to the entity alerts them of "qualified" status or informs how to remediate a negative verification (e.g., not in good standing with the Secretary of State). A federal Debarred and Suspended status cannot be remediated.

Pursuant to the policy of the Illinois Office of the Comptroller, to receive grant funds from the State of Illinois, a grantee must be considered a regarded entity by the IRS for federal income tax purposes. Disregarded entities will not be eligible to receive grant funds.

### **1. Eligible Applicants**

Only units of general local government (i.e., cities, villages, townships and counties) may apply for funding. Eligible municipalities shall not receive funding from HUD as an entitlement city. Counties and townships that are not participating in the HUD Urban County Entitlement Program are also eligible to apply for block grant funds.

Because of eligibility requirements and administrative capacity, certain unincorporated areas and special districts may not qualify for participation by themselves. In these instances, general purpose units of local government will be allowed to submit applications on behalf of otherwise



ineligible special districts and unincorporated areas provided the unit of general local government determines that the activity is meeting its needs in accordance with section 106(d)(2)(D) of the Housing and Community Development Act of 1974, as amended. An Application on Behalf Of or a joint application may not be filed for an entitlement city or a city located in an entitlement county. If an Application on Behalf Of or a joint application will be filed, the local governments involved must submit an executed cooperation agreement with the application for funds. The agreement shall define grantee responsibilities under a successful application.

When 2 or more eligible local governments face a common problem, a joint application may be submitted under the following conditions:

- The solution of the problem requires mutual action and is not intended for administrative convenience; and
- The eligible local governments involved have contacted the Department for prior approval of submission of the joint application before actual application submission.

**All applicants must be registered and have completed the Internal Control Questionnaire (ICQ) for the current year available at: <https://grants.illinois.gov/portal/> prior to application submission. Applications submitted by communities who have not registered or completed the ICQ for the current year will not be considered for review.**

The Department complies with all applicable provisions of state and federal laws and regulations pertaining to nondiscrimination, sexual harassment and equal employment opportunity including, but not limited to: The Illinois Human Rights Act (775 ILCS 5/1-101 et seq.), The Public Works Employment Discrimination Act (775 ILCS 10/1 et seq.), The United States Civil Rights Act of 1964 (as amended) (42 USC 2000a-and 2000H-6), Section 504 of the Rehabilitation Act of 1973 (29 USC 794), The Americans with Disabilities Act of 1990 (42 USC 12101 et seq.), and The Age Discrimination Act (42 USC 6101 et seq.).

## **2. Cost Sharing or Matching.**

Cost sharing is required at a minimum of 1:1 ratio. Applications must provide written evidence that necessary, additional funding for the project is firmly committed.

Private investment financing that is discussed in the Project Summary narrative should be detailed in the CDBG Private Investment Information form and should be documented by the inclusion of additional funding commitment letters.

A firm commitment from a financial institution must include language which indicates that the loan has been approved subject to CDBG approval and that the institution will lend subject to certain conditions; the specific dollar amount of the loan; the specific term of the loan; the interest rate of the loan; and specific collateral or security. The lender's letter should also discuss the reasons why the lender cannot or will not provide additional funds for the project.

A firm commitment to purchase a revenue bond must include an executed bond inducement resolution and a firm commitment to purchase the bond. If an investment banking firm is making the commitment to purchase the bond, the commitment letter must state the "commitment to purchase the bond." Letters which indicate a willingness to offer the bonds for sale on a "best efforts" basis are not satisfactory commitments. The investment banking firm must be willing to hold the bond in its own portfolio should adequate numbers of buyers not be found in the market place. If the commitment to purchase the bond comes from a financial institution, the commitment to purchase must satisfy the requirements for "Loans from Financial Institutions" as described above.

**3. Indirect Cost Rate.**

The grant will not compensate for indirect costs.

**4. Other, if applicable.**

Units of local government may apply for one grant per program per year. Applicants that received a grant in the previous year must demonstrate reasonable progress by the time the application is reviewed, or it will not be considered. Applications that further a project in progress, whether funded with or without CDBG funds, will not be accepted.

## **D. Application and Submission Information**

**1. Address to Request Application Package.**

Grant application forms are available at the web link provided in the “Grant Application Link” field of this announcement or by contacting the Program Manager:

**Office of Community Development  
Illinois Department of Commerce & Economic Opportunity  
500 East Monroe  
Springfield, IL 62701  
Telephone: 217/785-6174  
E-mail: ceo.ocd@illinois.gov**

**2. Content and Form of Application Submission.**

A standard application package must be submitted to and reviewed by DCEO. Each package must contain the following items:

- **Uniform Grant Application** in fillable PDF format. (print, sign and scan signature page with submission)
- **Conflict of Interest Disclosure Form**
- **Mandatory Disclosures Form**
- The **Uniform Budget** will be completed after a NOSAF has been issued. Grantee will utilize the template provided by DCEO for this project. The entire budget with all worksheets included even if the worksheets are not relevant to the grant opportunity must be submitted with the application materials. (print, sign and scan signature page with submission after NOSAF)

This Notice of Funding Opportunity also requires the submission of the following other programmatic specific items:

- **Letter of Transmittal from Chief Elected Official** (template provided)
- **Completed Submission Checklist**
- **CDBG Applicant Project Information Form**
  - **Project Summary and Need for Assistance**
    - Provide a detailed description of the project. This should include a brief description of the business, e.g., type of firm and its product or service. Describe how the CDBG funds will be used, reasons why funds are needed in order for the business to be in a position to create and/or retain jobs, and the business’s ability to make an investment in the community. Explain what circumstances make this project necessary, e.g.,

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- adding machinery or working capital to accommodate new sales, or extending infrastructure to provide for a new company or company expansion. Indicate the number of jobs to be created or retained as a result of the project.
- Specify other financing that will be expended as part of the project. Private investment financing that is discussed in the Project Summary narrative should be detailed in the CDBG Private Investment Information form and should be documented by the inclusion of additional funding commitment letters.
    - A firm commitment from a FINANCIAL INSTITUTION must include: language which indicates that the loan has been approved subject to CDBG approval and that the institution will lend subject to certain conditions; the specific dollar amount of the loan; the specific term of the loan; the interest rate of the loan; and specific collateral or security. The lender's letter should also discuss the reasons why the lender cannot or will not provide additional funds for the project.
    - A firm commitment to purchase a REVENUE BOND must include: an executed bond inducement resolution and a firm commitment to purchase the bond.
    - If an investment banking firm is making the commitment to purchase the bond, the commitment letter must state the "commitment to purchase the bond". Letters which indicate a willingness to offer the bonds for sale on a "best efforts" basis are not satisfactory commitments. The investment banking firm must be willing to hold the bond in its own portfolio should adequate numbers of buyers not be found in the market place. If the commitment to purchase the bond comes from a financial institution, the commitment to purchase must satisfy the requirements for "Loans from Financial Institutions" as described above.
  - **Project Location Map** - A project map must be included in the application. It should show the boundaries of the applicable unit of local government, the location of any floodplain areas, and any existing Enterprise Zones or Tax Increment Financing (TIF) districts. If the project includes public infrastructure activities, the map must sufficiently detail those improvements and their location. All infrastructure improvements must be made on publicly owned property.
  - **CDBG Economic Development Fact Sheet – General Supported Company Information Form**
  - **Economic Development Working Cost Estimate Form**
  - **Vendor Cost Estimates for CDBG-related activities**
  - **Projected Jobs Created/Jobs Retained Information Form**
  - **Analysis of Benefit to Low-to-Moderate Income Persons Form**
  - **Minority Benefit/Affirmative Housing Statement Form**
  - **Council Resolution of Support or Resolution of Support and Commitment of Local Funds** (templates provided) – If using local funds, you must indicate the account the funds are in.
  - **Local Government Financial Checklist Form (Infrastructure Grants Only)**
  - **Citizen Participation (7-Day Notice/Public Hearing)** – newspaper clipping, publisher's certification (no emails), certified minutes, and/or attendance sheet(s)
  - **Local Government Certifications Form**
  - **Intergovernmental Cooperation Agreement, if applicable** (template provided)
  - **W-9 Form** – Include a completed W-9 form. The name of the entity must exactly match the name indicated on the IRS certification letter, and the W-9 must be the most current issued (<https://www.irs.gov/pub/irs-pdf/fw9.pdf>).
  - **SAM Registration/CAGE Code:** All grantees, sub-recipients and contractors participating in the CDBG Program are required to be registered in the System for Award Management (SAM) at [www.sam.gov](http://www.sam.gov) for the purpose of obtaining a Commercial and Government Entity (CAGE) Code. The CAGE Code is a unique identifier assigned to government agencies and various organizations. CAGE codes provide a standardized method of identifying a given facility at a specific location. This documentation, for the grantee, must be submitted with the application.

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- **IRS Certification Letter:** Include in the application “Letter 147c” or “Letter 4158c” provided by the IRS to verify the Taxpayer Identification Number (TIN) or Federal Employer Identification Number (FEIN) for the applicant. If you do not have a current (dated within five years) copy of an IRS certification letter on file, please call the IRS Business line, 1-800-829-0115, to request a “Letter 147C”, or call 1-877-829-5500 to request a "Letter 4158c." Only the applicant is authorized to request a copy of this letter.
- **Unit of Local Government’s most recent financial statement audit (Infrastructure Projects only)-** If unavailable, please contact the Department to determine potential alternative documentation.
- **Public Investment Source Documentation Form**
- **Business Certifications including Jobs to be Created and Retained**
- **Benefitting Business’ Certificate of Good Standing from the IL Secretary of State**
- **Benefitting Business’ Corporate Financial Statements**
- **Benefitting Business’ Articles and Certification of Incorporation**
- **Benefitting Business’ Corporate Bylaws**
- **Private Investment Source Documentation**
- **Designation of Authorized Official Form, if applicable.**

All original Application Forms and Materials as shown Section V, Part J of the Guidebook must be utilized. All Letters, Notices, Resolutions, Agreements or other communication provided by the unit of local government as part of the application must be of the exact verbiage contained in Section V, Part J, of the Guidebook, be on the applicant community’s official letterhead, and have original signatures where required.

All original Application Forms and Materials as shown in the Guidebook must be utilized. The Department WILL designate an application “DO NOT FUND”, and not complete the rest of its’ scoring for the following reasons:

- Using self-created forms.
- Adding to or removing any language in forms.
- Forged, copied, taped, pasted or any alterations to original signatures or dates.

All application forms and certifications requiring signature must be signed by the Chief Elected Official of the applicant community, unless otherwise noted.

The Application Checklist contained in Section V, Part J, of the Guidebook, lists all required application elements and identifies in what order the elements should be submitted. Two copies of the application must be submitted: “original” and “copy.”

### PACKAGING YOUR APPLICATION

All grant application materials must be:

- Typed (except for signatures and maps)
- Clipped together with a large binder clip on the top. Any oversize pages such as maps should be placed at the end of the application.
- Contained in two brown legal-size, open-top (no foldovers with cords or ties) expandable folders (One marked “original,” and one marked “copy”)
- Brown legal size folders are to be labeled with a 2”x 4” white label, placed in the top right-hand corner of the folder with the following information:
  - Name of Applicant
  - Grant Year & Type of Grant
  - Original or Copy

For Example:

VILLAGE OF ABRACADABRA  
2021 Economic Development

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Original

DO NOT USE: dividers, staples, binders, folders or other methods of containment.

### 3. System for Award Management (SAM) and Unique Entity Identifier (UEI).

Each applicant (unless the applicant is an individual or Federal or State awarding agency that is exempt from those requirements under 2 CFR 25.110(b) or (c), or has an exception approved by the Federal or State awarding agency under 2 CFR 25.110(d)) is required to:

- (i) Be registered in SAM before submitting its application. To establish a SAM registration, go to [www.SAM.gov](http://www.SAM.gov) and/or utilize this instructional link: [How to Register in SAM from the www.grants.illinois.gov Resource Links tab](#).
- (ii) Provide a valid UEI number in its application, which matches the UEI number used in both the applicant entity's SAM registration and its GATA registration; and
- (iii) Continue to maintain an active SAM registration with current information at all times during which it has an active Federal, Federal pass-through or State award or an application or plan under consideration by a Federal or State awarding agency. The Department will not make a Federal pass-through or State award to an applicant until the applicant has complied with all applicable UEI and SAM requirements and, if an applicant has not fully complied with the requirements by the time the Department is ready to make a Federal pass-through or State award, the Department may determine that the applicant is not qualified to receive a Federal pass-through or State award and use that determination as a basis for making a Federal pass-through or State award to another applicant.

### 4. Submission Dates and Times.

Complete application packages should be submitted to the Department's Springfield Office at:

Illinois Department of Commerce and Economic Opportunity  
Office of Community Development  
500 East Monroe Street, Mail Code: R-2  
Springfield, Illinois 62701

Facsimile or electronic submissions will not be accepted.

Applicants may confirm the Department's receipt of application via telephone or email:

**Telephone: 217/785-6174**  
**E-mail: [ceo.ocd@illinois.gov](mailto:ceo.ocd@illinois.gov)**

### 5. Intergovernmental Review, if applicable.

The Department reserves the right to consider an outside technical review by an appropriate agency or agencies.

### 6. Funding Restrictions.

Costs previously incurred (such as design) as well as costs incurred in preparation of applications and local income surveys are not reimbursable under this grant program.

The use of in-kind services as additional funding is limited. Applicants must identify the specific tasks/services that will be performed or provided. Each task/service must be quantified by

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outlining the number of personnel assigned to the task and current payroll status; number of hours; and the hourly rate. Additionally, the qualifications of each individual to perform the assigned task/service (e.g., construction inspection) must be provided. If in-kind services are being utilized, a local council resolution must be included in the application.

The Department reserves the right to reject any or all applications received and/or negotiate or cancel in part or in entirety grants resulting from application awards if it is in the Department's best interest to do so.

The Department reserves the right to withdraw a commitment for CDBG funds where special grant conditions have not been satisfied 90 days after the date of the Notice of State Award Finalist, or at the discretion of the Department if it is determined the project will not progress.

The Department reserves the right to establish the amount of grant funds awarded, raise the individual grant ceilings, and to shift funds from one CDBG component funding area to another. The Department further reserves the right to award funds to the next highest rated applicant(s) for any component should funds become available due to de-obligations, etc.

The Department reserves the right to deny funding when submitted applications involve eligible units of government with serious unresolved audit or monitoring findings related to performance.

On an annual basis, the Department will re-evaluate the timely distribution of funds under all CDBG program components, as well as the availability of unspent and recaptured funds. Unspent and recaptured funds will be awarded to fund additional CDBG-eligible projects. Depending upon available funds, a Back-up Funding round may be implemented later in the program year.

The Department reserves the right to not fund applications that address problems which obviously are a result of deferred maintenance.

The Department reserves the right to consider an outside technical review by an appropriate agency or agencies. The Illinois Environmental Protection Agency, the Illinois Department of Public Health, and/or USDA Rural Development may be asked to review public infrastructure projects involving water or sewer activities.

Any additional non-CDBG resources must be firmly committed. Also, it must be evident in the application that both CDBG and non-CDBG funds will address the same need.

A grant agreement will be issued for a contract period of twenty-four months for Economic Development grants. All projects must be operational at the end of the twenty-four-month grant term. No more than one twelve-month extension may be considered.

Proposed projects (including the fund source, cost estimates, benefit, urgency, project area, and/or construction activities) supplied in the grant application submitted for funding must not be changed or modified prior to grant award or at the time the project is bid. If extenuating circumstances exist, the Grantee may submit a modification request after the receipt of its executed Grant Agreement.

Requests for Modifications must be presented to the Department prior to any changes being made to the project area, beneficiaries, cost estimates, or funded activities. All modifications must be within the original and environmentally-cleared project area. Requests for activities outside the original project area will not be considered. In addition, if the proposed modification alters the LMI benefit, the percentage of benefit must be within the same "LMI scoring" received in the review of the application. Modifications that will decrease the benefit to low-to-moderate income persons will not be considered. Modifications to decrease or increase the scope of work due to greater than or less than estimated costs will not be considered.

Local governments may not assess any fees against property "occupied" by eligible low-to-moderate income persons. The most common type of assessment is a connection fee, which is a one-time charge made as a condition of access to an improvement -- normally a sanitary sewage collection or water distribution system.

CDBG grant funds may not be used for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR 55. In accordance with 24 CFR 55, CDBG grant funds must not be committed in a FEMA-designated floodway, unless the project is a functionally dependent use of the floodway, as approved by the Department ahead of time.

#### **7. Other Submission Requirements.**

In accordance with the Interagency Wetland Policy Act of 1989, an applicant whose proposed project site is located on or within 250 feet of a wetland site listed on the National Wetlands Inventory will be required to comply with the requirements of the Act. This includes developing a plan to minimize adverse impacts on wetlands or providing written evidence that the proposed project will not have an adverse impact on a wetland. Project must also comply with Federal Wetlands Protection regulations at 24-CFR 58.5(b)(2) and Executive Order 11990, which may require preparation of an Eight-Step Wetlands Review.

### **E. Application Review Information**

#### **1. Criteria.**

The screening and review process for the program is designed to ensure that limited CDBG program funds are awarded to communities that demonstrate the need for financial assistance and have a well-designed project. The actual number and types of awards will be subject to funding availability.

The criteria noted below will be used to evaluate all applications and determine the appropriate level of financial assistance:

- Project Need - Describe in sufficient detail the need for the project and the specific role of CDBG in the project, including any other options which have been pursued.
- Evidence of project need is demonstrated through a well-developed justification for public financing demonstrating either a location and/or financial gap argument. The discussion should also address why other financing options could not be obtained or are not feasible and repercussions if funding is denied. The company must demonstrate the need for program funds by including evidence that the project's financing cannot be obtained without Department participation at an interest rate and term that makes the project viable in conjunction with additional funds.
  - a) Project Readiness - Describe the activities that will be undertaken for this project with an emphasis upon project specifics, the reasonableness of activities, their timelines and how the needs, activities and projected impact will interrelate.
  - b) Financial Evaluation - Provide adequate documentation of project feasibility and the company's ability to bring the project to fruition. Financial feasibility of the project is a measure of the company's ability to maintain continuous operation beneficial to the public interests as determined by anticipated operational costs, of less than or equal to the anticipated income or the availability of equity to

cover any shortfall based on historical and projected financial statements. For guidance on specific information to be submitted, refer to Section V, Part L.

- c) Commitments for Job Creation/Retention - Provide firm assurances from the borrower (employer) regarding the number of permanent jobs to be created or retained for low-to-moderate income persons, types of positions and the time frame for job creation, not to exceed 24 months.
- d) Resource Leveraging - Provide evidence of any firm commitments from lenders and investors for the non-CDBG funded portion of the project. Refer to the sample leverage commitment letter in Section V, Part J.

## **2. Review and Selection Process.**

Applications will be evaluated by a team of professionals. Applicants shall be notified of deficiencies and given the opportunity to correct deficiencies through submission of additional documentation.

After reviewing each application, site visits may be made for the purpose of verifying information and further evaluating projects. The Department reserves the right to collect additional project documentation.

Until funding is exhausted, all projects meeting the requirements will be recommended for funding. The Director of the Department will make the final funding decision. Characteristics that qualify applicants for assistance include the following:

- demonstrated need for CDBG financial assistance;
- capacity to implement the project immediately and complete it in the shortest time possible;
- financial soundness and design of a project; and/or
- coordinated use of other resources.

Unsuccessful applicants will be notified. For applications that are not funded, denial reasons may include but are not limited to the following:

- No justification of the need for funds;
- Project commenced, e.g., leverage/CDBG funds committed prior to Department approval;
- Projected financial data, particularly sales growth, is not documented;
- Evidence that program funds replace sources of capital available to the business and/or community;
- CDBG Economic Development funding has been exhausted

The Merit Based Review process is subject to appeal. However, competitive grant appeals are limited to the evaluation process. Evaluation scores may not be protested. Only the evaluation process is subject to appeal. The appeal must be submitted in writing to the Department within 14 calendar days after the date that the grant award notice has been published. The written appeal shall include the name and address of the appealing party, the identification of the grant and a statement of reasons for the appeal. To file an appeal, applicants must submit the appeal in writing and in accordance with the Merit-Based Application Review Appeals Process listed on the Grant Opportunities page of the DCEO website:

<https://dceo.illinois.gov/aboutdceo/grantopportunities/meritappreview.html>.

## **3. Anticipated Announcement and State Award Dates, if applicable.**

The Department anticipates sending Notices of State Award (NOSA) by approximately January 2022, but reserves the right to issue a reduced award, or not to issue any award.



## F. Award Administration Information

### 1. State Award Notices.

Successful applicants will receive a Notice of State Award Finalist (NOSAF) specifying terms and conditions of the grant. This will include completion of a Programmatic Risk Assessment Questionnaire (PRAQ) to be answered by the Grantee and the Grant Administrator, completion of Environmentals (including “before” pictures for Tier II Housing Rehabilitation projects), clearance of special conditions resulting from the application review, and Conflict of Interest and Mandatory Disclosures. Grantees are expected to meet all special conditions within 90 days of the NOSAF date or the Department may withdraw the Notice of State Award Finalist (NOSAF).

DCEO will hold a mandatory Grant Administration Workshop after awards are announced. All Administrators assigned to an awarded grant are required to attend.

Once terms are accepted and the conditions met, the Grantee will receive a Notice of State Award (NOSA) which includes information regarding your entity, grant funding, grant terms and conditions, and specific conditions assigned to the grant based on the risk assessments. In order to receive the formal Grant Agreement, the Grantee must indicate agreement to the contents of the NOSA by remitting its acceptance through Grantee Portal (<https://grants.illinois.gov/portal>). The NOSA is not an authorization to begin performance or incur costs.

After the Grantee has submitted all applicable documents, they will receive a formal Grant Agreement with further instructions. Grantees will be expected to sign and return the agreement within 30 days for formal execution by the Department.

### 2. Administrative and National Policy Requirements.

**Grant Uniform Requirements:** The Grant Accountability and Transparency Act (30 ILCS 708/1 *et seq.*) (and its related administrative rules, 44 Ill. Admin. Code Part 7000), was enacted to increase the accountability and transparency in the use of grant funds from whatever source and to reduce administrative burdens on both State agencies and grantees by adopting federal guidance and regulations applicable to those grant funds; specifically, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).

**Federal Mandates:** Applicants who receive a grant award will be expected to submit signed assurances that they will comply with all federal mandates. Some areas which applicants must comply with include:

1. The National Environmental Policy Act (NEPA) which establishes procedures for protecting the environment. In order to use the CDBG funds awarded to a local government, the grantee has to comply with environmental procedures, standards and guidelines mandated by NEPA and all other applicable environmental regulations (e.g., prime farmland protection, historic preservation, floodplain hazards, etc.).
2. The Interagency Wetland Policy Act of 1989 requires applicants to certify that the proposed project is compatible with established State of Illinois policy regarding wetlands (i.e., to minimize the destruction of existing wetlands in Illinois as a result of State and State-supported activity). The Federal Wetlands Protection regulations at 24 CFR 58.5(b)(2) and Executive Order 11990 also apply.
3. The Illinois Endangered Species Protection Act and the Illinois Natural Area Preservation Act & Federal Endangered Species Act of 1973 Compliance requires consultation with the Endangered Species Consultation Program of the Illinois Department of Natural Resources to assure compliance. The consultation process must be implemented to avoid or minimize adverse impacts to State-listed species and

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their essential habitats that may result from the actions of state and local units of government. Applicants must certify the completion of the consultation process, as well as Federal Endangered Species Compliance under 24 CFR 58.5(e). This process can be initiated through the U.S. Fish & Wildlife Service Endangered Species website (<https://www.fws.gov/endangered/>).

4. The Davis-Bacon Prevailing Wage Act requires the payment of prevailing wages for all construction funded in whole or in part with federal funds, including funds passed through to private firms. If your project involves construction and/or equipment installation, go to <https://www.dol.gov/agencies/whd/compliance-assistance/handy-reference-guide-flsa> for information concerning the applicability of federal labor standards.
5. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1987 applies to federally assisted activities that involve the acquisition of real property or the displacement of persons, including displacement caused by rehabilitation and demolition activities. Any person or business displaced as a direct result of federal assistance must be provided with Uniform Relocation benefits.
6. Equal Opportunity and Fair Housing Accessibility Laws require that CDBG grantees administer their project in a manner that affirmatively furthers equal opportunity and fair housing. All CDBG grantees will be required to undertake specific activities to further fair housing. CDBG grantees must assure all activities and services are accessible to persons with disabilities.
7. Section 3 under the Housing and Urban Development Act of 1968 requires recipients to give, to the greatest extent feasible and consistent with the existing federal, state, and local laws and regulations, job training, employment, contracting and other economic opportunities to Section 3 residents and Section 3 business concerns.
8. The National Emission Standards for Hazardous Air Pollutants (NESHAP) of the U.S. Clean Air Act assures that, when existing buildings are demolished and/or renovated, people outside of those buildings (i.e., passers-by or neighborhood residents) are protected from airborne asbestos. If asbestos materials are involved in the rehabilitation work, the applicant must contact the Field Operations Section, Bureau of Air of the Illinois Environmental Protection Agency to ensure compliance with Asbestos NESHAP.
9. Steel Products Procurement Act (30 ILCS 565 et seq.). The Grantee, if applicable, hereby certifies that any steel products used or supplied in accordance with this Award for a public works project shall be manufactured or produced in the United States per the requirements of the Steel Products Procurement Act (30 ILCS 565 et seq.).

### 3. Reporting.

#### **Section 3 Report**

Grantees funded through this NOFO will be required to report through the applicable program office reporting system on projects for which funds are committed on or after July 1, 2021.

#### **Periodic Performance Report (PPR) and Periodic Financial Report (PFR)**

Grantees funded through this NOFO are required to submit in the format required by the Grantor, at least on a quarterly basis, the PPR and PFR electronically to their assigned grant manager. The first of such reports shall cover the first three months after the award begins. Pursuant to 2 CFR 200.328, Periodic Financial Reports shall be submitted no later than 30 calendar days following the period covered by the report. Pursuant to 2 CFR 200.329, Periodic Performance Reports shall be submitted no later than 30 calendar days following the period covered by the report. Any additional reporting requirements will be disclosed in the NOSA. Grantees are required within 60 calendar days following the end of the period of performance to submit a final closeout report in the format required by the Grantor (See 2 CFR 200.344).

#### **Monitoring**

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Grantees funded through this NOFO are subject to fiscal and programmatic monitoring visits by the Department in accordance with 2 CFR 200.337. They must have an open-door policy allowing periodic visits by Department monitors to evaluate the progress of the project and provide documentation upon request of the monitor. Program staff will also maintain contact with participants and monitor progress and performance of the contracts. The Department may modify grants based on performance.

### **Audit**

Grantees shall be subject to Illinois' statewide Audit Report Review requirements. Terms of the Single Audit Act Amendments of 1996 (31 USC 7501-7507), Subpart F of 2 CFR Part 200, and the audit rules set forth under the Grant Accountability and Transparency Act shall apply (See 30 ILCS 708/65(c)).

## **G. State Awarding Agency Contact(s)**

If you have any questions concerning the application process, please call the Department at (217) 785-6174, TDD 800/785-6055; via e-mail at [ceo.ocd@illinois.gov](mailto:ceo.ocd@illinois.gov) or contact the CDBG Grant Manager for your county.

## **H. Other Information, if applicable**

This program is funded on an annual basis through an allocation by the U.S. Department of Housing and Urban Development. For further information on the program, including the Guidebook and Application, please visit: <https://dceo.illinois.gov/communitydevelopment.html> or read in this Notice of Funding Opportunity.