

## 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.

\* \* \* \* \*

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.

\* \* \* \* \*

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.

\* \* \* \* \*

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

Yes.

\* \* \* \* \*

5. 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.

\* \* \* \* \*

6. 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.

\* \* \* \* \*

7. What kind of interest is charged on a Business Finance loans?

For Business Finance of non-retail operations, the interest rate equals 3 percent below prime rate or 3.5 percent, whichever is greater. For Business Finance of retail operations, the interest rate equals the prime rate or 3.5 percent, whichever is greater. Both are a fixed rate.

\* \* \* \* \*

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

Infrastructure assistance for non-retail operations requires 25 percent of the assistance provided to be paid back over a 10-year period at 0 percent interest. Assistance for retail operations requires a 50 percent payback over a 10-year period at 0 percent interest. The payback mechanism is a Special Assessment by the city/county.

\* \* \* \* \*

9. Is there a match requirement?

0.50 match for every \$1 of CDBG funds, at a minimum.

\* \* \* \* \*

10. Who should I contact for further information?

For more information please contact us at [kdc\\_cdbg\\_inbox@ks.gov](mailto:kdc_cdbg_inbox@ks.gov).