

# 2024 Small Cities Development Program (SCDP)

# Full Application

## Multi-Family Rental Housing Rehabilitation – Project in conjunction with Minnesota Housing Tax Credit funds

### 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 Multi-Family Rental Housing Rehabilitation in conjunction with MN Housing Tax Credit funds. Other eligible program component applications are available on the [SCDP website](https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp).

* This application is for multi-family rental rehabilitation of a building or complex with three (3) or more units that is requesting or received Minnesota Housing Tax Credits.
	+ If the proposed project does not meet this building description, review the other application types for a more accurate application form.
* 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 unit for a multi-family rental.
* The maximum percentage of SCDP assistance per 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).
* HUD rent restrictions must be met and retained for the term of the SCDP funds or longer if noted in the Full Application.
* Communities must survey potential LMI households 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.
* Funds cannot be used for maintenance items such as parking lot 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

Housing projects – a housing project which includes one or more activities designed to increase quality of dwelling units.

Applications will be 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 housing stock serving LMI households as evidenced by:
* 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 housing for LMI households.
* Other documented conditions that give evidence of the need for improvements to the 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 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.

## Multi-family rental – project in conjunction with Minnesota Housing Tax Credits

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

Multi-community applications must include responses for all proposed communities.

* 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 rental housing, regardless of type, in the community:
* Number of rental housing units, regardless of type, in the community:
* Number of multi-family buildings in the community:
* Number of multi-family buildings that are in standard condition:
* Number of dilapidated multi-family buildings that are not suitable for rehabilitation:
* Number of substandard, but suitable for rehabilitation multi-family buildings:
	+ Number of substandard, but suitable for rehabilitation multi-family units:
* Within the building to be assisted with SCDP funding, the following meet American with Disabilities Act (ADA) requirements (select all that apply):
	+ [ ]  Common area(s)
	+ [ ]  Residential units – how many units:
* Is this a public housing building/complex?
	+ [ ]  Yes
	+ [ ]  No
* Is the proposed housing complex owned by any of the following city, county, local housing redevelopment authority, local economic development authority?
	+ [ ]  Yes
		- Owned by:
	+ [ ]  No
* Physical address of the building/complex:
* Name(s) of the building/complex owner(s):
* Will tenants be subject to relocation during the project
	+ [ ]  Yes
	+ [ ]  No

#### Need Narrative Questions

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

**Narrative Answer:**

1. If tenants will be subject to relocation during the project, please detail the relocation plan or attach an entire relocation plan to the Full Application packet.

**Narrative Answer:**

1. List the number of units per type for the building/complex:
	* 1 Bedroom Units:
	* 2 Bedroom Units:
	* 3 Bedroom Units:
	* 4 Bedroom Units:
2. Date the building/complex was built (month/year):
3. Date of the last major rehabilitation completed on the building/complex (month/year):
4. Describe the proposed work on the building/complex. If other funding may be utilized in the project, include which items may be covered by other funding.

**Narrative Answer:**

1. Will any property owner(s) increase rents to finance cost of rehabilitation?

[ ]  Yes

[ ]  No

1. If the property owner plans on increasing rents, describe how the increase will occur without the displacement of current tenants.

**Narrative Answer:**

1. Do does the building/complex have a post-rehabilitation maintenance and capital expenditure budget plan?

[ ]  Yes

[ ]  No

### Impact

* Number of housing units within the building/complex proposed for rehabilitation:
* Total number of housing units within the building/complex:
* Number of housing units within the building/complex that are currently occupied:
* If all units are not occupied, identify which type of household is expected to fill the units (select one).
	+ [ ]  LMI households
	+ [ ]  Non-LMI households
	+ [ ]  Mixture of LMI and non-LMI households
* Number of units that will be designated for LMI households with affordable rents after rehabilitation has been completed:
* Rental vacancy rate of the community:
* If community vacancy rate is more than 10%, provide narrative to what factors will increase demand for rehabilitated rental units:
* Does the building/complex contain more than four (4) stories?
	+ [ ]  Yes
	+ [ ]  No

#### Impact Narrative Questions

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

**Narrative Answer:**

1. If the buildings have units that could be ADA compliant, explain the necessary work elements need to make units ADA compliant. DEED SCDP could allow extra funding per unit for ADA compliant units.

**Narrative Answer:**

1. For buildings with more than four (4) housing units, will the proposed work meet the definition of substantial rehabilitation as defined by [24 CFR 5.100](https://www.ecfr.gov/current/title-24/subtitle-A/part-5)?

[ ]  Yes

[ ]  No

1. If the answer to the question above is “Yes” and the building currently does not have the capability of providing internet connections to individual housing units, will the proposed work include the installation of broadband infrastructure in the building/units?

[ ]  N/A

[ ]  Yes

[ ]  No – If “No” is selected, please briefly explain why installation of broadband infrastructure will not occur and how it meets exceptions at [24 CFR 570.482(c)(5)](https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570/subpart-I/section-570.482). Documentation of the exception will need to be retained in the grant file if funds are awarded.

Narrative answer (if applicable):

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 house (cannot exceed $12,500 per unit):
* Average SCDP assistance costs per unit:
* Percentage of SCDP assistance of the total rehabilitation costs per unit (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 (where regular payments are required) loan:
	+ Length of the installment loan (in months):
	+ Interest rate of the installment loan:
* In regard to Minnesota Housing Tax Credit funds, the building has (select one of the following):
	+ [ ]  Requested funding
	+ [ ]  Received notification of funding award
	+ [ ]  Has executed an agreement for funding
* Select if Rental Rehabilitation Deferred Loan (RRDL) or Public Owned Housing Program (POHP) funds from Minnesota Housing will be used to or will be requested to assist in the funding of this project.
	+ [ ]  Yes, RRDL funds will be used in or will be requested for this project.
	+ [ ]  Yes, POHP funds will be used in or will be requested for this project.
	+ [ ]  Neither fund will be used in the project.
		- If RRDL or POHP funds will not be used, briefly explain why:
* Commitment date for RRDL or POHP funding (if applicable):

#### 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 building owner participation will be encouraged 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. If the proposed building(s) contains eight (8) or more units, or are more than four (4) stories tall, does the estimated total project cost include potential Davis Bacon wage rates?

[ ]  N/A

[ ]  Yes

[ ]  No

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

**Narrative Answer:**

1. Identify which of the following rental standards that will apply to the units designated as LMI (select one).

[ ]  HUD Fair Market rents (FMR) – rent and utility costs do not exceed HUD’s published FMR

[ ]  Payment Standard – Section 8/voucher standard payment for the number of bedrooms per unit

[ ]  60% rent – rent that will be affordable to households at 60% area median income, adjusted for household size. May only use if project is also receiving funds from Minnesota Housing.

1. Does the total proposed project anticipate utilizing over $250,000 in federal funds?

[ ]  Yes

[ ]  No

1. Which construction component(s) will be utilized during the project? (Select all that apply regardless of the funding source)

[ ]  Iron and steel ([definition](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ecfr.gov%2Fcurrent%2Ftitle-2%2Fpart-184%23p-184.3(Iron%2520or%2520steel%2520products)&data=05%7C02%7Cchristian.nordeng%40state.mn.us%7C96674f98c79546ed148e08dbfcb1220d%7Ceb14b04624c445198f26b89c2159828c%7C0%7C0%7C638381609925709475%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=1bQ1cyAa0iSKS6Lpgrp2156uredhgeYsEsrSkbred50%3D&reserved=0) of this classification)

[ ]  Specially listed construction materials

* + Non-ferrous metals
	+ Lumber
	+ Composite building materials
	+ Plastic and polymer-based pipe and tube

[ ]  None of the above

1. If the answer to Question 8 is yes and at least one construction component was selected in Question 9, have the [Build America Preference](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ecfr.gov%2Fcurrent%2Ftitle-2%2Fsubtitle-A%2Fchapter-I%2Fpart-184&data=05%7C02%7Cchristian.nordeng%40state.mn.us%7C96674f98c79546ed148e08dbfcb1220d%7Ceb14b04624c445198f26b89c2159828c%7C0%7C0%7C638381609925709475%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=zO2erL5rNZ6fRAja%2F93FCTg3kQ8cBqxv0bK1VtwFf2I%3D&reserved=0) (BAP) requirements been considered in the project cost and implementation? (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-I/part-184>)

[ ]  Yes

[ ]  No

[ ]  N/A