KANSAS COMMERCE

COMMERCIAL REHABILITATION

MAX AWARD	MATCH	APPLICATIONS ACCEPTED	QUALIFY
$300,000	25% of the CDBG grant request	March 2 - Oct. 16, 2026	✓ Meet Housing and Community Development Act objectives ✓ Approved Pre-application

Purpose

The Commercial Rehabilitation Program funds projects that upgrade private commercial buildings in a community's downtown or commercial district and return them to productive business uses. The program helps cities improve the quality of their downtown districts by assisting private property owners in the rehabilitation of downtown buildings. Commercial Rehabilitation funds must be used for building improvements, not business assistance. Commerce retains full authority to limit some aspects of the project to the space the business(es) will occupy.

The **Commercial Rehabilitation program** will utilize one of two national objectives: 1) benefiting Low- and Moderate-Income (LMI) persons (job creation/retention) or 2) prevention or elimination of blight (spot basis). **Eligible activities depend on the national objective met, and all scopes of work must be approved by CDBG.**

Authority

The Community Development Block Grant (CDBG) program is authorized under Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5301 et seq.). The statute authorizes the U.S. Department of Housing and Urban Development to allocate CDBG funds to states for distribution to non-entitlement units of general local government. Federal regulations governing the State CDBG program are codified at 24 CFR Part 570, Subpart I.

Timeline

Grant Announcement: January
Application Period: March – October 16
Submission Deadline: October 16 at 11:59 PM (CT)
Award Notification: Approximately 45 days after the submission deadline
Applications may be reviewed as received, as applicable to the program.

Application Procedures

- Online application link can be found here: https://kansascommerce.my.site.com/Grants/s/
- Questions and submission of additional documentation should be directed to Tim Parks at CDBG@ks.gov.
- Applications that are incomplete or missing documentation will not be reviewed for rating or considered for funding.

Release of Information

Information submitted to the Kansas Department of Commerce relating to the application may be subject to the Open Records Law (K.S.A. 45-215 et seq.).

Eligible Use of Funds - By National Objective

LMI Job Creation/Retention

Rehabilitation can include a broad range of activities when meeting the objective for LMI Job Creation/Retention. Public Benefit standards apply when meeting this national objective.

Eligible activities include:

- Interior and exterior rehabilitation
- Internal remodeling to accommodate the business use
- Private infrastructure improvements, such as parking lots, sidewalks, lighting, etc.
- Energy improvements
- ADA improvements
- Historic preservation
- Install/improve mechanicals
- Install/improve business signage

Prevention/Elimination of Blight

For this national objective, rehabilitation is limited to activities that eliminate specific physical conditions of blight or physical decay. Public Benefit standards do not apply when meeting this national objective. The following activities are generally eligible when supported by inspections, code findings, or documented unsafe conditions. Eligible activities include, but are not limited to:

Exterior Building Improvements: Exterior building improvements to eliminate specific conditions of blight or physical decay.

Structural and Building Envelope

- Roof replacement or repair due to leaks or collapse
- Structural stabilization of foundation and/or exterior walls and repair of deteriorated exterior walls (masonry, tuck pointing, resurfacing, etc.)
- Repair or replacement of deteriorated windows and doors that pose safety risks
- Facade improvements addressing blight or unsafe conditions

Accessibility and Exterior Safety

- ADA correction of unsafe slopes, ramps, handrails, or entrances
- Repair or replacement of unsafe stairs, railings, canopies, or awnings that pose safety risks

Limited Interior Building Improvements: Activities that eliminate conditions detrimental to public health and safety could be eligible.

Fire and Life Safety

- Fire suppression systems (sprinklers)
- Emergency egress improvements and exit signage
- Fire-rated separations as required

Mechanicals

- Replacement of unsafe or non-compliant electrical systems
- Electrical panel upgrades required to address identified safety hazards detrimental to the public
- HVAC replacement when tied to ventilation, combustion safety, or system failure

Accessibility

- Repair of unsafe stairs, railings, or ramps

Ineligible Use of Funds

General Ineligible Use of Funds (both national objectives):

- Maintenance and operations for the business/building
- Improvements to residential portions of the structure
- Governmental use of any portion of the structure
- Lobbying or political activities
- Purchase of real property

Blight-Specific Ineligible Activities:

Improvements that are primarily aesthetic, operational, or business-specific are ineligible unless clearly tied to correcting conditions detrimental to public health and safety. Activities intended to improve marketability, customer appeal, or business operations do not meet the Blight public safety standard. Ineligible activities include, but are not limited to:

- Interior finishes (flooring, painting, ceilings) without documented hazards
- Energy efficiency upgrades not tied to safety or code deficiencies
- Facade or storefront improvements that are solely decorative or aesthetic
- Signage, branding, or architectural enhancements
- Business-specific buildouts or tenant improvements
- **Code upgrades required solely due to expansion, change of use, or business type**

AVAILABLE FUNDING: $1,200,000	
Maximum Per Award	$300,000
Administration	Up to 12.5% of grant or $35,000, whichever is less
Match	25% of CDBG grant request
Expected Awards	2

Public Benefit Standards

CDBG economic development activities must adhere to public benefit standards, with few exceptions. The requirement for meeting public benefit standards is an eligibility issue and should not be confused with the requirements concerning meeting a national objective. It should also be noted that an activity subject to public benefit standards does not have to use the same factor for meeting that standard, as it does for meeting national objective requirements.

- Create or retain at least one full-time equivalent, permanent job per $35,000 of CDBG funds used for all such activities, or
- Provide goods or services to residents of an area, such that the number of LMI persons residing in the area served by the assisted businesses amounts to at least one LMI person per $350 of CDBG funds used for all such activities.

CDBG National Objectives

The Community Development Block Grant (CDBG) program is designed to provide decent housing, suitable living environments, and expand economic opportunities principally for persons of Low- and Moderate-Income (LMI). All CDBG projects must meet a national objective and involve an eligible activity under the Housing and Community Development Act of 1974.

The three CDBG national objectives are:

1. Benefit Low- and Moderate-Income (LMI) Persons
2. Prevention or Elimination of Blight
3. Addressing an Urgent Need

The **Commercial Rehabilitation program** will utilize one of two national objectives: 1) benefiting Low- and Moderate-Income persons (job creation/retention) or 2) prevention or elimination of blight (spot basis).

1) Benefiting Low- and Moderate-Income Persons - Job Creation/Retention

The job creation and retention national objective addresses activities designed to create or retain permanent Kansas jobs, at least 51% of which, computed on a Full-Time Equivalent (FTE) basis, will be made available to or held by LMI persons. The LMI income calculation for the jobs created or retained as part of the CDBG-funded project is based on family size and total income as provided by HUD. Income is based upon the median income for the county in which the person lives.

- **Job creation** refers to the business entity's (and affiliates) net increase in its permanent labor force in Kansas on an FTE basis. A job is converted into FTE status by dividing 40 by the number of hours worked during the week. The grantee must document that at least 51% of the jobs will be held by, or made available to, LMI persons. Moving existing jobs from one Kansas community to another, or from one company to another, does not qualify as job creation.
- **Job retention** refers to FTE jobs that would be lost if the business fails to receive assistance from the CDBG program. Prior to the application deadline, the employer must notify those jobholders whose positions are at risk. The application must include a Job Certification Form for each retained job. Job retention standards are more difficult to meet, and applicants should discuss this with Commerce in advance.

2) Preventing or Eliminating Blight - Spot Basis

The focus of activities under this national objective is a change in the physical environment of a deteriorating building or property. Activities under this national objective are carried out to address one or more of the conditions that have contributed to the deterioration of an individual building in a commercial district. The governing body of the municipality must pass a resolution declaring that the building is blighted under state or local law and indicate the specific conditions that pose a threat to public health and safety. The grantee must document in the scope of work how it will address the items listed in the blight designation.

Eligible Applicants

Only cities and counties (units of local government) can apply for CDBG grants. Large cities and urban counties are considered entitlement communities and receive CDBG funds directly from HUD, while smaller communities apply through the State CDBG program.

The following entitlement communities are **NOT** eligible to apply to the State CDBG program: Kansas City, Lawrence, Leavenworth, Manhattan, Overland Park, Topeka, Wichita, and all of Johnson County. Communities with an open project that is currently in a time extension are not eligible until the project has been successfully closed.

Program Requirements

Eligible Properties

Only one property under common ownership may be included per application. Multiple addresses are eligible only if they are under single ownership and considered as one parcel. The building must be a privately-owned commercial building that when renovated will house a new or expanded business enterprise. The building cannot be owned by non-profits, Chambers of Commerce, Economic Development offices, the city or county, or similar. Buildings cannot be owned by anyone with a conflict of interest as defined by HUD and in the CDBG Grantee Handbook.

Eligible Building Occupancy

The business(es) that will occupy the renovated commercial building must be for-profit businesses that serve the community with goods or services. The upper levels of the renovated building can be residential (though not assisted by CDBG), however, the first floor must be commercial operations that provide goods and services to the community (not residential). The upper levels could also be commercial spaces assisted by CDBG.

Building Reuse Plan and Business Plan

To qualify, there must be a specific private for-profit business operation or operations that will be located in the renovated building. At application, the building owner must identify the re-use of the building. Prior thought should be put into determining the end use and a "we will rent out at completion" mindset is not a proper nor complete building re-use plan. A business plan will be required for each new or expanding business venture planning to occupy the renovated building.

Project Phasing

In the event the building owner plans to undertake work that is above and beyond the activities allowed under the Commercial Rehabilitation program, the building owner must make solid plans and show how they will implement all additional work. The building owner may address this in one of two ways. First, the building owner may undertake all renovations allowed under the Commercial Rehabilitation program and any additional building renovations as part of one large project. All work will be bid out at one time and will fall under one or more prime contracts. The construction contract(s) would include Davis-Bacon, Section 3, BABA, and other federal provisions as required.

Second, the building owner may choose to undertake additional renovation work, not allowed under the Commercial Rehabilitation program, separately after the close of the Commercial Rehabilitation grant. In this case the building owner must provide plans as well as proof of financial resources to take on the additional renovations.

Blight Documentation Requirements

For improvements to a building that is meeting the Blight National Objective, the following information should be in the application:

- Completion of the Blight Checklist
- Identification of the unsafe or deteriorated condition
- Evidence of the condition (inspection reports, code violations, photos, complaints)
- Explanation of how the condition contributes to blight or is detrimental to public health and safety
- Description of how the improvement will eliminate the blight or condition detrimental to public health and safety

Grant Process

This grant operates on a two-year timeline. The first year focuses on completing any necessary design and environmental review activities, with project implementation typically starting in the second year. **Commercial Rehab applications will be reviewed within 45 days,** with award letters issued as soon as possible.

BEFORE APPLICATION	APPLICATION CRITERIA	POST AWARD
• Initial public hearing (following the appropriate timeline) • Secure matching funds • Blight designation, if applicable • Submit Pre-application	• Completed Preliminary Engineering or Architectural Report (PAR/PER) • Environmental Determination of Level of Review form • Community needs narrative • Determine number of jobs created/retained, if applicable • Procure professional services, such as grant administration, engineering, and architectural services before applying	• Complete Environmental Review (must be paid for with local funds) • If applicable, comply with Uniform Relocation Assistance (URA), Davis-Bacon wage rates, BABA purchasing regulations, and Section 3 • File 5-year repayment period lien

Roles and Responsibilities

Commercial Rehabilitation projects tend to be more compliant and successful when administered by an experienced grant administrator. The maximum amount of CDBG funds that can be used for grant administration is 12.5% of the CDBG grant request or $35,000, whichever is the less. Commerce maintains a list of grant professionals who are interested in administering CDBG projects in Kansas at kansascommerce.gov/cdbg/find-assistance-in-your-area/. Please note that these individuals are not affiliated with the Kansas Department of Commerce, and no guarantee is implied as to the quality of their services.

ROLE	APPLICATION DEVELOPMENT (PRE-AWARD)	ACTIVE PROJECT (POST-AWARD)
City or County (Applicant)	• Ensure eligibility • Determine the National Objective to be met • Create a project budget • Procurement compliance for grant writing and administration • Complete any governing body resolutions required for the application • Secure matching funds for the project • Follow citizen participation process • Work with owner on building re-use plan and business plan	• Execute contracts and agreements with the state and building owner • Ensure project compliance requirements are being met • Maintain project files for public access • Financial management and requests for payment • Overall project compliance
Application Writer / Grant Administrator	• Ensure application is complete and contains all necessary documents • Ensure any revisions or alterations to the application be made in a timely manner • Procurement compliance for the pre-selected professional services, other than grant writing and administration • Prepare the Determination of Level of Environmental Review for the application • Secure asbestos inspection, if applicable	• Assist grantee with project compliance requirements • Preparation of the full environmental review for the project • Request wage determination • Ensure labor standards are met and worker interviews are conducted • Assist with bidding out the project
Engineer or Architect	• Preparation of PER/PAR in compliance with application guidelines • Provide an opinion of probable cost • Ensure costs are reasonable • Assist with the environmental review • Assist in determining the code violations that exist in the building	• Complete full design of the project within the approved budget • Prepare drawings and work specifications for bidding of the project • Ensure the project is completed according to the approved scope of work

Public Hearings and Citizen Participation

Citizen participation is a required component of the CDBG program. Any local government applying for CDBG funds must provide citizens with reasonable opportunities to participate in the planning and development of applications, especially residents of proposed project areas. Citizens must be provided adequate and timely information so they can be meaningfully involved in important decisions.

Local governments must hold an initial public hearing to allow citizens the opportunity to comment on community needs and the proposed use of funds. If funded, a second public hearing must be held at the project's conclusion to review the project's results and obtain input on the grantee's performance.

Public hearings must be held at a time and location convenient to potential or actual beneficiaries, with accommodations for non-English speaking residents and persons with disabilities. Public hearings may not be held in any buildings built or rehabilitated with CDBG funds. Records of these efforts must be part of the grant files, including the public hearing notice, affidavit of publication, record of posting, public hearing attendance log, public hearing minutes, any written complaints and grantee response, and any other documented efforts to involve citizens throughout all stages of the project.

Requirements to Publish a Public Hearing Notice

A notice about the hearing must be published at least 5 FULL days in advance (but no more than 20 days) in advance to allow citizens the opportunity to schedule their attendance. The day that the public hearing notice is first advertised and the day of the public hearing do NOT count towards the minimum 5 day period.

Notices must be published in a local newspaper having the widest general circulation in the community or on the government website that is accessible to persons with disabilities or Limited English Proficiency. Applicants must also make every effort to inform those who might not be reached through the newspaper notice or website that the public hearing is to be held. Such efforts might include the distribution of leaflets, posting notices on bulletin boards at town hall, social media channel announcements, notices to local organizations, clubs, and churches, and/or personal contact.

Initial Public Hearing

The purpose of the initial public hearing is to inform citizens about the proposed project, including its location, total cost, activities, and beneficiaries. Community members must be given a chance to suggest other project ideas and share their input, and the local governing body should carefully consider this feedback before submitting the application. The initial public hearing must be held at least 15 FULL days before the CDBG application is submitted, and no earlier than 120 days. **The total project funding and CDBG amount requested must match what appears in the public hearing notice.**

Example Timeline

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
1	2	3	4	5 **Notice is Published** (Day 0)	6 Day 1	7 Day 2
8 Day 3	9 Day 4	10 Day 5	11 **Public Hearing**	12 Day 1	13 Day 2	14 Day 3
15 Day 4	16 Day 5	17 Day 6	18 Day 7	19 Day 8	20 Day 9	21 Day 10
22 Day 11	23 Day 12	24 Day 13	25 Day 14	26 Day 15	27 Application can be submitted	28
29	30	31				

SAMPLE PUBLIC HEARING NOTICE

The City/County of _____ will hold a public hearing on (day), (date), at (time) in the (location) to consider an application to be submitted to the Kansas Department of Commerce for Community Development Block Grant (CDBG) funds under the _____ category. A specific project application to be discussed is (description) in an area generally bounded by (location) that will consist of (specific activities). The estimated project cost is $_____ with the grant request for $_____ of the project cost.

Other project proposals introduced at the hearing will be considered. Oral and written comments will be recorded and become a part of (City/County)'s CDBG Citizen Participation Plan.

Persons with disabilities or non-English speaking persons who wish to attend the public hearing and need assistance should contact (local contact name) at (address and telephone) no later than (number of hours/days) prior to the meeting date to allow for necessary arrangements. Every effort will be made to make reasonable accommodations for these persons.

Closeout Public Hearing
The second public hearing is held at the conclusion of the project prior to closeout to inform citizens of the project's successful or unsuccessful completion, as well as provide results, project totals, funds expended, and obtain input on the grantee's performance. This public hearing cannot be held until a final monitoring letter has been received by the grantee and all deficiencies have been resolved.

Matching Funds

Local funding is required for all CDBG projects, and no project can be funded entirely by grants. Matching funds can originate from private or public sources, but the application must document that these funds are firmly committed (e.g., a letter of commitment from a bank or other funding source).

Applicants are encouraged to leverage a variety of matching funds to strengthen their CDBG proposals. Eligible sources of match include bank loans, industrial revenue bonds, owner equity, contributions from local governments, and grants or loans from economic development entities. Other grant funds may also be used as match if the grant funding is secured by the time the CDBG contract is signed. To be considered secured, funds must either be deposited in a city or county account under the applicant's control or supported by an official award letter from the granting agency outlining the award amount and terms. All matching funds must be clearly documented and verifiable.

At least 10% of the matching funds must be cash from a local source (i.e., owner funds, city/county cash). In-kind contributions are also allowed in various forms, but this funding source cannot make up more than 10% of the local match. If salary for a city or county employee is used, payrolls and timesheets outlining hours worked on CDBG projects (including the percentage of total hours) must be submitted to project managers for approval.

Any expenses incurred prior to the grant award are ineligible for reimbursement with CDBG funds and cannot be counted as local match for the project. This includes application writing, preliminary architecture/engineering, and the acquisition of property/buildings (option agreements are allowable).

Pre-Application

Interested applicants should consult with CDBG staff to discuss their project idea and review the necessary planning needed before submitting a pre-application. Applicants must submit a pre-application to allow CDBG to provide early feedback and address any eligibility concerns before applicants complete the full application, and ensure projects align with program goals and are prepared for funding.

The pre-application requires a brief project description, estimated budget, eligibility status, and proof of readiness to proceed requirements. Commerce will review submissions within 10 days and provide further instructions. Only those with an approved pre-application may submit a full application, but pre-approval does not ensure grant funding. The deadline to submit a pre-application is Sept. 15, 2026.
Pre-Application: https://forms.office.com/g/2MtSs7bep1

Preliminary Engineering/Architectural Report

CDBG projects proposing construction activities must undergo review by a licensed professional engineer or architect before an application can be submitted. The review will consist of a Preliminary Engineering Report (PER) or Preliminary Architectural Report (PAR) sufficient in scope to analyze the need, determine the most appropriate solution alternatives, provide estimated construction and non-construction costs, and recommend the required level of funds for operation and maintenance of the system, if applicable. **Note: If a vendor is used to supply a cost estimate, said vendor cannot bid on the work if the applicant receives a grant award.**

Incomplete or inadequate information may lead to a request for corrections from the applicant or the application not passing threshold, depending on the type and extent of the information missing. At a minimum, the following must be addressed in the report:

1. Name of the applicant.

2. Name, address, and telephone number of the engineering/architectural company.
3. Date of review.
4. Description and documentation of the problem.
5. Cause(s) of the problem, including the age of any existing publicly owned system(s).
6. Discussion of the alternatives – Several alternatives should be considered to determine feasibility and cost-effectiveness, with justification of the alternative selected. The alternatives must be listed.
7. Estimated construction and non-construction costs. Cost per square foot is not an acceptable architectural estimate. Costs must be broken out for the specific structure.
8. If the scope of the report includes more activities than the proposed CDBG project, clearly identify the CDBG portion in narratives and cost estimates.
9. Analysis of operation, maintenance, and replacement budget.
10. Land requirements – Identify sites and easements required. Also specify whether these properties are currently owned, acquired, or leased. Must attach proof to receive credit.
11. Asbestos must be addressed for any building renovation or demolition.

Environmental Review

All CDBG-funded projects require an environmental review under the National Environment Policy Act of 1969 (NEPA) and HUD's implementing regulations at 24 CFR Part 58. The Environmental Determination of Level of Review form must be submitted with the application. This form will inform Commerce as to what level of environmental review you will undertake for your project if awarded.

Post-award, the city or county must conduct a full environmental review of the project. This responsibility cannot be delegated and the cost to conduct the review **must be paid with local funds**. The entire project, not just the CDBG-funded portion of the project, is subject to the NEPA review. The project must group together all activities that are related either on a geographical or functional basis or are logical parts of an overall project into a single project for review. The environmental review process includes determinations of applicability to various laws and authorities, consultation with various regulatory agencies, publication of findings, an advertised local comment period, and a 15-day state comment period.

After Commerce issues the environmental release of project funds, participants may proceed with project activities.

Threshold Requirements

Before the application is scored and ranked, it must meet the following threshold requirements:

1. The applicant must be eligible.
2. The application must be received within the application period.
3. Only complete standard application forms will be accepted.
4. The proposed activity for CDBG funding must be an eligible activity under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended.
5. The proposed project must meet the national CDBG objective of benefiting LMI persons (job creation/retention) or the prevention or elimination of blight (spot basis).
6. Provide appropriate matching funds with supporting documentation. All matching funds must be secured at the time of application.
7. A Preliminary Engineering Report (PER) or Preliminary Architectural Report (PAR) must be included. The report shall address the items included in the section herein discussing such requirements.

8. The public hearing notice must be published at least 5 full days before the hearing (starting one day after publication and not counting the date of the hearing) but no more than 20 full days prior to the hearing. The public hearing must occur at least 15 full days and no more than 120 full days before the application due date. The total project funding and CDBG amount requested must match what appears in the public hearing notice.
9. All required subrecipient and interlocal agreements must be included, if applicable.
10. If CDBG funds are used for the procurement of professional services, the procurement must follow the CDBG procurement process as outlined in the CDBG Grantee Handbook, which includes free and open competition. Projects may not follow a Design Build approach or a Construction Manager at Risk (CMAR) approach. Construction contract(s) must not be procured until after grant award and environmental review approval.
11. A target area map must be included, along with an applicant jurisdiction map, if different from the target area.
12. An asbestos report must be submitted with the application.
13. Business plan(s) must accompany the application. There must be a business plan for each proposed new business venture.
14. The building re-use plan must be complete and explain how the building will be used after renovation.

Should any document be missing, incorrect, or otherwise have deficiencies that do not meet threshold requirements, contact will be made with the applicant after the applications are initially reviewed. The applicant will be given two weeks from notification to correct the deficiency. Threshold items such as an inadequate amount of time for a public hearing, a public hearing not having required information, or a public hearing too late would not be correctable, and the application will not be scored. The extension of time granted is not intended to provide extra time for securing commitments from alternative sources, lifting contingencies, or finalizing the particulars of the application.

Rating Criteria

All CDBG projects are evaluated based on a numerical scoring system tied to the established rating criteria. While there is no official minimum score required for consideration, priority is given to applications that score higher. As a general guideline, projects scoring below 70 are typically not competitive and are less likely to be approved. Applicants are encouraged to review the criteria carefully and ensure their proposals are as compelling as possible.

All applications must include a Community Needs Narrative, which should describe the community's overall prioritized needs, not just those related to the proposed project. Applicants should explain how these needs were identified and whether they have been formalized in any existing plans or documents. The narrative should tell the story of the community and highlight needs across all sectors. It is limited to one page and must specifically address housing needs. Examples of community needs include education, childcare, fire safety, community and government buildings, transportation, recreation, housing, workforce development, economic development, and homelessness.

The matrix below describes each selection criterion as a numerical score within the **Commercial Rehabilitation Grant Program.**

SELECTION CRITERIA MATRIX	MAXIMUM
1. Efforts of Community to Revitalize Downtown Commercial District	10
2. Scope of Work on Building and Impact on Commercial District	20
3. Financial Capacity and Business Experience of Owner/Operator	30
4. Business Plan for Reuse of Building	30
5. Readiness to Proceed with Project	10
TOTAL	**100 Points**

1. Efforts of the Community to Revitalize Downtown Commercial District (10 points)

- Discuss past and present actions of local government, private organizations, and individual property owners to revitalize the commercial district.

2. Scope of Work on Building and its Impact on Commercial District (20 points)

- Summarize how the proposed improvements will enhance the commercial area, encourage additional investment, and positively impact nearby properties. Additional information depends on the national objective met.
    - For **LMI Job Creation/Retention**: Describe the rehabilitation work needed and explain how the proposed rehabilitation will allow the business to hire or retain employees, meet code requirements, increase usable space, or ensure operational readiness.
    - For **Blight**: Describe the specific conditions that contribute to blight or pose health and safety risks, and how correcting these conditions will improve the surrounding commercial area.
- For phased work (outside of CDBG funding), provide details on when the phase will begin, the scope of work on additional phases, when the phased work will be completed, and the source of funding for additional phased work.

3. Financial Capacity and Business Experience of Owner/Operator (30 points)

- Discuss the business and professional experience of the property owner, and the business operator if it is a different party. Provide information on how the property owner is financing the matching funds to rehabilitate the building. Also, how will the working capital and equipment needs of the business venture be funded? Funds for any phased work must be secured.

4. Business Plan for Reuse of Building (30 points)

- Applicant must provide a realistic business plan for how the building will be used once rehabilitation is complete. The information required differs depending on whether the project meets the national objective for LMI Job Creation/Retention or Blight.
    - For **LMI Job Creation/Retention**: Describe in detail how the rehabilitated building will support new or retained jobs for LMI individuals. Applicants should discuss operation plans, such as staffing levels and the types of positions to be created/retained, and the business's financial viability.
    - For **Blight**: Describe the intended reuse of the rehabilitated building and how the use will help ensure the property remains in good condition and does not revert to a blighted state. Applicants should discuss operational plans and the business's financial viability.

5. Readiness to Proceed with Project (10 points)

- Describe the readiness of the community and private partners to begin the project and include a detailed timeline for the rehabilitation project and operation of the new business. Include the status of key elements like site control, environmental review,

Following completion of the ratings, Commerce leadership will conduct a comprehensive review to ensure that projects are equitably distributed across the state, with priority given to those demonstrating the capacity to complete on time, presenting minimal CDBG compliance risks, and contributing to geographic dispersion.

Grant Performance Expectations

In addition to Applicant Eligibility requirements, all CDBG grantees are expected to comply with the following standards:

1. Project Completion

Grantees are expected to complete all approved project activities within the 24-month grant period whenever feasible. Construction projects should generally complete design and environmental review during the first year and target physical construction completion by the end of the second year. Completion expectations may vary by activity type and award agreement requirements.

2. Allowable Costs

Only eligible and allowable CDBG expenses may be included in the approved project budget.

3. Administrative and Compliance Requirements

Grantees must:

- Provide all information necessary to execute the grant award agreement.
- Sign and return the grant award agreement within 30 calendar days of receipt.

- Comply with applicable acquisition, environmental review, labor standards, and procurement requirements, including URA, NEPA, Davis-Bacon, and competitive procurement rules.
- Submit quarterly progress and financial reports.
- Obtain prior written approval from Commerce for changes to project scope, budget, or timeline.
- Submit a final performance report within 90 days of project completion.
- Maintain complete grant records for at least three years after state grant closeout with HUD, or longer if required by audit, litigation, or compliance obligations.
- Comply with the State of Kansas policy prohibiting sexual harassment, discrimination, and retaliation as established by Executive Order 18-04.

Accountability and Reporting

Grantees must comply with all accountability, reporting, and monitoring requirements established in the grant agreement and applicable guidance from Kansas Commerce.

Quarterly performance and financial reports must document:

- Activity status
- Milestone achievement
- Beneficiary data (if applicable)
- Compliance or implementation issues

A final report is required within 90 days of project completion or closeout. Grantees are subject to monitoring, including desk reviews, site visits, financial review, and national objective verification. Failure to submit timely or accurate reports may result in payment holds or administrative action.

Grant Payments

CDBG funds are distributed on a reimbursement basis.
Grantees must:

- Incur eligible costs prior to requesting payment.
- Submit payment requests with supporting documentation (e.g., invoices, contractor pay applications, proof of payment).
- Ensure requests align with the approved scope, budget, and timeline.

Commerce may delay or withhold payments if reports are not current, documentation is incomplete, or compliance issues exist. Final payment will not be released until all closeout requirements are satisfied.

Release of Information

Information submitted to the Kansas Department of Commerce relating to a CDBG application or award may be subject to disclosure under the Kansas Open Records Act, K.S.A. 45-215 et seq. Except as required by law, confidentiality cannot be guaranteed. Personally Identifiable Information (PII) and other legally protected or sensitive information should not be included in public records. Grantees are responsible for identifying, exempting, or redacting PII or sensitive information prior to public release in accordance with applicable law and HUD and state open records guidance.

Definitions

An eligible applicant is a general-purpose unit of local government, including a city or county, that is eligible to receive State CDBG funds. In Kansas, eligible applicants are non-entitlement communities as defined by the U.S. Department of Housing and Urban Development.

Subrecipient
A subrecipient means an entity that receives a subaward from a local unit of government to carry out all or a portion of a CDBG award. The term subrecipient does not include a beneficiary or participant. Characteristics that support classification as a subrecipient include when the entity:

1. Determines who is eligible to receive CDBG assistance;
2. Has its performance measured in relation to whether CDBG objectives were met;
3. Has responsibility for programmatic decision-making;
4. Is responsible for adherence to applicable CDBG program requirements; and
5. Implements a program for a public purpose specified in authorizing statute, rather than providing goods or services for the benefit of the pass-through entity.

Low- and Moderate-Income (LMI)
Families or households whose income does not exceed 80 percent of the area median income, as determined annually by HUD.

National Objective
One of the three primary objectives established under the HUD CDBG program. Every CDBG-funded activity must meet at least one national objective to be eligible for funding.

Matching Funds
Matching funds are the portion of total project costs contributed by the applicant or other non-CDBG sources. Match may include local government funds, private funds, donated land, or other eligible cash contributions directly related to the approved project.

Additional Definitions
Additional program and technical definitions may be found on the Kansas Department of Commerce CDBG Resource Page: https://www.kansascommerce.gov/cdbg/resource-library/

Post Award Requirements

Required Business Occupancy
The building owner must begin business operations in the building within 12 months of the project's Certificate of Completion date. The grantee is responsible for obtaining documentation confirming business commencement and submitting it to Commerce within this timeframe. If the building owner fails to start operations in the assisted business within 12 months of the project's completion date, the owner will be required to repay the grant funds.

Davis-Bacon Wage Rates
Davis-Bacon requirements are triggered when construction work over $2,000 is financed in whole or in part with CDBG funds. If CDBG funds are used to finance only a portion of the construction work, labor standards are applicable to the entire construction work. If the application is funded, the grantee will have to consult with Commerce to obtain wage rate determinations as applicable. Commerce must be contacted concerning the applicability of Davis-Bacon wage rates.

Build America, Buy America (BABA) Act
The grantee must comply with the Build America, Buy America (BABA) Act, which requires all iron, steel, manufactured products, and construction materials used in federally funded infrastructure projects to be produced in the United States. Funds obligated by HUD must follow BABA requirements unless an approved waiver applies, as outlined in HUD's "Public Interest Phased Implementation Waiver for FY 2022 and 2023" (88 FR 17001).

Section 3
Section 3 of the Housing and Urban Development Act of 1968 requires that recipients of CDBG funding direct employment, training, and contracting opportunities to low-income individuals and the businesses that employ these persons within their community, to the greatest extent feasible. Section 3 applies to construction projects exceeding $300,000 or more in CDBG and/or other HUD covered funds.

Repayment Period

The program requires the grantee to place a forgivable 5-year lien on the assisted property in the amount of the CDBG funds provided to the project. This lien must be filed with the Register of Deeds at project completion. If the building owner sells the assisted property within five years of the date of issuance of the Certificate of Completion, the building owner shall repay the grantee a sum to be calculated on a monthly prorated basis on a 5-year retention period.

The owner agrees that if the subject building is totally destroyed by fire, natural disaster, public condemnation or through other causes within five years after the date of issuance of the Certificate of Completion, the owner shall repay to the grantee, out of any insurance proceeds or other compensation received, a sum of money to be calculated on a monthly prorated basis based on the 5-year retention period. However, if the owner received insurance proceeds or other compensation in an amount less than the fair market value of the structure after CDBG-funded improvements, then the amount to be repaid shall be limited to the total insurance proceeds or other compensation received which is in excess of the fair market value of the structure prior to the CDBG-funded improvements.

Upload Checklist - Commercial Rehabilitation

The following forms must be signed and submitted through the online application portal. Forms are available in the online CDBG Resource Library at kansascommerce.gov/cdbg/resource-library.

1. Project Budget Form
2. Statement of Assurances and Certifications
3. Resolution of Governing Body to File Application
4. Commitments from other Funding Sources
5. Affidavit of Public Hearing Notice
6. Environmental Determination of Level of Review
7. Map of Project Area
8. Disclosure Report
9. Anti-Displacement Plan
10. Project Items BABA Status Worksheet
11. Preliminary Engineering/Architectural Report
12. Opinion of probable Cost
13. Business Plan(s)
14. Photos
15. Floodplain Map

Please include the forms below, if applicable:

16. Job Creation/Retention Forms
17. Resolution for Blight Declaration
18. Blight Criteria Checklist
19. Historic Preservation Documentation
20. Asbestos Inspection

More Questions?

CONTACT THE CDBG TEAM

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CDBG Commercial Rehabilitation Scoring Rubric

The following are the review criteria the review team will use to score each grant application for Commercial Rehabilitation. Each grant will be rated based on the criteria listed and given a score out of one hundred.

	Exemplary	Meets Expectations	Insufficient Evidence
(1) Efforts of Community to Revitalize Downtown Commercial District- 10 Points Possible	Thoroughly discusses past and present actions of local government, private organizations, and individual property owners to revitalize the commercial district. Clear examples are provided of coordinated strategies, public-private partnerships, adopted plans, financial investments, and measurable outcomes. Demonstrates sustained commitment and alignment with broader economic development goals. (9-10 Points)	Discusses past and present actions of local government, private organizations, and individual property owners to revitalize the commercial district. Examples are provided but may lack detail, measurable outcomes, or clear coordination among stakeholders. Shows general support for revitalization but limited evidence of sustained or strategic impact. (6-8 Points)	Provides minimal or unclear discussion of past and present revitalization efforts. Key stakeholders are not identified, examples are vague, or there is little evidence of coordinated or ongoing commitment to improving the commercial district. (0-5 Points)
(2) Scope of Work on Building and Impact on Commercial District- 20 Points Possible	Evaluates how proposed improvements enhance the commercial area, attract investment, and benefit nearby properties. For LMI job creation or retention projects, applicants describe the needed rehabilitation and explain how it supports hiring or retaining employees, ensures code compliance, increases usable space, or maintains operational readiness. For blight projects, applicants identify specific blighting conditions or health and	Describes the proposed improvements and their anticipated impact on the commercial district, but the explanation lacks depth or specificity. Required information for LMI Job Creation/Retention or Blight is addressed but may not fully connect the rehabilitation work to measurable outcomes. Phased work information is provided but may lack clarity	Provides limited or unclear description of the scope of work or its impact on the commercial district. Required details for LMI Job Creation/Retention or Blight are missing or incomplete. Information on phased work is absent or does not demonstrate secured funding or realistic timelines. (0-10 Points)

	safety risks and explain how addressing them improves the surrounding area. If work is phased outside of CDBG funding, the timeline, scope, completion dates, and secured funding for additional phases are clearly detailed. (17-20 Points)	regarding timing, scope, or confirmed funding sources. (11-16 Points)	
(3) Financial Capacity and Business Experience of Owner/Operator- 30 Points	Thoroughly discusses the business and professional experience of the property owner and, if applicable, the business operator. Explains how matching funds will be financed and provides verifiable evidence of committed funding. Demonstrates how working capital and equipment needs will be funded. All funds for phased work are documented as secured. Financial projections and supporting documentation demonstrate strong financial capacity and sustainability. (26-30 Points)	Discusses the business and professional experience of the property owner and operator, but details may be limited. The source of matching funds and working capital is identified but may lack full documentation or clarity. Funds for phased work are referenced but not fully demonstrated as secured. Financial capacity appears reasonable but not fully substantiated. (16-25 Points)	Provides minimal or insufficient information about the experience of the owner or operator. Financing sources for matching funds, working capital, equipment, or phased work are unclear, undocumented, or speculative. Financial capacity is not adequately demonstrated. (0-15 Points)
(4) Business Plan for Reuse of Building- 30 Points	Provides a realistic, detailed plan describing how the building will be used after rehabilitation. For LMI job creation or retention projects, it explains how the rehabilitated building will support new or retained LMI jobs, including staffing, job types, operations, and financial viability. For blight projects, it describes the intended reuse, how it will prevent	Provides a business plan that generally describes the intended use of the building and addresses required elements for LMI Job Creation/Retention or Blight. However, operational details, staffing projections, or financial viability may lack depth or specificity. The plan appears feasible but may not fully	Does not provide a realistic or complete business plan. Required elements for LMI Job Creation/Retention or Blight are missing or unclear. Operational plans, staffing details, or financial viability are insufficiently addressed, and long-term sustainability is not demonstrated.

CDBG Commercial Rehabilitation Scoring Rubric

	future blight, and includes operational plans and evidence of financial sustainability. The plan demonstrates long-term viability and measurable community benefit (26-30 Points)	demonstrate long-term sustainability. (16-25 Points)	(0-15 Points)
(5) Readiness to Proceed with Project- 10 Points	Clearly describes the readiness of the community and private partners to begin the project and includes a detailed and realistic timeline for rehabilitation and business operations. The status of site control, environmental review, permits, financing, and other key elements is clearly documented and substantially complete. Demonstrates immediate or near-term readiness. (9-10 Points)	Describes general readiness and provides a timeline for rehabilitation and operations, but some elements lack documentation or specificity. Site control, environmental review, permits, or financing may be in progress but not fully complete. Appears feasible but not fully ready to proceed immediately. (6-8 Points)	Provides little or no evidence of readiness. A timeline is missing or unrealistic. Key elements such as site control, environmental review, permits, or financing are not documented or have not been initiated. (0-5 Points)
Total: 100 Points			