**Section 110.60 Eligible/Ineligible Projects and Activities for CDBG Components**

a) Eligible Projects and Activities

Eligible activities are detailed in 24 CFR 570.482 (2004). Listed in this subsection (a) below are program components that describe eligible projects and activities that may be funded through CDBG:

1) General Economic Development Component. Provision of financial assistance to private for-profit or not-for-profit businesses for such activities as land acquisition; 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.

2) Competitive Public Infrastructure Program Component. Provision of financial assistance for acquisition, construction, reconstruction, rehabilitation or installation of public facilities, and improvements (e.g., water and sewer facilities, including storm sewers, flood retention and drainage facilities).

3) Competitive Housing Rehabilitation Program Component. Provision of financial assistance in support of low- to moderate-income housing, including rehabilitation, clearance, demolition, and/or removal of privately-owned buildings and provision of site improvements such as connection of residential structures to water or sewer lines; certain types of housing modernization; temporary relocation assistance; code enforcement; and lead-based paint abatement.

4) Disaster Response Component. Provision of financial assistance includes acquisition, demolition, construction, reconstruction, rehabilitation or installation of public facilities, and improvements (e.g., water and sewer facilities, including storm sewers, flood retention and drainage facilities), and housing rehabilitation in areas affected by a Governor-declared disaster.

b) Activity Delivery

With respect to subsection (a), activity delivery costs are allowable costs for designated programs and eligible activities under the CDBG Program. Eligible costs are necessary to complete the local management process of a CDBG grant. This includes, but is not limited to, such costs as salaries, travel costs, services performed under third party contracts, including legal and audit services, environmental review, additional fidelity bonding costs, or other services required for the delivery of grant activities. Eligible costs exclude all pre-program costs, such as payment or reimbursement of application preparation fees, costs associated with conducting a local survey, etc.

c) Ineligible Projects and Activities

1) Generally, any type of activity not described or referred to in subsection(a) is considered ineligible.

2) The following is a selective list of examples of projects and activities that are generally ineligible: buildings used predominantly for the general conduct of government (e.g., city halls, courthouses, jails, police stations, etc.). However, if the Department of Natural Resources requires historic preservation renovations to a project, those renovations will be deemed eligible expenses. The following are generally ineligible: general government expenses; political activities; purchase of construction equipment; and purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture. However, CDBG funds may be used to purchase or to pay depreciation or use allowances for otherwise ineligible items when necessary, if the administration of activities was assisted with CDBG funds. The costs associated with operating and maintaining public facilities and services are generally ineligible. New housing construction is ineligible, except as provided under the last resort housing provision set forth in 49 CFR 24 (2004) or when that construction is carried out by a subgrantee pursuant to 24 CFR 570.204(a)(2) (2004); also ineligible are income payments for housing or any other purpose (e.g., income maintenance, housing allowances, down payments, mortgage subsidies, etc.). All activities as listed in 24 CFR 570.482 (2004) and section 105(a) of the Act are eligible.

(Source: Amended at 42 Ill. Reg. 19976, effective October 29, 2018)