

**St. Clair County
Intergovernmental Grants Department /
Community Development**

**Economic Revitalization/ Development and
Revitalization Programs**

Policies and Procedures Manual



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KEY TERMINOLOGY AND COMMON ACRONYMS

Action Plan

The Action Plan describes the specific programs and activities that a grantee proposes to implement with CDBG-DR funds. The Action Plan identifies the intended use of funds, in conformance with the applicable Federal Register notices and Consolidated Notice. For each program or activity, the Plan documents the eligibility and tie-back, or how the activity addresses long-term recovery needs in the Most Impacted and Distressed areas.

Universal Notice

The Universal Notice outlines the requirements for Community Development Block Grant Disaster Recovery (CDBG-DR) funding after a qualifying presidential disaster declaration. It explains the steps, timelines, and any exceptions that will guide the use of these funds for disaster recovery. Once Congress provides CDBG-DR funds for specific disasters, HUD will issue an Allocation Announcement Notice (AAN) in the Federal Register. This notice will apply requirements established in the Universal Notice, along with any new requirements based on the specific funding as established by Congress. The Universal Notice also explains the grant award process, certification submissions, criteria for Action Plan approval, and eligible disaster recovery activities.

Duplication of Benefits (DOB)

A duplication of benefits occurs when a person, household, business or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount of the DOB is the amount received in excess of the total need for the same purpose. The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (42 U.S.C. § 5121–5207) and CDBG-DR appropriations acts require HUD and its grantees to coordinate with other Federal agencies that provide disaster assistance to prevent the duplication of benefits. The Stafford Act’s prohibition on DOB aims to ensure that Federal assistance serves only to “supplement insurance and other forms of disaster assistance.” (42 U.S.C. §5170, 84 FR 28836).

Economic Revitalization

Economic revitalization includes any CDBG-DR Eligible Activity that demonstrably restores and improves the local economy through job creation and retention or by expanding access to goods and services.

Eligible Activity (or Activity)

Grantees can undertake any CDBG Eligible Activity, including economic development activities, authorized under Title I of the Housing and Community Development Act (HCDA) of 1974 (42 U.S.C. 5301 et seq.) or allowed by waiver and alternative requirement in a Federal Register notice that governs the use of CDBG-DR funds. Examples of economic development activities include loans and grants to businesses, job training, infrastructure improvements to commercial districts and other efforts to attract or retain workers.

Entitlement Community (Entitlements)

CDBG Entitlement Community refers to a city or county that receives CDBG funds directly from HUD on an annual basis. The allocation amounts for these communities are determined by a formula. Communities that do not qualify as Entitlements may still be eligible to receive CDBG and CDBG-DR grants from their respective states. Glossary Economic Revitalization Guide for CDBG-DR Grantees.

Federal Register Notice (FRN)

The Federal Register is a daily publication that contains Presidential proclamations and Executive orders, Federal agency regulations with general applicability, proposed agency rules and documents required to be published by statute. HUD publishes the regulations for each CDBG-DR supplemental appropriation in the Federal Register as well as any updates to the regulations. Newer Federal Register notices take precedence over older notices, including Consolidated Notices. CDBG-DR grantees should review the Federal Register notices that apply to their disaster year, as well as any updates that HUD publishes over time, on the “CDBG-DR Laws, Regulations, and Federal Register Notices” website.

Full-Time Equivalent (FTE)

One (1) FTE equals 1,820 hours per year, which may be met by one full-time employee or by aggregating multiple part-time positions.

Grantee

A grantee is any state, unit of general local government or Indian tribe that is a direct recipient of CDBG-DR funds from HUD.

Job Creation

A job that did not exist prior to CDBG-DR assistance and is created as a direct result of the assisted activity.

Job Retention

A permanent job that would be lost without CDBG-DR assistance, as documented by the assisted business.

Low- and Moderate-Income Area (LMA)

To use the Low- and Moderate-Income Area National Objective, the grantee must determine that an activity is available to provide benefit to all residents of a defined service area; that the area is primarily residential; and that at least 51% of the residents of the service area qualify as LMI persons.

Low- and Moderate-Income Jobs (LMJ)

A national objective under which at least 51 percent of jobs created or retained through a CDBG-DR-assisted activity must be held by, or made available to, low- and moderate-income (LMI) persons. Under the CDBG–Disaster Recovery Universal Notice (90 FR 1754), grantees may

document LMJ compliance using annual wages or salary of the job for each person employed, with a job considered LMI if the wages or salary are at or below the HUD-established income limit for a two-person household, as an alternative to documenting individual household income and size.

Low- and Moderate-Income Person (LMI) –

A low- and moderate-income person is a member of a household with a total annual income equal to or less than HUD’s published income limits. The total annual income includes the combined income of all adults in the household over the 12 months leading up to the effective date of the income determination. HUD’s income limits for a low- and moderate-income household are equal to or less than 80% of the area median household income.

Most Impacted and Distressed (MID) Areas

The Most Impacted and Distressed areas are those that have experienced the most concentrated damage to housing or other assets as a result of a disaster. HUD may designate an entire jurisdiction or a single zip code as MID. Grantees are required to use 80% of all CDBG-DR funds to benefit the HUD-identified MID areas. Grantees may identify additional MID areas for the remaining CDBG-DR funds based on quantifiable and verifiable data.

National Objective

Section 104(b)(3) of the Housing and Community Development Act (HCDA) of 1974 (42 U.S.C. 5301 et seq.) requires that each funded activity meets one of three National Objectives for CDBG funds. The three objectives are identified as: Benefiting Low- and Moderate-Income Persons, Preventing or Eliminating Slums or Blight, and Meeting Urgent Needs.

Non-Federal Match

Many agencies involved in emergency response, including FEMA, require local jurisdictions to match the amount of their support with non-Federal funds. CDBG-DR funds can be considered local funds for the purposes of matching Federal grants as long as the activity is eligible for CDBG-DR (90 FR 1754).

Permanent Job

A non-seasonal, non-temporary position that is expected to continue for the foreseeable future. Construction-only positions are not eligible to count toward LMJ.

Programs

Programs are major initiatives described in the Action Plan for housing, infrastructure and economic revitalization that are implemented by grantees or subrecipients.

Public Benefit Standards

Public Benefit Standards are benchmarks to assess the societal benefit of an activity. The benchmarks are a maximum dollar amount in CDBG funds allocated to the activity per job created or per LMI person served by the activity. The Public Benefit Standards for States are described in

24 CFR 570.482(f), while those for Entitlements are described in 24 CFR 570.209(b). HUD may provide waivers or alternative requirements to the Public Benefit Standards. Grantees should refer to the applicable Federal Register notice for specific requirements. Glossary Economic Revitalization Guide for CDBG-DR Grantees.

Section 3

Section 3 of the Housing and Urban Development Act applies to housing and public construction projects that receive \$300,000 or more in CDBG-DR and other HUD funds. Section 3 ensures that economic opportunities, most importantly employment, generated by CDBG-DR and other HUD assistance, are directed to low- and very low-income persons, particularly those who are residents of public housing or residents of the community where the funds are spent. In 90 FR 1754 , HUD requires CDBG-DR grantees to report on Section 3 outcomes.

Special Economic Development Activity

Special Economic Development Activities encompass various forms of assistance to for-profit business. According to the Entitlement CDBG regulations (24 CFR 570.203), Special Economic Development Activities include: 1) the acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures and other real property equipment and improvements; 2) the provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance and other forms of support; and 3) services in connection with activities eligible under this section, including outreach efforts to market available assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of all necessary agreements; management of assisted activities; and the screening, referral and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities, including the cost of providing necessary training for persons filling those positions. The State CDBG Program does not have an equivalent regulatory citation. State grantees should defer to Section 105(a)(17) of the HCDA for guidance.

Subrecipients

Subrecipients are public, non-profit or for-profit entities authorized under 24 CFR 570.201(o) that carry out programs and activities on behalf of grantees. Subrecipients include organizations referred to as subgrantees in other HUD programs.

Tie-Back

To access CDBG-DR funds, grantees must demonstrate that each activity described in the Action Plan addresses a direct or indirect impact of the disaster, unless the activity is intended to mitigate future disasters. Direct impacts may include damage to buildings, and indirect impacts may include job losses, business closures or higher unemployment or poverty rates.

Underserved Communities

Underserved communities are populations that share a particular characteristic, as well as geographic communities that have been systematically denied a full opportunity to participate in

aspects of economic, social and civic life. Underserved communities that were economically distressed before a disaster include, but are not limited to, those areas that were designated as a Promise Zone, Opportunity Zone, a Neighborhood Revitalization Strategy Area, a tribal area or those areas that meet at least one of the distress criteria established for the designation of an investment area of a Community Development Financial Institution (88 FR 3198).

Underwriting

Underwriting is the process of reviewing programs and activities to ensure that they are financially viable and an effective use of CDBG-DR funds. Grantees must follow HUD's underwriting guidance for all programs and activities with a Special Economic Development purpose that provide assistance to for profit businesses or activities that could be carried out under that category but are instead under the category of community economic development (24 CFR 570).

Waivers

Generally, the Congressional appropriations acts that govern CDBG-DR funds allow the Secretary of Housing and Urban Development (HUD) to waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), if the Secretary finds that good cause exists for the waiver or alternative requirement and such waiver or alternative requirement would not be inconsistent with the overall purpose of Title I of the Housing and Community Development Act (HCDA) of 1974 (42 U.S.C. § 5301 et seq.). HUD publishes waivers and alternative requirements in Federal Register notices. Glossary Economic Revitalization Guide for CDBG-DR Grantees.

Working Capital

Working capital is the short-term assets on a business's balance sheet less any short-term liabilities, such as mortgage payments, wages or taxes due. Working capital provides cash for these short-term liabilities, but not for any renovation or construction-related expenses. To reopen and operate successfully, businesses must have working capital, and that type of financing is generally not provided by FEMA, SBA or other Federal agencies.

SECTION 1: INTRODUCTION

1.1 Program Overview

This Economic Revitalization/ Development Policy Manual is intended to provide guidance for the St. Clair County Intergovernmental Grants Department / Community Development Division (IGD/CD) in administering Community Development Block Grant–Disaster Recovery (CDBG-DR) funds for eligible Economic Revitalization/ Development activities. Under the County’s 2024 CDBG-DR Action Plan, Economic Revitalization/ Development programs are designed to support long-term disaster recovery by stabilizing, retaining, and expanding businesses impacted by a presidentially declared disaster, and by promoting job creation and economic revitalization within affected communities.

CDBG-DR Economic Revitalization/ Development activities must address documented unmet recovery needs, contribute to community and economic resilience, and demonstrate a clear tie-back to the qualifying disaster, either through direct assistance to impacted businesses or through activities that support broader recovery objectives identified in the HUD-approved Action Plan.

Consistent with the County’s 2024 CDBG-DR Action Plan and identified disaster recovery needs, Economic Revitalization/Development activities under this Manual are anticipated to focus primarily on the acquisition, construction, and rehabilitation of commercial properties (“brick-and-mortar” projects) where such investments support business recovery, job creation or retention, and long-term economic revitalization. This emphasis reflects the physical and economic impacts of the qualifying disaster on commercial corridors and employment centers and is intended to support the restoration and resilience of local economies.

This Manual establishes the policies and procedures governing the design, implementation, oversight, and monitoring of CDBG-DR Economic Revitalization/ Development programs funded through the County’s 2024 disaster recovery allocations. Eligibility of Economic Revitalization/ Development activities under this Manual is limited to those authorized in the applicable CDBG-DR Action Plan and Allocation Announcement Notice for the relevant grant year. Activities must comply with applicable federal regulations, HUD waivers and alternative requirements, and program-specific criteria established by the County.

Economic Revitalization/ Development investments are intended to complement other CDBG-DR recovery activities by promoting job creation and retention for low- and moderate-income persons, strengthening local economies in Most Impacted and Distressed (MID) areas, and supporting equitable recovery outcomes. Program funding levels, eligible activities, and award structures may vary by allocation and funding round, consistent with the County’s Action Plan and any approved amendments.

1.2 Statutory and Regulatory Authority

The Economic Revitalization/ Development Program is administered in compliance with all applicable federal statutes, regulations, and guidance, including but not limited to:

- Housing and Community Development Act of 1974, as amended

- 24 CFR Part 570, Community Development Block Grants, as modified by disaster-specific waivers and alternative requirements
- Applicable Federal Register Notices allocating CDBG-DR funds to St. Clair County, including:
 - 88 FR 32046, published May 18, 2023 (2022 CDBG-DR allocation)
 - 90 FR 4759, published January 16, 2025 (2024 CDBG-DR allocation)
- The CDBG-DR Universal Notice: Waivers and Alternative Requirements (90 FR 1754), as amended and incorporated by reference into each Allocation Announcement Notice

Where provisions of standard CDBG regulations conflict with CDBG-DR requirements, the disaster recovery waivers and alternative requirements shall supersede standard CDBG rules.

1.3 Relationship to the CDBG-DR Action Plan

All Economic Revitalization/ Development activities funded under this Manual must be consistent with the County’s HUD-approved CDBG-DR Action Plan and any subsequent amendments, including the needs assessment, program design, eligible activities, funding allocations, and geographic targeting identified therein. Economic Revitalization/ Development activities must demonstrate a clear tie-back to the qualifying disaster, either through direct recovery assistance or through mitigation measures that reduce future disaster risk, as permitted under the applicable Federal Register Notice.

St. Clair County prioritizes Economic Revitalization/ Development activities located in Most Impacted and Distressed (MID) areas, and programs may incorporate mitigation strategies to promote long-term economic resilience, consistent with the County’s 2024 Multi-Hazard Mitigation Plan (MHMP) and Action Plan priorities. Consistent with the HUD CDBG-DR Universal Notice (as amended in 2025), the County prioritizes assistance to disaster-impacted small businesses, as defined in program guidelines, through program design and application evaluation. Such prioritization may be implemented through eligibility thresholds, application scoring criteria, or other evaluation factors established in NOFO or similar competitive funding materials for each funding round. Application evaluation and scoring frameworks used to implement this prioritization are described in solicitation materials and are located in Appendix II of this manual.

1.4 Action Plan Amendments

IGD/CD will amend its CDBG-DR Action Plan as required by HUD and applicable Federal Register Notices. Substantial amendments include:

1. Adding or removing an Economic Revitalization/ Development program or activity;
2. Reallocating funds beyond HUD-defined thresholds; or
3. Making changes that alter the scope, beneficiaries, national objective, or geographic focus of an Economic Revitalization/ Development activity.

All other updates—such as minor budget adjustments, administrative corrections, or clarifications that do not change program scope or outcomes—are considered non-substantial amendments. Procedures for public notice, comment, and approval are outlined in the St. Clair County’s IGD/CD Citizen Participation Plan.

1.5 Related Policies and Cross-References

Economic Revitalization/ Development activities are subject to additional requirements addressed in the County's stand-alone CDBG-DR policies, which are incorporated by reference into this Manual, including:

- Environmental Review Policies and Procedures, governing compliance with 24 CFR Part 58 and prohibitions on choice-limiting actions
- Anti-Fraud, Waste, and Abuse Policy, establishing internal controls and reporting requirements
- Section 504 Policy and Procedures, the County ADA Resolution, and the County Title VI Plan, ensuring accessibility and nondiscrimination

These policies are maintained by IGD/CD and are available on the St. Clair County Intergovernmental Grants Department website.

SECTION 2: PROGRAM GOALS AND OBJECTIVES

The purpose of the CDBG-DR Economic Revitalization/ Development Program is to support long-term disaster recovery by strengthening local economies, assisting businesses impacted by the qualifying disaster, and promoting sustainable economic growth in St. Clair County. The program is designed to complement other CDBG-DR recovery activities by addressing economic disruptions caused by disaster events and supporting community-wide recovery and resilience. All activities funded under the Program must demonstrate a clear tie-back to the qualifying disaster and, where applicable, incorporate mitigation measures that reduce vulnerability to future disaster impacts, consistent with the County's HUD-approved CDBG-DR Action Plan.

2.1 Disaster Tie-Back

The Economic Revitalization/ Development Program seeks to address unmet economic recovery needs resulting from a presidentially declared disaster by stabilizing and revitalizing affected businesses and employment centers. Activities funded under this program must demonstrate a clear tie-back to the qualifying disaster and align with the recovery and mitigation priorities identified in the County's HUD-approved CDBG-DR Action Plan.

Activities may establish disaster tie-back by demonstrating that they address disaster-related damage, economic disruption, business interruption, or unmet recovery needs within HUD-identified Most Impacted and Distressed (MID) areas.

2.2 Disaster Recovery and Mitigation Requirements

Consistent with the County's HUD-approved CDBG-DR Action Plan and Mitigation Needs Assessment, the Economic Revitalization/Development Program supports the integration of mitigation and resilience measures to reduce vulnerability to future disaster impacts. Activities involving rehabilitation, reconstruction, or other physical improvements must incorporate mitigation measures where applicable to support long-term economic recovery and resilience. Mitigation in economic revitalization is intended to reduce both physical damage and business disruption.

For Economic Revitalization/Development activities involving construction, reconstruction, or rehabilitation of non-residential buildings, mitigation measures identified through the Environmental Review process (24 CFR Part 58) and the County's Multi-Hazard Mitigation Plan (MHMP) must be integrated into project design, construction documents, and implementation. Mitigation integration will be reviewed during underwriting and environmental review and verified through inspections and monitoring.

Economic Revitalization/Development projects involving physical improvements must be designed and constructed in accordance with applicable federal, state, and local building codes and resilience standards, including floodplain management and elevation requirements where applicable, to ensure durability against chronic stresses and extreme weather events. Mitigation and resilience measures applicable to these projects will be documented, tracked, and reported in HUD's Disaster Recovery Grant Reporting (DRGR) system in accordance with CDBG-DR Universal Notice

The primary goals of the CDBG-DR Economic Revitalization/ Development Program include:

- Supporting disaster recovery through economic stabilization and revitalization;
- Promoting reinvestment in businesses and employment centers impacted by the qualifying disaster;
- Creating and retaining permanent jobs for low- and moderate-income (LMI) persons; and
- Advancing long-term community recovery and economic resilience in impacted areas.

2.3 Economic Revitalization in Impacted and Distressed Areas

The County prioritizes Economic Revitalization/ Development activities that promote economic revitalization in Most Impacted and Distressed (MID) areas. Program investments are intended to stimulate private investment, support business continuity, and encourage economic activity in communities disproportionately affected by disaster impacts.

Economic Revitalization/ Development assistance may be used to support:

- the recovery of existing businesses;
- business expansion or re-establishment; and
- reinvestment in impacted commercial corridors.

2.4 Job Creation and Retention for Low- and Moderate-Income Persons

A primary objective of the Economic Revitalization/ Development Program is to create and retain permanent jobs for low- and moderate-income (LMI) persons. Program activities are designed to support employment opportunities that contribute to household stability and economic mobility for residents impacted by disaster events.

All Economic Revitalization/ Development activities must meet a CDBG national objective, with an emphasis on LMI job creation or retention, as further detailed in this Manual. Job outcomes will be documented, monitored, and reported in accordance with HUD requirements and County policies.

2.5 Support for Long-Term Community Recovery and Resilience

Economic Revitalization/ Development investments are intended to support long-term community recovery by strengthening the economic base of St. Clair County and reducing vulnerability to future disasters. By promoting job growth, business stability, and economic diversification, the

program contributes to resilient communities capable of withstanding and recovering from future hazard events.

Program goals emphasize equitable recovery outcomes, coordination with other CDBG-DR funded activities, and strategic use of public resources to maximize long-term benefits for impacted residents and communities.

SECTION 3: NATIONAL OBJECTIVES

All CDBG-DR-funded Economic Revitalization/ Development activities administered by St. Clair County and governed by this Manual must meet at least one of HUD’s CDBG National Objectives, as set forth in 24 CFR 570.208, as modified by applicable CDBG-DR waivers and alternative requirements, and the County’s HUD-approved CDBG-DR Action Plan, as amended.

For the Economic Revitalization/Development Program, the County will utilize only national objectives authorized in the HUD-approved CDBG-DR Action Plan, as amended from time to time. The national CDBG National Objectives anticipated to be used for this Program include

- 1) Benefit low- and moderate-income (LMI) persons
- 2) Aid in the prevention or elimination of slums or blight

For Economic Revitalization/ Development activities, the County anticipates that LMI Job Creation or Retention will be the primary national objective. Low- and moderate-income (LMI) is defined by HUD as household income that does not exceed 80 percent of Area Median Income (AMI), as established annually by HUD. Current income limits are published on the HUD User website.

Other national objectives may be used only where authorized by the HUD-Approved CDBG-DR Action Plan, as amended, and where appropriate documentation is provided, as summarized in Section 3.1.

3.1 National Objective Summary

National Objective / Sub-Type	Description	Required Documentation
LMJ – Low/Moderate-Income Jobs (Primary)	Creates or retains permanent jobs, at least 51% of which are held by or made available to LMI persons	<ul style="list-style-type: none"> – Job creation/retention commitments – FTE calculations – Employee income documentation or self-certification – Business records demonstrating job outcomes
LMA – Low/Moderate-Income Area Benefit (Limited Use)	Supports economic revitalization in a defined service area where at least 51% of residents are LMI	<ul style="list-style-type: none"> – HUD LMI data – Service area map – Narrative demonstrating area benefit and availability to all residents

3.2 LMI Job Creation or Retention LMJ Compliance

1) LMI Benefit Standard

For a project to be eligible to receive CDBG-DR funds, at least 70 percent of the beneficiaries of proposed activities must be from LMI households. The County will determine LMI status using HUD income limits in effect at the time of hire (created jobs) or at the time of verification (retained jobs).

- **“Held by” LMI:** The employee occupying the position is LMI at verification.
- **“Made available to” LMI** The position does not require advanced education/training customarily not possessed by LMI persons, and the County documents open hiring and targeted recruitment to LMI persons.

2) Hierarchy of LMJ Compliance Methods

The County will assess LMJ compliance using the least complex method appropriate, progressing to more complex documentation only when necessary, as described below.

- **Tier 1 – Jobs Held by LMI Persons (Preferred Method)**
LMJ compliance is most readily demonstrated when positions are occupied by workers verified as LMI. This method requires direct income verification of the individual employees and is the preferred approach when feasible.
- **Tier 2 – Jobs Made Available to LMI Persons**
When positions are not held by LMI persons, jobs may qualify as LMJ if made available to LMI individuals. This requires documentation that: the job does not require specialized education or training not typically possessed by LMI persons; and the employer used open and targeted recruitment practices aimed at LMI populations.
- **Tier 3 – Combination Approach**
LMJ compliance may also be achieved through a combination of jobs held by LMI persons and jobs made available to LMI persons, provided that the overall 51 percent threshold is met.

3) LMI Verification Method

- **Created jobs:**
 - Employee self-certification (County form), or
 - Employer documentation (payroll and income verification)
- **Retained jobs:**
 - Employee income verification, or
 - “Job would be lost” documentation plus an LMI snapshot of current incumbents (≥51% LMI)

4) Base Period, Replacement, and Location

- **Base Period:**
Establish baseline FTE count immediately before assistance (e.g., average of the prior 90 days). Jobs created are measured above this baseline; retained jobs are those within the baseline that would otherwise be lost.
- **Replacement Jobs:**

If a created or retained FTE becomes vacant during the performance period, the position may continue to count if the employer backfills the position within a reasonable time and LMI standards remain satisfied.

- **Worksite/Hybrid:**

Jobs must principally benefit the eligible geography. Remote/hybrid roles may count if the position is assigned to, and serves, the eligible location as documented by the employer (e.g., duty station, supervisor location, service area).

5) Timing Requirements

Jobs must be created or retained within the timeframe in the funding agreement, unless an alternative schedule is approved by the County based on project-specific circumstances.

- Interim milestones may be set in the agreement.
- Missed milestones trigger corrective actions and may lead to proportional recapture

3.3 Verification, Monitoring, and Compliance

The County will verify national objective compliance prior to award and throughout the period of performance. Monitoring activities may include:

- Job reports (quarterly unless otherwise specified) showing hires, separations, hours, and cumulative FTEs by position;
- LMI verification per the selected method (self-cert forms or payroll and income), including sampling/spot checks;
- Desk reviews and site visits to reconcile payrolls, organizational charts, and work locations;
- Variance memos documenting any staffing changes and the effect on LMJ percentages.

Note. Failure to meet LMJ requirements may result in corrective actions, proportional recapture tied to the FTE shortfall, or other remedies per the funding agreement and this manual.

SECTION 4: ELIGIBLE AND INELIGIBLE ACTIVITIES

Economic Revitalization/ Development activities funded with CDBG-DR resources must be eligible under the Housing and Community Development Act of 1974, 24 CFR Part 570, as modified by applicable CDBG-DR waivers and alternative requirements, and must be authorized by the County’s HUD-approved CDBG-DR Action Plan and applicable Allocation Announcement Notice.

Consistent with the County’s CDBG-DR Action Plan and disaster recovery priorities, St. Clair County may prioritize Economic Revitalization/ Development activities that involve the acquisition, construction, or rehabilitation of commercial properties (“brick-and-mortar” projects) where such activities support business recovery, job creation or retention, and long-term economic revitalization. Priority consideration does not preclude other eligible Economic Revitalization/ Development activities authorized under this Manual and the applicable Action Plan.

Note. All activities must demonstrate a clear tie-back to the qualifying disaster, meet a CDBG national objective, and comply with all applicable federal, state, and local requirements.

4.1 Eligible Activities

Subject to Action Plan authorization and underwriting approval, eligible Economic Revitalization/ Development activities may include, but are not limited to, the following:

- a) Direct Assistance to For-Profit Businesses
 - Loans and/or grants to eligible for-profit businesses to support disaster recovery and economic revitalization;
 - Assistance to small businesses, microenterprises, and other eligible entities, as defined by program guidelines.
- b) Eligible Use of Funds

CDBG-DR Economic Revitalization/ Development assistance may be used for:

 - Working capital, including inventory, payroll, and operating expenses directly related to disaster recovery;
 - Equipment purchases necessary for business operations or recovery;
 - Real property acquisition for eligible business purposes;
 - Construction, reconstruction, rehabilitation, or improvement of commercial buildings, including tenant improvements;
 - Infrastructure or site improvements that directly support an eligible business or Economic Revitalization/ Development project, where such improvements are proportionate and necessary to the assisted activity.

Note. All construction-related activities are subject to the County's Environmental Review Policies and Procedures and applicable labor standards, where required.

4.2 Ineligible Activities

CDBG-DR Economic Revitalization/ Development funds may not be used for the following activities:

- General operating subsidies that are not tied to disaster recovery or an eligible Economic Revitalization/ Development activity;
- Political activities, including lobbying or advocacy;
- Speculative investments, including activities undertaken without a defined end user or demonstrable public benefit;
- Assistance to businesses engaged in illegal activities under federal, state, or local law;
- Activities prohibited under the applicable CDBG-DR Federal Register Notice, the Universal Notice, or other HUD guidance;
- Costs incurred prior to environmental clearance, where such costs constitute prohibited choice-limiting actions;
- Activities that do not meet a CDBG national objective or lack a documented disaster tie-back.

4.3 Additional Eligibility Considerations

Eligibility of activities under this section is further subject to:

- Financial underwriting and feasibility review,
- Duplication of Benefits (DOB) requirements,

- Environmental Review compliance, pursuant to the County’s stand-alone Environmental Review Policies and Procedures;
- Conflict of Interest, procurement, and civil rights requirements, as applicable.

Note. The County reserves the right to determine final eligibility of proposed activities based on program requirements, available funding, and HUD guidance.

SECTION 5: ELIGIBLE APPLICANTS AND BUSINESSES

Eligibility for CDBG-DR Economic Revitalization/ Development assistance is limited to applicants and businesses that meet the criteria outlined in this section and are authorized under the applicable CDBG-DR Action Plan and Allocation Announcement Notice. All applicants must demonstrate eligibility prior to award and maintain compliance throughout the term of assistance.

5.1 Eligible Business Types

Subject to program guidelines and Action Plan authorization, eligible applicants may include:

- **For-profit businesses:** including small businesses and other eligible commercial entities;
- **Microenterprises:** defined as businesses with five (5) or fewer employees, including the owner, where applicable;
- **Nonprofit entities:** where the activity meets an eligible Economic Revitalization/ Development purpose and is consistent with the CDBG-DR Action plan and applicable HUD requirements.

Note. Businesses must be legally organized, authorized to operate in the State of Illinois, and engaged in an eligible Economic Revitalization/ Development activity as defined in this Manual.

5.2 Geographic Eligibility

Eligible Economic Revitalization/ Development activities must be located within St. Clair County, Illinois which the entire county is designated by HUD as Most Impacted and Distressed (MID) for disasters occurring in 2022 and 2024.

Businesses receiving assistance must:

- Be physically located within an eligible geographic area or
- Demonstrate that the proposed activity will principally benefit an eligible area or population, as permitted under the applicable national objective

Note. Geographic eligibility will be established and verified by the County prior to award.

5.3 Business Size Standards

Where applicable, the County may apply business size standards to prioritize assistance to small businesses or microenterprises, consistent with program design and Action Plan priorities. Size standards may consider factors such as:

- Number of employees;
- Annual revenue; and
- Ownership and control structure.

Any applicable size standards will be clearly identified in program guidelines, including Notices of Funding Opportunities (NOFO) or funding solicitation material issued by the county.

5.4 Good Standing and Compliance Requirements

All applicants and assisted businesses must be in good standing and demonstrate compliance with applicable federal, state, and local requirements. At a minimum, applicants must certify and provide documentation demonstrating that they:

- Have no delinquent federal debt;
- Have no unresolved audit findings related to federal financial assistance;
- Are not suspended or debarred from participation in federal programs, as verified through [SAM.gov](https://www.sam.gov);
- Are not currently involved in bankruptcy proceedings that would impair the ability to carry out the proposed activity, unless otherwise approved by the County; and
- Are in compliance with all applicable civil rights, nondiscrimination, and equal opportunity requirements.
- Are in good standing with the State of Illinois, including compliance with all applicable registration, reporting, and licensing requirements

Note. The County reserves the right to deny assistance to applicants that fail to meet these requirements or that present an unacceptable level of financial, compliance, or performance risk.

5.5 Ongoing Eligibility

Eligibility determinations are not limited to the application stage. Assisted businesses must maintain eligibility and compliance throughout the period of performance. Failure to remain in good standing may result in corrective action, suspension of payments, recapture of funds, or other remedies in accordance with the funding agreement and applicable CDBG-DR requirements.

SECTION 6: UNDERWRITING AND FINANCIAL FEASIBILITY

All CDBG-DR–funded Economic Revitalization/ Development activities are subject to a financial underwriting and feasibility review to ensure that public funds are used prudently, address documented recovery needs, and do not exceed the minimum amount necessary to achieve program objectives. Underwriting requirements, per [24 CFR 570.209\(e\)](#) apply to all awards, regardless of activity type, and are intended to evaluate project viability, public benefit, and financial risk.

6.1 Underwriting Standards and Analysis Criteria

The County will conduct underwriting for each proposed Economic Revitalization/ Development activity prior to award. Underwriting reviews will be commensurate with the size, complexity, and risk of the proposed activity and may consider, at a minimum, the following factors:

- Financial viability of the business and proposed project;
- Reasonableness and necessity of project costs;
- Availability and commitment of other financing sources;
- Ability of the business to meet job creation or retention commitments;
- Risk to CDBG-DR funds; and
- Consistency with disaster recovery and Action Plan priorities.

For Economic Revitalization/Development activities involving assistance to for-profit entities under section 105(a)(17) of the Housing and Community Development Act (HCDA), underwriting will be conducted in accordance with HUD's economic development underwriting guidelines issued pursuant to section 105(e)(2) of the HCDA, including the underwriting criteria set forth in Appendix A to 24 CFR Part 570, to the extent applicable, as modified by CDBG-DR waivers and alternative requirements

Note. The depth of underwriting may vary based on whether the activity involves brick-and-mortar investment, working capital, equipment, or other eligible uses.

6.2 Sources and Uses of Funds

Applicants must provide a complete and accurate sources and uses statement identifying all funds necessary to complete the proposed activity. Underwriting review will evaluate:

- All sources of funding, including private financing, insurance proceeds, SBA assistance, other federal or state funds, and owner equity;
- All uses of funds, including acquisition, construction, soft costs, and contingencies;
- Timing and certainty of non-CDBG-DR funding sources; and
- Consistency between the proposed budget and the scope of work.

Note. CDBG-DR funds may not be used to supplant private financing or other available resources.

6.3 Cash Flow and Financial Projections

As part of underwriting, applicants may be required to submit historical financial statements and cash flow projections sufficient to demonstrate the ability to operate the business and sustain the proposed activity. The County may review:

- Historical operating performance;
- Projected revenues and expenses;
- Debt service coverage, where applicable; and
- Sensitivity to changes in operating conditions.

Note. Financial projections must be reasonable, supportable, and consistent with industry norms and the scope of the proposed activity.

6.4 Cost Reasonableness and Return on Investment

All proposed costs must be reasonable, necessary, and allocable to the eligible Economic Revitalization/ Development activity. The County will evaluate cost reasonableness by considering:

- Comparable market costs;
- Construction estimates or bids, where applicable;
- Relationship between project costs and anticipated public benefit; and
- Overall return on investment to the community, including job creation or retention and long-term economic impact.

Note. Costs determined to be excessive, unsupported, or unrelated to disaster recovery objectives may be reduced or deemed ineligible.

6.5 Gap Financing and Award Limitations

CDBG-DR Economic Revitalization/ Development assistance is intended to provide gap financing only. The County will determine the minimum amount of CDBG-DR funds necessary to make the project feasible after accounting for all other available funding sources. Applicants must demonstrate that:

- A financing gap exists that cannot be filled through conventional financing or other assistance; and
- The proposed CDBG-DR assistance is necessary to achieve the intended recovery and public benefit outcomes.

Assistance under this Program is subject to a maximum award of \$250,000 per project, as established in the County’s HUD-approved CDBG-DR Action Plan.

Note. Public funds shall not exceed the amount necessary to complete the activity or achieve national objective compliance.

6.6 Public Benefit and Minimum Necessary Standard

Economic Revitalization/ Development activities are subject to the Public Benefit standards at 24 CFR 570.482(f), however, pursuant to the CDBG-DR Universal Notice, HUD waived certain public benefit standards and related regulatory provisions for economic development activities to provide flexibility in supporting disaster recovery and economic revitalization.

Consistent with the optional waiver described in the Universal Notice, the county does not apply the standard dollar-per-job or per person public benefit caps as a threshold requirement for eligibility. Instead, to support the “minimum necessary” standard and to inform underwriting judgement, the county may include a cost-per-job reasonableness review for activities qualifying under LMJ.

This review is used solely as a judgment factor within underwriting and does not establish a cap, entitlement, or automatic disqualification. When applied, the County will document in the file

- Total number of jobs created and retained;
- Number of jobs within appropriate salary rands, as determined by the county;
- Average amount of CDBG-DR assistance provided per job;
- Types of jobs supported by the activity

The county will also report total jobs created and retained and the applicable national objective in HUD’s DRGR system, consistent with the Universal Notice Requirements.

This review does not replace the County’s gap analysis, minimum-necessary determination, or proportional recapture tied to job outcomes set forth in this Manual.

6.7 Risk Mitigation Measures

To protect public investment, the County may implement risk mitigation measures appropriate to the activity and award type, including but not limited to:

- Performance-based funding agreements;

- Phased disbursements tied to milestones;
- Collateral, liens, or security interests;
- Personal or corporate guarantees;
- Job creation or retention covenants; and
- Recapture provisions or other remedies for non-performance.

Note. The specific risk mitigation measures applied will be documented in the funding agreement and may vary based on project risk, award size, and activity type.

6.8 Underwriting Determination

Final underwriting determinations will be made by the County based on the totality of the review. Approval of assistance is contingent upon satisfactory completion of underwriting, environmental review clearance, and compliance with all applicable CDBG-DR requirements.

Note. The County reserves the right to deny or modify funding requests based on underwriting findings, available funds, and HUD guidance.

SECTION 7: DUPLICATION OF BENEFITS (DOB)

As provided by the Stafford Act, duplication of benefits is prohibited. The St. Clair County Intergovernmental Grants Department / Community Development Division (IGD/CD) will continuously monitor CDBG-DR Economic Revitalization/ Development activities to ensure compliance with this requirement.

CDBG-DR funds will not be used for Economic Revitalization/ Development activities for which assistance has been received or is reasonably anticipated from other sources for the same purpose. CDBG-DR assistance may be provided only to the extent that a disaster recovery need remains unmet after accounting for all other assistance.

7.1 Sources of Assistance Reviewed

To prevent duplication of benefits, IGD/CD will identify and evaluate all reasonably available sources of disaster-related assistance, which may include, but are not limited to:

- Insurance proceeds, including business interruption coverage;
- Small Business Administration (SBA) disaster loans or grants;
- FEMA assistance, where applicable to business recovery;
- Assistance from state or local programs;
- Other federal, private, or nonprofit grants or loans; and
- Owner equity or third-party contributions applied toward the same eligible costs.

Note. Applicants are required to disclose all sources of assistance applied for, received, or anticipated on the County's Duplication of Benefits Form, available in the CDBG-DR Duplication of Benefits Policies and Procedures Manual, located on the St. Clair County Intergovernmental Grants Department website.

7.2 Applicant Certifications, Subrogation, and County Verification

All applicants must sign an application and funding agreement certifying the accuracy and completeness of all disclosed assistance and agreeing to repay any duplicative assistance received during or after the contract term.

Prior to award or contract execution, IGD/CD will verify application information using available data from SBA, insurance providers, FEMA, and other relevant sources. IGD/CD may also review business financial records, loan documents, and other supporting documentation to confirm the absence of duplicative funding.

7.3 DOB Framework for Economic Revitalization/ Development Activities

IGD/CD will follow a DOB review process consistent with Appendix C of the CDBG-DR Universal Notice, adapted for Economic Revitalization/ Development activities:

1) Assess Total Eligible Project Cost

Determine the total eligible cost of the Economic Revitalization/ Development activity, including acquisition, construction or rehabilitation, equipment, working capital, and other allowable expenses.

2) Identify Total Assistance

Document all disaster-related assistance received or anticipated by the business, including insurance, SBA assistance, and other funding sources.

3) Exclude Non-Duplicative Amounts

Exclude assistance that does not duplicate CDBG-DR eligible costs.

4) Exclude Funds for a Different Purpose

Assistance received for a different purpose than the CDBG-DR funded activity is not considered duplicative and is not included in the DOB calculation, consistent with HUD's revised DOB policy.

5) Exclude Funds for the Same Purpose but Different Allowable Use

Deduct assistance applied to business recovery costs that are not eligible under CDBG-DR.

6) Identify Final DOB Amount and Determine Unmet Need

Subtract all duplicative assistance from the total eligible cost to determine the remaining unmet need and allowable CDBG-DR award amount.

7) Reassess Unmet Need as Necessary

If additional disaster-related assistance is received after award, IGD/CD will reassess unmet need and adjust or recapture CDBG-DR funds as required.

7.4 Recapture and Corrective Actions

If duplication of benefits is identified after the disbursement of CDBG-DR funds, IGD/CD will take appropriate corrective actions in accordance with the funding agreement, including recapture of funds, adjustment of the award, or other remedies permitted by HUD.

Recipients are required to notify IGD/CD of any additional disaster-related assistance received after award that may affect DOB compliance.

For detailed procedures and requirements, staff and applicants shall refer to the County's stand-alone CDBG-DR Duplication of Benefits Policy, available on the [St. Clair County Intergovernmental Grants Department website](#).

SECTION 8: DISPLACEMENT AND RELOCATION

The Economic Revitalization/Development Program is primarily intended to support the recovery, rehabilitation, and stabilization of existing businesses and commercial properties. As such, displacement of persons, businesses, or nonprofit organizations is not anticipated for most Economic Revitalization/Development activities.

However, St. Clair County recognizes that displacement may occur in limited circumstances depending on the scope, location, and nature of a proposed project. If any Economic Revitalization/Development activity results in the temporary or permanent displacement of persons, businesses, or nonprofit organizations, the County will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and its implementing regulations at 49 CFR Part 24.

8.1 Minimizing Displacement

Potential displacement impacts will be assessed during project review, underwriting, and environmental review. Applicants will be required to disclose whether proposed activities may result in displacement, and the County will take all reasonable steps to avoid or minimize displacement where feasible. Projects that would result in avoidable displacement may be modified, conditioned, or denied.

8.2 Relocation Assistance and Applicable Policies

The County's Residential Anti-Displacement and Relocation Assistance Policy (RARAP) governs all relocation assistance, advisory services, notices, and payments required under URA and is incorporated by reference into this Manual. Where relocation assistance is required, St. Clair County will ensure that such assistance is provided in accordance with the RARAP and applicable HUD requirements.

8.3 Displacement Assessment and Planning

When displacement is identified, the County will apply the procedures set forth in the Residential Anti-Displacement and Relocation Assistance Policy (RARAP), including methods for identifying the needs of potentially displaced persons or entities through site visits, interviews, and coordination with affected parties. Planning and budgeting for any required relocation assistance will be completed prior to any action that would cause displacement or temporary relocation and will be scaled to the nature and complexity of the activity. Where applicable, relocation assistance will include reasonable accommodations to address accessibility needs of displaced persons with disabilities, consistent with Section 504 and 49 CFR Part 24.

SECTION 9: ENVIRONMENTAL REVIEW

All CDBG-DR-funded Economic Revitalization/ Development activities must comply with the environmental review requirements, as applicable, outlined 24 CFR Part 58. No funds may be committed or expended prior to completion and approval of the environmental review. This includes any choice-limiting activities. These requirements are detailed in St. Clair County IGD/CD's Environmental Policies and Procedures, which can be accessed at the St. Clair County Intergovernmental Grants Department website.

SECTION 10: CONFLICT OF INTEREST

In accordance with 24 CFR 570.611 and 2 CFR 200.318, as applicable, no IGD/CD employee, officer, or agent may participate in the selection, review, approval, award, or administration of CDBG-DR Economic Revitalization/ Development assistance if a real or apparent conflict of interest exists. A conflict of interest exists when any of the following apply:

- The individual, an immediate family member, or a business partner has a financial or other interest in a business or entity seeking or receiving CDBG-DR Economic Revitalization/ Development assistance;
- The individual has business or personal ties to an applicant, assisted business, contractor, consultant, lender, or subrecipient involved in the activity; or
- The individual solicits or accepts gratuities, favors, or anything of monetary value from any party to a CDBG-DR–funded Economic Revitalization/ Development activity.

Note. These restrictions apply during the individual's tenure and for one (1) year thereafter.

10.1 Disclosure Requirements

- **Staff/Officials**
Any real or apparent conflict must be promptly disclosed in writing to IGD/CD leadership.
- **Applicants/Businesses**
Applicants must disclose any relationships or interests that could constitute a conflict or the appearance of a conflict with County decision-making.
- **Certification**
As a condition of participation, applicants, contractors, consultants, lenders, and subrecipients must certify awareness and compliance with conflict-of-interest requirements.

10.2 Refusal and Mitigation

If a conflict (real or apparent) is identified, the affected individual must recuse from all review, scoring, underwriting, negotiation, award, and administrative actions related to the matter. IGD/CD will take any additional mitigation steps necessary (e.g., reassignment, independent secondary review) and will document recusals/mitigations in the project file. HUD Exceptions (24 CFR 570.611(d)). IGD/CD may request a limited exception from HUD where warranted. An exception may be considered only when:

- 1) Full written disclosure of the conflict is provided;
- 2) A public-interest justification demonstrates the exception will not compromise program integrity; and
- 3) IGD/CD submits a formal written request to HUD describing the conflict, mitigation measures, and any public notice undertaken.
- 4) HUD will review the request and issue a decision in writing, either approving or denying the exception.

10.3 Violations

Alleged violations of this policy will be immediately referred to IGD/CD for review. Remedies may include denial or termination of assistance, recapture of funds, referral to appropriate authorities, and other actions permitted by federal requirements and the funding agreement.

SECTION 11: CONTRACTOR COMPLIANCE AND LABOR STANDARDS

CDBG-DR–funded Economic Revitalization/ Development activities must comply with all applicable federal labor standards, contractor eligibility requirements, and civil rights laws, as required by the Housing and Community Development Act of 1974, 24 CFR Part 570, and other applicable federal regulations.

The applicability of specific requirements under this section is determined based on the nature of the Economic Revitalization/ Development activity, including whether construction is involved.

11.1 Debarment and Suspension

In accordance with 48 CFR Part 9, CDBG-DR funds may not be used, directly or indirectly, to employ, award contracts to, or otherwise engage the services of any contractor, subcontractor, consultant, or subrecipient that is debarred, suspended, or otherwise ineligible to participate in federal programs.

Prior to entering into any CDBG-DR–funded agreement, St. Clair County IGD/CD will verify the Unique Entity Identifier (UEI) and eligibility status of all known contractors, subcontractors, consultants, and subrecipients using the System for Award Management (SAM.gov).

Where applicable, general contractors are responsible for:

- 1) Verifying the SAM status of subcontractors; and
- 2) Submitting required certifications or documentation regarding subcontractor eligibility, as required by IGD/CD.

11.2 Equal Opportunity

The regulations pursuant to Title I of the Housing and Community Development Act of 1974 , as amended, require recipients to assure, through certification to the U.S. Department of Housing and Urban Development (HUD), that all activities will be conducted in accordance with Section 109 of the Act , Title VI of the Civil Rights Act of 1964, and Section 3 of the Housing and Urban Development Act of 1968 . More responsibilities have been placed on the local governments to carry out housing and community development decisions. St. Clair County IGD/CD is responsible for ensuring compliance with all Equal Opportunity requirements and will monitor subrecipients and contractors for adherence to Section 109, Title VI, and other applicable laws. Contractors and subrecipients must certify compliance as a condition of participation in CDBG-DR funded activities.

11.3 Non-Discrimination Policy

St. Clair County shall comply with all applicable non-discrimination laws and regulations, including those enforced by the U.S. Department of Housing and Urban Development (HUD) or

any other applicable funding source, and shall ensure that no person is excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part by HUD and/or any other applicable funding source.

11.4 Section 3/ Minority Business Enterprise (MBE) Requirements

If applicable, compliance with Section 3 of the Housing and Urban Development Act of 1968 is required wherever HUD financial assistance is expended for housing or community development. To the greatest extent feasible, economic opportunities will be given to Section 3 residents and businesses in that area. Section 3 residents include public housing residents, low-and very low-income persons who live in the metropolitan area or non-metropolitan county where the HUD assisted project is located.

HUD has mandated that recipients of HUD funding, including CDBG and CDBG-DR, take all necessary steps to ensure awarded contractors make efforts to encourage the use of minority and women business enterprises, referred to as a Minority Business Enterprise (MBE). The IGD/ CD has set an overall goal of fifteen percent (15%) for the Minority Business Utilization Rate. Economic opportunities funded through HUD programs shall include, to the maximum extent possible, the use of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into as a result of HUD funding.

Due to the maximum award limit of \$250,000 per project for the Economic Revitalization/ Development Program, Section 3 requirements are not expected to apply to most assisted activities. However, if a project receives HUD financial assistance in excess of applicable Section 3 thresholds or otherwise triggers Section 3 requirements, compliance will be required.

Compliance with Section 3 requirements will be monitored by St. Clair County IGD/CD through documentation review, labor hour tracking, and reporting. Contractors and subrecipients are responsible for implementing Section 3 provisions and maintaining records of outreach and recruitment efforts to meet HUD benchmarks. In addition, St. Clair County IGD/CD will establish Minority Business Enterprise (MBE) utilization goals and monitor compliance through contract reviews and reporting. Contractors and subrecipients are responsible for actively soliciting minority- and women-owned businesses and documenting all efforts to meet participation goals.

11.5 Davis-Bacon and Related Acts (DBRA)

In accordance with 24 CFR 570.603 and the Davis-Bacon and Related Acts, prevailing wage requirements apply to CDBG-DR-funded construction contracts exceeding \$2,000, including Economic Revitalization/ Development activities involving construction, reconstruction, or rehabilitation of commercial buildings. For Economic Revitalization/ Development activities:

- Non-construction assistance, such as working capital or equipment purchases not tied to construction, is not subject to Davis-Bacon requirements.
- Brick-and-mortar Economic Revitalization/ Development projects may be subject to Davis-Bacon depending on project scope and funding structure.

Where Davis-Bacon applies, IGD/CD will ensure compliance through appropriate monitoring and enforcement activities, which may include:

- Inclusion of wage determinations in contracts;
- Review of certified weekly payrolls;
- On-site inspections and worker interviews; and
- Verification of compliance prior to processing contractor payments.

SECTION 12: PROCUREMENT AND CONTRACTING

12.1 Subrecipients

When a subrecipient carries out an Economic Revitalization/ Development activity and procures goods or services with CDBG-DR funds (including, but not limited to, design, construction, engineering, architectural, or other professional services), the subrecipient must comply with the procurement standards at 2 CFR 200.317–200.327 (Uniform Guidance).

Subrecipients must also incorporate all applicable federal contract provisions set forth in Appendix II to 2 CFR Part 200, as required by the nature of the contract and the activity being undertaken (e.g., Equal Employment Opportunity, termination for cause or convenience, Davis-Bacon and Related Acts when applicable, Contract Work Hours and Safety Standards Act, Clean Air and Water Act, Byrd Anti-Lobbying).

These Uniform Guidance procurement requirements apply to recipients and subrecipients of CDBG-DR funds under the HUD CDBG-DR Universal Notice, which incorporates baseline CDBG and Uniform Guidance requirements unless specifically waived.

Minimum expectations for subrecipients:

- Maintaining written procurement procedures that ensure full and open competition and comply with applicable state and local law and 2 CFR 200.318–200.327;
- Using the appropriate method of procurement (micro-purchase, small purchase, sealed bids, competitive proposals, or noncompetitive procurement with proper justification);
- Including all required federal contract clauses in solicitations and contracts, as applicable;
- Verifying contractor and subcontractor eligibility through SAM.gov (UEI verification); and
- Maintaining complete and accurate procurement files, including solicitations, cost or price analyses, evaluations, award documentation, contracts, amendments, and change orders.

12.2 Assisted Businesses (Beneficiaries)

Assisted businesses, are entities, including for-profit businesses and nonprofit organizations, that receive CDBG-DR assistance in the form of loans, grants, or forgivable loans for their own economic recovery activities, such as business operations, facility improvements, or job creation or retention.. As such, assisted businesses are not subject to the procurement requirements of 2 CFR Part 200.

However, as a condition of assistance, the County imposes the following requirements to ensure compliance with CDBG-DR program rules, protection of public funds, and adherence to applicable federal requirements:

1) **Cost Reasonableness.**

For major CDBG-DR-funded costs (including, but not limited to, construction, rehabilitation, tenant improvements, or equipment purchases), assisted businesses must provide multiple written bids or quotes, a price or cost analysis, or other appropriate market evidence sufficient for the County to determine that proposed costs are reasonable and necessary. This review is conducted as part of the County’s underwriting process and supports the “minimum necessary” standard required under the Universal Notice.

2) **Environmental Review & Choice-Limiting Actions.**

No choice-limiting actions (such as property acquisition, execution of construction contracts, site work, or other actions that would limit alternatives) may occur prior to completion of the environmental review and receipt of clearance in accordance with 24 CFR Part 58. The County will enforce this requirement through the assistance agreement and ongoing monitoring.

3) **Applicable Federal Conditions via Agreement.**

Where applicable, the County will flow down required federal labor standards and civil rights requirements through the assistance agreement and related contract conditions.

These may include, as applicable:

- Davis-Bacon and Related Acts (DBRA), pursuant to 24 CFR 570.603, for covered construction activities;
- Equal Employment Opportunity requirements;
- Section 3 requirements under 24 CFR Part 75, when applicable; and
- Other applicable federal requirements triggered by the activity.

These requirements are enforced through the assistance agreement rather than by imposing Uniform Guidance procurement standards on the assisted business.

Note. For business-led acquisition, construction, or rehabilitation activities, the County will (a) apply cost reasonableness and milestone-based disbursement controls, (b) prohibit pre-clearance choice-limiting actions, and (c) include any triggered federal labor/civil rights provisions in the assistance agreement (and require the business to include them in its construction contracts), consistent with the Universal Notice and applicable federal requirements

SECTION 13: PROGRAM ADMINISTRATION

This section describes the administrative framework for the implementation of CDBG-DR Economic Revitalization/ Development activities, including roles and responsibilities, application intake, review and approval processes, and award execution. All Economic Revitalization/ Development activities are administered in accordance with the County’s HUD-approved CDBG-DR Action Plan, this Manual, and applicable federal requirements.

13.1 Roles and Responsibilities

1) Grantee

St. Clair County, through the Intergovernmental Grants Department / Community Development Division (IGD/CD), serves as the CDBG-DR grantee and is responsible for

overall program administration and compliance. IGD/CD responsibilities include, but are not limited to:

- Program design and implementation consistent with the CDBG-DR Action Plan and HUD guidance;
- Development and maintenance of Economic Revitalization/ Development policies and procedures;
- Application intake, eligibility determinations, and underwriting oversight;
- Environmental review compliance and clearance;
- Duplication of Benefits (DOB) review and monitoring;
- Execution of funding agreements and amendments;
- Financial management, drawdowns, and reporting; and
- Monitoring, compliance enforcement, and record retention.

2) Subrecipient (if applicable)

Where authorized by the Action Plan, IGD/CD may enter into agreements with subrecipients to carry out certain Economic Revitalization/ Development activities. Subrecipients are responsible for:

- Implementing program activities in accordance with their agreement and all applicable CDBG-DR requirements;
- Maintaining adequate financial and administrative systems;
- Complying with environmental review, labor standards, civil rights, and other federal requirements, as applicable; and
- Providing required documentation and reports to IGD/CD.

Note. IGD/CD retains ultimate responsibility for ensuring subrecipient compliance and performance.

3) Third-party Administration (if applicable)

IGD/CD may engage third-party administrators, underwriters, or consultants to provide technical assistance, underwriting support, application review, or monitoring services. Third-party entities act on behalf of the County and must comply with all applicable federal and County requirements. Final decision-making authority remains with IGD/CD.

13.2 Application Intake Process

IGD/CD will establish an application intake process for Economic Revitalization/ Development assistance consistent with the CDBG-DR Action Plan and program guidelines. The process may include:

- Public notice of funding availability provided through the County's website and IGD-managed facebook page, as appropriate, to alert residents and businesses when applications for assistance are open and when public hearings scheduled;
- Application forms and instructions outlining eligibility criteria and required documentation;
- Deadlines for submission; and
- Technical assistance to applicants, as appropriate.

Note. All applications must be complete and submitted in accordance with program requirements to be considered for funding.

13.3 Review and Approval Procedures

Applications for Economic Revitalization/ Development assistance will undergo a multi-step review process, which may include:

- Threshold eligibility review, including applicant eligibility, geographic eligibility, and activity eligibility;
- Duplication of Benefits (DOB) review;
- Underwriting and financial feasibility analysis, including job creation or retention commitments;
- Environmental review clearance, as applicable; and
- Review for compliance with applicable federal, state, and local requirements.

Note. IGD/CD will document all review and approval decisions. Approval of assistance is contingent upon satisfaction of all program requirements and availability of funds.

13.4 Award Execution and Agreements

Upon approval, IGD/CD will execute a funding agreement with the assisted business, subrecipient, or other eligible entity. Funding agreements will include, as applicable:

- Scope of work and eligible uses of funds;
- Award amount and disbursement conditions;
- Job creation or retention commitments;
- Reporting and documentation requirements;
- Environmental review and labor standards conditions, where applicable;
- Duplication of Benefits certifications and recapture provisions;
- Remedies for non-performance or non-compliance; and
- Record retention and access requirements.

Note. No CDBG-DR funds will be disbursed until all required pre-award conditions, including environmental clearance, are satisfied.

SECTION 14: MONITORING

IGD/CD is responsible for ensuring that all HUD-funded programs, including CDBG-DR Economic Revitalization/ Development activities, are implemented in compliance with applicable federal regulations, program requirements, and written agreements.

IGD/CD conducts internal self-monitoring to assess program performance, identify areas for improvement, and proactively address compliance issues. Monitoring activities are guided by HUD regulations, including 2 CFR Part 200, applicable Federal Register Notices, and the County's Compliance Monitoring Policy and Procedures Manual, available on the [St. Clair County Intergovernmental Grants Department website](#).

14.1 Monitoring Approach

IGD/CD utilizes a risk-based monitoring framework for CDBG and CDBG-DR Economic Revitalization/ Development activities. Monitoring activities may include:

- Desk reviews of Economic Revitalization/ Development project files to verify eligibility, underwriting documentation, duplication of benefits (DOB), environmental review clearance, and financial records;
- On-site monitoring visits, as appropriate, to assess project progress, review business operations related to the funded activity, verify job creation or retention outcomes, and review compliance documentation;
- Financial compliance checks, including verification of allowable and reasonable costs, consistency with approved sources and uses, and adherence to 2 CFR Part 200 cost principles;
- Review of performance requirements, including job creation or retention commitments, timelines, and other conditions established in funding agreements; and
- Verification of reporting requirements, including documentation necessary for DRGR performance reporting.

Monitoring frequency is determined through a risk assessment that considers factors such as project complexity, award amount, activity type (including brick-and-mortar versus non-construction assistance), prior performance, and audit history. IGD/CD conducts monitoring at intervals appropriate to the level of risk using a combination of desk reviews, file reviews, and on-site assessments, as warranted.

Additional detail regarding the risk-based monitoring framework, including risk assessment criteria and monitoring protocols, is provided in the Community Development Block Grant Disaster Recovery Policies & Procedures Manual Financial Administration And Management and the Policy and Procedure Manual for Compliance Monitoring, which are incorporated herein by reference. These are available on , available on the St. Clair County Intergovernmental Grants Department website.

14.2 General Monitoring Standards

Monitoring for all CDBG-DR Economic Revitalization/ Development activities will evaluate compliance with:

- Environmental review requirements under 24 CFR Part 58, including adherence to prohibitions on choice-limiting actions;
- National objective compliance, with emphasis on low- and moderate-income (LMI) job creation or retention;
- Duplication of Benefits (DOB) requirements under the Stafford Act and the County's stand-alone DOB Policy;
- Labor standards, including Davis-Bacon, where applicable to construction-related Economic Revitalization/ Development activities;
- Civil rights and nondiscrimination requirements, including Section 3 and Section 504, where applicable;
- Conflict of interest requirements;
- Contract and agreement provisions, including performance benchmarks and remedies; and
- Financial management and documentation standards, including invoice support and proof of payment.

IGD/CD will issue written monitoring results, identify any findings or concerns, and require corrective actions within established timelines. Documentation of all monitoring activities will be maintained in the project file.

SECTION 15: RECAPTURE, DEFAULT, AND REMEDIES

St. Clair County IGD/CD will enforce the terms and conditions of all CDBG-DR Economic Revitalization/ Development assistance to ensure compliance with applicable federal requirements, the HUD-approved Action Plan, this Manual, and executed funding agreements. Funding agreements will include provisions addressing events of default, recapture, and remedies for non-performance or non-compliance.

15.1 Events of Default

An event of default may occur when an assisted business, subrecipient, or other funded entity fails to comply with the requirements of the funding agreement or applicable CDBG-DR regulations. Events of default may include, but are not limited to:

- Failure to meet job creation or retention commitments within the required timeframe;
- Use of CDBG-DR funds for ineligible or unapproved activities;
- Failure to maintain national objective compliance;
- Material misrepresentation or omission of information provided to IGD/CD;
- Failure to comply with Duplication of Benefits (DOB) requirements;
- Violation of environmental review requirements, including undertaking prohibited choice-limiting actions;
- Noncompliance with applicable labor standards, civil rights, or conflict of interest requirements, where applicable; or
- Failure to submit required reports or documentation within established deadlines.

15.2 Recapture Provisions

IGD/CD reserves the right to recapture CDBG-DR funds when an event of default or non-compliance is identified. Recapture provisions may apply in cases including, but not limited to:

- Failure to achieve required job creation or retention outcomes;
- Identification of duplicated benefits after award or disbursement;
- Expenditures determined to be ineligible, unsupported, or unreasonable; or
- Early termination of the assisted activity that results in loss of public benefit.

Note. Recapture may be proportional, based on the degree of non-compliance or unachieved outcomes, and will be conducted in accordance with the funding agreement and applicable HUD guidance.

15.3 Loan Forgiveness (if applicable)

Where CDBG-DR Economic Revitalization/ Development assistance is provided in the form of a loan with forgiveness provisions, forgiveness may be granted only upon verification that all program requirements and performance conditions have been met, including:

- Achievement and documentation of required job creation or retention targets;

- Compliance with all applicable federal requirements, including DOB, environmental review, and labor standards; and
- Completion of the required performance period as specified in the funding agreement.

Note. Failure to meet forgiveness conditions may result in partial or full repayment of the loan, as outlined in the funding agreement.

15.4 Enforcement Actions and Remedies

In response to non-compliance or performance deficiencies, IGD/CD may implement one or more enforcement actions, including:

- Issuance of written notices of concern or findings;
- Requirement of a Corrective Action Plan (CAP) with specified timelines;
- Suspension or withholding of disbursements;
- Modification of the scope of work or performance requirements, where permissible;
- Recapture or repayment of CDBG-DR funds;
- Termination of the funding agreement for cause; and/or
- Referral to County legal counsel, HUD, or the HUD Office of Inspector General (OIG), as appropriate.

Note. IGD/CD will document all enforcement actions and provide the assisted entity with notice and an opportunity to cure, except where immediate action is necessary to protect public funds or comply with HUD requirements.

SECTION 16: RECORD-KEEPING REQUIREMENTS

Accurate and thorough record-keeping is essential to ensure compliance with federal regulations and to facilitate reviews, monitoring, and audits related to the administration of HUD-funded programs, including CDBG-DR Economic Revitalization / Development. These requirements are governed by 24 CFR 570.506, unless otherwise modified by applicable Federal Register Notices.

The St. Clair County Intergovernmental Grants Department / Community Development Division (IGD/CD) will maintain records sufficient to document compliance, support financial and performance reporting, and respond to monitoring, audit, or oversight inquiries.

Category	Required Records
General Administration	<ul style="list-style-type: none"> - Application and supporting documentation - Award letter and approval documentation - Executed funding agreements and amendments - Eligibility determinations and national objective determinations - Environmental review documentation (approval) - Notice to Proceed (if applicable)
Eligibility & Underwriting	<ul style="list-style-type: none"> - Underwriting analysis and approval memo - Sources and uses statements - Financial statements and cash-flow projections - Cost reasonableness documentation (quotes, estimates, price analysis)

	<ul style="list-style-type: none"> - Gap financing justification (if applicable)
Duplication of Benefits (DOB)	<ul style="list-style-type: none"> - DOB disclosure forms - Documentation of assistance received or anticipated (insurance, SBA, FEMA, etc.) - DOB calculation worksheets and updates - Subrogation or repayment agreements (if applicable)
Financial & Compliance	<ul style="list-style-type: none"> - Financial records detailing use of CDBG-DR funds - Invoices, draw requests, and proof of payment - Documentation of funding decisions and selection criteria - HUD program certifications and assurances - Conflict of interest disclosures (if applicable)
Job Creation / Retention	<ul style="list-style-type: none"> - Baseline employment documentation - Job creation or retention commitments - FTE calculations - LMI income verification or self-certifications - Quarterly or periodic job reports
Construction / Brick-and-Mortar (If Applicable)	<ul style="list-style-type: none"> - Construction contracts and scopes of work - Cost estimates, bids, or quotes (as required by agreement) - Change orders (if applicable) - Davis-Bacon wage determinations and certified payrolls (if applicable) - Labor standards compliance documentation
Monitoring & Performance	<ul style="list-style-type: none"> - Monitoring reports and correspondence - Corrective action plans and resolutions - Performance reporting documentation (including DRGR support) - Closeout certifications and final reports
Public Access & Transparency	<ul style="list-style-type: none"> - Records of past use of funds, made available to the public in accordance with state and local privacy laws

16.1 File Retention

All records related to CDBG-DR Economic Revitalization/ Development activities shall be retained for a minimum period of three (3) years from the closeout of the grant, or for a longer period if required by applicable laws, regulations, audit findings, litigation, or unresolved monitoring issues. Record retention requirements are governed by 24 CFR 570.506 and 2 CFR 200.334, as applicable. Supporting documentation must be maintained to verify compliance with all programmatic and financial requirements and to support audits, monitoring, and performance reporting.

APPENDIX I ADDITIONAL RESOURCES

To access the following policies and procedures, along with other helpful information, please visit the St. Clair County website:

[St. Clair County Illinois > Departments > Intergovernmental Grants > Community Development](#)

- St. Clair County Intergovernmental Grants Department Financial Policies and Procedures.
- St. Clair County IGD Environmental Policies and Procedures
- St. Clair County Affordable Housing / New Construction Policies and Procedures
- St. Clair County Public Facilities and Infrastructure Policies and Procedures
- St. Clair County CDBG-DR Policies and Procedures
- St. Clair County Lead Policies and Procedures Manual
- St. Clair County Duplication of Benefits Policies and Procedures
- St. Clair County Anti-Displacement and Relocation Policies and Procedures
- St. Clair County IGD Anti-Fraud, Waste, and Abuse Policies and Procedures
- St. Clair County IGD-CD Section 504 Policy
- St. Clair County IGD Compliance Monitoring Policies and Procedures Manual

To access additional information and resources

- [Universal Notice Covered Grantees | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- [Economic Revitalization Guide for CDBG-DR Grantees](#)
- [CDBG-DR: Community Development Block Grant Disaster Recovery Funds - HUD Exchange](#)
- [Disaster Recovery Library: Economic Revitalization - HUD Exchange](#)

REVISION HISTORY

Event	Date
Adopted	5/22/2026