

**APPLICATION FOR  
FEDERAL ASSISTANCE**

1. TYPE OF SUBMISSION <i>Application</i> <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		<i>Preapplication</i> <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED November 15, 2004	Applicant Identifier
3. DATE RECEIVED BY STATE		4. DATE RECEIVED BY FEDERAL AGENCY		State Application Identifier	
3. DATE RECEIVED BY STATE		4. DATE RECEIVED BY FEDERAL AGENCY		Federal Identifier	
5. APPLICANT INFORMATION					
Legal Name: State of Kansas			Organizational Unit: Department of Commerce		
Organizational DUNS: 04-220-5737			Division: Community Development		
Address: Street: 1000 SW Jackson Street, Suite 150			Name and telephone number of the person to be contacted on matters involving this application (give area code)		
City: Topeka			Prefix: Ms.	First Name: Patricia	
County: Shawnee			Middle Name: L.		
State: Kansas			Last Name: Clark		
Zip Code: 66612-1354		Suffix:			
Country: United States			Email: pclark@kansascommerce.com		
6. EMPLOYER IDENTIFICATION NUMBER (ein): 48-6029925			Phone Number (give area code): (785) 296-5253	Fax Number (give area code): (785) 296-3776	
8. TYPE OF APPLICATION: <input type="checkbox"/> New <input checked="" type="checkbox"/> Continuation <input type="checkbox"/> Revision  If Revision, enter appropriate letter(s) in box(es): (See back of form for description of letters.) <input type="checkbox"/> <input type="checkbox"/> Other (Specify)			7. TYPE OF APPLICANT: A. State  Other (Specify)		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-228  TITLE (Name of Program) Community Development Block Grant Program			9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development		
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): State of Kansas			11. DESCRIPTIVE TITLE OF APPLICANTS PROJECT: Kansas Community Development Block Grant Program		
13. PROPOSED PROJECT: Start Date    Ending Date 01/01/05    12/31/05			14. CONGRESSIONAL DISTRICTS OF: a. Applicant All Kansas Districts    b. Project State of Kansas		
15. ESTIMATED FUNDING:			16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?		
a. Federal	\$	20,162,344	a. Yes <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON:		
b. Applicant	\$		DATE:		
c. State	\$		b. No <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E.O 12372		
d. Local	\$		<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW		
e. Other	\$		17. IS THE APPLICANT DELIQUENT ON ANY FEDERAL DEBT?		
f. Program Income	\$	3,500,000	<input type="checkbox"/> Yes    If "Yes," attach an explanation <input checked="" type="checkbox"/> No		
g. TOTAL	\$				
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.					
a. Authorized Representative					
Prefix Mr.		First Name Howard		Middle Name	
Last Name Fricke		Suffix			
Title Secretary		c. Telephone Number (give area code): (785) 296-2741			
Signature of Authorized Representative		e. Date Signed October 22, 2004			

Part III, the Action Plan, presents the objectives of the Kansas Department of Commerce (Commerce), Kansas Housing Resources Corporation (KHRC), and Kansas Department of Health and Environment (KDHE) regarding the allocation of resources for Federal Fiscal Year (FFY) 2005 (State Program Year of January 1, 2005 – December 31, 2005). Specific priorities and guidelines are described for the federally mandated programs, i.e., the Community Development Block Grant (CDBG) program, HOME Investment Partnerships (HOME) program, Emergency Shelter Grant (ESG) program, and Housing Opportunities for Persons with AIDS (HOPWA) program. Geographic distribution of the State's development resources and development partners is discussed. Finally, Kansas Performance Measures are established to measure the State's progress on development goals.

## **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)**

The Community Development part of the Action Plan, including the projected use of funds, addresses the FFY 2005 distribution of an estimated amount of \$20,162,344 in CDBG funds from the U.S. Department of Housing and Urban Development (HUD).

### **State Use of Funds**

The State of Kansas will use the FFY 2005 CDBG grant funds, and any funds reallocated by HUD during 2005, to support activities authorized under Title I, Section 105, of the Housing and Community Development Act of 1974, as amended, which meet the CDBG National Objectives. The State certifies that not less than 70 percent of the aggregate CDBG funds allocated to local governments in Kansas will be used for activities that principally benefit low- and moderate-income individuals. The State estimates that approximately 80 percent of the 2005 CDBG allocation will fund such activities.

The State will use no more than \$100,000 plus two percent of the total CDBG grant amount, program income, and revolving loan funds for State administration of the program. Not more than 20 percent of the total CDBG grant may be used for administrative, planning, and/or technical assistance combined costs from both State and local levels.

The State will set aside up to one percent of the total CDBG grant amount to provide technical assistance to local governments and nonprofit organizations beyond that technical assistance directly related to existing or proposed grant projects.

Grant and reallocated funds will be initially distributed in the following grant categories which coincide with federal and State goals and objectives. Should the amount received differ from the estimated total, the funds will be distributed according to the percentages allocated for each category.

All CDBG loan and grant categories require compliance with the K.S.A. 58-1402 Accessibility Standards, Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, and Fair Housing Act, as applicable.

<b>Grant Category</b>	<b>Allocation</b>	<b>Percentage</b>
1. Water/Wastewater Projects	\$4,568,203	21.7%
2. Small Town Environment Program: KAN STEP	2,000,000	9.9%
3. Community Facilities	3,486,515	16.6%
4. Housing/Neighborhood Development	1,603,217	7.6%
5. Economic Development (ED) –	3,000,000	14.9%
a. Infrastructure, Business Finance, and Third-Party Loan Guarantees		
b. Section 108 Loan Guarantees	Total cumulative portfolio must not exceed the 2005 CDBG allocation.	
c. Micro-Loan (1,000,000 from Program Income)		
6. Urgent Need	800,000	4.00%
7. Comprehensive Development Projects	4,000,000	19.8%
8. Technical Assistance	201,162	1.0%
9. State Administration	503,247	2.5%

**Use of Undistributed Funds:** In the event that undistributed funds from any previous year, including 2005, remain on December 31, 2005, those funds will be pooled and awarded to unfunded current year applicants based upon current year awards, or the funds will be carried forward into the FFY 2006 program for distribution in all program categories, as needed. Up to ten percent of the total allocation may be adjusted between the grant categories at the discretion of the CDBG Program Manager, with the exception of State Administration and Technical Assistance.

**Use of State Program Income:** Program income received by the State will be distributed, consistent with HUD regulations, to the same type of projects that generate the program income. It is anticipated that \$3,500,000 in program income, generated by local repayment of Economic Development loans, will be available in FFY 2005. These monies will be used to award new Economic Development projects to qualifying applicants in that category.

**Use of Deobligated and Recaptured Funds:** Deobligated and recaptured funds will be redistributed according to the demand in the current year's CDBG program, regardless of grant type, or may be carried forward into the FFY 2006 program.

## National Objectives Requirements

The State of Kansas will distribute the CDBG funds received according to the following categories:

### **1. Low- and Moderate-Income Benefit**

The projected use of funds has been developed so as to give maximum feasible priority to activities that will benefit low- and moderate-income persons and must not benefit moderate-income persons to the exclusion of low-income persons. The information necessary to make income determinations is included in the grant application packages.

#### Assessing Benefit to Low- and Moderate-Income (LMI) Persons

Economic Development: The Activity must 1) be carried out in a low- and moderate-income neighborhood, or 2) involve facilities designed for use predominately by low- and moderate-income persons, or 3) employ persons, a majority of whom are low- and moderate-income at the time of hiring.

Community Improvement Activities: These activities must demonstrate that at least 51 percent of the individuals receiving benefit from the project meet low- and moderate-income standards.

Housing: Housing activities must have a 100 percent LMI benefit, whether in a targeted area or citywide.

### **2. Aiding in the Prevention or Elimination of Slums or Blight**

This National Objective may be met in one of the following ways:

#### Performing Activities in a Slum or Blighted Area

The location of an eligible activity must meet the definition of a slum area or blighted area under Kansas Statutes Annotated, Section 17-4760, and the applicant must document that, at the time of application, there exists a majority (51 percent) of deteriorated and dilapidated buildings and facilities throughout the area to meet the criteria. In addition, at least 25 percent of the buildings must qualify as slum or blighted. The specific documentation required to demonstrate this circumstance is outlined in grant application packages.

#### Performing Activities Outside a Slum or Blighted Area

The Applicant's project may include acquisition, demolition, rehabilitation, and historic preservation activities designed to eliminate specific conditions of blight or physical decay on a spot basis, not located in a slum or blighted area. The specific requirements to meet this standard are outlined in grant application packages.

### 3. Activities Designed to Meet Urgent Health, Welfare, or Compliance Needs

Eligible activities are those that the applicant certifies are designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community. The applicant must also certify that no local financial resources are available to meet such needs. Specific documentation requirements are outlined in grant application packages.

#### State Compliance Criteria

The following administrative and financial guidelines apply to the Kansas Small Cities CDBG Program:

**Timeliness:** Grantees will have a signed contract with the State within 90 days of award announcement. Project implementation will be initiated within 120 days of award announcement. Failure to meet these time frames may result in withdrawal of the grant award by the Department of Commerce. All sources of leveraged funds must be committed at the time of application submittal and all other documentation must be included in the application that verifies the project is ready to begin once funding is obtained.

**Project Administration Cost:** Due to the wide disparity in project administration costs, such costs will be determined prior to contract signing. The maximum CDBG administrative expenditures for each grant category are listed in specific application materials. Engineering/architectural firms may not administer any CDBG grant on which they are participating in any other capacity. All CDBG grants must be administered by State-certified administrators.

**Threshold Requirements:** The Kansas CDBG program consists of seven grant categories, all of which must meet certain threshold requirements in order to be considered for funding. The threshold requirements are outlined in grant application packages. Failure to meet the threshold requirements will result in the disqualification of an application from the grant process.

**Negotiated Funding:** The State reserves the right to negotiate with applicants and to deny partial or total funding of any application in a given funding period.

**Minimization of Displacement:** The State of Kansas will discourage applicants from proposing displacement, unless no feasible alternative exists. Alternatives will be reviewed for feasibility, and technical assistance will be provided in order to minimize displacement. If permanent displacement must occur, legal protections will apply to persons being displaced.

**Privatization:** Should a grantee sell or lease a publicly-owned utility aided by CDBG funds within five years of grant close-out to a for-profit entity, the grantee shall return to the State a pro-rata portion of the grant funds expended for that utility at the time of sale.

## **Program Descriptions**

The following is an overview of the programs available through the State of Kansas CDBG program.

### **Community Facilities**

Community Facilities projects may consist of, but are not limited to, improvements in fire protection, bridges, community and senior centers, health facilities, streets, architectural barrier removal, natural gas systems, electrical systems, public service activities, and nonprofit entities. These grants are awarded on a competitive basis once per year. Water and sewer projects are not included in this category. The grant maximum is \$400,000 based on \$2,000 per beneficiary.

### **Water and Sewer**

The Water and Sewer annual competition will be separate from the Community Facilities annual competition, although threshold requirements apply equally to both categories. More specific award criteria for this program will be discussed in the application packet for this category. Appearance before the interagency review committee consisting of a core group of the Kansas Department of Commerce, the Kansas Department of Health and Environment, and the U.S. Department of Agriculture, Rural Development, is part of the rating criteria of this program. Water and Sewer grants, including contingent funding, are limited to a maximum of \$400,000.

### **Contingent Funding**

In FFY 2005, the State will offer contingent funding up to \$1.5 million in FFY 2006 funds to those applicants in the FFY 2005 Water and Sewer competition scoring in the fundable range but which have unresolved contingencies. The contingent awards would also be conditioned on the State receiving funding from HUD. Items that would trigger contingent funding include, but are not limited to, the formation of districts; intergovernmental agreements; purchase agreements; annexations; rate increases; good standing in the National Flood Insurance Program (NFIP) if the project is in a floodplain; water rights; option to purchase on land (not easement) acquisitions; and USDA Rural Development, Kansas Department of Health and Environment, or Kansas Department of Transportation funding commitments. Bonds, are not required to be sold but the legal authority to issue a specific amount must be in place. If all contingency items have not been satisfied by the application due date for the FFY 2006 Water and Sewer competition, the funds will automatically be rescinded. If contingent items are resolved earlier than the 2006 Water and Sewer application due date, FFY 2006 funds will be issued when available.

### **Housing/Neighborhood Development**

CDBG Housing grants are awarded on a competitive basis annually. All CDBG housing rehabilitation references include both owner-occupied and renter-occupied units. For the FFY 2005 annual competition, the applicant may apply for housing rehabilitation and demolition funds under a Housing application or for housing rehabilitation, demolition, and public facilities improvements (water, sewer, streets, drainage, public sidewalks, etc.) in a Neighborhood Development application.

Housing only or housing and demolition grants have a ceiling of \$400,000. Neighborhood Development grants are limited to \$600,000 maximum.

### **Urgent Need**

Project activities must address an urgent need resulting from a sudden and severe natural or other disaster that has created conditions that pose a serious and immediate threat to the health or welfare of the community. Awards will be made to address only the solution to the immediate problem and not necessarily the long-term solution. The conditions must have become urgent within six months following the event. Applications are accepted on an as-needed basis at a maximum amount of \$400,000 per grant.

### **Comprehensive Development**

It is the purpose of the Comprehensive Development category to provide a means for addressing a variety of needs to resolve an issue or address a need within a community. Proposals will be received for comprehensive projects no later than January 1, 2005. Information packages for FFY 2005 Comprehensive Development Projects will be available from the offices of the Community Development Division after June 2004. Applicants will be expected to submit planning documents of comprehensive proposals to the Department of Commerce by August 1, 2005. After review of the planning documents and abstracts, Commerce will hold technical assistance sessions and conduct site visits with the applicants in their respective communities prior to October 1, 2004. Application packages will be made available after approval of the proposed projects. The application packages will include the application form (required narrative, budget, etc.) and other information to guide the applicants. A final site visit(s) will be made prior to the award(s). Awards will be made by March 31, 2005. Applicants may apply for up to a total of \$4,000,000; however, requests above \$1,000,000 require a match of 50 cents on every dollar.

### **Economic Development**

#### **Business Financing/Infrastructure**

Economic Development funds may be used by a local unit of government to provide infrastructure or business financing assistance for a new business locating in or an existing business expanding in, a community. The local government may choose to offer assistance to an existing local firm attempting to remain in business.

Technical assistance is available from the State during preparation of the application to ensure that the application will meet threshold requirements.

Funds are available for FFY 2005 through six rounds of competition. Due dates for those competitions are included herein. A city or county is limited to two applications per round of competition. The maximum amount that can be applied for is \$750,000 per category with a cap of \$1.5 million per company per community.

### Section 108 Loan Guarantee

Under this program, the U.S. Department of Housing and Urban Development (HUD) provides a guarantee for notes or other obligations issued by public entities for activities eligible under the CDBG program.

Section 108 loan guarantees are limited to economic development projects that cause the creation or retention of permanent full-time employment. The projects must involve a private for-profit organization that has a sufficient financial history to permit a comprehensive risk analysis and to demonstrate a high degree of financial feasibility for the proposed activity. Acceptable collateral equal to 100 percent of the guarantee must be provided. A guarantee request must provide evidence that alternative financing sources were unavailable or insufficient to meet the project's financial needs. Undue enrichment of private individuals or private entities will not be allowed.

### Third-Party Loan Guarantee

This economic development tool allows the State to provide a guarantee to a third party (i.e., bank or other financial institution) that loans funds to an eligible for-profit economic development project which creates or retains permanent full-time employment. In making such a guarantee, the State pledges its current CDBG funds to cover any defaults. The maximum loan guarantee is 75 percent of the principal up to a maximum of \$1 million.

The project must demonstrate a high degree of financial feasibility and provide evidence that the amount of assistance requested is necessary for the project. The assistance must not unduly enrich any private individual or party.

### Micro-loan Funding

An annual competition for counties only will offer up to \$100,000 for creating revolving loan funds for micro enterprises (five or fewer employees). Up to \$1,000,000 will be used for this category from the State Revolving Loan fund created by Program Income.

### Combination Funding

There are three possible sources for funding economic development projects under the CDBG program: regular economic development assistance, Section 108 loan guarantees, and third-party loan guarantees. In a large capital-intensive project, it may be necessary to use more than one of these funding sources. However, only two of these sources will be allowed in any one project. If a combined project involves the use of regular economic development funds, the application will be reviewed as part of the regular economic development project competition.

### Local Revolving Loan Monies

A city or county applicant for any economic development project will be required to use any unused balance of their local CDBG revolving loan funds for any project for which State funds are being sought.

## **KAN STEP**

The State has set aside \$2,000,000 to offer a volunteer, self-help means of financing community improvement projects limited to water, sewer, and public or nonprofit buildings. Grants are made on an open cycle, as-needed basis. Grantees are selected after the demonstration of readiness and potential criteria, plus ability to finance the balance of the project, if needed, in addition to receiving CDBG funds. The maximum grant for which an entity may apply is \$400,000.

### **Grant Announcement and Award Schedule**

#### **COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

- 1. CDBG Annual Competition Application Workshops** June 21, 22, 23, 24, 25, 2004
- 2. Community Facilities Grant Schedule**
  - a. Application Deadline October 1, 2004
  - b. Award Announcement [on or about] January 2005
  - c. Grantee Workshop To be announced
- 3. Water and Sewer Grant Schedule**
  - a. Application Deadline October 15, 2004
  - b. Award Announcement [on or about] January 2005
  - c. Grantee Workshop To be announced
- 4. Housing/Neighborhood Development Grant Schedule**
  - a. Application Deadline October 1, 2004
  - b. Award Announcement [on or about] January 2005
  - c. Grantee Workshop To be announced
- 5. Economic Development, Downtown Revitalization, Urgent Need, and KAN STEP Application Workshops** November 2, 3, & 4, 2004
- 6. Economic Development Grant Schedule**
  - Round I**
    - a. Application Deadline February 4, 2005
    - b. Award Announcement March 18, 2005
  - Round II**
    - a. Application Deadline April 1, 2005
    - b. Award Announcement May 13, 2005
  - Round III**
    - a. Application Deadline June 3, 2005
    - b. Award Announcement July 15, 2005
  - Round IV**
    - a. Application Deadline August 5, 2005
    - b. Award Announcement September 16, 2005

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|----------------|-------------------------|-------------------|
| <b>Round V</b> | a. Application Deadline | October 7, 2005   |
|                | b. Award Announcement   | November 18, 2005 |

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|-----------------|-------------------------|------------------|
| <b>Round VI</b> | a. Application Deadline | December 2, 2005 |
|                 | b. Award Announcement   | January 13, 2006 |

Grantee workshops will be announced following awards. If the number of awards allows, grantee information will be provided to local and company officials during a pre-contract, on-site visit.

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|---|--|-------------------|
| <b>7. Urgent Need Grants</b>  |  |                   |
| a. Open Application Submission Until                                  |  | November 30, 2005 |
| <b>8. Section 108 Loan Guarantee &amp; Third-Party Loan Guarantee</b> |  |                   |
| a. Open Application Submission Until                                  |  | November 30, 2005 |
| <b>9. Comprehensive Development Projects</b>                          |  |                   |
| a. Open Application Submission Until                                  |  | January 1, 2005   |
| b. Award Announcement by  |  | March 31, 2005    |

**NOTE:** Grant awards may be made for less than the full amount allocated for any competition depending on the status at that time of the U.S. Department of Housing and Urban Development Letter of Credit to the State of Kansas.

## **COMMUNITY ASSISTANCE SERVICES**

### **Community Service Tax Credit Program**

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|-------------------------------------|--------------|
| a. Application Deadline             | May 7, 2004  |
| b. Award Announcement [on or about] | July 1, 2004 |

### **Main Street Incentives Without Walls Awards**

- |                |                                     |                    |
|----------------|-------------------------------------|--------------------|
| <b>Round I</b> | a. Application Deadline             | August 6, 2004     |
|                | b. Award Announcement [on or about] | September 10, 2004 |

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|--------------------------------------|-------------------------------------|------------------|
| <b>Round II</b><br>(If funds remain) | a. Application Deadline             | February 7, 2005 |
|                                      | b. Award Announcement [on or about] | March 18, 2005   |

**See the 2005 CDBG Performance Measures on pages 38 and 39.**