

# 2024 Small Cities Development Program (SCDP)

# Full Application

## Duplex Rental Housing Rehabilitation

### Submission Information

Only communities with preliminary proposals that were deemed ‘competitive’ or ‘marginally competitive’ will be asked to submit **one original and one copy** of the Full Application to the Department of Employment and Economic Development (DEED) on or before 4:00 pm, Wednesday, April 17th, 2024.

***Faxed or e-mailed applications will not be accepted.***

Minnesota Department of Employment and Economic Development

Great Northern Building

180 East Fifth Street, Suite 1200

St. Paul, MN 55101

Attn. Community Finance Division, Small Cities Development Program Unit

## Instructions

Applicants must download the Small Cities Development Program (SCDP) guidance from the [SCDP Website](https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp) (https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp).

This application packet is only for the Duplex Rental Housing Rehabilitation component. Other eligible program component applications are available on the same website.

* Duplex rental buildings consist of free-standing structures on scattered sites with two housing units.
* Rehabilitation of renter occupied residential structures that are completely or primarily occupied by low-to-moderate income (LMI) households at “affordable rents.” Affordable rents should be clearly identified and appropriate to the community and persons served and shall not exceed HUD’s Section 8 Fair Market Rents for the applicant’s county.
* Property owners will enter into agreements for occupancy and rents before rehabilitation begins. Minimum rehabilitation standards to be applied are HUD’s Section 8 Housing Quality Standards (HQS).
* The maximum amount of SCDP assistance is $12,500 per housing unit ($25,000 for one duplex rental building).
* The maximum percentage of SCDP assistance per duplex rental building is 70% of the total project cost.
* The term for SCDP funds must be structured, at a minimum, as a five (5) year deferred loan.
* Citywide projects – regardless of population.
* If this project is part of a multi-community application, provide separate answers for each community. Clearly indicate which community is being addressed in each response.
* National objective – at least 51% of the units must be occupied by LMI households (80% of the county median income).
  + In the case of one duplex rental building (two housing units), at a minimum one housing unit (50%) must be documented as LMI.
  + A duplex rental building that has the owner living in one unit and a tenant in the other may be assisted, only if both the owner and tenant households are documented as LMI.
* HUD rent restrictions must be met and retained for the term of the SCDP funds or longer if noted in the Full Application.
* Cities must survey potential duplex rental housing property owners to gauge level of interest in the program.
* Federal Davis-Bacon Act applies to projects with eight (8) or more units, regardless of the number of units assisted, or complexes with four (4) stories or more, or properties defined as one or more buildings on an undivided lot or on contagious lots or parcels, which are commonly owned and operated as one rental.
* Funds cannot be used for maintenance items such as driveway resurfacing, replacing appliances, and painting.
* Review and include the application checklist on the [SCDP Website](https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp).

## Scoring

Duplex rental housing projects include one or more activities designed to increase quality of dwelling units.

Applications are evaluated and awarded up to 240 total points, as follows:

### Demographic – 30 Points

* Will be assigned by the best available statistics from the Minnesota State Demographer and are based on:
  + Number of residents at or below the poverty level in the jurisdiction.
  + Percentage of residents at or below the poverty level in the jurisdiction.
  + Per capita assessed valuation of the area with points awarded in inverse relationship to applicant’s per capita assessed valuation.

### Project Need – 90 Points

* The rental program need category shall be awarded based on evaluation of the need for improvements to the rental housing stock serving LMI households as evidenced by:
  + Rental housing units that are occupied by LMI households that are either substandard or pose a threat to the health or safety of the occupants.
  + An inadequate supply of affordable rental housing for LMI households.
  + Other documented conditions that give evidence of the need for improvements to the rental housing stock serving LMI households.

### Project Impact – 90 Points

* The rental program impact category shall be awarded based on evaluation of the extent to which the proposed activities will eliminate deficiencies in the rental housing stock serving LMI households.

### Cost Effectiveness – 30 Points

* The rental program cost effectiveness category shall be awarded based on:
  + Evaluation of the extent to which the proposed activities will make cost effective use of grant funds including coordination with and use of funds from other public and private sources.
  + Evidence that the cost of the proposed activities per benefiting household is reasonable.

## Duplex rental – free standing structures on scattered sites

If this activity is part of a multi-community application, please complete and provide separate answers to the following questions for each partnering community.

Applicant Name:

### Project Description

Provide a brief description of the activity:

**Narrative Answer:**

#### Community Questions

* Primary community:
* Population of primary community:
* Partnering community #2 (if applicable):
* Population of partnering community #2 (if applicable):
* Partnering community #3 (if applicable):
* Population of partnering community #3 (if applicable):

### Need

* Number of total housing units, regardless of type, in the community:
* Number of rental housing units, regardless of type, in the community:
* Number of duplex rental housing units in the community:
  + Note: Questions are based on housing units and not buildings. For duplexes, 2 housing units would mean 1 duplex building.
* Number of duplex rental housing units that are in standard condition:
* Number of dilapidated duplex rental housing units that are not suitable for rehabilitation:
* Number of substandard, but suitable for rehabilitation duplex rental housing units:
* Number of interested duplex rental housing unit owners:
* Number of duplex rental housing units owned by interested property owners:
* Of these properties, number of duplex rental housing units where property owners are interested in the rehabilitation program:

#### Need Narrative Questions

1. Provide a brief description of the project need. In the description, include:
   1. Unique designations and characteristics.
   2. Geographic or demographic concerns.
   3. Inadequate supply of existing duplex rental housing stock, including lack of new construction.

**Narrative Answer:**

### Impact

* Number of duplex rental housing units proposed for rehabilitation:
* Rental vacancy rate of the community:
* If the rental vacancy rate is greater than 10%, provide narrative on what factors will improve the rental market:
* Number of square blocks in community/target area:

#### Impact Narrative Questions

1. Describe the community impact for this activity. In the description, please also address the following:
   1. If funds will be used in a particular area of the community.
   2. How the proposed number of rental units to be served.
   3. List of identified deficiencies.

**Narrative Answer:**

1. If there is an inadequate supply of contractors, specifically lead contractors, describe what steps will be taken to remedy this issue.

**Narrative Answer:**

### Cost Effectiveness

* Maximum SCDP assistance amount per duplex rental housing unit (cannot exceed $12,500 per unit):
* Average SCDP assistance costs per duplex rental housing unit:
* Percentage of SCDP assistance per duplex rental building of the total rehabilitation costs (cannot exceed 70%):
* Percentage of SCDP assistance that is a deferred/forgivable loan:
  + Term of deferred/forgivable loan (minimum 60 months):
* If the proposed financing will include a SCDP funded installment loan, complete the following:
  + Percentage of the SCDP funds will be an installment loan:
  + Length of the installment loan (in months):
  + Interest rate of the installment loan:

#### Cost Effectiveness Narrative Questions

1. Describe the project’s cost effectiveness.

**Narrative Answer:**

1. Describe what other federal, state/local, or private funds that may be used as leverage for projects. Briefly detail how the program will be promoted to building owners, and how in-kind contributions, discounted materials, or other cost saving measures will be used, if available.

**Narrative Answer:**

1. Describe the community’s and the grant administrator’s (if applicable) experience undertaking this type of housing activity.

**Narrative Answer:**

1. Describe how repayments, interest, and income received, during and after the grant, will be used to meet one of the three national objectives of the grant program.

**Narrative Answer:**

1. Identify the source(s) of funding that will cover costs associated with the Lead Risk Assessment and Clearance?

**Narrative Answer:**