



Economic Development

2019 CDBG Application Workshops



Economic Development

- General Overview
- Applicants
- National Objective
- Application Process
- Environmental Review
- Davis-Bacon Wage Rates



GENERAL OVERVIEW

- The minimum level of funding is \$25,000 up to \$750,000. The applicant may apply for up to \$35,000 per job.
- 51 percent of the created or retained jobs must meet HUD's low-and-moderate income(LMI) test for the county where the project is located.



GENERAL OVERVIEW

- The applicant is the city or county on behalf of a participating private for-profit company.
- The business itself must have the ability to create or retain jobs and service the debt involved in the project.



APPLICANTS

- Non-entitlement city or county
- Submitting on behalf of a private for-profit business
- Infrastructure projects 1 or 2 businesses



NATIONAL OBJECTIVE

- Job Creation and Retention to benefit low and moderate income persons.
 - Must create or retain jobs.
 - 51% of jobs created must be held by LMI persons (FTE basis) as verified by the Employee Certification form.



NATIONAL OBJECTIVE

- Businesses will have 24 months to create the jobs set forth in the application.
- In the event the number of jobs proposed to be created fall short of the contractual commitment, repayment of the grant shall be equal in proportion to the jobs not created when compared to the total number of jobs committed.



BENEFICIARIES

- 1 Fulltime equivalent job (created or retained) per \$35,000 of CDBG assistance.
- At least 51percent of the jobs must meet the Low-and-Moderate Income (LMI) test.
- 2-Year performance period to attain the job target and the 51 percent LMI requirement.



MATCHING FUNDS

.50 cents of non-CDBG funds for every \$1 of CDBG funds.



Sources of Matching Funds

1. Describe sources of financing.
2. Describe amount of equity or down payment or its principals are providing.
3. Describe the CDBG loan that is being requested, e.g. terms, rate, repayment schedule, collateral, personal guarantees.



PROJECT TYPES

- Business Finance
- Infrastructure
- Combination of both.




BUSINESS FINANCE ACTIVITIES

- Working capital
- Machinery & Equipment
- Building
- Land




BUSINESS FINANCE TERMS

- Working Capital: up to 5 years
- Machinery/equipment: up to 10 years
- Land & building: up to 15 years
- Combination: blended term.




INTEREST RATE

- Non-retail = 3% below Prime rate or 4% whichever is greater
- Retail/Local service= Prime Rate or 4% whichever is greater
- Interest –only is available during the first 18 months of term.



Business Finance

When a Business Loan project fulfills all requirements in the 24 month contractual period with NO issues, a 25% reduction of principal will be applied to the Amortization schedule.



INFRASTRUCTURE ACTIVITIES

- Streets, roads, and storm drains
- Water and sewer lines
- Sewer pretreatment facilities
- Rail spur
- Gas or electric lines



INFRASTRUCTURE PAYBACK

- Special assessment on business
- Retail/local service business: 50 percent payback @ 0% over 10 years
- Non-retail: 25 percent payback @0% over 10 years



General Overview-Application Timeframe

- Applications are accepted from January 2 through December 7 on an open-window basis.
- Applicants should allow plenty of time for preparation and to hold the public hearing.



General Overview-Application
Timeframe

- Application review period is 45 days.
- Construction or other expenditure of funds CANNOT begin until after official award is made and Environmental Clearance is approved.



APPLICATION

- The Application packets contains many forms that is supplied by the grantee.
- The Application packet also contains required documents and forms from the Business.
- These can be found in the Economic Development Applications /Guidelines handbook.




BUSINESS DATA FOR APPLICATION

- 3 years of historical financials: P/L, Balance Sheets(BS) and Cash flow statements(CF)
- 3-years of projected financials: P/L, BS, CF
- Aging Schedule of A/R and A/P
- Existing & proposed obligations
- Personal financial statements
- Business Plan
- Resumes
- Letter of Commitment from business
- Letter from Bank or other lenders.




CITY/COUNTY DUTIES

- Conduct public hearings
- Serve as applicant/grantee
- Responsible for environmental review
- Collect loan payment and remit to State
- Hire a grant administrator
- Secure collateral
- Undertake recovery actions, if needed
- City/County is not a guarantor of loan.




BUSINESS DUTIES

- Spend CDBG \$ and match \$ per budget
- Document job creation/retention and the attainment of 51 percent LMI
- Make loan payments on a timely basis



ENVIRONMENTAL REVIEW

- Full project description
- Determination of Level of Review
- Contact review agencies
- Respond to issues raised by agencies
- Correct publication and dates.



ENVIRONMENTAL REVIEW

Environmental Review should be complete and the signed RROF and supporting documentation should be submitted within 30 days of application submittal.



DAVIS-BACON WAGE RATES

- Use of public or private matching funds in the project over \$2000 triggers Davis-Bacon.
- Davis-Bacon applies to the entire project if it is part of the project description and budget –regardless of who pays for that budget line item---
- UNLESS the work is done by city or county employees on water, sewer, electric and gas lines on Infrastructure projects.



Applications

- Applications are available on line at www.kansascommerce.gov/cdbg





General CDBG questions, please send to
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