

STATE OF ILLINOIS

Action Plan Amendment No.8

December 21, 2010

Supplemental CDBG Disaster Recovery 1800 ("Ike") Funding

From the Supplemental Appropriations Act

Public Law 110-329, 2008

Federal Register FR-5337-N-01

**GOVERNOR PAT QUINN
STATE OF ILLINOIS**



ILLINOIS CDBG "IKE" ACTION PLAN AMENDMENT (NO.8)

NOTE- The National Objective options have been augmented to include Low-to-Moderate Income (LMI) Limited Clientele activities through this plan amendment. See Clause 2 - "National Objective" at page 4 below. All other aspects of the Ike-BAP program remain consistent with the content of Plan Amendment #5.

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Through this Community Development Block Grant (CDBG) Disaster Recovery (DR) 1800 ("Ike") proposed plan amendment, Illinois is providing for greater flexibility in awarding "Ike" funds through the methods outlined below. This request reflects Illinois' commitment to utilize and award "Ike" funding in a manner that best supports the needs of Illinois residents and communities, and that can be assisted with CDBG Disaster "Ike" program funding.

To further support the needs of Illinois communities within the *Federally-Designated Areas Eligible for CDBG "Ike" Assistance (Exhibit A)* the State of Illinois is proposing to make revisions described below to Illinois' CDBG "Ike" Disaster Recovery Action Plan- Business Assistance Program (BAP) component.

Public Comment Period

In accordance with CDBG requirements, DCEO has posted draft changes to the Illinois CDBG Disaster Recovery Action Plan in order to provide opportunity for public comment. The proposed Amended Plan for the Business Assistance Program is available on DCEO's website, at:

http://www.illinoisbiz.biz/dceo/Bureaus/Community_Development/CDBG+Disaster+Recovery+Programs/.

Interested parties should feel free to submit comments in writing or via email to DCEO. Comments may be directed to: Maureen Palmer, Deputy Director, Office of Community Development, DCEO, 100 West Randolph, Suite 3-400, Chicago, IL 60601, or emailed to maureen.palmer@illinois.gov, with "Public Comment to Ike Plan Amendment No.7" in the email subject line.

Preface to the Proposed "Ike"- Business Assistance Program (BAP) Changes

Illinois will continue to devise creative methods to support small businesses within its communities. With an increased understanding of the needs of communities eligible for Illinois' Ike Disaster Recovery program funding (see Exhibit A), Illinois is proposing to expand the "Ike" Business Assistance Program (BAP) component by expanding the CDBG National Objective criteria to include LMI Limited Clientele activities (in addition to the previously defined options for LMI Job Creation/Retention and LMI Area Benefit). This increased flexibility will allow participating Community Development Financial Institutions (CDFIs) to provide assistance to owners of and/or persons developing a microenterprise who are L/M income persons.

The Ike-BAP program component amendment is detailed on the following pages:

Illinois CDBG "Ike" Action Plan Amendment (No.7)

The **previous** parameters for the Ike Business Assistance Program were as follows:

Illinois' Ike Business Assistance Program

Illinois' "Ike" Program Plan Amendment (No.5) will expand the Business Assistance Program (BAP) component to create a small business assistance fund to provide loans and related technical assistance to businesses with 50 or fewer full time employees. The state will select one or more qualified community development financial institutions (CDFIs) to receive BAP grant funds for the purpose of approving loans and providing technical assistance to small businesses.

BAP Loan Servicer(s) (CDFIs):

1. Eligible BAP Grant Applicants:
 - i. Non-profit lending institutions, certified as a community development financial institution (CDFI) and meeting the HCDA 105(a)(15) eligibility requirements.
2. Threshold Criteria (HUD National Objective):
 - i. A minimum of 50% of the loan funds approved by the CDFI(s) will support small businesses that are, or will employ 51% or more low-to-moderate income individuals, or
 - ii. A minimum of 50% of the loan funds approved by the CDFI(s) will support small businesses that are, or will employ 51% or more low-to-moderate income individuals; and/ or provide a public benefit¹ on behalf to 51% or greater low-to-moderate income individuals.
3. Selection Criteria:
 - i. The CDFI has experience in successfully servicing loans funds on behalf of small businesses similar to, or matching those targeted by the BAP program,
 - ii. The CDFI is capable of beginning and operating the program in the timeframe specified by DCEO,
 - iii. The CDFI has a loan office, or can establish a loan office in one or more of the communities within a defined BAP region.
 - iv. The CDFI has a successful loan portfolio and business history, per assessment by DCEO, and its company resources can successfully support the BAP program,
 - v. The CDFI's existing and/ or proposed small business lending policies match the objectives set forth for the BAP program.
4. Grant Size Range: \$500,000 - \$3,000,000
5. Eligibility: HCDA Sec.105(a)(15).

BAP Loan Recipients (Small Businesses):

1. Eligible BAP Loan Applicants:
 - i. The small business is currently located in, or will locate in, a community that falls within an Ike-eligible Illinois county (those declared by FEMA in 2008). (See Exhibit A),
 - ii. The business employs no more than 50 full time employees.
2. Threshold Criteria (HUD National Objective):
 - i. A minimum 51% of jobs created or retained by the business will be for low-to-moderate income individuals, or
 - ii. The business will provide an LMI Area benefit⁴, made available through the delivery of the services or products to all residents of a low-to-moderate income residential neighborhood, or
 - iii. The business will create jobs in an area defined as a slum/ blight region of a community.
3. Selection Criteria:
 - i. The small business meets the lending terms and underwriting criteria established for the program,
 - ii. The small business will provide all requested documentation requested by the DCEO-selected loan servicer,
 - iii. The small business will comply with all requests for information, documentation, etc prior to loan approval,
 - iv. The small business will agree to all requirements for loan award as described by the DCEO-selected loan servicer, such as regular reporting, loan repayment, etc.
4. Loan Size Limits:
 - i. Small business start-ups: **\$500-** \$50,000, per individual loan award, *or*
 - ii. Existing small business: **\$500-** \$75,000, per individual loan award.
5. Eligibility: HCDA Sec.105(a)(17).

Illinois' Ike Business Assistance Program

Illinois' "Ike" Program Plan Amendment (No.8) will expand the Business Assistance Program (BAP) component to create a small business assistance fund to provide loans and related technical assistance to businesses with 50 or fewer full time employees. The state will select one or more qualified community development financial institutions (CDFIs) to receive BAP grant funds for the purpose of approving loans and providing technical assistance to small businesses. All proposed changes are underlined following:

BAP Loan Servicer(s) (CDFIs):

1. Eligible BAP Grant Applicants:

- i. Non-profit lending institutions, certified as a community development financial institution (CDFI) and meeting the HCDA 105(a)(15) eligibility requirements.
- ii. The provision of assistance to private, for-profit entities, when assistance is appropriate to carry out an economic development project meeting HCDA 105(a)(17) and HCDA 105(a)(22) eligibility requirements.

2. National Objective:

- i. LMI Jobs: Assistance to a business that will create or retain permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, will be held by or made available to low-to-moderate income persons; or,
- ii. LMI Area Benefit: Assistance to a business that provides goods or services available to all residents of a primarily residential low-to-moderate income area; or,
- iii. LMI Limited Clientele: Assistance to an owner of or person developing a microenterprise who is a low-to-moderate income person.

3. Selection Criteria:

- i. The CDFI has experience in successfully servicing loans funds on behalf of small businesses similar to, or matching those targeted by the BAP program,
- ii. The CDFI is capable of beginning and operating the program in the timeframe specified by DCEO,
- iii. The CDFI has a loan office, or can establish a loan office in one or more of the communities within a defined BAP region.
- iv. The CDFI has a successful loan portfolio and business history, per assessment by DCEO, and its company resources can successfully support the BAP program,
- v. The CDFI's existing and/ or proposed small business lending policies match the objectives set forth for the BAP program.

4. Grant Size Range: \$500,000 - \$3,000,000

5. Eligibility: HCDA Sec.105(a)(15).

BAP Loan Recipients (Small Businesses):

1. Eligible BAP Loan Applicants:
 - i. The small business is currently located in, or will locate in, a community that falls within an Ike-eligible Illinois county (those declared by FEMA in 2008). (See Exhibit A),
 - ii. The business employs no more than 50 full time employees.
2. National Objective:
 - i. LMI Jobs: Assistance to a business that will create or retain permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, will be held by or made available to low-to-moderate income persons; or,
 - ii. LMI Area Benefit: Assistance to a business that provides goods or services available to all residents of a primarily residential low-to-moderate income area; or,
 - iii. LMI Limited Clientele: Assistance to an owner of or person developing a microenterprise who is a low-to-moderate income person.
3. Selection Criteria:
 - i. The small business meets the lending terms and underwriting criteria established for the program,
 - ii. The small business will provide all requested documentation requested by the DCEO-selected loan servicer,
 - iii. The small business will comply with all requests for information, documentation, etc prior to loan approval,
 - iv. The small business will agree to all requirements for loan award as described by the DCEO-selected loan servicer, such as regular reporting, loan repayment, etc.
4. Loan Size Limits:
 - i. Small business start-ups: \$500- \$50,000, per individual loan award, or
 - ii. Existing small business: \$500- \$75,000, per individual loan award.

Exhibit A

Federally-Designated Areas Eligible for CDBG "Ike" Assistance

The following Illinois counties were declared eligible for federal assistance in the three 2008 Disaster Declarations:

Illinois Counties Declared Under FEMA-1800-DR

- | | | | |
|----|----------------|-----|-------------------|
| 1. | Bureau County | 9. | Kendall County |
| 2. | Cass County | 10. | LaSalle County |
| 3. | Cook County | 11. | Macoupin County |
| 4. | DeKalb County | 12. | Montgomery County |
| 5. | DuPage County | 13. | Peoria County |
| 6. | Greene County* | 14. | Scott County* |
| 7. | Grundy County | 15. | Will County |
| 8. | Kane County | 16. | Woodford County |

Illinois Counties Declared Under FEMA-1771-DR

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|-----|-------------------|-----|--------------------|
| 1. | Adams County | 14. | Lake County |
| 2. | Calhoun County | 15. | Lawrence County |
| 3. | Clark County | 16. | Madison County |
| 4. | Coles County | 17. | Mercer County |
| 5. | Crawford County | 18. | Monroe County |
| 6. | Cumberland County | 19. | Pike County |
| 7. | Douglas County | 20. | Randolph County |
| 8. | Edgar County | 21. | Rock Island County |
| 9. | Greene County* | 22. | St. Clair County |
| 10. | Hancock County | 23. | Scott County* |
| 11. | Henderson County | 24. | Whiteside County |
| 12. | Jasper County | 25. | Winnebago County |
| 13. | Jersey County | | |

Illinois Counties Declared Under FEMA-1747-DR

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|----|-----------------|----|-------------------|
| 1. | Iroquois County | 2. | Livingston County |
|----|-----------------|----|-------------------|

* Greene and Scott counties were declared under both the FEMA 1771 and 1800 declarations