

Small Cities Development Program

Call for Application

Grant Overview

The Small Cities Development Program (SCDP) Unit is accepting Preliminary Proposals, the first stage in the grant application process, for eligible activities addressing community needs for owner-occupied housing rehabilitation, rental rehabilitation and/or commercial building rehabilitation or public facility improvements through SCDP under [M.S. § 116J.401](#).

The Community Development Block Grant (CDBG) is a federal program that provides funding for housing, community, and economic development. In 1974, Congress passed the Housing and Community Development Act, Title 1, which authorized the development of the CDBG program. The program administered by HUD, consists of two components, an entitlement program that provides funding directly to urban (entitlement) areas and SCDP, which provides funding to non-entitlement communities. DEED is responsible for administering the state CDBG program for non-entitlement communities, per [Minnesota Administrative Rules, Chapter 4300](#), Community Development Block Grants.

Funding Availability

The annual amount of funding that is made available from the United States Department of Housing and Urban Development (HUD) through Department of Employment and Economic development (DEED) varies. HUD distributes funds to each State based on a statutory formula which considers population, poverty, incidence of overcrowded housing and age of housing.

Eligibility & Priorities

Eligible applicants are cities with a population under 50,000 and counties and townships with an unincorporated population under 200,000. To be eligible, an applicant must be in compliance with all applicable state and federal laws, regulations and executive orders that pertain to the Community Development Block Grant – Small Cities Development Program.

The SCDP grant program supports community development activities that:

1. Encourage and assist local governments to develop comprehensive economic development strategies which promote viable communities by providing economic opportunities for Low-to-Moderate Income Households;
2. Encourage and assist local governments to develop comprehensive public facility improvement strategies in conjunction with Rural Development (RD), the Public Facility Authority (PFA), MN Pollution Control Agency (MPCA), and others, to make rural communities more viable, actions must also primarily benefit Low-to-Moderate Income Households;
3. Develop and implement strategies, which facilitate the coordination of CDBG Small Cities funding with other federal/state/local community development resources.

Community Development activities must meet one of the following National Objectives:

1. Benefit to low-to-moderate (LMI) persons/households. LMI is defined as a household's total income, from all members, which does not exceed 80% of the county median income, adjusted for household size as determined by HUD annually.
 - a. Activities include owner-occupied and rental housing rehabilitation, public facilities, and streetscapes.
2. Prevent or eliminate slum and blight conditions.
 - a. Activities include commercial rehabilitation or streetscape (if LMI cannot be used).
3. Urgent need (as a result of a disaster)
 - a. Alleviate urgent community development needs caused by conditions, generally as a result of a disaster such as a tornado, which pose a serious and immediate threat to the health or welfare of the community and where other financial resources are not available.
 - b. Activities include disaster recovery where an LMI federal objective cannot be satisfied.

Selection Criteria and Weight

Preliminary Proposals are review and evaluated by SCDP staff based on need, community impact, and cost effectiveness.

Communities with Preliminary Proposals deemed “competitive” or “marginally competitive” will be invited to submit a Full Application. Preliminary Proposal determination is planned to be released to applicants around January 14, 2026.

SCDP Full Applications are evaluated and ranked in accordance with State rules.

Full Applications maximum awarded points:

1. 90 Points for Need
2. 90 Points for Community Impact
3. 30 Points for Cost Effectiveness
4. 30 Points for Demographics

Application Content

For more detailed information on the Small Cities Development Program, and for the Preliminary Proposal and Full Application instructions, please refer to the program links on DEED's website: [Small Cities Development Program](#).

Application Submission Deadlines and Requirements

The application process for SCDP funding consists of a Preliminary Proposal and a Full Application phase.

Eligible applicants must submit one original and one copy of the Preliminary Proposal to the address listed below. The original and copy must be printed in color. SCDP staff will review and evaluate all Preliminary Proposals submitted to determine which projects are eligible and how competitive eligible projects would be in the application phase.

For courier or U.S. Mail delivery prior to the due date of November 26, 2025, proposals must be sent to:

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.

Preliminary Proposal Due Date Note: Proposals may be dropped off at the 5th Street entrance of the Great Northern Building on November 26, 2025, between the hours of 8:00 a.m. and 4:00 p.m. at 180 East Fifth Street, St. Paul, MN 55101. There will be a cart at the 12th floor elevator lobby on the November 26, 2025.

Preliminary Proposals must be received by DEED on or before 4:00 p.m. on Wednesday, November 26, 2025. Faxed or e-mailed proposals will NOT be accepted.

Please e-mail Natasha Kukowski at Natasha.Kukowski@state.mn.us to confirm your Preliminary Proposal has been received.

Review Process and Timeline

Preliminary Proposals are reviewed and evaluated by SCDP staff. Full Applications will be reviewed and ranked by SCDP staff.

The SCDP unit's Preliminary Proposal recommendations will be made to DEED's Commissioner and Deputy Commissioner. Once approved, invites to submit a Full Application will be sent to the Units of General Local Government (UGLG) applicants. Only communities with Preliminary Proposal deemed "Competitive" or "Marginally Competitive" will be permitted to submit a Full Application.

If SCDP deems a Preliminary Proposal "Not Competitive", technical assistance from SCDP staff will be available for future submissions after the award announcement.

Once the Full Applications are received, they will be scored based on the statutory criteria established in the program statutes and recommended award amounts will be determined by SCDP staff. The SCDP's unit recommendations are made to DEED Commissioner and Deputy Commissioner. Once final approval is made by DEED Commissioner, award letters are issued to applicants. It is anticipated funding announcements will be made approximately 10 weeks after the application deadline.

Preliminary Proposal due no later than 4:00 p.m. central time	November 26, 2025
Recommendations submitted to commissioner for review	January 7, 2026 (tentative)
Preliminary Proposal status announcement	January 14, 2026 (tentative)
Full Application due no later than 4:00 p.m. central time	April 15, 2026
Recommendations submitted to commissioner for awards	July 15, 2026 (tentative)

Conflicts of Interest

State grant policy requires that steps and procedures are in place to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers per [Minn. Stat. §16B.98 Subd. 2-3](#) and [08-01 Conflict of Interest in State Grant-Making Policy](#).

Organizational conflicts of interest occur when:

- a grantee or applicant is unable or potentially unable to render impartial assistance or advice to the Department due to competing duties or loyalties
- a grantee's or applicant's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties

In cases where a conflict of interest is in question or disclosed, the applicants or grantees will be notified and actions may be pursued, including but not limited to, revising the grant work plan or grantee duties to mitigate the risk, requesting the grant applicant to submit an organizational conflict of interest mitigation plan, disqualification from eligibility for the grant award, amending the grant, or termination of the grant contract agreement.

Public Data

Per [Minn. Stat. § 13.599](#)

- Names and addresses of grant applicants and amount requested will be public data once proposal responses are opened.
- All remaining data in proposal responses (except trade secret data as defined and classified in [§13.37](#)) will be public data after the evaluation process is completed. For the purposes of this grant, when all grant contract agreements have been fully executed.
- All data created or maintained by [State agency] as part of the evaluation process (except trade secret data as defined and classified in [§13.37](#)) will be public data after the evaluation process is completed. For the purposes of this grant, when all grant contract agreements have been fully executed.

Accountability and Reporting

Accountability and reporting information will be used to monitor project progress, confirm grant reimbursement request, and measure performance. Grantees are required to submit quarterly progress reports and annual reports. Annual reports are due no later than September 30 of each year. DEED will provide the grantee with the reporting form that will be submitted by the SCDP staff electronically through HUD's Integrated Disbursement and Information System (IDIS).

Grant Payments

Per [Policy 08-08](#) reimbursement is the preferred method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. The State shall review each request for reimbursement against the approved grant budget, grant expenditures to-date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports unless [State agency] has given the grantee a written extension.

Grant Monitoring

The grantee agrees to permit monitoring by DEED to determine grant performance and compliance with grant contract agreement provisions. The grantee further agrees to cooperate with DEED in performing and completing such monitoring activities and the grantee agrees to implement and comply with such

corrective action as it proposed by DEED. The grantee must provide any financial records., timesheet, or other supporting documentation, upon the request of DEED.

Per [Minnesota Statute §16B.98](#) Subdivision 8, the grantee's books, records, documents, and accounting procedures and practice of the grantee or other party that are relevant to the grant or transaction are subject to examination by the Commissioner of Administration, the state granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant contract agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

The grantee shall maintain adequate financial records consistent with generally accepted accounting principles. The grantee shall submit accounting system records that track the use of grant proceeds for each grant disbursement and expenditure request.

Grantee Bidding Requirements

Grantees that are municipalities must follow:

- The contracting and bidding requirements in the Uniform Municipal Contracting Law as defined in [Minn. Stat. §471.345](#)
- Additional procurement requirements in [2 CFR part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and [24 CFR 570.489\(g\)](#)

The grantee must not contract with vendors who are suspended or debarred in MN:

[Suspended/Debarred Vendor Information](#)

Vendor Registration

Grant recipients new to DEED funded grants must complete a grant agreement before DEED will disburse any funds. The State of Minnesota's accounting and procurement system is called State-Wide Integrated Financial Tools (SWIFT). Every organization or sub-grantee doing business with the state is considered a vendor. Vendors must be registered with the State of Minnesota. Vendors can interact with the state through the [Supplier Portal](#), which is part of SWIFT. The Supplier Portal allows vendors to login and view payment detail as well as maintain address and contact information related to their vendor record. For new prospective grantees (vendors), if you are awarded a grant, it will be necessary to register as a vendor via [Vendor Registration link](#).

Application Information and Office Hour Sessions

The Small Cities Development Program Preliminary Proposals, Full Application, SCDP Application Training, SCDP Application Training and Q & A Office Hour Sessions will be posted to the [Small Cities Development Program link](#). Please refer to the Apply and Webinar tabs.