

CDBG:

Downtown Commercial Rehabilitation 2023



KANSAS
COMMERCE

What is CDBG Downtown Commercial Rehabilitation?

CDBG Downtown Commercial Rehabilitation helps cities improve the **quality of downtown commercial districts** by assisting private property owners in the **rehabilitation of blighted buildings.**

The goal is to strategically invest grant funds to **prevent the spread of blighted conditions** to nearby structures.



Eligible Applicants

All **incorporated cities or counties** in Kansas that do not receive an annual CDBG entitlement allocation.

The following communities are ineligible: Kansas City, Lawrence, Leavenworth, Manhattan, Overland Park, Topeka, Wichita, and all of Johnson County.



General Overview

- Applications accepted from January 2, 2023 to December 1, 2023
- **National Objective:** Slum & Blight (Spot) OR LMI Jobs (created or retained)
- Limit of one building per application
- Limit of one application from a unit of government until after July 1, 2023
- Only buildings that will house a for-profit business or businesses
- Applicant is the local unit of government



Funding Details

- \$1,500,000 will be set aside for Spot Slum and Blight or Job Creation and Retention
 - If the project can meet the job creation and retention category the application must be submitted with that national objective
- **Maximum grant amount: \$250,000**
- **25% match** required by the private owner of the building



Slum & Blight: SPOT

The focus of slum and blight activities is to **eliminate specific conditions of blight, physical decay, or environmental contamination on a spot basis.**

Examples include historic preservation, rehabilitation* of buildings or improvements, acquisition, clearance, relocation, and remediation of environmentally contaminated properties.

**Rehabilitation must be limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.*

Application must pass a resolution declaring the building a blight and indicate the specific conditions that pose a threat to public health and safety.

LMI Benefit: Job Creation & Retention

Job creation or retention activities are designed to **create or retain permanent jobs** with at least **51% made available or held by low-and-moderate income (LMI)** persons.

BENEFICIARIES

The employees that are hired and whose jobs are retained as a result of the CDBG grant. At least **51%** of the beneficiaries (employees) being hired or retained must meet HUD's LMI standard.

JOB CREATION

Job creation refers to the **business entity's** (and affiliates) **net increase in its permanent labor force** in Kansas on a **full-time equivalent basis**.

JOB RETENTION

Job retention refers to those jobs that **would be lost if the business fails to receive funding assistance from CDBG**.

LMI Benefit: Job Creation & Retention

Follows the same rules as the regular CDBG-Economic Development program.

One full-time equivalent (FTE) for every \$35,000 of CDBG dollars

- 7 jobs created or retained = \$245,000
- 4 of those jobs must meet LMI*

**LMI income status is to be made based on income at the time CDBG assistance is provided (previous 12 months)*

Limitations

1. Limited to the **improvement of exterior building, asbestos, abatement, lead-based paint evaluation and reduction, and correction of code violations.**
2. Historic preservation of the building must comply with the standards set by the Secretary of Interior. Must contact the Kansas Historical Society for:
 - a) *Clearance for application*
 - b) *Final clearance*

Application Narratives

Community needs

Discuss the needs of the applicant and how these needs were determined.

Efforts of community to revitalize downtown district

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

Scope of work and its impact on the commercial district

Financial capacity and business experience of owner/operator

Business plan for reuse of the building

Readiness to proceed

Private Owner

- **Business plans** for building occupants.
- **Commitment letter** from owner outlining building improvements, costs and matching funds
- **Recapture provisions:** 3-year pay-back if the building is sold

Single Phase Project

- All work on a commercial building will be done in **one phase** under **one contract**
- CDBG and the building owner will pay to address code violations and exterior work.
- Owner will pay to address other building rehabilitation work.



Multiple Phase Project

PHASE 1

CDBG and the building owner will pay to address the code violations and exterior work **under one contract.**

PHASE 2

The building owner pays to address other building rehabilitation work after the close of Phase 1.

-
- Building owner must show plans and financial resources to undertake Phase 2 of a renovation.
 - Building owner will need to sign an agreement committing to complete Phase 2.
 - The failure to complete Phase 2 within one year of CDBG grant closeout will trigger a payback by the owner.

Architectural Firm

Cost estimates must be figured by a licensed architect and must include an **itemized breakdown** of all renovations.



Acquisition

Applicant must follow URA when acquiring any property.

URA = the Uniform Relocation Assistance and Real Property Acquisition Act



Grant Administration

Grant administration must be procured.

Administration fee is \$17,000 or 10% of total CDBG funds (whichever is less)

[Administrator-Territories-10-25-2021.pdf \(kansascommerce.gov\)](#)

CDBG Program Administrator Interactive Map on KDC website:



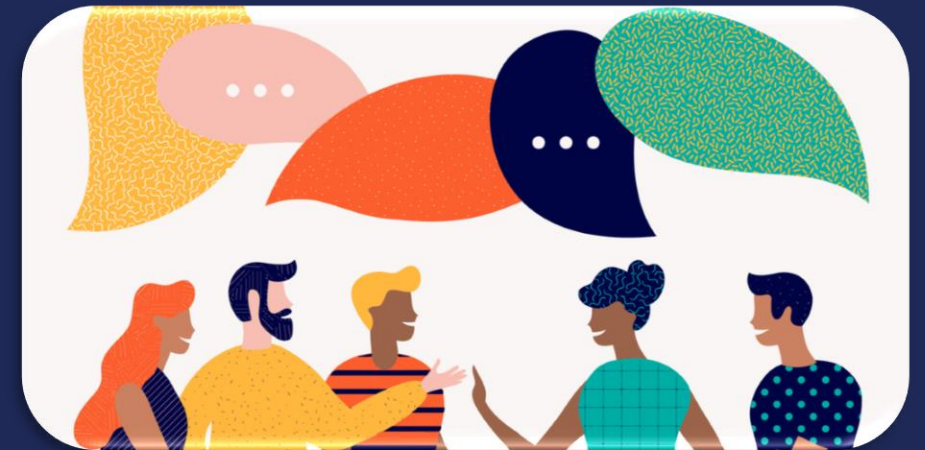
Application Prerequisites

- Historical society approval (initial approval)
- Asbestos inspection
- Preliminary Architectural Report (PAR)



Citizen Participation

- Local government applicants are required to meet citizen participation requirements.
- The applicant must hold **one legal public hearing** for each application and **provide proof of publication from the local newspaper having general circulation in the community.**
- The notice must be at least **5 – 20 days before the date of the hearing.**
- A hearing must be held to address the specific project application:
 - Description of the proposed project
 - Proposed project location
 - Job target
 - Activities to be carried out
 - CDBG grant funding amount
 - Total project cost



Site Visit

Prior to a grant award, applicants will receive a site visit to further evaluate the proposed project.



Environmental Review

Environmental review is the process of reviewing a project and its potential **environmental impacts** to determine whether it meets federal, state, and local environmental standards. This is required for all HUD-assisted projects to ensure the proposed project does not negatively impact the surrounding environment or end users.

Within 30 days after application submittal:

- The environmental review should be complete and submitted
- The Request Release of Funds (RROF) and supporting documents signed and submitted



Program Contact

Linda Hunsicker

CDBG Specialist

Linda.Hunsicker@ks.gov

(785) 296-4484



KANSAS
COMMERCE