

COMMUNITY DEVELOPMENT GRANT SMALL: PROGRAM MANUAL

**DEPARTMENT OF PLANNING AND DEVELOPMENT
BUREAU OF SMALL BUSINESS DEVELOPMENT**

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1 CDG-S Program Introduction & Overview

Small Community Development Grants (CDG-S) are intended for small real estate development requesting the use of \$250,000 and below in financial assistance from the City. CDG-S awards are made during competitive, semi-annual funding rounds to eligible projects that demonstrate impactful development, create jobs, and improve quality of life of neighborhood residents and visitors. CDG-S supports up to 75% of total project costs involving new construction, rehabilitation, or both.

The CDG-S program is a consolidation of the Department of Planning and Development's (DPD) capital project funding sources – including bond funds from the Chicago Recovery Plan (CRP) and the [Housing and Economic Development Bond \(HED\)](#).

2 CDG-S Eligibility Requirements

2.1 Who can apply for CDG-S?

Business owners, non-profit organizations, commercial or mixed used property owners are all eligible to apply. While applicants are not required to be City of Chicago residents, preference may be given to those who reside in the City of Chicago, particularly in neighborhoods that of low or moderate income, or in the neighborhood in which the project is proposed. However, the property where the project is proposed needs to be located in the City of Chicago.

2.2 Are there any location requirements for CDG-S?

To be eligible for CDG-S grant awards, proposed projects must be located within City of Chicago boundaries. Priority may be given to neighborhoods that have faced historical inequity in neighborhood investment or economic development, higher levels of poverty, higher percentage of vacant/under-utilized properties, or high crime.

2.3 What does CDG-S fund?

Applicants may propose projects on properties that will, upon completion of the construction project, provide a revenue-generating amenity to the neighborhood and its residents. Uses may be commercial or light industrial.

In order to address the needs of a building comprehensively, residential construction work may be included if it is part of a primarily commercial use project in a mixed-use building. The residential expenses must not exceed 25% of the total grant amount. Eligible residential expenses must be a part of larger, building wide systems and improvements (e.g., plumbing, tuckpointing).

Social service activities and heavy manufacturing or industrial activities are not eligible. Non-for-profit organizations that provide social service activities but have a revenue generating component related to the scope of the project may be eligible. Uses that do not benefit the local community (i.e., private storage spaces or parking lots) are also not supported.

Grant funds may be used to cover eligible hard and soft costs related to the renovation and/or construction of the project site, property or land acquisition (may not exceed 25% of the total grant amount), landscaping that is permanent/fixed, etc. New construction at vacant sites is eligible and “vanilla box” projects with a strong community impact are also eligible. However, 100% of ground floor tenants must be identified through a lease or letter of intent to receive the final disbursement for “vanilla box” projects. Eligible expenses may include:

- Major exterior or interior renovations
- Acquisition, re-zoning, architectural/design, engineering, site prep, demolition and construction fees
- Roofing, masonry, façade, windows, doors
- Mechanical systems, such as HVAC, electrical and plumbing
- ADA accessibility improvements
- Note that contractors doing the work will need to have an active City of Chicago license and an active insurance policy

2.4 How can't CDG-S funds be spent?

Ineligible costs include, but are not limited, to furniture, unfixed equipment or fixtures, business inventory, rent, utilities, expediting services, salaries or other operational expenses. The following project types or conditions are ineligible:

- The project's end-use involves at least one of the following: social service/assistance, place of worship/religious activity, heavy industry or manufacturing, non-revenue generating activities
- Residential or home-based businesses
- Firearm dealers
- Adult activity venues
- The grant recipient is a government entity
- The project will not be completed with the required timeframe
- The project's scope of work is already funded through another Department of Planning and Development grant
- The construction is already completed
- The business has completed another Department of Planning and Development grant in the last 3 years

3 CDG-S Project Application & Selection Process

3.1 Application Process

Applicants interested in applying must complete and submit a [City of Chicago CDG-S Grant Application](#) through the City's online platform, [Submittable](#). Applicants must complete the free registration with Submittable to apply. The account is specific to the individual user and their email address. Once an account is established, and an application is started, the individual user may invite other individuals to collaborate on the application materials. Collaborators will also be asked to establish their own Submittable account to access and work on the application.

For additional information related to the application process, please visit the [CDG-S Resources page](#) and review the program's [FAQ](#).

3.1.1 Eligibility Screening

Before launching the grant application, the applicant must complete the brief eligibility assessment in Submittable. These questions are designed to help applicants use their time efficiently based on the readiness of their project.

If the eligibility assessment determines that the applicant does not have the information required to submit a complete application, it will stop the applicant from moving forward to the application and instead direct them to a host of resources and local organizations available to help them build a project plan. Applicants are encouraged to reach out to these resources to further their project readiness before completing the grant application.

If the eligibility assessment determines that the applicant likely has the information required to submit a complete application, it will then proceed to the application.

3.1.2 The Grant Application

The grant application is broken into different sections as detailed below. Applicants are invited to upload additional documents to strengthen their application materials. Applicants may return to their account to work on their grant application over a period of time but must submit their application before the stated deadline to be considered.

Once an application is submitted, the applicant may no longer edit the application. Applicants may request to have their application open for editing only if the application deadline has not passed and review has not started. If an applicant decides to, they may withdraw their application from consideration for the current/active round to edit it and resubmit for a future application round. The applicant must resubmit their application after editing to be considered.

3.2 Application Review and Selection Process

All submitted applications are reviewed over several stages. Successful applications will go through all stages of review whereas weaker applications may have their review stopped at any stage. Eliminated applications will be directed to available resources.

3.2.1 Pre Review – Address Verification

Prior to stage 1 review, all project site addresses are geocoded to ensure that applications are presenting projects located in the City of Chicago. Applications with project sites located outside of city limits or do not have an address (i.e., a description of an intersection or a series of addresses) are eliminated at this point.

3.2.2 Stage 1 – Readiness & Feasibility

During stage 1 review, applications are reviewed in order to determine project readiness and feasibility. Applications are reviewed to determine the accuracy and completeness of the following types of information:

- Itemized budget supported by a City-licensed contractor's bid
- Design documents provided by a State-licensed architect
- Detailed business plan including up-to-date profit and loss statements
- Audited tax documents from prior years
- Proof of site control
 - Lease: an executed lease for the project site in the business's legal name (as listed on the application) for at least 3 years with the option to renew.
 - Deed/Real Estate Contract for a project location with the name of the business entity (as listed on the application).
 - A letter of Intent for the project location, signed by both the intended lessor and lessee, including the name of the business entity (as listed on the application).
- Proof of financing for at least 50% of the total project cost, or a plan to secure finances
- Construction Timeline

3.2.3 Stage 2 – Community Engagement & Impact

During stage 2 review, applications are reviewed to determine the applicant's level of (1) awareness of local conditions, (2) direct community engagement, (3) understanding of the impact their proposed project will have on the surrounding neighborhood.

Applicants should explain how their project will contribute to the community by providing the following information and/or documents:

- Demonstrate how your business positively impacts the community (e.g. fills a gap in services, creates jobs, occupies a longtime vacant building, etc.)
- Submit letter of support from community members and elected officials
- Provide a detailed plan of community engagement and outreach

3.2.4 Stage 3 – Due Diligence

During stage 3 review, applicants and project sites are checked for potential concerns/issues such as active court cases or disciplinary hearings, city liens, high levels of city debts, overdue property taxes, etc. These issues directly correlate to the project feasibility and an applicant's readiness to utilize potential grant funds in time allotted by the program.

3.2.5 Stage 4 – Final Recommendation

Projects that successfully complete due diligence are advanced for final recommendation. These recommendations are made by the program team in consultation with other city advisors and are guided by available program funding. Awards are **estimated** with the highest quality projects proceeding in order of strength until funds are exhausted.

4 CDG-S Program Approval Process

4.1 Grant Finalist Process – Verifying Eligibility and Project Scope

The applicant moves into the grant finalist process once their project has been selected and announced by the City of Chicago.

The following materials must be collected from each grant finalist to verify eligibility and finalize the project scope and award amount. Grant finalists are given up to **6 months** from the City's project announcement date to provide the required documents to the program administrator. Finalists should be encouraged to complete this process as quickly as possible to minimize delays to the project's completion. Failure to complete this stage after 6 months will trigger a grant rescission unless an extension is granted by the program director. Finalists can request up to three extensions in the contracting process.

4.1.1 Legal Documents (due by week 3 after the announcement date)

The grant finalist must submit the following documents and information to verify the legal entity:

- Organizational Chart
 - Identifies the legal entity of the grant finalist
 - Identifies all directors/officers/owners
 - Identifies all 7.5% or more direct or indirect ownership (including other entities if applicable)
- Depending on the entity's legal structure, either Articles of Incorporation, Articles of Organization, or a written statement confirming legal set up.
 - Legal entity must be in good standing and have an active status from the IL Secretary of State.
- Depending on the entity's legal structure, either corporate minutes showing the election of current officers, current operating agreement, or an executed partnership agreement
- Economic Disclosure Statement(s)
 - Disclosing Party name matches the grant finalist name on organizational chart and legal entity registration
 - Owners/Officers in questions 1 & 2 match the organizational chart and legal entity structure documents
 - All other required questions are answered
 - Pg. 12 is signed by an owner/officer of the disclosing party and notarized

4.1.2 City Indebtedness / Scofflaw (due within weeks 3-6 after the announcement date)

Grant finalists must provide the following information in order for the City to perform Scofflaw with the Department of Finance (DOF).

- All individuals with 7.5% or more direct or indirect ownership listed in the table provided in Submittable. For non-profit corporations, the CEO/Executive Director, board president and treasurer must be listed.
- Copy of a current (non-expired) government issued photo ID for each individual listed in the table. Driver's licenses, state IDs, passports are all acceptable.
- Affidavits of Child Support Compliance forms must be submitted for each individual listed in the table.

If city debt is found, the grant finalist must work to resolve the city debt or enter a payment plan directly with DOF. Finalists will have one month to address debt in one of the two aforementioned manners.

4.1.3 Site Control Documents (due by week 6 after announcement date)

Grant finalists must submit the following documents and information to verify site control of the proposed project site. Site control may be provided in the form of a Lease or Deed.

- The document holder must match the legal entity identified for the grant
- The address on the document must match the project site in the application
- If a lease is provided, the following information must be verified:
 - Tenant/Lessor matches applicant's legal name/entity
 - Address matches
 - Use of the property matches what was described in the application (e.g., if the project is to renovate a restaurant, the lease should allow for the use of a restaurant.)
 - Contract is executed
 - The term is at minimum 5 years (or can include language of automatic renewals with no expiration)
 - Authorizes the proposed construction work. If not, landlord will need to provide separate document to approve proposed work.

4.1.4 Design Documents (due weeks 6-12 after the announcement date)

Grant finalists must provide the following documents and information related to the design of the project:

- Architect Contract
 - Has name of design firm and the client identified matches the grantee entity
 - Address and proposed use of the project matches the application
 - Dollar amount and itemized scope of work
 - Signed and executed
- Preliminary Drawings and Renderings
 - Interior and/or Exterior drawings and renderings

4.1.5 Construction Documents (due weeks 12-20 after the announcement date)

Grant finalists must submit the following documents and information related to the construction of the project:

- General contractor bids
 - Grant finalist must submit a minimum of two bids from two separate general contractors
 - Project scope matches project scope submitted in application
 - Project costs must be itemized and comparable between the submitted bids
 - Date of bid should be within the last 6 months
 - The listed project address matches the address on the application
- Certificate of insurance (COI) for selected general contractor
 - Policy holder name matches the general contractor name
 - The listed project address matches the address on the application
- City of Chicago general contractor's license; must be active on the Department of Building's website
- Permit application number; must be verified on Department of Building's website

4.1.6 Calculation of Grant Award (due weeks 20-24 after announcement date)

Once all pre-contract documents have been submitted and verified, DPD staff will prepare the calculation of the grant award based on the submitted eligible costs. The grant calculation worksheet will list all project costs, identify all eligible project costs and calculate the grant award. The grant award is calculated based off 75% of eligible costs and capped at \$250,000.

Prior to the contract, the grant finalist will be asked to submit an initial construction assessment to document and photograph the current conditions of the project and project site. Grant finalists are asked to provide a project overview, including anticipated construction start dates, and licensing requirements, and submit site photos for the scope of work. This form is required prior to the issuance of a grant contract.

4.1.7 Finalized Grant Contract

Once the grant finalist receives the signed contract from DPD, they must sign, date, and provide the vendor ID then return it to DPD via Submittable. The grant finalist must also provide a completed W9 for the legal entity, a bank letter confirming the appropriate bank account information, and a completed City of Chicago EFT Form.

5 CDG-S Grant Disbursements

5.1 Grantee Process - Grant Disbursements

Once the grant contract is executed by both the City of Chicago and the grant finalist, the project progresses to the grantee phase. During this phase, the grantee can request disbursements contingent upon the progress of their construction project.

Grant disbursements are eligible when the following milestones are met:

Milestone	Disbursement Details
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Permit(s) Issued	Can be reimbursed for eligible expenses up to 25% of total grant amount
Rough Inspections Passed	Can be reimbursed for eligible expenses up to 50% of total grant amount
Final Inspections Passed	Can be reimbursed for eligible expenses up to 75% of total grant amount
Full Occupancy*	Can be reimbursed for eligible expenses up to 100% of total grant amount

*All necessary business licenses to operate should also be issued at this time.

All inspections determined by the permit process with the Department of Buildings must have achieved or surpassed the same milestone to be eligible for one of the four disbursement opportunities noted above. For example, if a project needs inspections for electrical, plumbing, and construction. They all must be at "partial pass" for the grantee to be eligible for 50% of grant award. If the electrical inspection is at "closed" and plumbing and new construction inspections are at "partial pass," the grantee is only eligible for 50% of grant amount, not 75% of grant amount.

Grantees may request a disbursement at each of these milestones but are not required to. For example, a grantee may wait till project completion to request funds. However, the disbursement may not exceed the amount allowed based on the status of their construction milestones (outlined above) and no more than 75% of the eligible grant costs.

5.2 Grant Disbursements – Required Documents

When a grantee submits a disbursement request once they have reached a milestone, the following documents are required to approve the disbursement request:

- Contractor invoice(s) showing:
 - Contractor name, address, date and invoice number
 - Grantee's name and project address
 - Itemized expenses and balance due date
 - Contractor name matching the building permit
- Receipt from the Contractor to the grantee, showing:
 - Contractor's name, address, date and invoice number
 - Amount paid
 - Date received
- Grantee proof of payment(s), showing:
 - Account in grantee's name or a member of the grantee's organization
 - Contractor's name, date and total amount paid
 - Payment method, such as cancelled checks or bank statements, with transactions highlighted (cash not acceptable)
- Partial or final lien waiver(s), showing:
 - Names and amounts matching those on invoices
 - Subcontractor waivers for general contractor (preferred) or grantee)
- Sworn and notarized contractor's statement, showing:

- Names and amounts match those on invoices
- Sworn and notarized owner statement, showing:
 - Names and amounts match those on invoices
- All required inspections (if applicable) have been passed for the relevant milestone (outlined above)

If grantee is using a project (construction) escrow and would like the grant funds to be disbursed directly to the contractor, the documents below are required in addition to the documents above for grant disbursement approval:

- Additional documents as required by the title company holding the project escrow
- Copy of the current project escrow ledger verifying that grantee portion of funds have been deposited in the account

5.3 Determining Eligible Costs - Grant Disbursement

Most hard and soft costs, including predevelopment costs, related to the construction project are generally considered eligible costs for grant funding. For a general sense of what costs are eligible and ineligible, please refer to sections 2.3 and 2.4 above. Although most hard and soft construction costs are eligible, there are the following **exceptions**: *(Please note that is a non-exhaustive list)*

- Grantee(s) direct salary, labor cost or profit. This includes any grantees who are licensed architects, general contractors, or trade contractors working on their own project
- Predevelopment costs that were accrued more than 6 months prior to the application announcement date
- Redundant costs (i.e., if grantee hires one architect/designer and then changes to another architect/designer for the same project, only the most recent design fees would be considered)
- Construction costs that have not been competitively bid before selection of (sub)contractor (grantee must receive and consider a minimum of two bids for equal scope of work before determining which contractor/vendor to work with). Bids must be received within 30 days of each other)
- Any equipment or furniture
- Work that was not done with proper building permits – this also includes building permits that were issued based on incorrect descriptions of occupancy or use
- Costs without proper documentation – example: invoices that are not dated, do not have the correct project site or grantee name, or not itemized
- Costs without proof of payment, receipt, or responding sworn statement(s) and waivers of liens
- Costs associated with (sub)contractors not reflected on the issued building permit
- Costs that have not been explicitly called out in the grant contract
- Costs that have been or will be covered/paid for using another city or philanthropic grant
- Costs related to maintenance of landscaping or other maintenance needs.
- Costs related to utility services such as electricity, water, heating and cooling, etc. However, construction costs related to the initial hook up of utility services may be eligible.

5.4 Grant Disbursements – Close-Out Process

Once a grantee has received their total grant award or has exhausted all eligible costs on their grant contract, the grantee will enter the close-out process. The Program Administrator and DPD will work with the grantee to ensure that all construction work related to the project scope is completed, all relevant grant disbursements have been made, and the final construction assessment with final photos of the completed project are submitted. The grantee will be asked to submit a feedback survey about their experience through the grant process. The grantee will enter the long-term compliance period for three years.

6 CDG-S Grant Conditions & Monitoring

6.1 CDG-S Award Conditions

As a condition of receiving CDG-S funds, grantees must fulfill certain requirements outlined in their grant agreement. Failure to comply with these terms may result in the City either withholding payment of funds, seeking the return of any previously disbursed funds, or terminating the grant agreement.

6.1.1 City Debt Check

Grantees must pay any City indebtedness in full or enter into a payment plan through the Office of the Comptroller, to receive a grant agreement and grant funds. Scofflaw searches will find debts owed due to unpaid parking tickets, water bills, inspection fees, permit fees and other administrative hearing fees.

A debt check is required for CDG-S projects prior to receiving their grant agreement. If more than 120 days have lapsed between this debt check and receiving a grant agreement, then a second Scofflaw review may be conducted. Should unresolved debt to the City be identified, it must be resolved prior to receiving the grantee agreement. Failure to resolve debt in a timely manner will result in the project being delayed until the debt is resolved.

6.1.2 Project Financing

Proof of project financing must be submitted within four months of receiving the grant agreement. Proof of project financing may include a letter of commitment from a financial institution for a loan or line of credit, or financial statements that demonstrate that the grantee has at least 0% of the funds needed to cover the total project costs.

6.1.3 Construction Requirements

Projects receiving CDG-S funds are expected to meet several construction-related requirements as a condition of the grant agreement. It is important that grantees and their general contractors understand these terms and conditions.

General Contractors: Grantees must bid out at least two competitive contractor bids. However, the grantee can select which contractor to use for the project. General contractors and subcontractors must be currently licensed through the City of Chicago and provide an active Certificate of Insurance.

Prevailing Wage: The grantee's general contractor and all subcontractors must pay the prevailing wage rate as ascertained by the Illinois Department of Labor.

Changing contractors: If a grantee needs to change their general contractor, they must notify the DPD staff immediately.

Permitting and Inspections: All work completed in the project must be performed by a licensed general contractor or subcontractor. Any construction work that requires a permit must go through the Department of Buildings permitting process for approval. Any construction work that requires inspections must pass required inspections prior to the disbursement of funds.

6.1.4 Changes to Project Scope

Any changes to the approved project, including but not limited to the project scope, general contractor, architect, project manager, building permit, or project budget, must receive written approval from DPD staff. If the cost of completing the project exceeds the project budget, the grantee shall be solely responsible for the excess cost. All project costs beyond those covered by the grant are the responsibility of the grantee.

6.2 Long-Term Monitoring Provisions

The grantee must fulfill several requirements once the project is completed. For CDG-S, the compliance period is three years. The grantee must maintain site control of the property for at least five years and/or have the ability to renew the lease.

7 Additional CDG-S Resources

For additional information about the CG-S grant, please visit the following resources:

[Department of Planning and Development's CDG-S Resources](#) – includes helpful application tips regarding project readiness, financial feasibility, construction planning, community impact, business planning, and more. Information is available in English, Spanish, Traditional Chinese, and Simplified Chinese.

[CDG-S Frequently Asked Questions](#) – includes answers to common questions regarding eligibility and use of funds, application, project selection, and program details.

[Chicago Recovery Plan Grant Finalists Resources](#) – includes resources for CDG-S finalists, including several toolkits and relevant forms.

CDG-S Toolkits:

- [Submittable FAQs](#)
- [Legal Documents Toolkit](#)
- [Design and Construction Documents Toolkit](#)
- [Contract Documents Toolkit](#)
- [Site Control Toolkit](#)
- [Disbursements Toolkit](#)

