**Section 110.91 General Economic Development Component**

The general economic development component is available to assist communities to 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. Funds will be made available on an as needed basis on a noncompetitive process until all funds are obligated.

a) Project Eligibility Criteria – For a project to be eligible for funding under this component, applicants must document the following:

1) At minimum, 51% of those benefiting from the project will be low- to moderate-income persons (as defined in Section 110.30).

A) The benefit of job creation shall be documented in either one of two ways:

i) Obtaining and keeping on file for verification the Family Income Verification Form that includes an employee's social security number, signature and family income; or

ii) Accepting employment referrals from the Illinois Employment and Training Center.

B) The benefit of the job retention of existing employees shall be documented by completing a Family Income Verification Form for each employee. These forms must be submitted at the time of application.

2) The financial feasibility of the project and how program objectives will be met through proposed activities. Participating businesses must submit supporting financial data.

3) 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.

4) 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.

b) Application Review and Approval

1) Funds will be made available on an as needed basis throughout the year.

2) Applications shall be prepared and submitted to the Department as specified in Section 110.70. Complete applications shall be reviewed and evaluated by Department staff. Applicants shall be notified of deficiencies and given the opportunity to correct the deficiencies through submission of additional documentation.

3) The evaluation of projects shall be conducted to assure compliance with 24 CFR 570.203 (2004) and shall also address the following criteria:

A) Project Need – Need for and use of program funds should be detailed.

B) Project Readiness – The applicant must demonstrate project readiness through a description of all activities. This shall include commitment from all lenders and investors, signed and dated.

C) Financial Evaluation – The company's financial statements for the past three years and two projected statements of financial condition shall be reviewed to determine: liquidity/debt coverage; ability of the company to manage debt; business trends; and projected earnings. This data shall be compared to similar data for companies in the same industry using the "RMA Annual Statement Studies" published by Risk Management Association, One Liberty Plaza, 1650 Market, Suite 2300, Philadelphia PA 19103 (1999-2000), or a comparable source if that industry is not evaluated by this source. Financial statements are not required for public facilities in support of economic development.

D) Commitment for Job Creation/Retention – Firm written assurances from the company must identify the number of jobs created/retained in a specified period of time and the specific number that shall be low- to moderate-income and the methodology to be used to document low- to moderate-income benefit. This review shall also include a determination of the numbers of jobs created/retained in relation to the amount of program funds. The investment per job shall not exceed $10,000 per job for any job that is retained and $25,000 per job for any job that is created.

E) Resource Leveraging – The ratio of other (non-Department) funds to total CDBG funds being invested in the project will be considered. The evaluation threshold is a 2:1 ratio. The CDBG investment shall not exceed a 1:1 ratio.

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