



### **Small Cities Development Program (SCDP) information when Applying in Conjunction with Minnesota Housing Funds**

When SCDP eligible applicants are requesting assistance from the SCDP Program for projects complementing requests for funds from Minnesota Housing's funds i.e. Multi-Family Request for Proposal (RFP), Rental Rehabilitation Deferred Loans (RRDL), and Publicly Owned Housing Program (POHP), a SCDP Preliminary Proposal and a SCDP Application **will** be required.

**General Information:** The SCDP Program is part of the Community Development Block Program (CDBG) administered by the Department of Housing and Urban Development and funded by Congress on a federal fiscal year basis. The Program provides financial assistance to assist communities in addressing critical housing, economic, and public facilities needs.

Local units of government (i.e. cities, counties and townships) are eligible applicants for funding from the Department of Employment and Economic Development (DEED), Small Cities Development Program (SCDP). The local units of government will be the fiscal agent for the funds and disbursement of funds will come directly from DEED. DEED will require the above, not the developer, to enter into a contract for projects funded with SCDP funds in conjunction with a Minnesota Housing project. *Please make sure you have contacted the city prior to applying for these funds.*

The following may/will be required when contracting with the SCDP program. It is very important that you contact your SCDP representative in order to understand the implications of the following:

Public Hearing

Environmental Review

- Environmental reviews will need to be conducted and submitted to DEED prior to disbursement of funds

Davis-Bacon Requirements-contact DEED for information and training-mandatory.

Bid spec's reviewed by DEED prior to disbursement of funds

Fair Market Rents-see below

Funds are disbursed directly from DEED to the city on a cost reimbursement basis

Annual Reporting-posted on website.

All other required SCDP Program,

<http://mn.gov/deed/government/financial-assistance/community-funding/>

If funded, please contact your DEED representative for additional information. The link provided will assist you in locating your representative.

<http://mn.gov/deed/government/financial-assistance/community-funding/>

**Purpose of the Program:** To develop viable eligible rural communities "by providing financial assistance to address the need for decent housing, economic development and public facility needs and provide a suitable living environment by expanding economic opportunities, principally benefiting households of low and moderate income."

#### **Activities must meet the following Federal Objectives:**

The activity must principally benefit low and moderate income persons;

<http://mn.gov/deed/government/financial-assistance/community-funding/>

#### **Eligible Applicants - Who can receive funding from SCDP?**

Any 'general purpose' unit of local government that does not receive CDBG funds directly as an entitlement city and/or urban county, or a recognized Indian Tribal Government, is eligible to submit one application per year for funding via the SCDP competitive application process.

General Purpose is defined as cities, counties, townships.

Ineligible Counties: Anoka, Hennepin, Ramsey, Washington, Dakota, Scott

Ineligible Cities: Moorhead, Duluth, St Cloud, Rochester, Mankato and North Mankato

Ineligible entities: Tribal Governments

**Income Limits:** 51% of the units being developed must be occupied by low to moderate income households; this is defined as households whose income does not exceed 80% of the county median income, adjusted for family size. Link to the HUD site is <http://www.huduser.org/portal/datasets/il.html>

#### **Rent Restrictions:**

For Rehabilitation of Existing Units(excluding "conversion" projects):

"Affordable Rents" are Fair Market Rents (FMR's)

FMRs are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. <http://www.huduser.org/datasets/fmr.html>  
or;

The Section 8 voucher payment standard adopted by the grantee and made public.

#### **Eligible activities for funding in conjunction with MH**

Rehabilitation-Hard costs only

#### **Types of Applications**

Single Purpose – One more activities designed to meet specific housing need. Requests at \$600,000 or less.

#### **Applications must address the following**

##### **Demonstrate a Need**

- The need for rental housing in your community, i.e. market study.

##### **Show Impact**

- What impact will the funded activity have on the community (i.e. eliminate deficiencies in housing stock; how effectively will community goals will be met, etc.)

##### **Be Cost Effective**

- Best use of SCDP funds, leveraging of non-DEED resources to meet the described need;
- Well, thought out financing plan for the activity(s).
- Reasonable cost per unit of CDBG funds, administrative costs.

##### **State Demographer Information:**

- Number of poverty persons in the area being addressed;
- Percentage of persons who reside in the area being addressed.

#### **How to apply for DEED funds in conjunction with Minnesota Housing:**

Make sure that you are an eligible applicant (city, county, township) and that you meet the guidelines of the SCDP Program as outlined.

Complete the SCDP Preliminary Proposal and if deemed competitive by DEED complete the Full Application found at: <http://mn.gov/deed/government/financial-assistance/community-funding/>