

CDBG Economic Development Frequently Asked Questions

1. Does this program provide free grant money for me to start a business?

No, all projects require repayment.

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2. Can a business apply directly to the State for these funds?

No, the city or county government must agree to serve as the legal applicant on behalf of the business.

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3. Are all areas of Kansas eligible for the program?

No, the larger urban communities that receive a direct annual allocation of funds from HUD are not eligible. This category includes the cities of Kansas City, Lawrence, Leavenworth, Manhattan, Overland Park, Topeka, Wichita, and all of Johnson County. All other units of general local government are eligible to apply.

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4. Does the business entity have to be organized on a for-profit basis?

Yes.

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5. Does the program require permanent job creation or job retention?

Yes, at least one FTE job for up to \$35,000 of assistance.

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6. What is the maximum amount of funds that can be applied for?

The maximum amount is \$750,000 and the minimum amount is \$25,000.

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7. What can CDBG funds be used for?

There are two categories of economic development funding: Business Finance and Infrastructure. Business Finance provides funding for working capital, machinery, equipment, buildings and land. Infrastructure provides funding for water, sewer, streets, storm drainage, electric lines, gas lines, rail and sewer pretreatment facilities that lead directly to the creation or retention of jobs.

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8. What kind of repayment is required on a Business Finance project?

For Business Finance, the interest rate equals 3 percent below prime or 4 percent, whichever is greater. It is a fixed rate.

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9. What kind of repayment is required on an Infrastructure project?

Infrastructure assistance for Non-Retail requires 25 percent of the grant award to be paid back over a 10 year period at 0 percent interest. Retail/Local assistance requires a 50 percent payback over a 10 year period at 0 percent interest. The payback mechanism is through a Special Assessment by the county.

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10. Is there a match requirement?

0.50 match for every \$1 of CDBG funds.

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11. Who should I contact for further information?

For more information please contact us at kdc_cdbg_inbox@ks.gov.

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