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Dear Local Government Leader:

The federal economic recovery plan will make funding available to municipalities or counties through a variety of programs. Rather than include earmarks, Congress has instead used existing federal programs to allocate funding, most of which is then distributed through state agencies. Because of this, it is likely that local governments will need to submit applications to different state agencies for different types of projects, rather than submitting one "master list" to state or federal representatives.

The attached document explains, to the best of CMAP's knowledge, the funding opportunities that will be available for municipalities and counties. Please visit CMAP's economic recovery plan website at www.cmap.illinois.gov/recovery for the latest details, including an electronic version of this letter that includes live hyperlinks to important information.

Please note that the attachment is based on CMAP interpretation of the legislation as well as existing state programs. If you have better or more updated information -- including useful links about these programs -- please let us know. **The attachment is intended to help prepare local governments submit funding applications, not to serve as the "final word" on funding availability.**

We hope that you find this information useful, and we encourage you to check our website frequently for updates. Please provide any comments or feedback to Bob Dean at bdean@cmap.illinois.gov or 312-386-8834.

Sincerely,

Randall S. Blankenhorn
Executive Director

RD:RSB/stk

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For each program in the American Recovery and Reinvestment Bill, this document describes the program, the likely administering agency, some notes about eligibility and other issues, and an estimate of the amount of funding that will be directed to Illinois. (Unless better information is available, the funding is estimated by assuming that Illinois receives 4.2% of total federal funding, corresponding to the state’s percentage of the nation’s population.)

Housing

- Neighborhood Stabilization Program (NSP). Competitive Grants awarded by HUD to State governments, units of local government, non-profits or consortia of non-profits which may be in partnership with for-profits. These funds are available for the redevelopment of abandoned and foreclosed homes. Eligible grantees will be in areas with highest percentage and number of foreclosures as established by HUD. Information on eligible uses of NSP is available [here](#). 10% of the funds can be used for capacity building and support for local communities receiving the funding. Estimated state funding: \$88 m (\$2 b nationally).
- HOME. Funds can be used for capital investment in low-income housing tax credit projects based on the 2008 HUD funding formula. Funds should principally be used for projects in need of “gap financing” due to the collapse of the Low Income Housing Tax Credit market. A portion of the funding (70%) is expected to be allocated directly to “Participating Jurisdictions.” Currently these include counties (Cook, DuPage, Lake, McHenry, Will) and municipalities (Chicago, Evanston, Joliet). The remainder of the funds (30%) is expected to be administered through a competitive grant process by IHDA to owners of projects who have received or are simultaneously receiving low-income housing tax credit awards. More information on the HOME program is available [here](#). Estimated state funding: \$94 m (\$2.25 b nationally; see [2008 budget](#)).
- Emergency Shelter Grants. Will be administered for homeless prevention and rapid re-housing activities, which will be sent out to states, cities and local governments through the emergency shelter grant formula. Funds can be used for rental assistance, housing relocation and stabilization services, and other homelessness prevention and rapid re-housing activities. Under this program, HUD distributes funds to DCEO and allocation of funds are made through competitive grants available to units of general local government on behalf of not-for-profit organizations providing homeless assistance, and/or directly to not-for-profit organizations located outside the corporate limits of the City of Chicago and Cook County. Under the current program, 25% of funding goes to states and the remainder to municipalities. Estimated state funding: \$72 m (\$1.5 b nationally).
- Community Development Block Grant (CDBG). A formula grant administered by HUD based on 2008 allocations; HUD shall establish criteria to administer the funds. Funds

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can be used for a variety of infrastructure and housing activities; at least 70% of funds should be used to benefit low- and moderate-income persons. A portion of the funding (81%) is expected to be allocated to “entitlement communities” which include six counties (all except Kendall) and approximately twenty municipalities in the region and throughout the state. The remainder of the funds (19%) are expected to be administered by DCEO through the Community Development Assistance Program. Recent application materials and grant guidelines are available on the [website](#) for this program. Estimated state funding: \$47 m (\$1 b nationally).

- Lead Based Paint Hazards. Administered directly by HUD. Details are available on this [website](#). Priority will given to applicants who applied but did not receive during the call for projects in 2008. Estimated state funding: \$4 m (\$100 m nationally).
- Public Housing Capital Fund. This funding is meant to enable local public housing agencies to address a \$32 billion backlog in capital needs, especially those improving energy efficiency in aging buildings. Eligible activities include development, financing, and modernization of public housing. Administered directly by HUD, funds will be allocated to Public Housing Authorities based on 2008 formula allocations except to PHAs that are deemed troubled or that elect not to receive funds; this [website](#) lists eligible housing authorities within Illinois. While this funding would not go directly to local governments, coordination by local governments with these housing authorities is encouraged. Estimated state funding: \$168 m (\$4 b nationally).
- Section 8 Energy Retrofit. This is a new program which will be administered through HUD’s Office of Affordable Housing Preservation. It will make funds available in the form of loans or grants for energy retrofits or green investments. It is not clear how the funding will be administered. Grants available for this program are meant to improve energy efficiency in federally-assisted housing including Section 8. Estimated state funding: \$10 m (\$250 m nationally).

Transportation

- Surface Transportation Program (STP). Administered by the Council of Mayors. Funding will be sub-allocated to different parts of the region through the Council of Mayors program. CMAP is currently in discussions with IDOT concerning the appropriate level of funding to be administered through the STP program, and regional funding estimates are not yet available.
- Transportation Enhancements. Administered by IDOT. It is expected that IDOT will re-evaluate current applications (submitted in May of 2008) for likely candidates for recovery funding. Many projects have received partial funding through prior rounds of enhancement programming, and the funding levels on these could be increased if they are “shovel ready.” Estimated state funding: \$28 m.

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- Other transportation funds will be administered and programmed directly by IDOT or by the transit service boards (CTA, Metra, and Pace). Funding is also available for high-speed intercity rail, Amtrak, and airports, but these funds are not likely to be available for local governments.

Environment

- Clean Water State Revolving Fund. Administered by IEPA. In normal years, projects are selected by [criteria](#) based on state law. Approximately half of recovery funding is expected to be used for projects already on the [priority list](#); the other half would be for other projects. The 2007 annual report for the program is [here](#). Estimated state funding: \$168 m (\$4 b nationally).
- Drinking Water State Revolving Fund. Administered by IEPA. In normal years, projects are selected by [criteria](#) based on state law. Approximately half of recovery funding is expected to be used for projects already on the [priority list](#); the other half would be for other projects. Estimated state funding: \$84 m (\$2 b nationally).
- Watershed and Flood Prevention Operations. Administered by Natural Resources Conservation Service. In Illinois, about half of the funding could be used for flood control projects or studies with local sponsors (local government) who initiate the project. Benefits must be at least 20% to agriculture. The other half could be used through the Emergency Watershed Protection program to purchase easements on a voluntary basis on any floodplain lands that have been impaired within the last 12 months or that have a history of repeated flooding (see [rules](#) at Section 624.10). The easements would be restored with NRCS providing up to 100% of the cost. It is expected that the state NRCS office will make a funding request for these programs to the national office. The NRCS State Conservationist is to develop priorities for the purchase of floodplain easements. Estimated state funding: \$12 m (\$290 m nationally).
- Brownfields grants. Administered by USEPA, Region 5. Several grant types available (brownfields assessment grants, brownfields clean-up grants, brownfields revolving loan funds, brownfields job training grants). In normal years, projects are prioritized based on community need, community partnerships, feasibility of success, and other factors. Estimated state funding: \$4 m (\$100 m nationally).
- Funds are also available for the Leaking Underground Storage Tanks and Superfund programs. It does not appear that local governments will be able to apply for funding through these programs; they will be directly administered by federal or state agencies (USEPA and IEPA).

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Energy

- Energy Efficiency and Conservation Block Grant. These grants are meant to implement energy efficiency programs and are targeted to local governments. One portion of the funding (68%) will be allocated directly to counties over 200,000 in population and municipalities over 35,000 in population by formula. A second portion (28%) will be distributed to counties under 200,000 and municipalities under 35,000 in population; a competitive application is likely but details are not available. The state implementing agency for this program is not yet clear. Other portions (4%) will be distributed through federal grants but these are unlikely to be available to local governments in northeastern Illinois. Estimated state funding: \$134 m (\$3.2 b nationally).
- Weatherization Assistance Program. The Illinois Home Weatherization Assistance Program (IHWAP), under the Illinois Department of Commerce and Economic Opportunity (DCEO), administers funds for weatherization assistance programs to local community action agencies or non-profits throughout the state. Citizens in need of assistance apply directly to the agency provider in their area to determine eligibility and apply. More information about local providers is available on their [website](#). However, the amount of funding in the recovery plan is far greater than the levels at which these programs are usually funded, and it is possible that different distribution mechanisms will be used. Estimated state funding: \$210 m (\$5 b nationally).
- State Energy Programs Funding. Administered by the Bureau of Energy and Recycling within Illinois' Department of Commerce and Economic Opportunity (DCEO). The Bureau administers several programs to promote energy efficiency and renewable energy, including several for local government: technical assistance for energy efficiency improvements in buildings, described [here](#); energy management plans to identify and prioritize energy reduction measures and capital projects that provide the greatest return on investment (for large energy users with energy expenditures > \$500,000 annually), described [here](#); and Energy Performance Contracting, which aids in the design, installation, and financing of energy improvement projects for facilities, described [here](#). The State Energy Program also funds programs to promote renewable generation and alternative transportation. Estimated state funding: \$130 m (\$3.1 b nationally).
- Diesel Emission Reduction Act. This program is for retrofitting diesel engines to improve air emissions. Diesel retrofits will be administered directly by USEPA, with some funding going to states; the latest information on competitive grant opportunities through the economic recovery plan is available [here](#). Estimated state funding: \$12 m (\$300 m nationally).
- In addition to these, considerable funding is devoted to other energy-related efforts, including: loan guarantees and bonds for renewable energy, modernization of electricity

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transmission, energy efficiency and clean energy research and development, and making energy efficiency adjustments at the federal level for buildings, fleets, military bases, etc. As more is learned about some of these programs, especially the loans and bonds, there may be an opportunity for local governments, but this is currently unclear.

Economic and Workforce Development

- Economic Development Assistance programs. Administered directly by the regional office of the federal Economic Development Administration (EDA). Areas that have experienced sudden and severe economic dislocation and job loss will be given priority. One third of the funding is for economic adjustment assistance, which includes funding for public facilities, planning, technical assistance and training. To be eligible, recipients must have a “comprehensive economic development strategy” in place; most local governments in northeastern Illinois may not have this. The EDA’s programs [website](#) contains more information. Estimated state funding: \$6 m (\$150 m nationally).
- Workforce development funding is administered by DCEO and the Local Workforce Investment Boards, identified on this [website](#). While local governments generally do not receive workforce development funding, they are encouraged to coordinate with these groups. A variety of programs are included in the recovery plan, including formula Workforce Investment Act funds for job training activities for youth, adults, and dislocated workers; YouthBuild, which serves at-risk youth (administered by Department of Labor Employment and Training Administration); the dislocated workers assistance national reserve program, which provide competitive grants for training to workers affected by major economic dislocations including plant closures, mass layoffs, or military base realignment; and the High Growth and Emergency Industry Sectors program, which trains workers in the energy and health industries. Estimated state funding: \$210 m (\$5 b nationally).

Other

- Community Services Block Grants. These grants are distributed by DCEO to Community Action Agencies (listed [here](#)); many of these are housed within county or local governments. A variety of community service activities, listed [here](#), are eligible. Estimated state funding: \$48 m (\$1 b nationally; state funding based on [2008 allocations](#).)
- Direct grants to local governments for state and local law enforcement and for firefighter assistance are also included; CMAP has not researched the distribution of these grants. National funding for this is over \$4 b.
- Funds are allocated for the development and expansion of broadband through the new program referred to as the Broadband Technology Opportunities Program. The administration of these competitive grants and their applicability to municipalities is not yet clear. More information will be provided as it becomes available. (We welcome any

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further information from our partner organizations about the administration of these grants.) National funding for wireless and broadband grants is \$7.2 b.

- Please note that considerable funding is available for education, health, science, and other fields that are generally not within the responsibility of local governments. Grant funds for these programs are not described in this memo.

CMAP welcomes feedback and additional information from local governments and other partners concerning the administration of this program. Please check our website at www.cmap.illinois.gov/recovery frequently for updates to this document as well as other information concerning the economic recovery plan.