



## **Stretch Building Code Adoption**

### **Grant Plan**

## **Illinois Climate Pollution Reduction Grant**

Final as of April 21, 2025

## Background

The Inflation Reduction Act (IRA) authorized U.S. Environmental Protection Agency (EPA) to implement the [Climate Pollution Reduction Grants](#) (CPRG) program, allocating \$5 billion in grants to states, local governments, tribes, and territories to develop and execute ambitious plans to reduce greenhouse gas emissions and other harmful air pollutants.

In March 2024, the Illinois Environmental Protection Agency (IL EPA) submitted its Priority Climate Action Plan (PCAP), followed by the Illinois State Climate Pollution Reduction Grant (CPRG) Application. As a result, in July 2024, the EPA awarded Illinois \$430 million under CPRG to support emissions reductions across five key sectors: clean buildings, clean freight, clean agriculture, clean industry, and clean power.

The Illinois Finance Authority (IFA)/Illinois Climate Bank received a subaward of \$137 million to implement several initiatives as outlined in the grant agreement between the U.S. EPA and IL EPA. These initiatives include:

- Task 1.1: Clean Building Catalyst Fund
- Task 1.6: Community Geothermal Planning and Pilots
- Task 1.7: Stretch Building Code Adoption
- Task 2.1: Heavy-Duty Vehicle Charging
- Task 2.3: Zero-Emissions On-Road and Off-Road Vehicles
- Task 5.2: Small Utility Clean Energy Planning

The 2023 Illinois Stretch Energy Code, established under 20 ILCS 3125/55,<sup>1</sup> took effect on January 1, 2025. Illinois developed this stretch code as part of its broader efforts to improve energy efficiency, reduce greenhouse gas emissions, and align with the state's ambitious climate goals. By adopting a stretch energy code, municipalities have the opportunity to exceed the baseline statewide energy efficiency requirements, promoting the construction of high-performance buildings that consume less energy and contribute to lower emissions.

Illinois pursued the development of the stretch energy code to provide a framework for implementing advanced energy-saving measures in new construction and retrofits. The code integrates progressive energy efficiency standards that go beyond the statewide minimum, focusing on enhanced insulation, high-performance heating and cooling systems, and improved building envelope requirements. By doing so, Illinois aims to reduce energy consumption in the building sector, which is a significant contributor to greenhouse gas emissions, while simultaneously lowering utility costs for residents and businesses.

While adoption of the stretch code is voluntary, it presents a key tool for municipalities that have set ambitious climate and sustainability goals. The code applies to both privately funded

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<sup>1</sup> <https://cdb.illinois.gov/business/codes/illinois-energy-codes/illinois-stretch-energy-code.html>

commercial facilities and residential buildings where adopted by local municipalities. Encouraging widespread adoption of the stretch energy code is essential to advancing Illinois' clean energy transition, enhancing community resilience, and fostering economic development through investments in energy-efficient building technologies.

### Purpose

The Stretch Building Code Grant Program is designed to facilitate the adoption, implementation, and enforcement of the Illinois Stretch Energy Code by supporting local governments with the necessary resources to navigate this process. The program will provide financial support for education, community engagement, and technical assistance to ensure that municipalities are well-equipped to integrate the stretch code into their regulatory frameworks. Over the five-year program period, the goal is to have 90 municipalities and local government units adopt the Illinois Stretch Energy Code, contributing to statewide emissions reductions and greater energy efficiency in both new and existing building stock.

Through this grant program, municipalities will receive funding that enables these local governments to better understand the stretch code, determine local impacts, support community engagement, and develop implementation plans. The program aims to streamline the process by offering resources for internal capacity-building, public engagement efforts, and technical training for staff responsible for code enforcement.

This initiative aligns with broader state and federal climate action strategies by fostering a transition to more energy-efficient and decarbonized buildings, ensuring that Illinois remains a leader in climate resilience and sustainable development.

## **Grant Funding and Administration**

### Funding Overview

The program will allocate \$18 million over five years, providing grants to approximately 18 communities annually. Each grant will provide up to \$200,000 to local governments on a competitive basis to support staff education, community outreach, and stretch code implementation.

### Eligible Activities

Grant funding can be applied to a variety of activities aimed at facilitating stretch code adoption and implementation. Eligible activities include covering staff time for understanding the stretch code, conducting internal education for municipal leadership and city councils, and executing community outreach initiatives to engage residents and key stakeholders. Funding may also support hiring external organizations or consultants to provide training, acquiring educational materials for municipal staff, and implementing a phased approach to code updates.

Based on stakeholder feedback, it became evident that many municipalities require additional support in updating base codes before they can realistically adopt stretch energy codes. Therefore, grant funding may also support municipalities in integrating a multi-year staged approach where initial efforts focus on updating electrical and mechanical codes, followed by comprehensive stretch code adoption.

The program also acknowledges concerns about the resource burden placed on municipalities and aims to provide assistance in community engagement and education efforts to thoughtfully engage the public and key stakeholders. Additionally, funding may be used to provide contractor training to ensure local industry professionals are adequately prepared to comply with new energy efficiency standards once the stretch code is adopted.

## Stakeholder Engagement

### Stakeholder Input

To ensure the program meets the needs of municipalities, the IFA conducted targeted outreach to communities with existing climate goals. Initial feedback highlighted concerns regarding the resources required for adoption and the potential impact on economic development.

In March 2025, IFA hosted discussions with the Metropolitan Mayors Caucus to assess demand and feasibility. There were consultations with labor unions such as the International Brotherhood of Electrical Workers (IBEW), engagement with energy efficiency organizations like the Midwest Energy Efficiency Alliance (MEEA), and collaboration with regulatory bodies such as the Capital Development Board and the Chicago Department of Buildings. This feedback emphasized the limited number of local governments that have adopted stretch building codes to date and underscored the importance of providing financial support to accelerate local government efforts. Stakeholders stressed the need for a structured, staged approach that prioritizes updates to base codes before advancing to stretch code adoption. All feedback received has been incorporated into this plan.

## Grant Application and Selection Process

### Application Process

The grant application will be launched in Spring 2025 through the Illinois GATA and Amplifund system. Details such as notice of funding opportunities (NOFOs) will be posted on the IFA/Illinois Climate Bank website in advance of the grant launch. Announcements will be distributed via IFA's mailing list, and the funding opportunity will remain open for at least 30 days.

### Outreach Strategies

To encourage participation, IFA will conduct outreach, engage local governments directly, coordinate through existing municipal government and code compliance networks, and urge interested stakeholders to make their local governments aware of the opportunity.

Additionally, communication channels developed for the SolarAPP+ adoption grant program will be leveraged to share grant details, ensuring that municipalities are aware of the available funding and application process.

### Timeline

IFA will administer funding under this opportunity over 5 years, with \$3.6 million available each year beginning in 2025. The anticipated timeline for the 2025 grant process is as follows:

- Spring 2025: Grant launched in Illinois GATA system and Amplifund
- 30 days after launch: Grant opportunity closes
- Following 2 weeks: Grant applications reviewed
- Following 4 weeks: Grant award notices issued and contracting phase begins
- Following 8 weeks: Evaluate grant uptake and the opportunity to reopen for additional applications

### Eligible Applicants

Units of local government based in Illinois, including cities, towns, and municipalities, are eligible to apply.

### Geographic Priority

Priority will be given to code enforcing local governments with a significant population of communities designated as Equity Investment Eligible Communities<sup>2</sup> (EIEC) under the Climate and Equitable Jobs Act (CEJA), which include R3 areas with historical economic disinvestment and environmental justice communities disproportionately burdened by pollution.

Local governments that have not yet adopted the Illinois Stretch Energy Code will also be prioritized.

### Evaluation Criteria

Applications will be reviewed competitively, with priority given to municipalities that demonstrate readiness to adopt the stretch code. Consideration will also be given to communities that present a clear and structured plan for a staged approach, including updates to base codes and a timeline for future stretch code adoption. Municipalities that require funding to educate local leadership and assess community interest before moving forward with adoption will also be considered. Applications will be evaluated based on the feasibility and readiness of

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<sup>2</sup> <https://energyequity.illinois.gov/resources/equity-investment-eligible-community-map.html>

the municipality, the quality and clarity of proposed educational and outreach activities, the commitment to long-term energy efficiency goals, and the potential for measurable impact in reducing building-sector emissions.

## Program Metrics and Reporting

### Key Performance Indicators

The program will track the number of municipalities adopting the Illinois Stretch Energy Code, the extent of staff and city council education within funded local governments, and the number of city councils passing resolutions to adopt the stretch code. Additionally, it will monitor ongoing energy efficiency improvements in funded communities, measured against CEJA's site energy index benchmarks, and assess greenhouse gas and other emissions reductions resulting from stretch code implementation.

### Ongoing Review and Adjustments

The program will be reviewed annually to assess uptake of funding opportunities, the effectiveness of educational and outreach initiatives, barriers to adoption, and potential program modifications. Adjustments to the solicitation and funding process will be made based on feedback.

### Reporting Requirements

Grantees will be responsible for ensuring all reporting requirements associated with the federal funding are met. This includes providing timely and accurate reporting to the Climate Bank in compliance with all federal and programmatic obligations. The Climate Bank will ensure that reporting processes are adjusted as necessary to meet updated or additional requirements issued by U.S. EPA and IL EPA. Reporting will include, but is not limited to, project financial and activity reports.

## Future Program Expansion

### Additional Rounds of Funding

New rounds of funding will be available at least annually. Depending on demand, additional funding cycles may be introduced within a given year, and the grant application period may be extended beyond 30 days based on municipal interest and resource availability.

### Integration with Broader Climate Goals

The Stretch Building Code Grant Program aligns with the overarching goals of CPRG, CEJA, and the Illinois Climate Bank by reducing energy consumption in buildings, encouraging decarbonization of the built environment, and promoting equity by prioritizing investment in historically disadvantaged communities.