MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

2026 Small Cities Development Program Application Training Webinar

Welcome!

History

- Funding is made possible through Title 1 of the Housing and Community Development Act of 1974

- Congress amended the Housing and Community Development Act in 1981 to give each State the opportunity to administer Community Development Block Grant (CDBG) funds for non-entitlement areas

Small Cities Development Program Goal

- Develop viable communities by providing financial assistance to address the need for decent safe affordable housing, economic development, and public facility needs; **AND**
- Provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households

Annual Allocation

- 2026 - Undetermined
- 2025 – $19,090,913
- 2024 – $18,836,467
- 2023 – $18,835,586

Program Objective

Encourage and assist local governments to develop:

- comprehensive economic development
- comprehensive public facility improvement
- implement strategic coordination of CDBG Small Cities funding with other federal/state/local community development resources

SCDP Program National Objectives

All proposed activities must meet a National Objective:

- LMI – Benefit to Low/Moderate Income Households on an individual basis
- LMA – Benefit to Low/Moderate Income People on an area basis

SCDP Program National Objectives (cont.)

- Alleviation of Slum and Blight (S&B) on an area basis
- Urgent Community Development Need (UCDN) (disaster situations)

70% of SCDP allocated funds (all projects combined) must meet an LMI or LMA National Objective

*See Small Cities Development Program (SCDP) A to Z Guide for additional information

SCDP Eligible Applicants

- Cities with populations under 50,000; or
- Counties and townships with unincorporated population of fewer than 200,000
- Entitlement areas are not eligible
  - Cities of Bloomington, Coon Rapids, Duluth, Eden Prairie, Mankato, Minneapolis, Minnetonka, Fargo/Moorhead, Plymouth, Rochester, St. Cloud, St. Paul, and Woodbury
  - Counties of Anoka, Dakota, Hennepin, Ramsey, St. Louis, and Washington

Application Steps

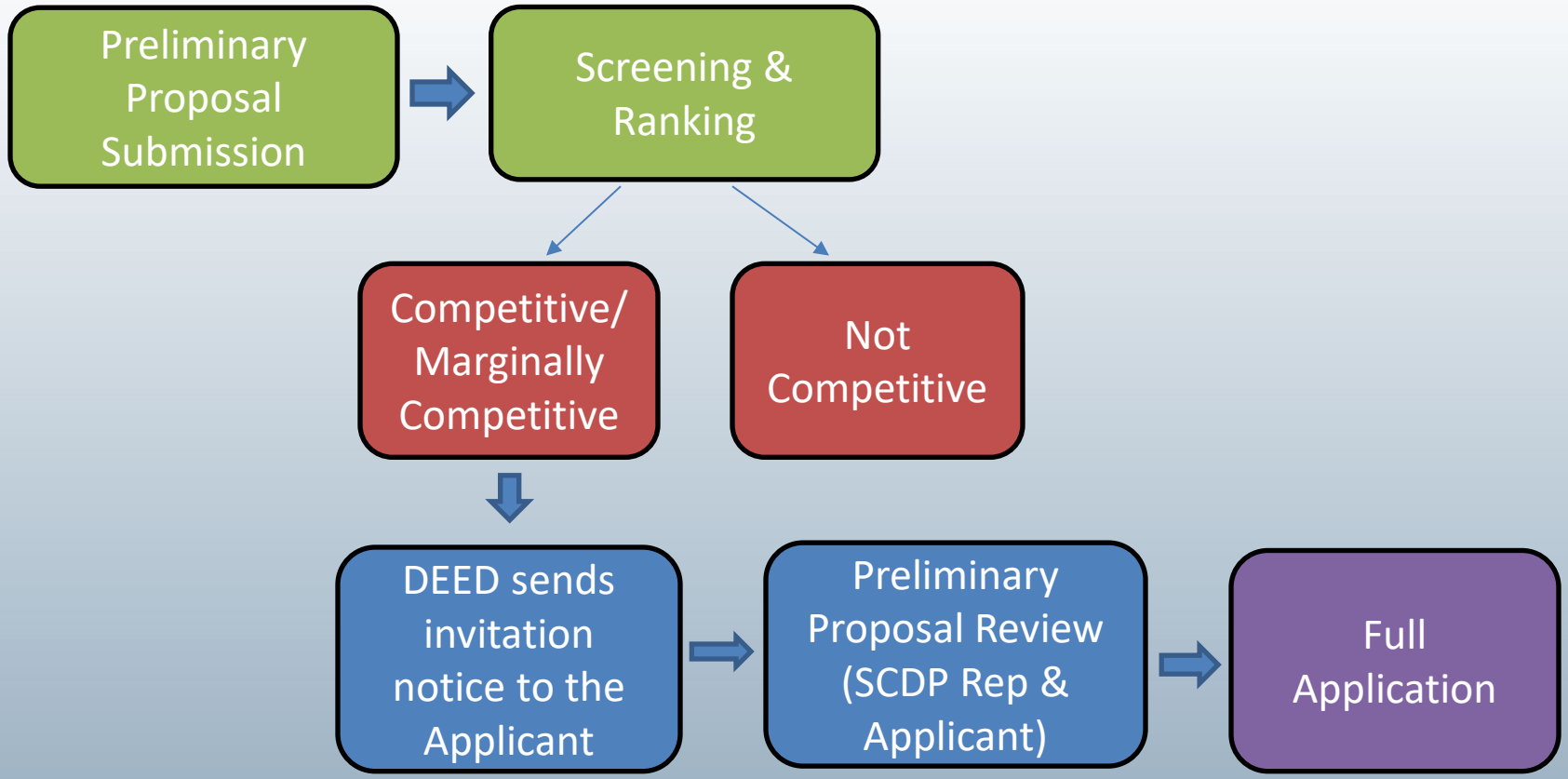
- Step #1 - Preliminary Proposal Deadline
  - Due November 26, 2025

- Step #2 – Full Application Deadline
  - Due April 15, 2026

The Preliminary Proposal documents are located under the “Apply” tab of the DEED Small Cities Development Program website

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

SCDP Application Process



Grant Administrators

- Grantees are allowed to procure grant administrators
- For-profit administrators (including engineering and architect firms) must adhere to 2 CFR 200.318 General Procurement Standards or grantee's Procurement Policy, whichever is more stringent
- Non-profit, Housing and Redevelopment Authority, Economic Development Authority, and Regional Development Commission administrators will need to complete a *Request for Noncompetitive Procurement*

DEED Administrative Policy

- Administrative funds capped at 15% of actual project costs
  - Public Facilities administration is $20,000 or 15% of project costs, whichever is the lessor
- Up to 15% of administrative budget will be able to be drawn for grant start-up expenses (environmental review, policy formulation, etc.)
  - After this 15%, administration, disbursements cannot exceed 15% of actual project costs

Applicant Requirements

- One application per community
- For Full Application, a local government must adopt
  - A resolution to apply
  - Citizen Participation Plan
- Public hearing prior to Full Application submission
- Sign Preliminary Proposal and Full Application
- Projects must be completed within the expiration date of fully executed contract
  - Three-year grant term

Applicant Requirements (cont.)

- Program Income must be used first
- Applicants and grant administrators are subject to a capacity and performance evaluation
- Non-eligible communities include:
  - Past due monetary obligations
  - Not current on SCDP reporting
  - Federal audit findings
  - Unresolved SCDP monitoring issues

Applicant Requirements (cont.)

- Make sure that those who might be interested and eligible to participate in the program, such as City Council members, abstain from voting on SCDP related items
  - If an official votes, then they cannot request a Conflict of Interest exception and are ineligible to received assistance

Federal Requirements

- Procurement of services
- Environmental Review
- Fair Housing/Equal Opportunity
- Section 3
- Federal Davis-Bacon Wage requirements
  - Rental properties with 8 or more units
  - Commercial rehabilitation
  - Public facility

Federal Requirements (cont.)

- Annual/Final reporting
- Quarterly Progress reports
- Monitoring (*ongoing*)
- Program Income (*use, tracking, reporting*)

Definition of a Single Purpose Application

- One or more housing activities designed to increase the quality of dwellings suited for the occupancy of the individuals and families

or

- A Public facility project which includes one or more activities that are designed to construct, reconstruct or install buildings/infrastructure that serve a neighborhood area or community

- Funding cannot exceed $600,000, including administration

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Definition of a Comprehensive Application

- Two or more related projects – one must be housing
  - Example: owner-occupied rehabilitation and commercial building rehabilitation
- Funding request cannot exceed $1.4 million
  - Each activity within the application cannot exceed $600,000, including administrative expenses associated with the activity

Eligible Activities

- Owner Occupied Housing Rehabilitation
- Rental Housing Rehabilitation
- Commercial Building Rehabilitation
- Public Facilities
  - Water and Wastewater infrastructure
  - Community Centers
  - Streetscape
  - Aesthetics
  - Assessment Abatement

Eligible Uses of Funds

Owner Occupied Rehab	Rental Rehab	Commercial Building Rehab	Public Facilities
Housing Quality Standards	Housing Quality Standards	Code Enforcement	Repair, replacement
Accessibility	Accessibility	Accessibility	Construction
Health and Safety – lead-based paint, radon	Health and Safety – lead-based paint, radon	Radon, Energy Efficiency (indirect effect)	Assessment Abatement
		Facade	

*See the SCDP A-Z Reference Guide and Rehab Guides on the SCDP website under the "Guides" tab for more information

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Housing Rehabilitation Activities

Owner Occupied Housing Rehabilitation

- Income eligibility – does not exceed 80% of county median income
- SCDP maximum funds – $25,000 per unit
- Deferred loan terms – minimum of 7 years
- Good leverage
  - Sources other than homeowners are more competitive
- Attainable goals
- Demonstrated need and impact
- Financial packet
  - 100% deferred (preferred) or a tiered affordability approach.

Citywide or Target area

Citywide

- Cities with population of 5,000 and under (including combined population of multi-city proposals)

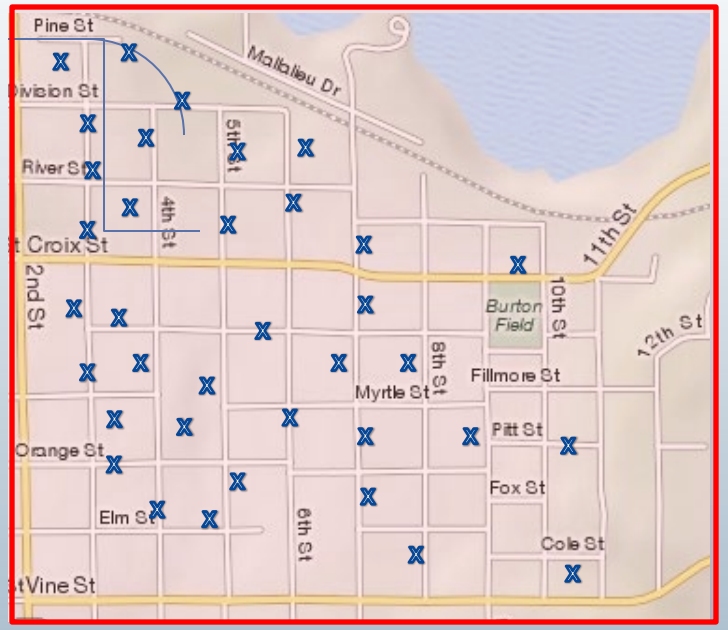
Target Area

- Cities with population of more than 5,000
- Plan B for a secondary target area is encouraged as a contingency
- Describe when Plan B target area would be implemented

Example of Citywide Based Application

- Citywide application based on city population of 3,000
- 400 total homes
- 300 are suitable and in need of repair
- 150 interest statements
- 35 initially identified as LMI

Citywide



EMPLOYMENT AND ECONOMIC DEVELOPMENT
MINNESOTA

Owner Occupied Housing Rehabilitation Reminders

- Data provided in Preliminary Proposal and Full Application must include the sum of Plan A and Plan B target area data

- Properties not eligible
  - Single-wide mobile/manufactured homes even if on a foundation
  - Minnesota Urban and Rural Homesteading (MURL) homes
  - Reverse Mortgage properties
  - Residential structure that is within a 100-year floodplain

- Contract for Deed and Life Estates – If a community opts to allow, there are certain requirements listed in the SCDP guides

Owner Occupied Project Sample Budget

Federal Objective/Goals/Budget Form												
Activity	National Objective Code	Activity	# of units/goals	SCDP Cost Per unit	SCDP Cost/ without admin	Total SCDP Admin	SCDP Admin %	Total SCDP Costs (Grant Request)	Program Income	Total Leveraged Resources	Source of Leveraged Funds (Mark (c) if funds are committed**.)	Totals
Example	LMI	Owner-occupied Rehab	10	$ 25,000.00	$ 250,000.00	$ 37,500.00	15%	$ 287,500.00	$ 25,000.00	$ 25,000.00	USDA - Committed	$ 337,500.00
1	LMI	Owner-occupied Rehab	15	$ 25,000.00	$ 375,000.00	$ 56,250.00	15%	$ 431,250.00	$ -	$ 20,000.00	Owner; City (c)	$ 451,250.00
2	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
3	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
4	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
5	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
6	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
7	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
8	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
9	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
Total					$ 375,000.00	$ 56,250.00		$ 431,250.00	$ -	$ 20,000.00		$ 451,250.00

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Rental Housing Rehabilitation

- Single Family
- Duplex
- Multi-Family
- Mixed-Use

- Note: structures within a 100-year floodplain are ineligible

SINGLE FAMILY RENTAL AND DUPLEX REHABILITATION

SINGLE FAMILY RENTAL REHAB	DUPLEX
SCDP Maximum - $25,000 per home	SCDP Maximum - $25,000 per duplex
Free standing structures on scattered sites, stick built and/or double wide manufactured house on a foundation	Free standing structures on scattered sites
Deferred loan terms – minimum of 5 years with no yearly forgivable loan	
.SCDP Maximum of 70% of total project cost	

Multi-Family Rental Housing Rehabilitation

- SCDP maximum funds – $12,500 per unit or on a case by case basis
- Deferred loan terms – minimum of 5 years with no yearly forgivable loan
- 51% of units must be LMI with Fair Market Rents (FMR)
- SCDP maximum of 70% per total project cost
- Multiple types of projects
  - Free standing structures on scattered sites
  - Larger projects funded – In conjunction with Minnesota Housing Tax Credits Minnesota Housing Finance Agency (MHFA) RFP
  - Smaller multi-unit projects – Minnesota Housing Rental Rehab Deferred Loan (RRDL) or Publicly Owned Housing Program (POHP) funds
  - Mixed Use
- Davis Bacon wage rates and BABA may apply
- Accessibility standards must mirror MHFA (if funding partner)

Mixed-Use Rental Housing Rehabilitation

- SCDP maximum funds – $12,500 per unit
- Deferred loan terms – minimum of 5 years with no yearly forgivable loan
- SCDP maximum of 70% per total project cost
- 51% of the units must be LMI with Fair Market Rents (FMR)
- Addresses residential portions of the building
  - May include common residential areas
- Project should be managed separately from the commercial building rehabilitation
- Davis Bacon wage rates may apply

Rental Project Sample Budget

Federal Objective/Goals/Budget Form												
Activity	National Objective Code	Activity	# of units/goals	SCDP Cost Per unit	SCDP Cost/ without admin	Total SCDP Admin	SCDP Admin %	Total SCDP Costs (Grant Request)	Program Income	Total Leveraged Resources	Source of Leveraged Funds (Mark (c) if funds are committed**.)	Totals
Example	LMI	Owner-occupied Rehab	10	$ 25,000.00	$ 250,000.00	$ 37,500.00	15%	$ 287,500.00	$ 25,000.00	$ 25,000.00	USDA - Committed	$ 337,500.00
1	LMI	Single family rental rehab	10	$ 12,500.00	$ 125,000.00	$ 18,750.00	15%	$ 143,750.00	$ -	$ 60,000.00	Owner	$ 203,750.00
2	LMI	Multi-family rental rehab	30	$ 12,500.00	$ 375,000.00	$ 56,250.00	15%	$ 431,250.00	$ -	$ 600,000.00	Owner; POHP (c)	$ 1,031,250.00
3	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
4	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
5	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
6	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
7	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
8	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
9	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
Total					$ 500,000.00	$ 75,000.00		$ 575,000.00	$ -	$ 660,000.00		$ 1,235,000.00

EMPLOYMENT AND ECONOMIC DEVELOPMENT
MINNESOTA

Rental Housing Rehabilitation Reminders

- Duplexes – can only be done under Rental Rehabilitation
  - Both units need to be LMI if one unit is occupied by the owner
- Contract for Deed or Life Estate properties – not eligible
- Separate housing activities on budget page
- Property owners understand and agree to rules of program
  - 51% of the rental units must be occupied by LMI persons at HUD's Fair Market Rents for the term of the lien

Commercial Building Rehabilitation

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Commercial Building Rehabilitation

- Must be accompanied with a housing project
- Building must be in a designated slum/blight area
  - Structure cannot be in a 100-year floodplain
- One SCDP project per legal description
- Buildings must be occupied by retail and independently-owned businesses
- SCDP funds can only be used for exterior improvements or addressing code violations
- Demonstrate how funds will improve the vitality of the community
  - Combine with mixed-use rental for bigger impact

Slum and Blight - Commercial

- Declaring Slum and Blight Area:
  - At least 25% of the buildings are deteriorated or deteriorating, and have at least one of the following characteristics:
    - Physical deterioration of building or improvement
    - Abandonment of property
    - Chronic high turnover or vacancy rate
    - Significant decline in property value or abnormally low property value in relation to other areas of the community
    - Known or suspected environmental contamination

Slum and Blight – Certain Public Improvements

Slum and Blight eligibility when public improvements are deteriorated

- A Slum and Blight area can be established if public infrastructure is in a general state of deterioration — sidewalks, streets, or streetscapes.

Commercial Building Rehabilitation Requirements

- SCDP maximum funds – $40,000 per building
- SCDP maximum of 80% of total project costs
- Deferred loan terms – minimum of 5 years with no yearly forgivable loan

Commercial Building Rehabilitation Requirements (cont.)

- Federal Davis-Bacon and Related Act requirements apply
- Leverage dollars can come from property owners, city, county, economic development agencies
- Private match dollars can be used for SCDP non-eligible uses
  - *Example: Items in the building – flooring, fixed equipment, etc.*

Comprehensive Project Sample Budget

Federal Objective/Goals/Budget Form												
Activity	National Objective Code	Activity	# of units/goals	SCDP Cost Per unit	SCDP Cost/ without admin	Total SCDP Admin	SCDP Admin %	Total SCDP Costs (Grant Request)	Program Income	Total Leveraged Resources	Source of Leveraged Funds (Mark (c) if funds are committed**.)	Totals
Example	LMI	Owner-occupied Rehab	10	$ 25,000.00	$ 250,000.00	$ 37,500.00	15%	$ 287,500.00	$ 25,000.00	$ 25,000.00	USDA - Committed	$ 337,500.00
1	LMI	Owner-occupied Rehab	15	$ 25,000.00	$ 375,000.00	$ 56,250.00	15%	$ 431,250.00	$ -	$ 20,000.00	Owner; City (c)	$ 451,250.00
2	S&B	Commercial building Rehab	6	$ 40,000.00	$ 240,000.00	$ 36,000.00	15%	$ 276,000.00	$ -	$ 70,000.00	Owner; City (c)	$ 346,000.00
3	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
4	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
5	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
6	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
7	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
8	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
9	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
Total					$ 615,000.00	$ 92,250.00		$ 707,250.00	$ -	$ 90,000.00		$ 797,250.00

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Public Facility Activities

Public Facilities
Municipal Sewer and Water

- SCDP maximum request – $600,000
- Preferably on State of MN Priority Project List (PPL)
- Clear physical need is described
- Monthly costs per Equivalent Dwelling Unit (EDU) are 1.5% of median income or $35 per month, whichever is higher

Public Facilities
Municipal Sewer and Water

- SCDP grants must make significant reduction in average user rates
- Funding and regulatory partners (PFA, Rural Development, Dept. of Health and MN Pollution Control Agency) must approve of proposed project scope and budget
- Alternate Funding Plans

Public Facilities
Municipal Sewer and Water

- SCDP costs cannot be assessed to owners
- Meet national objective through census or income survey
- Must be able to document that facility is primarily for residential use
- Engineering cost for pre-planning and design is not eligible
- Engineering cost during project construction may be allowed but must be part of the construction cost.
  - No more than 15% of SCDP project cost and must be stated in the application

Public Facilities
Streetscape and Public Aesthetics

- SCDP maximum request – $600,000
- Must be part of a larger community planning effort with other improvements planned
- Likely in downtown or other public gathering areas

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Streetscape and Public Aesthetics

- Breakdown of streetscape and public aesthetics items and costs

Activity	Units	Cost per unit	Total cost
Decorative Streetlights	20	$1,500	$30,000
Trees	20	$500	$10,000
Decorative Garbage Cans	15	$250	$ 3,750

Community Centers

- SCDP maximum request – $600,000
- Funds are used to reconstruct deteriorated/deteriorating community centers, or outdated projects that pose a threat or hazard to the health and safety of residents
- Community center must benefit the entire community.

Community Centers (cont.)

Ineligible buildings and uses

- Buildings for general use of government
- Community Centers that utilize SCDP funding cannot be used for:
  - Primary or General Elections
  - General conduct of government
  - Limited use of other political activities such as candidate forums, voter registration or transportation

Public Facility Project Sample Budget

Federal Objective/Goals/Budget Form

Activity	National Objective Code	Activity	# of units/goals	SCDP Cost Per unit	SCDP Cost/ without admin	Total SCDP Admin	SCDP Admin %	Total SCDP Costs (Grant Request)	Program Income	Total Leveraged Resources	Source of Leveraged Funds (Mark (c) if funds are committed**.)	Totals
Example	LMI	Owner-occupied Rehab	10	$ 25,000.00	$ 250,000.00	$ 37,500.00	15%	$ 287,500.00	$ 25,000.00	$ 25,000.00	USDA - Committed	$ 337,500.00
1	LMI	Water distribution lines	1	$ 580,000.00	$ 580,000.00	$ 20,000.00	3%	$ 600,000.00	$ -	$ 1,700,000.00	USDA RD; City (c)	$ 2,300,000.00
2	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
3	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
4	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
5	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
6	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
7	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
8	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
9	Choose One		0	$ -	$ -	$ -	#DIV/0!	$ -	$ -	$ -		$ -
Total					$ 580,000.00	$ 20,000.00		$ 600,000.00	$ -	$ 1,700,000.00		$ 2,300,000.00

Note: For the "# of units/goals," please enter 1.

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Public Facility Additional Budget

Small Cities Development Program (SCDP) 2025 Public Facilities Supplemental Budget Worksheet

Instructions: Complete this spreadsheet for only a public facility in addition to the full budget. Enter the budget breakdown by funding source (note: costs should include federal David Bacon wage rates and, if applicable, costs related to Build America, Buy America Act requirements).

Item	SCDP	Rural Development	Public Facilities	Local	Other*	Total
Water distribution lines	$ -	$ -	$ -	$ -	$ -	$ -
Water tower/tank	$ -	$ -	$ -	$ -	$ -	$ -
Water plant (rehab only)	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater ponds	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater	$ -	$ -	$ -	$ -	$ -	$ -
Wastewater plant (rehab	$ -	$ -	$ -	$ -	$ -	$ -
Wells	$ -	$ -	$ -	$ -	$ -	$ -
Lift station	$ -	$ -	$ -	$ -	$ -	$ -
Service connections	$ -	$ -	$ -	$ -	$ -	$ -
Streets	$ -	$ -	$ -	$ -	$ -	$ -
Streetscape	$ -	$ -	$ -	$ -	$ -	$ -
Storm sewer	$ -	$ -	$ -	$ -	$ -	$ -
Administration	$ -	$ -	$ -	$ -	$ -	$ -
Engineering (Planning Cost)	Ineligible	$ -	$ -	$ -	$ -	$ -
Engineering Cost during project construction (for SCDP, no more than 15% of	$ -	$ -	$ -	$ -	$ -	$ -
Other**	$ -	$ -		$ -	$ -	$ -
Totals	$ -	$ -	$ -	$ -	$ -	$ -
*Enter "Other" funding source(s):						
**Briefly describe "Other" item(s):						
End of						

Be sure to complete the "Add. Budget-Public Facilities" spreadsheet

For any "Other" item or funding source, enter a description or name of the item/source

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Build America Buy America Act (BABAA)

- Enacted in the Infrastructure Investment and Jobs Act
- Establishes the Buy America Preference (BAP)
- Applies to all federally funded *covered infrastructure* projects, including:
  - construction
  - alteration
  - maintenance or repair
- Materials used in a *covered infrastructure project* must be produced in the United States.

BABAA Applicability

Applies	Do not Apply
Grants funded on or after 11/15/2022	Grands funded before 11/15/2022
Project contains iron or steel, or Specifically Listed Construction Materials (non-ferrous metals, lumber, composite building materials, plastic and polymer-based pipe and tube)	Project does not contain iron or steel, or Specifically Listed Construction Materials (non-ferrous metals, lumber, composite building materials, plastic and polymer-based pipe and tube)
Total project cost is greater than $250,000	Total project cost is $250,000 or less
	Projects that qualify for another HUD waiver

BABAA – HUD General Waivers

Exigent Circumstances

- May be waived if projects must be completed immediately to protect life, ensure safety, or prevent the destruction of property
- Current effective until November 23, 2028

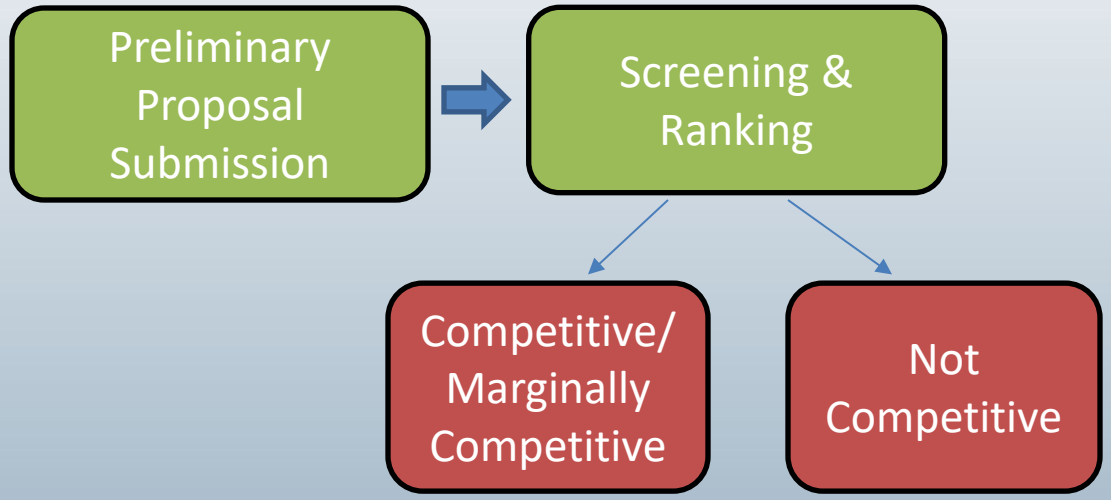
De Minimis, Small Grants, and Minor Components

- Waived for projects with total project cost of $250,000 or less
- Waived for a *de minimis* portion that comprises no more than 5% of the total cost of covered materials used in a project, up to $ 1M
- Currently effective until November 23, 2028

State Rules for Funding Distribution

- 30% Single Purpose Applications
  - Housing
  - Public Facilities
- 55% Comprehensive Applications
- 15% Economic Development *(MN Investment Funds- not awarded by SCDP)*

Preliminary Proposal Process Result



Full Application

- Complete and signed coversheet
- Detailed narrative with updated data
- Master Budget
- Minimum documentation needed
  - Adopted Local Government Resolution
  - Cooperative Agreements (if applicable)
  - Rehabilitation interest lists for housing and commercial projects (if applicable)
    - Example survey for program participation
  - Slum and Blight Resolution (if applicable)
  - Color maps
  - Grantee Conflict of interest
  - Applicant Pre-Risk Award Assessment

Full Application (Cont)

- Citizen Participation Plan
  - Adopt **before** public hearing held
  - Accommodations for those needing access to meeting (hearing impaired, language barriers, etc.)
  - Promote program to low-income and minority populated areas
  - Holding the first public hearing is required prior to submitting the Full Application
    - All communities involved in application, if applicable

Application Scoring

All applications may be awarded points for the following:

- 90 Points for Need
- 90 Points for Community Impact
- 30 Points for Cost Effectiveness
- 30 Points for Demographics

Housing Scoring Criteria

NEED	IMPACT	COST EFFECTIVENESS
Housing units occupied by LMI that are substandard	# of interested LMI households with deficiencies	Committed leverage
Inadequate supply of affordable housing for LMI	The proximity of targeted homes	Use of funds for proposed activities benefiting households
Documented conditions of need for improvements	The uniqueness of the community	Repayment terms
		Administrator/Grantee capacity

Comprehensive Scoring Criteria

NEED	IMPACT	COST EFFECTIVENESS
Number and Percentage of LMI residents in the target area	The extent to which the proposed comprehensive program will eliminate or slum and blight	Committed leverage and use as “gap” financing
Need for improvements to the housing stock serving LMI persons	The extent to which the proposed program will improve the long term physical or economic condition	Cost of the proposed activities per benefiting household or person is reasonable
Documented conditions of need for improvements	How activities work together comprehensively to improve the community	How cost effective are the use of grant funds
		Administrator/Grantee capacity

Public Facilities Scoring Criteria

NEED	IMPACT	COST EFFECTIVENESS
Improve provision of public facilities to LMI population	# of interested LMI households with deficiencies	Committed leverage and use as “gap” financing
Eliminate an urgent threat to public health or safety	Capacity issues including Davis-Bacon wage rate administration	Cost of the proposed activities per benefiting household or person is reasonable;
Documented conditions of need for improvements	The extent to which the proposed activities will reduce or eliminate the need	Project benefits existing, rather than future, population
		Administrator/Grantee capacity

Demographics Scoring Criteria

Combination of		
Number of persons of at or below poverty level in jurisdiction	Percentage of residents in the who are at or below poverty level	Per capita valuation of the area. Points are awarded by the inverse relationship to per capita assessed valuation

Strong Applications

- Consistent information between budget and narrative
- Budgets add up correctly
- Excellent supporting documentation
- Feasible goals and timelines
- Well-documented interest for rehabilitation

Strong Applications (cont)

- Committed and realistic leverage amounts
- Follow the format provided
- Proofread by co-worker
- Clear and concise
- Demonstrate strong capacity and experience
  - Grantee and administrative agency

Common Mistakes

- Exceeding maximum SCDP project limits
- Missing appropriate signatures
- Leaving questions blank and missing information
  - Zip codes
  - Census tract numbers
- Little or no leverage, overstating available leverage

Possible Leverage Sources

- Applicant general funds
- Minnesota Housing
- Economic Development Agency (EDA)
- Housing and Redevelopment Authority (HRA)
- Public Facilities Authority (PFA)
- USDA RD
- Utility Co-op
- Local Fix Up Funds

Application process timeline

• November 26, 2025	Deadline for Preliminary Proposal
• January 14, 2026	Preliminary Proposal competitive status provided to applicants
• April 15, 2026	Deadline for Applications
• Summer 2026	Funding Recommendations to DEED Deputy Commissioner
• Summer 2026	Grant Agreements/Implementation Workshops

Submission Information

Preliminary Proposal

Due: Wednesday, November 26, 2025, 4:00 PM

- One original, one copy

(Faxed or emailed Proposals are not accepted)

Submission Information – By Mail

Minnesota Department of Employment and Economic Development

Great Northern Building

180 E 5th Street, Suite 1200

St. Paul, MN 55101

Attn. Natasha Kukowski, Community Finance Division, Small Cities Development Program Unit

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Submission Information – Hand Delivery

Preliminary Proposals may be dropped off at Great Northern Building between the hours of 8:00 a.m. and 4:00 p.m. only on November 26, 2025.

MN Department of Employment and Economic Development
Great Northern Building
180 E 5th Street
St. Paul, MN 55101

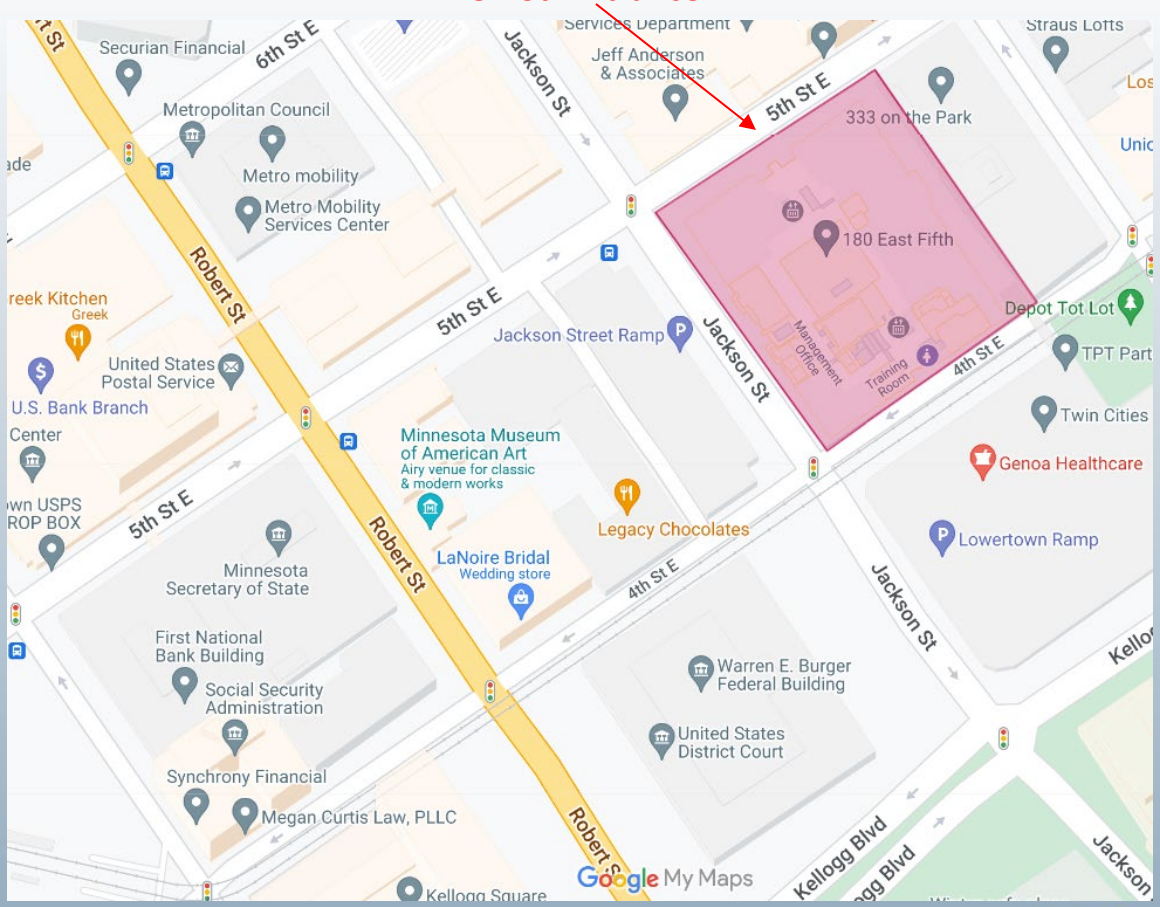
Please use the 5th Street entrance.

There will be a cart at the 12th floor elevator lobby, only on November 26, 2025.

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

Great Northern Building

5th St. Entrance



EMPLOYMENT AND ECONOMIC DEVELOPMENT
MINNESOTA

Submission Information – (continued)

Full Application

Due: Wednesday, April 15, 2026, 4:00 PM

- One original, one copy

(Faxed or emailed Applications are not accepted)

Questions & Answers (Q&A)

- Email

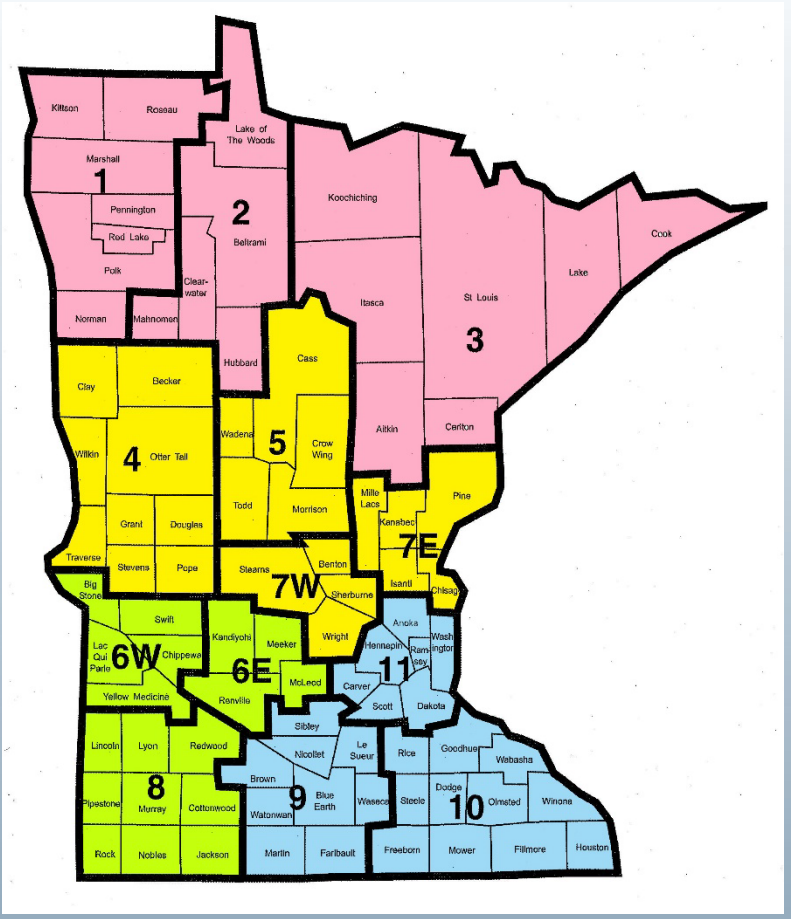
smallcities@state.mn.us

- Contact your Regional Small Cities representative

All questions will be answered and posted by **Nov 10th**

EMPLOYMENT AND ECONOMIC DEVELOPMENT
MINNESOTA

SCDP Contact Information



Natasha Kukowski
SCDP Unit Manager
Natasha.Kukowski@state.mn.us
651.259.7425

Chris Nordeng
Regions 1, 2, 3, 4 & 7W
Christian.Nordeng@state.mn.us
651.259.7455

Zak Klehr
Regions 5, 9, 10 & 11
Zachary.Klehr@state.mn.us
651.259.7460

Christine Hartert
Region 6E, 6W, 7E & 8
Christine.Hartert@state.mn.us
651.259.7461

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT