BELLE PLAINE ECONOMIC DEVELOPMENT AUTHORITY
NOTICE OF REGULAR MEETING AND AGENDA
CITY HALL, 218 NORTH MERIDIAN STREET
PLEASE USE THE NORTH ENTRANCE

MONDAY, JUNE 10, 2019
5:00 P.M.

PLEDGE OF ALLEGIANCE.

5:00 P.M. **1. CALL TO ORDER. 1.1. Roll Call.**

2. APPROVAL OF AGENDA.

3. APPROVAL OF MINUTES.
3.1. Regular Session Minutes of April 8, 2019.

4. TREASURERS REPORT.
4.1. Approval of Bills.

5. BUSINESS.
5.1. Discussion Small Cities Development Grant Program.

5.2. Discussion ROSE Program Signage.

6. ADMINISTRATIVE REPORTS.
6.1. Commissioner Comments.
6.2. Director's Update.
6.3. Upcoming Meetings.
1. Regular Session, 5:00 pm, Monday, July 8, 2019.

7. ADJOURNMENT OF REGULAR SESSION.

There may be a quorum of the Belle Plaine City Council present at the meeting.

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BELLE PLAINE ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
APRIL 8, 2019

PLEDGE OF ALLEGIANCE.

President Krant led those present in the Pledge of Allegiance.

1. CALL TO ORDER. 1.1. Roll Call.

The Belle Plaine Economic Development Authority met in Regular Session at 5:00 PM on Monday, April 8, 2019 at City Hall, 218 North Meridian Street, Belle Plaine, MN. Commissioner Krant called the meeting to order with Commissioners Coleman, Pankonin, Meyer, Fahey and Coop present. Commissioner Doyle was not present.

Also present was Community Development Director Smith Strack.

2. APPROVAL OF AGENDA.

MOTION by Commissioner Coop, second by Commissioner Fahey, to approve the agenda as presented. ALL VOTED AYE. MOTION CARRIED.

3. APPROVAL OF MINUTES.
3.1. Regular Session Minutes of March 11, 2019.

MOTION by Commissioner Coleman, second by Commissioner Meyer, to approve the Regular Session minutes of March 11, 2019. ALL VOTED AYE. MOTION CARRIED.

3.2. Joint Work Session Minutes of March 18, 2019.

MOTION by Commissioner Pankonin, second by Commissioner Coop, to approve the Joint Work Session Minutes of March 18, 2019. ALL VOTED AYE. MOTION CARRIED.

4. TREASURERS REPORT.
4.1. Approval of Bills.

MOTION by Commissioner Coleman, second by Commissioner Fahey, to approve the Treasurers Report. ALL VOTED AYE. MOTION CARRIED.

5. BUSINESS.
5.1. Discussion Trunk Area Fee Financing Policy.

Community Development Director Smith Strack explained at a joint work session on March 18th the City Council, Planning Commission, and EDA discussed measures to 'set the table' for apartment construction and new single family lots or new subdivisions.

Smith Strack explained one potential method to help developers was to allow financing of trunk area fees. In 2017 a financing policy was adopted for WAC/SAC fees, a similar program could allow financing of trunk fees for lot creation. Smith Strack referenced information included in the packet. Smith Strack noted sample policy language is attached to the memo. Smith Strack explained as a starting point, the minimum total fees due would have to exceed $50,000 total to be eligible for financing. Smith Strack noted the applicant would have to be the fee simple owner of subdivided property at the time of assessment agreement execution. Contract for deed arrangements or land leases would not be eligible for financing. Smith Strack also explained fees related to processing and filing the assessment would be assigned to the applicant. Smith Strack explained potential terms: (a)$50,000 to $100,000 fifty percent paid at signing

of subdivision development agreement; interest rate: prime plus one, maximum term five years spread equally across all resulting lots of record included In the associated final plan; (b) $100,001 to $200,000 fifty percent paid at signing of subdivision development agreement; interest rate: prime; maximum term six years spread equally across all resulting lots of record included in the associated final plat; and (c) $200,001 and up fifty percent paid at building permit issuance; interest rate as set by council; maximum term seven years spread equally across all resulting lots of record included in the associated final plat. Smith Strack explained for background, Jane Properties Subdivision trunk area fees total $107,236 (three commercial lots). Provence Second Addition, Phase 1 (19 lots) totaled $84,704 is trunk fees. Ridgeview Health Campus trunk area fees totaled $51,136 for 7.5 acres (two lots). Robert Creek Preserve trunk fees totaled $175,125 for all phases (28 acres); only fees applicable to first addition were paid. Smith Strack requested input, discussion and direction on a potential trunk area fee financing policy program.

Commissioner Meyer inquired if this policy is requested and if it is offered in other communities. Community Development Director Smith Strack explained other cities offer WAC/SAC fees as incentives and noted the merit to working around the edges. Commissioner Coleman inquired on the trunk are fee acreage clause. Smith Strack explained the fee includes water, sanitary sewer and storm sewer which is assessed per acre of developable area. Smith Strack noted trunk fees may only be charged at the time of platting and that they do not apply to minor subdivisions. Commissioner Coop inquired on the purpose of trunk fees. Smith Strack explained the City has three different ways to receive fees in order to offset their infrastructure costs pertaining to building, operations and maintenance. Smith Strack explained WAC/SAC fees are used to “buy in” to an existing system. Smith Strack further explained the trunk fees are what the City banks for future expansion and capital improvements. Coop inquired on what the process is if the developer goes bankrupt. Smith Strack explained if development is built the fees are paid, if not built the fees would follow the property noting in some cases the fees would need to be readdressed. Smith Strack explained if the EDA decides to move forward the policy will be reviewed by the City Attorney.

MOTION by Commissioner Meyer, second by Commissioner Fahey to move forward with the Trunk Area Fee Financing Policy to be reviewed by City Council. ALL VOTED AYE. MOTION CARRIED.

5.2. Discussion New Home Permit and Plan Review Fee Waiver Program.

Community Development Director Smith Strack explained the EDA has two incentive programs available to residential property owners: an income qualified new home down payment assistance program and a residential rehabilitation/energy efficiency program. Smith Strack noted the EDA has previously discussed and provided for other incentive programs explaining at the March 18th joint work session those in attendance reached consensus to investigate a fee waiver program tied to new homes proposed for lots in new residential subdivisions platted after a certain date (e.g. January 1, 2019). The fee waiver incentive could assist in facilitating take-down rates of lots in new subdivisions. Smith Strack explained a similar program was started in 2012 and noted the fee waiver could be similar to one in effect from 2012-2015. Smith Strack explained as envisioned, the fee waiver would be limited to building permit and the plan review fee. This means the applicable state surcharge, water meter, tracer wire, and WAC/SAC fees would still apply.

Commissioner Meyer inquired on the new home projection for 2019. Community Development Director Smith Strack explained the City has received five applications noting Loomis is not building so far this year. Smith Strack explained this program has been used in the past and has helped spur development. Commissioner Pankonin clarified the incentive would be used for new subdivisions only. Smith Strack confirmed. Commissioner Coop inquired if the waiver accurately reflects staff time. Smith Strack explained most subdivisions replicate the same houses thus creating efficiency by looking at the same plan but a different lot. Commissioner Coleman noted long-term benefits of creating tax base. Coleman inquired what is budgeted for this plan. Smith Strack explained the HRA incentive program currently has $8,000 budgeted for incentives. Coop inquired on the total cost for the program. Smith Strack explained if no cap is placed and the incentive is not tied to any other program on 2018 building numbers would have

cost the City $70,000. Discussion regarding the viability of the program and how to rate if it's successful. Discussion on future expansion and how many waivers could be used to spur development. Commissioner Coop inquired what area of the budget should be cut to support this program or if Commissioners are agreeable to an increase of taxes. Commissioner Pankonin stated an increase of taxes would be acceptable to spur development. Commissioner Coleman inquired money is not used will the remaining balance roll over to the next year. Smith Strack confirmed the money should roll over. Coop noted his concern with taking public funds and providing for private parties. Pankonin noted the same approach is used for façade loans. Coleman inquired if any negative feedback came from the program in 2012. Smith Strack said no.

MOTION by Commissioner Fahey, second by Commissioner Pankonin to move forward with a $2,500.00 incentive with a maximum of three incentives for 2019. ALL VOTED AYE. MOTION CARRIED.

It was noted the incentive money would need Council approval for the reallocation of the funds.

6. ADMINISTRATIVE REPORTS.
6.1. Commissioner Comments.

Commissioner Meyer explained his quarterly meeting with the County Commissioner and County Administrator is coming up and inquired if the board and anything to bring forward. Commissioner Coleman requested a status update for the Renaissance Festival. Community Development Director Smith Strack requested a status update of the County's CIP and County Road Eight.

6.2. Director's Update.

Community Development Director Smith Strack highlighted the Directors Report.

6.3. Upcoming Meetings.

1. Regular Session, 5:00 pm, Monday, May 13, 2019.

Commissioners were reminded of upcoming meetings as listed.

7. ADJOURNMENT OF REGULAR SESSION.

MOTION by Commissioner Pankonin, second by Commissioner Coop, to adjourn the meeting as 5:53 PM. ALL VOTED AYE. MOTION CARRIED.

Respectfully submitted,

Renee Eyrich
Recording Secretary

MEMORANDUM

DATE:	June 10, 2019
TO:	EDA President Krant, EDA Board Members, and Administrator Meyer
FROM:	Cynthia Smith Strack, Community Development Director
RE:	Item 4.1 Payment of Claims

REQUEST: Motion to Approve Payment of Claims

GENERAL INFORMATION

The EDA approves accounts payable for the EDA fund (801) and EDA Revolving Loan Fund (800) at each regular meeting. Attached please find claims from April and May for your consideration.

CITY OF BELLE PLAINE
AP DEPARTMENT APPROVAL
MAY 2019

Act Code	Check Name	Amount	Comments
801-460500-321000	FRONTIER COMMUNICATIONS	$116.46	EDA - PHONE
801-460500-322000	PURCHASE POWER	$90.04	2019 MAY/JUN/JUL POSTAGE - E
DEPT 460500 DEVELOPMENT		$206.50	
FUND 801 ECONOMIC DEVELOPMENT AUTHORITY		$206.50	

CLS 5/22/19

FUND 801 ECONOMIC DEVELOPMENT AUTHORITY

DEPT 460500 DEVELOPMENT

801-460500-131000	PATRICIA KRINGS	$12.00	RETIREE INSURANCE - EDA
801-460500-195000	ACME AWNING COMPANY	$1,500.00	EDA ROSE GRANT - RESO 18-13
801-460500-202000	OFFICE DEPOT, INC	$6.00	EDA - COPY EXP
DEPT 460500 DEVELOPMENT		$1,518.00	
FUND 801 ECONOMIC DEVELOPMENT AUTHORITY		$1,518.00	

CLS 5/9/19

FUND 801 ECONOMIC DEVELOPMENT AUTHORITY

DEPT 460500 DEVELOPMENT

801-460500-195000	ACME AWNING COMPANY	$625.00	ROSE LOAN; HAIR LOFT; RESO
801-460500-202000	OFFICE DEPOT, INC	$13.12	EDA - COPY EXP
801-460500-321000	FRONTIER COMMUNICATIONS	$116.44	EDA - PHONE
DEPT 460500 DEVELOPMENT		$754.56	
DEPT 495100 ~~GRANT~~ PROJECT	801-460500-343000		
801-~~495100~~-311000	INTERNET CONNECTIONS INC	$100.00	EDA - JOB BOARD
DEPT 495100 GRANT PROJECT		$100.00	
FUND 801 ECONOMIC DEVELOPMENT AUTHORITY		$854.56	

CLS 4-18-19

CLS 4-24-19

FUND 801 ECONOMIC DEVELOPMENT AUTHORITY

DEPT 460500 DEVELOPMENT

801-460500-108000	CARY G. COOP	$120.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	RICKY J KRANT	$160.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	NATHAN R. SHUTES	$40.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	ASHTON PANKONIN	$120.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	RICHARD W COLEMAN	$200.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	CRYSTAL DOYLE	$80.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	LISA FAHEY	$120.00	2019 1ST QTR PER DIEM EDA
801-460500-108000	CHRISTOPHER MEYER	$120.00	2019 1ST QTR PER DIEM EDA
801-460500-131000	PATRICIA KRINGS	$12.00	04/19 RETIREE INSURANCE - E
801-460500-207000	WELLS FARGO REMITTANCE CNTR	$47.35	EDA - TRAINING - PABLOS
801-460500-311000	EHLERS & ASSOCIATES, INC.	$306.25	EDA - CONSULTING
801-460500-575000	WELLS FARGO REMITTANCE CNTR	$72.24	EDA - COMPUTER DELL
DEPT 460500 DEVELOPMENT		$1,397.84	
FUND 801 ECONOMIC DEVELOPMENT AUTHORITY		$1,397.84	

CLS 4-3-19

FUND 802 HOUSING/REDEEVELOPE AUTHORITY

DEPT 460500 DEVELOPMENT

802-460500-108000	CARY G. COOP	$40.00	2019 1ST QTR PER DIEM HRA
DEPT 460500 DEVELOPMENT		$40.00	
FUND 802 HOUSING/REDEEVELOPE AUTHORITY		$40.00	

MEMORANDUM

DATE:	June 10, 2019
TO:	EDA President Krant, EDA Board Members, and Administrator Meyer
FROM:	Cynthia Smith Strack, Community Development Director
RE:	Item 5.1 Discussion Small Cities Development Program Application

GENERAL INFORMATION

The Department of Employment and Economic Development (DEED) distributes CDBG funds through the Small Cities Development Program in the form of grants to cities to conduct qualifying activities. The purpose of the program is to:

A. Develop viable, eligible communities by providing financial assistance to address the need for decent, safe, affordable housing, economic development, and public facility needs, and

B. Provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households.

DEED provides funds to awarded applicants in the form of a grant provided on a cost reimbursement basis. Awardees have the ability to sub-provide funds in the form of grants, deferred loans and/or installment loans.

Additional information is contained in attachments and will be presented at the meeting. Following receipt of information discussion is requested to establish potential interest in investigating submittal of a preliminary application in 2019.

SMALL CITIES DEVELOPMENT PROGRAM

GRANT APPLICATION

EMPLOYMENT AND ECONOMIC DEVELOPMENT

SCDP

BACKGROUND

- SCDP helps cities fund housing, public infrastructure, and commercial rehabilitation projects
- City awarded grant in late 1990's for commercial and residential rental rehab
- Annual grant application process
  - Pre-application issued July, due November
  - Invitees selected to submit full application
- Max eligible single purpose: $600K, max eligible comprehensive: $1.4M
- A to Z information included in packet

SCDP POTENTIAL USES

- Acquisition/Demolition – usually in disaster situations
- Acquisition/Rehabilitation – usually in disaster situations
- Center/Facility – Federal objective – direct benefit or limited clientele LMI
- Conversion – LMI, slum/blight – major rehab to convert existing to rental
- Demolition – demo deteriorated bldgs
- Owner Occupied Housing Rehab - LMI
- Rental Housing Rehab - LMI
- Commercial Rehab – Slum/blight
- Relocation – LMI, slum/blight
- Public Facilities, Including Assessment Abatement – Urgent CD need, LMI
- Streetscape and Public Aesthetic Amenities

SCDP FEDERAL OBJECTIVES

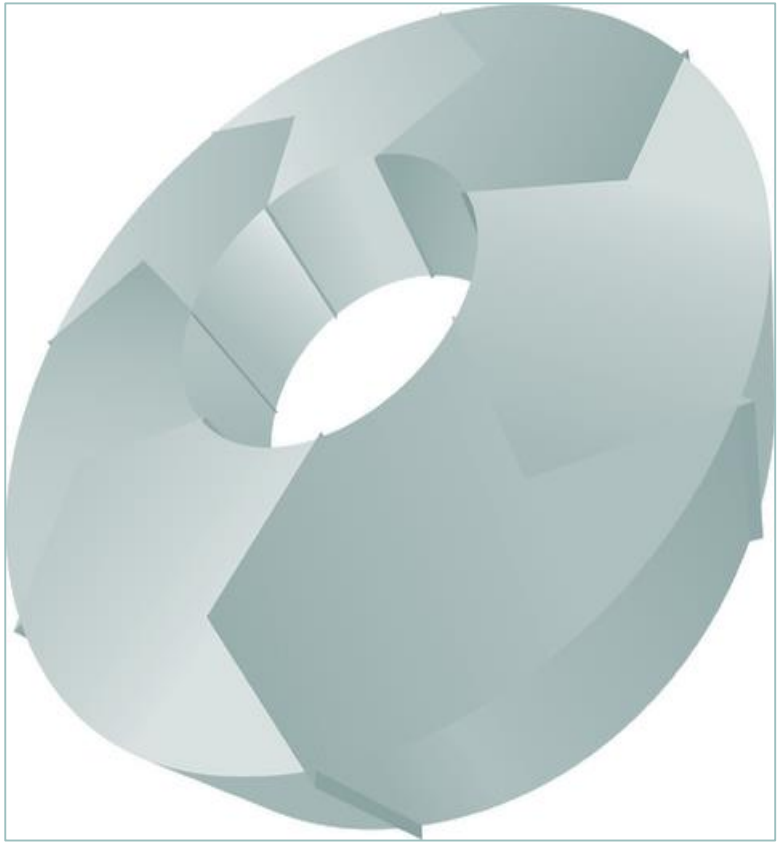
- **Low and moderate income persons**
  - Grant assistance directly to LMI persons
  - Grant assistance to area that is predominantly populated by LMI persons
  - Facility that serves LMI clientele
- **Removal of slum/blight**
  - Spot basis
  - Area basis

- **Urgent Community Devl Need**
  - Federal disaster declaration
  - Evidence funding not available from other sources (letters of denial federal/state agencies, individual home/business owners)
- Can be combination of objectives

SCDP APP PREFERENCES

- Indicate that the activities Identified in the Comp Plan
- Indicate a strong degree of readiness;
- Have the capacity to accomplish the activity(s) stated in their pre-application;
- Demonstrate a strong degree of need and impact of the activity(s) stated;
- Complete activities within the funding agreement term of 30 months;
- Submit joint applications

SCDP APP PROCESS



- Citizen participation
- Public Hearing
- Resolution from EDA/City Council to make application
- Pre-Application submission deadline: Oct/Nov, 2019
- Full Application Submission: February 2020
- Award Notification: 2021

SCDP OUTREACH

- Spoke with Michelle Vang, DEED SCDP rep for Scott County
- Spoke with Scott County CDA re: application and administrative support
- Spoke with Chelsea Alger – Bolton-Menk re: grant application consulting

SCDP NEXT STEPS

- If interest in investigating
  - Staff discuss potential project parameters and make recommendation
  - Council work session discussion
  - Chelsea Alger – Bolton-Menk available to attend future meeting
  - Conduct background studies, prepare pre-application

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Belle Plaine Potential Timeline of Activities
2020 SCDP Application

2019:

July 8- EDA Meeting; Review general timeline, program components, and identify desired Target Area(s)

July 15- City Council approves contract for services; authorize preliminary target area and program components. (Can be done by motion or resolution, whichever is preferred).

August ___- Send ad for community meeting to *Belle Plaine Herald* (can also mail letters to Target Area property owners)

August ___ & Sept ___- Ad posted in *Belle Plaine Herald* for community meeting (post at City Hall, Facebook, newsletter, etc.)

September ___- Host community meeting- (separate times for each activity proposed. Pre-apps available at meeting. Mail remaining pre-apps day after community meeting. Can also make available online)

Oct ___ - Pre-apps due (Deadline should provide staff/consultant enough time to give EDA and/or Council a summary of pre-app data and whether any recommended reallocation of funds or re-designation of Target Area(s) are appropriate; unless they are okay with staff/consultant making this determination based on data.)

Nov. 14* by 4:30 pm- Pre-Application Due to DEED

Dec. 16*- Pre-Application status provided to City by DEED

Dec. 17*- Full Application opens

2020:

Jan. 6- City Council meeting- Adopt resolution, executing the Citizen Participation Plan (post publicly per CPP prior to Jan. 20 meeting)

Jan. 6 by NOON- Send public hearing notice to *Belle Plaine Herald* for Jan. 20th public hearing.

Jan. 20- City Council meeting- public hearing to: 1) adopt resolution authorizing full application; and 2) adopt Slum and Blight resolution

Jan. 23- Send contractor interest letters

Feb. 20* by 4:30 pm- Final Application due

May/June 2020- SCDP award notices from DEED

June-Aug. 2020- Contracts & Implementation Workshops

Sept. 2020- Community Meeting to go through application process; application opens to property owners

Sept. 2020-Dec. 2022- Program Open

*DEED has not come out with specific deadlines yet. These are based on prior year schedule of activities

2018 AWARDED PROJECTS

SMALL CITIES DEVELOPMENT PROGRAM

AWARD DATE: JUNE 27, 2018

The City of Brainerd is awarded $638,338. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, and commercial building rehabilitation.

The City of Caledonia is awarded $824,698. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, and commercial building rehabilitation.

The City of Clarkfield is awarded $1,107,430. The funds to this grantee will be used for owner-occupied housing rehabilitation, commercial building rehabilitation, and a public facility project.

The City of Deerwood is awarded $554,893. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, and commercial building rehabilitation.

The City of Elgin is awarded $303,600. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Emily is awarded $229,000. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Eyota is awarded $287,500. The funds to this grantee will be used for rental housing rehabilitation.

The City of Granite Falls is awarded $625,888. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, and commercial building rehabilitation.

The City of Kensington is awarded $600,000. The funds to this grantee will be used for public facility improvements.

The City of Kerkhoven/DeGraff is awarded $320,625. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Lake Benton is awarded $634,800. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building rehabilitation.

The City of Lake City is awarded $809,400. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building rehabilitation.

The County of Lake/Silver Bay is awarded $508,750. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building rehabilitation.

The City of Mahnomen is awarded $354,775. The funds to this grantee will be used for rental rehabilitation.

The City of Marshall is awarded $603,750. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building rehabilitation.

The City of Melrose is awarded $315,600. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building.

The City of Menahga is awarded $236,700. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building rehabilitation.

The City of Morris is awarded $421,875. The funds to this grantee will be used for rental housing rehabilitation.

The City of Onamia is awarded $600,000. The funds to this grantee will be used for public facility improvements.

The City of Pine River is awarded $595,000. The funds to this grantee will be used for public facility improvements.

The City of Raymond is awarded $437,000. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Red Lake Falls is awarded $593,400. The funds to this grantee will be used for owner-occupied housing rehabilitation and commercial building rehabilitation.

The City of Sabin is awarded $258,525. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of St. James is awarded $663,320. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, and commercial building rehabilitation.

The City of St. Joseph is awarded $178,624. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Starbuck is awarded $941,260. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, commercial building rehabilitation, and streetscape.

The City of Tyler/Ruthton is awarded $460,000. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Verndale is awarded $600,000. The funds to this grantee will be used for public facility improvements.

The City of Warroad is awarded $599,955. The funds to this grantee will be used for owner-occupied housing rehabilitation and rental housing rehabilitation.

The City of Willmar is awarded $1,205,177. The funds to this grantee will be used for owner-occupied housing rehabilitation, rental housing rehabilitation, and commercial building rehabilitation.

The City of Willow River is awarded $345,711. The funds to this grantee will be used for public facility improvements due to flooding damage.

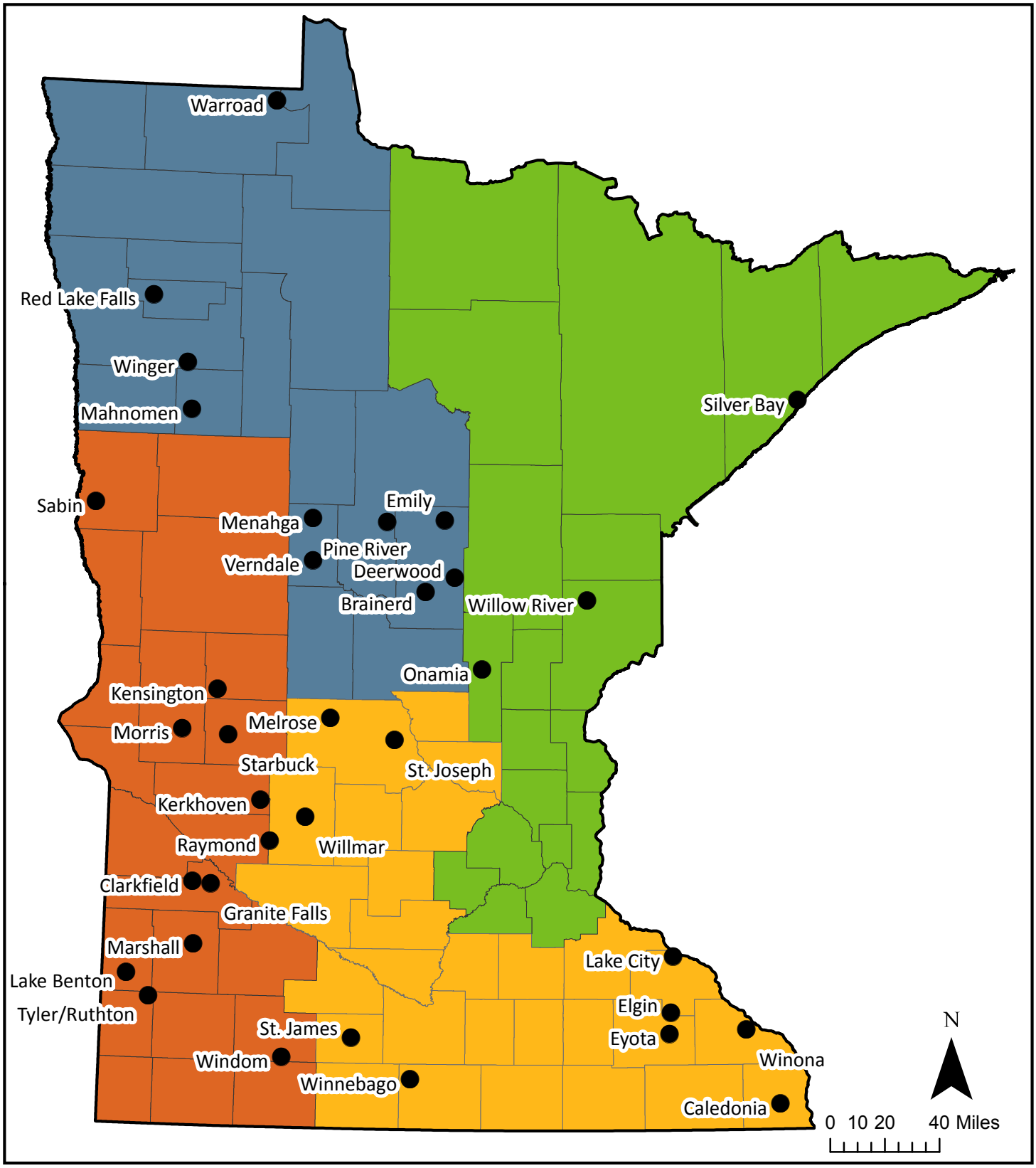
The City of Windom is awarded $418,600. The funds to this grantee will be used for owner-occupied housing rehabilitation.

The City of Winger is awarded $600,000. The funds to this grantee will be used for public facility improvements.

The City of Winnebago is awarded $869,100. The funds to this grantee will be used for owner-occupied housing rehabilitation and public facility improvements.

The City of Winona is awarded $296,349. The funds to this grantee will be used for owner-occupied housing rehabilitation.

2018 Awarded Projects
Small Cities Development Program



EMPLOYMENT AND ECONOMIC DEVELOPMENT

Prepared by: Economic Analysis Unit, Office of Policy, DEED (June 2018)

EMPLOYMENT AND ECONOMIC DEVELOPMENT

SCDP
A-Z Guide

September 9, 2016

For Applicants and Grantees of the Minnesota Small Cities Development Program

SCDP A-Z Guide

This Guide is designed for use by Small Cities Development Program grant applicants and recipients in Minnesota. It provides an overview of the program, application requirements, process and tools, and responsibilities of grant applicants and recipients. If you have questions or concerns, please contact the Small Cities Development Program Representative assigned to your area.

The major compliance areas touched on in this Guide each have a companion handbook or instruction packet with more detailed information: environmental, labor standards, fair housing/equal opportunity, acquisition/relocation, and guides for owner, rental and commercial rehabilitation. These contain forms, samples and material that may be required by the Small Cities Development Program, or may be useful to applicants and grantees.

Potential applicants to the Small Cities Development Program should review the **B**ackground/Goal of the SCDP, **E**ligible/Ineligible Applicants, **A**pplying to the SCDP, **C**itizen Participation, **F**ederal Objectives for Applicants, **A**ctivities Funded by the SCDP, **A**pplication Types, **P**rocurement of Goods, **P**ublic Hearing and Services and **C**onflict of Interest, along with information contained in the Application Packet. Applicants may also want to familiarize themselves with general requirements of the program, outlined in other chapters.

Grantees of the Small Cities Development Program should review **G**rant Agreement (and Amendments), **S**tart-up, **P**re-award Costs, **P**rocurement of Goods and Services, **E**nvironmental Review, **F**ederal Objectives for Grantees, **I**ncome/Household Size Definitions for SCDP, **F**air Housing, Equal Opportunity and Civil/Human Rights, **L**abor Standards, **C**onflict of Interest, **F**inancial Management, **P**rogram Income**, L**ead Policy**, A**sbestos (for rehabilitation/conversion activities); **R**elocation, Anti-displacement and 1 for 1 Replacement**, D**isbursement Requests/Payment Holds, **R**eporting Requirements, **M**onitoring**, A**udit Requirements, **R**ecords Retention, **C**loseout, and **T**ermination of SCDP Grants.

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Please contact rep for other additional forms and manuals.

Activities Funded by the SCDP

The Small Cities Development Program can be used to address the following activities:

- Acquisition/Rehabilitation
- Center/Facility
- Conversion (generally associated with other eligible activities)
- Demolition
- Home Ownership Assistance (down payment assistance, gap financing)
- Rehabilitation
  - Commercial
  - Residential Owner-occupied
  - Residential Rental
- Relocation (generally associated with other eligible activities)
- Public facility improvements (i.e., water, sewer, drainage), including abatement of assessments (assessment abatement) for public facility improvements

The activities discussed in this chapter are meant to help you with:

- Your planned activity(s) and;
- Writing the narrative section of your application, including addressing a federal objective for each activity. Information on meeting one of the federal objectives for each activity (aside from administration) can be found in the **F**ederal Objectives for Applicants section of this Guide.

Acquisition/Demolition:- usually in disaster situations.

Federal Objectives (see more information in Federal Objectives for Applicants):

- Slum and Blight Spot
- Low and Moderate Income, Direct or Area Benefit - If the acquisition is in support of another activity, the federal objective for the "end activity" should be used
- Urgent Community Development Need

This is a combination of two eligible activities that allows acquisition and demolition of dilapidated structures and land, or disaster-damaged structures and land. In general, the SCDP does not allow acquisition/demolition for other than disaster projects, unless there is a planned re-use and the re-use meets a federal objective for the SCDP program.

Acquisition/Rehabilitation:(Single-Family and Rental Homes) – usually in disaster situations)

Federal Objective (see more information in Federal Objectives for Applicants):
- Urgent Threat for Single Family Homes
- Low and Moderate Income, Direct Benefit for Rental Homes

Single Family Homes:

This is a combination of two eligible activities that allows acquisition of substandard but suitable, single-family homes and rehabilitation of those homes. The homes are then sold to income-qualified households on a contract for deed basis or via a conventional mortgage.

If sold to the household on a contract for deed, the deed holder must be a non-profit organization or a local development corporation, under contract with the community applicant.

Rental Homes:

This is a combination of two eligible activities that allows acquisition of substandard but suitable for rehab rental homes, acquisition of smaller rental rehabilitation buildings/units. Typically 12 units or under. 51% of the rental units must be occupied by LMI persons at fair market rents.

Federal Prevailing Wage and Davis Bacon requirements are triggered when over 8 units are rehabilitated.

The activity must generate funds back to the city. The amount of funds given will be decided on a case by case basis.

Please contact your regional representative if you are considering this type of activity.

Center/Facility:

Federal Objectives (see more information in Federal Objectives for Applicants):
- Low and Moderate Income, Direct Benefit
- Low and Moderate Income, Limited Clientele

This activity is very broad and covers construction or rehabilitation of senior centers, centers to serve the handicapped, homeless or battered spouse facilities, youth centers, storm shelters and other neighborhood facilities.

If the activity is a storm shelter:
- The shelter must be located on publicly owned land (or an easement must be obtained);
- There must be a warning siren in the neighborhood where the shelter will be located, or, if the shelter is located in a manufactured housing park, it must be within 1500 ft. of the park;
- For manufactured housing parks only: The shelter must be of a sufficient size to accommodate all of the residents of the park.

Conversion:

Federal Objectives (see more information in Federal Objectives for Applicants):
- Low and Moderate Income, Direct Benefit (for conversion to housing)
- Slum and Blight Area (for conversion to commercial space)
- Low and Moderate Income, Limited Clientele (for conversion to qualifying community space)

This activity is major rehabilitation to convert an existing non-residential space or structure (typically an old hotel or school) into housing, or a mix of housing and commercial/community use. This can include "creating" rental units in an existing commercial building. Applicants should consult the applicable "Rehabilitation" section of this Guide for more information.

Demolition (Clearance): - rare cases

Federal Objectives* (see more information in Federal Objectives for Applicants):
- Low and Moderate Income, Direct Benefit
- Slum and Blight, Area or Spot
- Low and Moderate Income, Limited Clientele (for conversion to qualifying community space)
- Urgent Community Development Need

This activity may include the demolition of deteriorated buildings for health and safety reasons, as well as to allow the re-use of the property. Some examples:

> Demolition of one or more blighted structures, either in or outside of a designated slum and blight area. **SCDP does not generally find this to be competitive**.
>
> Demolition of vacant, dilapidated structure(s) to make a community park or playground serving a predominately low and moderate income community.
>
> Demolition of vacant, dilapidated structure(s) to make way for the affordable housing construction.
>
> Demolition of structures substantially-damaged by a flood or a tornado.

***Note**: If there is a re-use of property on which the SCDP funds were used, the re-use must meet a federal objective. This requirement applies for a 5 year period following the completion of the demolition.

Owner-occupied Housing Rehabilitation:

Federal Objectives (see more information in Federal Objectives for Applicants):
- Low and Moderate Income, Direct Benefit
- Urgent Community Development Need

Owner-occupied housing rehabilitation is the rehabilitation of residential structures owned and occupied by low and moderate income households, from a substandard to a standard condition. Utility service line replacement or installation may be covered under this activity. Minimum rehabilitation standards to be met upon completion are HUD's Section 8 Housing Quality Standards (HQS). The focus of the activity should be to correct problems relating to health and safety for occupants, and to preserve the affordable housing stock in the community.

SCDP loans for rehab on Life Estate homes must be 100% forgivable consistent with the full term as stated in the application to DEED with no descending forgiveness where portion(s) of the loan are forgiven over time.

Listed below are ineligible SCDP activities:

- SCDP funds cannot be used for homes held in trust. Generally a trust is a legal relationship that is set up whereby one person holds the legal title to the property; the trustee, and another has the benefit of the use. The property is transferred to the trustee and no longer owned by the person living in the premises.

- SCDP funds cannot be used to rehabilitate any single-wide mobile home, even if the home is attached to a foundation.

- SCDP funds cannot be used to rehabilitate any residential structure that is within a 100 year flood plain. Only exception would be if the request is part of a disaster recovery orientated application.

If the unit is not suitable for rehabilitation, you may choose to consider reconstruction. Please see "Reconstruction" under New Construction With or Without MHFA RFP Resources.

- The maximum amount of SCDP assistance is $25,000 per unit.
- The term for SCDP funds must be structured, at a minimum, as a seven (7) year deferred loan.
- The Preliminary Proposal requires you to provide an estimated number of interested/eligible households.
- The Full Application requires that you show evidence of a sufficient number of interested/eligible households to at least fulfill the requested units.

Potential participants should sign an interest statement acknowledging the following:
- That the Rehabilitation Program is not a remodeling program (although required handicap accessibility improvements can be made);
- The length and terms of the deferred SCDP loan and if applicable, SCDP installment loans;
- The maximum amount of the SCDP assistance;
- Example of affordability scenarios;

Rental Housing Rehabilitation:

Federal Objectives (see more information in Federal Objectives for Applicants):
- Low and Moderate Income, Direct Benefit
- Urgent Community Development Need

This activity is the rehabilitation of renter occupied residential structures, which, upon completion of the rehabilitation, are completely or primarily occupied by low and moderate income households at "affordable rents." Affordable rents should be clearly identified and appropriate to the community and persons served, but should not exceed HUD's Section 8 Fair Market Rents. A requirement for participation is that property owners 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).

Listed below are ineligible SCDP activities:

- SCDP funds cannot be used for homes held in trust. Generally a trust is a legal relationship that is set up whereby one person holds the legal title to the property; the trustee, and another has the benefit of the use. The property is transferred to the trustee and no longer owned by the person living in the premises.

- SCDP funds cannot be used to rehabilitate any single-wide mobile home, even if the home is attached to a foundation.

- SCDP funds cannot be used to rehabilitate any residential structure that is within a 100 year flood plain. Only exception would be if the request is part of a disaster recovery orientated application.

Key information on rental:

- The maximum amount of SCDP assistance is $25,000 per unit for a single family rental house and the per unit amount for a two-unit or larger building is decided on a case by case basis as described in the application to DEED.
- Duplexes can only be rehabilitated with SCDP funds under a rental rehabilitation activity.
- SCDP loans cannot be used on Contract for Deed rental properties.
- 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.
- The Preliminary Proposal requires you to provide an estimate of the number of interested building owners, with likely eligible rental houses or buildings, and the number of units.
- The Full Application requires that you show evidence of a sufficient number of interested owners with eligible units to at least fulfill the requested units. In order to show this interest, owners should sign an interest statement acknowledging the following:
  - That adequate number of unit(s) are occupied by LMI households at affordable rents (see the Federal Objective for Applicants section of this Guide);
  - That they cannot increase rents for LMI tenants paying 30% or more of their income for rent and tenant-paid utilities for the term of the SCDP loan;
  - That the Rehabilitation Program is not a remodeling Program (although required handicap accessibility improvements can be made);

- The length and terms of the deferred SCDP loan and if applicable, SCDP installment loans;
- The maximum amount of the SCDP assistance;
- Example of affordability scenarios.

Commercial Rehabilitation:

Federal Objectives (see more information in Federal Objectives for Applicants):

- Slum and Blight
- Urgent Community Development Need

This activity is the rehabilitation of commercial buildings in a targeted slum/blight area. Buildings used for the general conduct of government or religious institutions are not eligible. SCDP funds may only be used for exterior repairs/improvements, code violation corrections, handicapped accessibility and energy improvements. SCDP funds may not be used for "remodeling" type improvements. If improvements not eligible for SCDP funds are needed or desired, the private match dollars can be used.

- The maximum amount of SCDP assistance per building is $40,000.
- Effective for 2016 grants and forward, the minimum amount of SCDP assistance per building is $5,000.
- The maximum percentage of SCDP assistance per building is 80 % of the total project cost.
- If applicable, the financial breakdown/tiering of SCDP funds should be explained with examples.
- The term for SCDP funds must be structured, at a minimum, as a five (5) year deferred loan.
- Equipment purchases can be used as owner match for projects, however SCDP funds cannot be use for this purpose.
- The Preliminary Proposal requires you to provide an estimate of the number of interested building owners, with the number of units eligible for rehabilitation.
- The Full Application requires that you show evidence of a sufficient number of interested owners with eligible units to at least fulfill the requested units. Owners should sign an interest statement acknowledging the following:
  - What improvements are eligible for SCDP financing;
  - That the rehabilitation program is NOT a remodeling program (although handicap accessibility improvements can be made);
  - That Davis Bacon Wage Rates apply;
  - The length and terms of the deferred SCDP loan and if applicable, SCDP installment loan;
  - The maximum amount of the SCDP assistance;
  - Example of affordability scenarios.

Relocation:

Federal Objectives (see more information in Federal Objectives for Applicants): The federal objective used for relocation must relate to the associated activity. For example:

- Low and Moderate Income, Direct Basis - For relocation done for residential rehabilitation
- Slum and Blight, Spot or Area Basis - For permanent or temporarily relocation of commercial tenants (for rehab) or owners (for acquisition/demolition).
- Urgent Community Development Need - For relocation of tenants in buildings slated for acquisition/demolition following disasters. (Most disaster recovery projects involve only voluntary acquisition, so no relocation is paid to owners.)

This activity involves providing relocation assistance to persons, businesses, farms or non-profits in accordance with the Uniform Relocation Act. Relocation is generally funded only in conjunction with other SCDP activities, such as non-voluntary acquisition and demolition. Temporary non-voluntary relocation may be needed during rehabilitation work involving lead hazards. If this is the case and the grantee wishes, a small amount of funds for relocation may be included in the request for rehabilitation, as long as the total request doesn't exceed the maximum amount of SCDP assistance available per unit for rehabilitation, either owner-occupied or rental.

If residential or commercial tenants are permanently displaced by rehabilitation activities, due to increases in rent beyond that which is affordable for them (economic displacement), relocation assistance may be required, as well.

The amount, term and duration of permanent relocation benefits varies by the situation and whether relocation will be provided to residential owners, commercial owners, or tenants, and whether the residential tenants are low-income or not. See http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm

Public Facilities, Including Assessment Abatement:

Federal Objectives (see more information in Federal Objectives for Applicants):

- Benefit Low and Moderate Income (LMI), Area Basis
- Urgent Community Development Need

This activity involves construction and project engineering for the repair, replacement or new construction of local infrastructure, or abatement of sewer and water assessments for income-qualified households. Projects include, but are not limited to: wells, water towers, wastewater `treatment facilities, streets, curbs, storm sewers, etc. Construction projects may serve an entire city, or an area, such as a part of a city or township.

All applicants for Public Facility construction or assessment abatement must submit an SCDP Preliminary Proposal and Full Application.

- SCDP administrative fees on this activity are limited to $20,000. If your administrative fee will exceed that amount, justification will be required.
- The activity funded by SCDP, if construction, must benefit all residents of an area that is primarily residential.

- Installation or replacement of water and sewer service lines on privately owned property can be done either as
  - Housing Rehabilitation for Low and Moderate Income (LMI) households only (and deficiencies in the housing must also be corrected), or
  - Part of the public facility system, but permanent easements must be obtained for all lines connected to the system, and the community must maintain those lines as part of the system.
- SCDP funds can be used to abate sewer and water assessments for low income (30%) households only when the construction is being financed without SCDP funds. <u>However, all federal requirements, such as environmental and federal wage rates, must be applied to the construction.</u>

Financial Need: Construction projects using Public Facilities Authority or Rural Development funds must demonstrate a financial need for the SCDP grant funds. The projected system costs, <u>without grant funding</u>, must be <u>the greater of</u>: 1) the "base rate" of $35/month/household or 2) 1.5% of the community's median household income, expressed as a monthly rate. The median household income figures can be found in demographic profiles from the census at: http://govpubs.lib.umn.edu/census/profile_city.phtml. The data is located on page 3 of the profile, in the right hand column, under "Median household income (dollars)."

Example:

Median HH income from Census:	$28,700
1.5% "affordability threshold" per EDU:	$430.50/$35.88/mo.
Base rate:	$35
Projected "after construction" monthly system cost per EDU:	$51.20
Grant need estimate per EDU:	$16.20 ($51.20 minus $35.00)

Streetscape

Federal Objectives (see more information in Federal Objectives for Applicants):
- Benefit Low and Moderate Income (LMI), Area Basis in a target housing area
- Slum and Blight for commercial area only

This activity involves providing streetscape improvements within a housing area or commercial area. This activity must be part of a large community planning effort with other improvements planned and is most likely in downtown or other gathering areas. Project include, but not limited to parking design, improved sidewalk, street lighting, street light, trees and landscaping and street furniture.

- Streetscape project proposed in a target housing area must benefit at least 51% of LMI residents. Supporting document can be either the U.S. Census, or a survey.
- Streetscape cost estimates must consider Davis Bacon wage rates and implementation cost.
- Plans must conform with any necessary ADA standards.
- Streetscape can be an SCDP component if it is part of larger project that is being funded by other agencies. An exception would be if the area had recently been part of a completed commercial or public facility project. Provide documentation.
- A financing plan needs to be secured for maintenance costs.
- A complete survey is needed for proposed streetscape located within commercial area with identified vacant buildings and plan for filling vacant buildings.

Maintenance and repair are generally ineligible (e.g., filling potholes, repairing cracks in sidewalks, or replacing street light bulbs).

Public Aesthetic Amenities (must be publicly-owned)

Federal Objectives (see more information in Federal Objectives for Applicants):
- Slum and Blight

This activity involves providing architectural design features and other treatments aimed at improving aesthetic quality (e.g: sculptures and fountains). This activity must be part of a large community planning effort with other improvements planned and is most likely in downtown or other gathering areas.

- This activity must benefit at least 51% of LMI residents. Supporting document can be either the U.S. Census, or a survey.
- Aesthetic Amenities cost estimates must consider Davis Bacon wage rates and implementation cost.
- Aesthetic Amenity ideally should be part of a larger beautification effort.
- Plans must conform with any necessary ADA standards.

Application Types

Applicants must choose between submitting a single purpose application or a comprehensive application.

- The Single Purpose Application is used by a housing project which includes one or more activities designed to increase supply or quality of dwellings suited to the occupancy of the individuals and families, or public facilities projects which include one or more activities designed to acquire, construct, reconstruct, or install buildings or infrastructure which serve a neighborhood area or community. With the Single Purpose Application, aggregate funding amount cannot exceed $600,000. Two or more activities cannot exceed $600,000 in total.
- The Comprehensive Application is for projects that include a combination of at least two interrelated activities which are designed to address community development needs, which by their nature must be carried out in a coordinated manner and/or require a coordination of housing, public facilities, or community development/revitalization activities. These projects must be designed to benefit a defined geographical area. Aggregate funding amount cannot exceed $1.4 million and each activity within the application is limited to a maximum amount of $600,000.

.

DEED reserves the right to fund an application at less than the amount requested.

Each activity must meet a Federal Objective for the program. See the **F**ederal Objectives for Applicants section of this Guide.

Applying to the SCDP

Detailed information on applying to the SCDP can be found in the SCDP Application Packet, which contains:

→ SCDP Program Concept
→ SCDP Preliminary Proposal
→ SCDP Full Application

Once posted, the SCDP Application Packet can be found at:
http://mn.gov/deed/government/financial-assistance/community-funding/

Joint Community Applications: Applications submitted jointly by communities must be approved by the governing bodies of all parties to the application, all parties must meet citizen participation requirements of the program (see **C**itizen Participation), and a cooperative agreement must be attached as an appendix to the Full Application. All participating communities must also meet all DEED contractual requirements if awarded.

Citizen Participation Plan Requirement: Citizen Participation is required in the planning of SCDP applications, and a Citizen Participation Plan is needed for submission of the Full Application. See the **C**itizen Participation section of this Guide. A sample resolution can be found Appendix C of this Guide, and on the DEED website.

Local Government Application Resolution - All units of government participating in the application must pass and submit a resolution providing various certifications and assurances related to the application and, if funded, the unit of government's ability to enter into an agreement with the State of Minnesota. Resolutions must also be provided on PFA/RD joint funded projects and MHFA joint funded projects. A sample resolution can be found in Appendix D of this Guide and on the DEED website, at the link above. A county applicant is not required to obtain resolutions from each community.

SCORING SCDP APPLICATIONS: SCDP applications are scored on the basis of need, impact, cost effectiveness, and demographics. Up to 240 of the points will be awarded based on evaluation of the proposed project to serve low- and moderate-income persons in relation to housing, alleviate slum and blight in commercial areas, and/or address public facility activities. Up to 180 points will be awarded based on the need (90), impact (90), and cost effectiveness (30) of the activities, and up to 30 points will be awarded based on state demographic points which will be used for a tie-breaker.

More information on scoring is provided in the SCDP Application Packet located on the DEED website.

Awarding SCDP Grants: SCDP anticipates making award decisions in the spring of every year, contingent upon HUD awarding DEED their funding. DEED will post a notice of awards on its website at that time. In addition, DEED will notify all applicants of award decisions in writing.

Asbestos

The Minnesota Department of Health regulates work on, and removal of, asbestos-containing building materials, with the exception of single family homes and multi-family buildings of up to four units, when the asbestos work is limited to: floor tiles and sheeting, ceilings, siding or roofing materials. All commercial rehabilitations must be inspected for asbestos hazards.

Grantees must comply with the requirements, described at:

http://www.health.state.mn.us/divs/eh/asbestos/index.html

and

http://www.health.state.mn.us/divs/eh/asbestos/rules.html

Audit Requirements

State and local governments that expend $750,000 or more in federal financial assistance (including non-SCDP funds) in the grantee's fiscal year must have an audit done in accordance with the requirements of the Single Audit Act (OMB Circular A-133). Grantees must submit **A-133** audits to SCDP staff within nine (9) months after the end of the audited fiscal year. Counties must submit their **A-133** audits upon completion of the audit by the Office of the Minnesota State Auditor. This applies even if the audits are completed after grant closeout.

If the grantee wishes, they may use SCDP funds to pay for the share of A-133 audit costs that relate to the percentage of SCDP funds audited. For example, if an A-133 audit is required, and SCDP funds represent 50% of audited federal expenditures, SCDP funds can be used to pay for no more than 50% of A-133 audit costs.

In order to use SCDP funds to pay for A-133 audit costs, the grantee must procure audit services as outlined in the "Procurement" section of the Common Rule (see link in **F**inancial Management).

SCDP funds cannot be used to pay for any portion of a non-A-133 audit.

The Catalog of Federal Domestic Assistance Number for the Small Cities Development Program is 14.228.

A link to the most current version of Circular A-133, can be found at:

http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011

Background and Goal of the SCDP

The Community Development Block Grant (CDBG) program is a federal program that provides funding for housing and community development. In 1974, Congress passed the Housing and Community Development Act, Title I, which authorized the development of the CDBG program. The program, administered by the U.S. Department of Housing and Urban Development, consists of two components: an entitlement program that provides funds directly to urban areas and a Small Cities Development Program (SCDP), which provides funding to non-entitlement communities.

The Minnesota Department of Employment and Economic Development (DEED), Business and Community Development Division, is responsible for state administration of the federally funded community development and assistance programs, including the SCDP.

The goal of the SCDP is to develop viable, eligible communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

Citizen Participation

All involved application parties to the SCDP program are required to provide for citizen notification and involvement in the planning and implementation of the proposed project through two public hearings, one held prior to submission of the SCDP Full Application and a second hearing if awarded midway through project implementation. The requirements of the public hearing may be met at an overall planning meeting or at a separate meeting.

Applicants may use the Citizen Participation Plan shown in Appendix C of this Guide, and on the DEED website at:

http://mn.gov/deed/assets/citizen-participation-plan-example_tcm1045-132495.pdf

A citizen participation plan that covers **each** party to an application must be submitted with the SCDP Full Application. In county applications, the county would be the only entity who must conduct the citizen participation.

Closeout

Grantees must complete and submit the final Annual Report within:

- 60 days of the scheduled end date of the grant,
  or
- 60 days of the completion of the grant, if earlier than the grant end date.

<u>However, because SCDP must report to HUD every year for the period ending 9/30, every grantee must submit an Annual Report by 10/15</u>.

For the closeout, SCDP grantees are required to submit the Annual Report, with the addition of the final page, which addresses a few additional requirements of the Program.

Conflict of Interest

Grantees will evaluate conflicts and potential conflicts involving its employee, agent, consultant, officer, or elected official or appointed official of the grantee, or a sub-recipient(s) that are receiving funds on behalf of the grantee.
Conflicts of interest and potential conflicts of interest are governed by both Minnesota Statutes and Federal Regulations at:

- Minnesota Statutes 471.87-471.89 and 412.311
- Federal Regulations at 24 CFR, Part 570.611

In addition, there may be local laws governing conflict of interest.

→ Grantees are responsible for evaluating conflicts in the context of the Minnesota Statutes, and any local laws.

→ SCDP Representatives (with the assistance of the Minnesota Office of the Attorneys General, if needed) are responsible for evaluating conflicts to the federal laws, and granting exceptions to those laws, where warranted.

If grantees need to request an exception to the Federal conflict of interest regulation, they must provide the Department of Employment and Economic Development with:

1. An opinion of the grantee's attorney stating that the interest for which an exception is sought would not violate State or local law, or falls under the "exceptions" of the State or local law.
2. A description of the nature of the conflict. Include sufficient detail, such as the relationship that results in the conflict, how long the person has been in the position (if applicable), whether the person is in a position to gain inside information, whether the person participates or participated in any part of the grant decision making process (such as voting to submit the application to SCDP, approving individual applications), whether the interest or benefit was present before the person was in their current position, etc.
3. Evidence that there has been a public disclosure of the conflict (i.e., copy of council minutes, copy of meeting announcement with conflict on the agenda).

Any correspondence and support documentation must be retained by the Grantee in a separate file. SCDP staff will review this information and make a written determination on whether the situation would warrant granting an exception to the Federal conflict of interest provisions.

A sample "Conflict of Interest Interview Form" that grantees may feel free to use or adapt can be found at Appendix A. A fillable, Microsoft Word version of the form is available from your SCDP Representative. If after completing the Interview Form there appears to be a possible conflict, the Conflict of Interest Worksheet will need to be completed by the grantee and reviewed by DEED. Please contact your rep if a copy of the "Conflict of Interest Worksheet" is needed.

Disbursement Requests/Payment Holds

After grantees have submitted the signed grant agreement, DEED has executed the agreement, and after grantees have completed the necessary environmental review process and addressed pertinent grant requirements, SCDP staff will e-mail a Disbursement Request Form (Excel format) to grantees and consultants.

A calendar indicating due dates for signed and dated Disbursement Request Forms will be e-mailed to grantees on an annual basis.

Submission Guidelines:

→ Only one payment request per grant, per disbursement period, will be processed.
→ Fax or email disbursement requests to SCDP.payments@state.mn.us
→ Requests are processed on a bi-weekly (every other week) basis, although they may be submitted at any time.
→ Requests must be for a minimum of $2,000 with the following exception; final payment request or if payment request coincides with state and federal fiscal period (6/30 and 9/30).
→ DEED reserves the right to not make payments if program progress does not match funds being requested.
→ Grantees must apply Program Income obligations first, before requesting additional funds (see **P**rogram/Local Generated Income). Reps will not issue disbursement request forms until all reported program income have been expended by Grantees.
→ If requesting funds for anticipated costs, the timing of cash advances shall be as close as possible to the actual disbursement. Grantees should regard payments as being generally on a reimbursement basis.
→ Funds requested to cover eligible government costs (including HRA, Non-Profits or RDC costs), must be on a cost-reimbursement basis only, with supporting timesheets on file and available during monitoring.

Processing/Payment Guidelines:

→ Email disbursement request forms to: SCDP.payments@state.mn.us
→ Requests received by the end of the business day every other Friday will be reviewed and, if approved, processed the following Wednesday.
→ Funds received should be paid out by the grantee in three days, or as close to that as possible.
→ Signature authorization must be obtained from grantee if administrator is signing reimbursement form.
→ Payment request containing mistakes will not be corrected by SCDP staff or processed.

Payment Holds: SCDP reserves the right to place payments to grantees on hold for a variety of reasons relating to performance or non-compliance with grant requirements, such as non-submission of required reports, or lack of progress.

If the grantee cannot resolve the situation precipitating the payment hold, SCDP staff may find it necessary to terminate the grant.

Eligible/Ineligible Applicants

Eligible applicants to the Small Cities Development Program (SCDP) are cities and townships with populations under 50,000 and counties with populations under 200,000. Applicants to the SCDP must not receive Community Development Block Grant (CDBG) funds directly as an Entitlement City or Urban County. Indian tribal governments, which can receive funds directly from HUD, are ineligible.

The following are ineligible for SCDP funding:

→ Counties of Anoka, Dakota, Hennepin, Ramsey, St. Louis and Washington (including all units of local government within these counties) and cities of St. Cloud, Mankato, North Mankato, Moorhead and Rochester.

In addition:

- Eligible applicants may apply on behalf of other, eligible applicants. See "Joint Community Applications" in the **A**pplying to the SCDP section of this Guide.

- Each applicant shall be included in no more than one application per year (for instance, if a county applied for funds, and a city within the county applied for funds, the county application must exclude the city applying separately);

- Each applicant can receive no more than one SCDP grant per year, not including an economic development grant;

- Applicants must be in substantial compliance with all applicable State and Federal laws, regulations and Executive Orders that pertain to the Small Cities Development Program;

- Applicants and/or administrators must not have unresolved monitoring or audit findings from a previously- funded SCDP project;

- Applicants must be making substantial progress on a previously-funded project(s) and be timely in their annual and post-closeout reporting.

Environmental Review

All grantees must conduct an environmental review on their project before SCDP can release funds. If a funded activity has already had an environmental review done for another funding source, or for the same activities in a previous year, that information can be used in the SCDP environmental review. However, certain steps must be taken independent of the previous review, to satisfy HUD requirements.

Although consultants may be hired to do some of the work needed for the environmental review, grantees themselves must assume the legal responsibility for the results of the environmental review. Grantees cannot incur costs for grant activities prior to approval and clearance of the environmental review.

DEED is assigned the responsibility of issuing an approval of the grantee's environmental review. This approval can only occur once the public objection period has passed and once HUD has released funds to DEED. Until this approval is granted, and the release of funds issued, costs cannot be incurred, except as provided in the section entitled **P**re-award Costs.

Details on the environmental review process are contained in DEED's "Step-by-Step SCDP Environmental Review" packet, which all new grantees receive from their SCDP Representative. Contact your SCDP Representative for more information.

Fair Housing, Equal Opportunity and Civil/Human Rights

Grantees are required to carry out all SCDP activities in compliance with Federal civil rights laws and regulations, including the Minnesota Human Rights Law.

The laws and regulations, specific information on the actions that must be taken by grantees, along with definitions, tracking forms and a Section 3 survey for contractors, can be found in the Fair Housing/Equal Opportunity Handbook. This handbook and forms are available from your SCDP representative.

Fair Housing/Equal Opportunity Reporting & Tracking:

During the project, grantees will be required to provide the following information to DEED on the Annual Report:

- Actions taken to promote fair housing during the grant year
- The race/ethnicity/of the beneficiaries of program activities
- The number of female headed households of the beneficiaries of program activities
- The total number and total dollar amount of construction contracts, including general contractors and subcontractors.
- The total number and total dollar amount of non-construction contracts, including profit and non-profit SCDP administrators.
- The contracts awarded to women, minority and Section 3-owned businesses, including contract amount and race/ethnicity of those business owners
- Section 3 employee information on contracts over $100,000, which including the total new hires, job category, number of employees and trainees, the race/ethnicity, and whether they are female.

Equal Opportunity Contract Requirements:

For public facilities projects or other direct grantee contracts, grantees must make sure that the full text of the following documents are inserted directly into bid documents and contracts:

• List of all applicable laws. Refer to Appendix E.

• Applicable Uniform Administrative Requirements. Refer to Appendix F.

• Executive Order 11246, for contracts in excess of $10,000. Refer to Appendix G.

• Section 3 Clause for all contracts in excess of $100,000. Refer to Appendix H.

For rehabilitation projects, Grantees should make sure that the contracts between the owner and the contractor contain the following provisions:

- **Equal Employment Opportunity:** "The contractor shall provide equal employment opportunity to all persons without discrimination as to race, color, creed, religion, national origin, sex, age or disability."
- **Affirmative Action:** "To the extent possible and practical, the contractor will take affirmative action to provide employment opportunities to all persons without regard to race, color, creed, religion, national origin, sex, age, or disability."
- **Section 3:** "To the extent feasible, the contractor shall provide opportunities for training and employment to lower income residents of the area, particularly residents of public or federally assisted housing."

Federal Objectives for Applicants

Overview

Federal regulations require that, aside from administration, each activity funded in whole or in part with SCDP funds must meet one of three Federal Objectives. As part of the Full Application, applicants must be able to demonstrate how each activity will meet one of the Federal Objectives:

- The activity must principally benefit low and moderate income persons, on either an individual household basis; 80% county median income or an area basis; housing target area must benefit at least 51% of LMI residents or
- The activity must prevent or eliminate slums and blight, on either an area basis or an individual building basis; or
- The activity must alleviate an urgent community development need.

LOW AND MODERATE INCOME (LMI): *Commonly used for owner occupied housing rehabilitation which may include utility hookups on private property.*

These activities must primarily serve households whose total income from all members does not exceed 80% of the County Median Income, adjusted for household size. These income figures are determined by HUD annually. The most current income limits can be found at: https://www.huduser.gov/portal/datasets/il.html

DEFINITIONS

Principal Residence: A property used as the primary residence of the owner-occupant and his/her household. Generally, the residence would be one classified as homestead property by the borrower who is also the applicant residing at the property for more than 6 months out of the year. A residence that is primarily intended to be used in a trade or business, as an investment property, or as a seasonal/recreational home would not be considered a principal residence.

"Affordable Rents" for SCDP: For Rehab of Existing Units (not including "conversion" projects)

The SCDP applicant is free to use either:

1) The Fair Market Rent (FMR) or
2) Section 8/voucher "payment standard" for the number of bedrooms in each unit, (adopted by grantee and made public).

HUD Fair Market Rents (FMR) can be found at:

http://www.huduser.org/DATASETS/fmr.html

→ **Low and Moderate Income (LMI), Direct Benefit:** *Commonly used for rental housing rehabilitation and/or abatement of public facility assessments.*

- Applicants must state that they understand that all rental households assisted with SCDP funds are LMI (see **I**ncome/Household Definitions for the SCDP). 51% of units in a multi-family rental building must be occupied by LMI households, and 51% of the units in the building must have rents that are "affordable."

- Applicants must establish and follow policies and procedures for determining income eligibility based on household size, and affordable rents, as necessary, to document the LMI direct benefit.

For Duplexes, the following applies:

- *At least one of the two units must be occupied by an LMI household, and the rent on one unit must be affordable.*
- *If one of the units are occupied by the owner, both units must meet the LMI requirements with one of the two units meeting "affordable" rents.*

→ **Low and Moderate Income (LMI), Area Benefit:** *Commonly used for public facilities activities, aside from utility hookups on private property that are done as part of rehabilitation. (See LMI Direct Benefit.)*

At the time of the Preliminary Proposal, applicants must demonstrate how at least 51 percent of the benefiting area's residents meet HUD Section 8 income guidelines, using:

HUD most recent Census Data - If the census area matches the benefiting area exactly, such as for a citywide benefit (the table, HUD 2010 LMI Census Data for MN Non-entitlement Communities is available at http://mn.gov/deed/assets/hud2014-census_tcm1045-132496.pdf

or

SURVEY- a valid community or benefiting area survey to determine LMI benefit. If a survey is used, applicants must submit a copy of the income survey and the "SCDP Survey Results Spreadsheet – LMI Area Benefit" (or equivalent) to SCDP, along with their Preliminary Proposal. The survey must include only those people who physically benefit from the improvements.

A sample survey and a fillable "SCDP Survey Results Spreadsheet – LMI Area Benefit" can be found on the SCDP website. (Note: *The Spreadsheet file contains two worksheets – a filled-in example and a fillable version*.)

- The most recent HUD income limits adjusted by household size must be used in the survey. Go to: www.huduser.org/datasets/il.html , click on the most recent income limits, then select the state and appropriate county for the Income Limits Summary.

→ **Low and Moderate Income (LMI), Limited Clientele:** These activities benefit a specific clientele presumed to be LMI. The following groups can qualify:

·abused children
·elderly persons
·battered spouses
·homeless persons
·illiterate adults
·persons living with AIDS
·migrant farm workers
·persons meeting the census definition of severely disabled adults, found at: http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/memorandaa/disabledpersons1997.cfm

ELIMINATION OF SLUMS AND BLIGHT: These are activities which help to prevent or eliminate slums and blighted conditions. This activity can be conducted either on an area basis, or a spot basis.

→ **Slum and Blight Area:** *Commonly used for commercial rehabilitation.*

Applicants must submit:

- A map and a narrative describing the boundaries of the target area; and
- One of the following:
  - a letter from the applicant, signed by either the chief executive officer (mayor/board chair) or the applicant's legal counsel, or
  - a council/board resolution

The above must certify that the target area meets a legal definition of slum, blighted, deteriorated or deteriorating area under state or local law (indicate the state or local law used), and that the SCDP-funded activity will be used to alleviate conditions that contributed to the determination of slum and blight area. For rehabilitation, SCDP has generally interpreted this to mean that SCDP funds can only be applied to:

- exterior rehabilitation
- handicap accessibility
- energy improvements
- Building code violation corrections.

The letter or resolution must indicate the total number of buildings (including commercial, residential, vacant buildings, municipal and any other) in the target area, and the number and percentage of them which are substandard. A*t least 1/4 (25%) of buildings in the target must be substandard to apply for SCDP funds*.

State statues contain two definitions that can be used as the basis for this determination:

The Minnesota HRA statute definition of "blighted area" at 469.002, subdivision 11, at:
https://www.revisor.mn.gov/statutes?id=469.002&year=2015&keyword_type=all&keyword=469.002

or
The TIF definition at Minnesota statute (469.174):
https://www.revisor.mn.gov/statutes?id=469.174&year=2015&keyword_type=all&keyword=469.174

→ **Slum and Blight Spot:** *Commonly used for commercial rehabilitation on an individual building basis which has an existing operational business.*

Rehabilitation done under spot slum and blight is limited to correction of hazardous conditions detrimental to public health and safety.

Applicants must:

- indicate the location(s) on a map, of target buildings; and
- demonstrate that the entire building (for acquisition/demolition), or certain building conditions (for rehabilitation), are hazardous to public health and safety; and
- show how the proposed activity will eliminate those specific conditions of blight or physical decay.

URGENT COMMUNITY DEVELOPMENT NEED: *In general, these activities are part of federal level or other, significant disaster recovery projects. Contact your SCDP Representative if you have questions.*

→ **Urgent Community Development Need:** Can be used for disaster recovery projects.

Applicants must demonstrate:

- that the condition (damage to homes, businesses, infrastructure, etc.) is associated with an event, or became critical or developed within the preceding 18 months;
- that the existing condition or conditions post a serious and immediate threat to the health or welfare of the community, which would be alleviated by the activity, and
- that other funds (including local funds, FEMA, DNR, insurance, etc.) are unavailable or inadequate to correct the condition or conditions. SCDP funds must be used to fill gaps in funding.

Federal Objectives for Grantees

Grantees must maintain documentation on how each activity conducted met a Federal Objective. When monitoring (see "Monitoring"), SCDP staff will review grantee records for the following for each Federal Objective:

→ **Documenting Low and Moderate Income (LMI) Direct Benefit:**

- Policies and procedures for determining income eligibility (which were followed).

- third party income verification evidence, household size information and income calculations, along with the income limits in place for the household size at the time of household application. This information must be maintained in individual files.

- for rental projects, documentation of adherence to "affordable rents" policy, including occupancy records featuring household income, size and rent, including tenant-paid utilities, aside from telephone, internet, etc. This information must be maintained in individual files.

→ **Documenting Low and Moderate Income (LMI) Area Benefit:**

- By HUD Census Data: A copy of HUD Census data documenting the LMI percentage is 51% or more,
  or
- By Survey: Actual survey responses, sorted by LMI/non-LMI households, a survey response summary (if used) and the "SCDP Survey Results Spreadsheet – LMI Area Benefit."

- evidence that activities benefited the area presented in the application.

→ **Documenting Low and Moderate Income (LMI) – Limited Clientele:**

- documentation showing the project is designed to be used exclusively by a segment of the population presumed by HUD to be LMI persons,
  or
- documentation describing how the nature and location of the project establishes that it will be used predominately by LMI persons.

→ **Documenting Slums and Blight on an Area Basis:**

- city resolution certifying that target area meets the HRA definition of slum, blighted, deteriorated or deteriorating area under state or local law;

- evidence that all buildings rehabilitated are in the selected target area;

- evidence that SCDP funds were used for eligible program activities.

→ **Documenting Slums and Blight on a Spot Basis:**

- map(s) indicating target building(s);
- evidence that the entire building, or certain conditions of the building(s), were determined to be hazardous to public health and safety; and
- evidence that SCDP funds were used only to eliminate the specific hazardous conditions

→ **Documenting Urgent Community Development Need:**

- evidence of disaster declaration;
- evidence that other sources of funding were not available to cover all activity costs (letters of denial to city from federal/state agencies, individual home/business owners, etc.)

Financial Management

Each grantee must establish and maintain a system for financial management of the grant which is in compliance with federal requirements.

Grantees are strongly advised to carefully read the requirements governing this area found in OMB Circulars and rules found at:

- OMB Circular A-87, which addresses principles for determining allowable costs. This Circular consists of two parts, both of which are found at: http://www.whitehouse.gov/omb/circulars_a087_2004

- The Common Rule - The federal guide for Uniform Administrative Requirements (24 CFR Part 85) for assistance to state and local governments. This document can be found at: http://www.access.gpo.gov/nara/cfr/waisidx_01/24cfr85_01.html .

Grantee accounting systems must provide accurate, current and complete information on the financial status of each grant-supported activity. The system must be of sufficient detail to generate financial status reports which indicate the funds budgeted by activity, along with the amount obligated and expended, by activity.

All costs charged to the grant must be reasonable, allowable and allocated to the correct program activity.

All accounting documents must be supported by source documentation such as payroll records, invoices or vouchers.

Where applicable, grant activities funded by sources other than Small Cities funds (including program income from grantee revolving loan funds) must appear and be traceable within the financial management system.

All staff or employees (including employees of HRA's, CAP's, etc.) paid in whole or in part with SCDP funds must prepare timesheets indicating the hours worked on all activities, including SCDP activities, per pay period. Payrolls must be based upon these timesheets. SCDP funds for administration disbursements cannot exceed 15% of project cost.

Procurement of services and goods (engineering, construction, audit), must follow a competitive process, described briefly in the "**P**rocurement of Goods and Services" Section of this Guide, and in the "Procurement" section of The Common Rule (citation above).

Grant Agreement

The agreement lists the award amount of the project, the budget, the grant period and the conditions of the award. It should be carefully reviewed by grantees prior to signing. The conditions in the grant agreement are the state and federal rules, laws, orders and regulations that are applicable to the Small Cities Development Program. In joint community awards, all participating communities must comply with the grant agreement requirements.

Changes to the Grant, including Extensions & Budget Revisions

Any change to the approved program or shifting of budget become a grant agreement change.

Grant Amendments include the following:

- a change in the total amount of the grant.
    - *Most times a reduction due to unused funds*
- an extension of the end date.
    - *This takes longer than a grant adjustment notice (GAN), please allow sufficient time, at least 30 days to process.*

Grantees must request any potential changes in writing, in advance, and all changes must be approved in writing by DEED. Grantees should not assume that requests for changes will be approved.

Requests for significant changes in activities or goals will require DEED to re-evaluate the initial rating of the grant application. If, in incorporating the requested change, the project would have still been funded, DEED may approve the request.

If rehabilitation goals cannot be met in the original target area due to unforeseen circumstances, SCDP encourages grantees to discuss the options for changes to the target area with their SCDP Representative long before the scheduled end date of the grant, so that grant funds can be fully utilized. A map and description of the changed target area must be included with the request. Grantees should not assume that requests for changes in target area will be approved.

To request a change, grantees should follow these steps:

1. Using the Grant Adjustment Request form (contact your SCDP Representative), provide a narrative describing the change requested and the reason the change is being requested. This must include a justification on why the grantee believes the change will benefit the project. If a budget revision is necessary, provide that information on the form as well, showing a requested goal change, if applicable.

The form must be signed by the Grantee's Authorized Official which is the person that signed the original grant agreement.

2. Citizen Participation. When requesting substantial changes to the project, the grantee must allow for citizen participation. A requested substantial change is defined as:
   a. an increase, decrease or change to the target area of the grant as approved (unless the full application proposed expending the target area at some point);
   b. a change in the funds budgeted for an activity that would significantly alter the impact of the activity;

   The change(s) must be discussed at a public hearing, and comments and/or objections solicited from affected parties, especially when the grantee proposes to reduce the benefit of grant funds to persons of low and moderate income. Minutes from the public hearing, summarizing citizen comments/objections and the grantee's response, must be included with the request for a change.

3. If the proposed change is to increase/change the target area not previously addressed by the environmental review, the grantee may need to re-evaluate the environmental review. Ask your SCDP Representative about this requirement.

Income/Household Size Definitions for SCDP

In calculating household income for Low and Moderate Income Direct Benefit activities (see **F**ederal Objectives for Applicants), grantees must remember the following:

→ Household income must be projected 12 months ahead, from the time of application. While useful to look at income from the past 12 months as an indicator of what the applicant will probably receive, your process must ask about anticipated changes to the applicant's income. SCDP requires independent third-party, written verifications on gross household income, wherever possible. You can find forms/templates for this in the SCDP Rehabilitation Guides for owner-occupied rehabilitation or contact your SCDP Representative.

→ No deductions are taken from the anticipated gross income for the purpose of determining eligibility.

Income Eligibility Determination:

Income projections must include but not be limited to: salary, commissions, bonuses, earnings from part-time employment, interest, dividends, tips, gains on sale of securities, annuities, pensions, royalties, veterans administration compensation, net rental income from all sources, alimony & child support (if received), public assistance, sick pay, social security benefits, income received from business activities or investments, unemployment compensation, estate or trust income, and other miscellaneous income.

Income from self-employment can be projected using the average of the last two years of income from Federal tax statements.

Income of or resulting from foster children, live-in aids, children of live-in aides or children being pursued for legal custody or adoption who are not currently living with the household can be counted, but only if these same individuals are counted as residents of the household, as described below.

A list of income types that can be included/excluded can be found in DEED's Owner Occupied Rehab Guide or available from your SCDP Representative.

Income Limits: Income limits by household size for the SCDP program can be found at: http://www.huduser.org/datasets/il.html. Limits are adjusted annually, generally in the Spring, and grantees are expected to use the most current limits with applicants.

Household Size: Beneficiaries of housing rehabilitation and other direct benefit LMI activities (see **F**ederal Objectives for Applicants) must qualify by income, adjusted for household size.

A **household** is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. A dependent child who is living outside of the home (i.e., students living in a dormitory or other student housing) may be considered for these purposes to be part of the family upon which he/she is dependent, even though he/she is living in another housing unit. The following can be counted when determining household size, but income of or resulting from these individuals must be taken into consideration for income purposes, above: foster children, live-in aides and children of live-in aides, unborn children and children being pursued for legal custody or adoption who are not currently living with the household.

Labor Standards

Federal Labor Standards rules apply to projects using SCDP funds that involve physical construction such as public facilities, commercial rehabilitation and residential rental rehabilitation of eight or more units under one site or within 1 building. Rehabilitation of single family, detached housing units are exempt.

Contractors and subcontractors must comply with applicable Federal Labor Standard rules when bidding on projects funded by SCDP funds that must meet labor standards requirements.

When contracts are awarded, administrators are required to ensure contractors and subcontractors are compliant with these Laws.

The Labor Standards – 12 Step Instructions can be found on DEED's website at http://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp
For additional labor standard forms, please contact your SCDP Representative.

Lead Policy

Minnesota Statutes 144.9501-144.9509 cover Lead Hazard Reduction, Abatement, Prevention and Training and Licensing and the rules governing this law are in Chapter 4761.2000 to 4761.2700.

The following procedures shall apply to all SCDP funded residential rehabilitation projects.

1. All participants in SCDP assisted housing programs must receive the latest version of HUD/U.S. Environmental Protection Agency publication entitled, "Renovate Right" All rehabilitation files must contain evidence that all participants and tenants have received the notification.

2. All contracts entered into for the purpose of rehabilitating housing units with SCDP assistance must contain language which explicitly prohibits the use of lead based paint in the construction process, and requires appropriately trained and/or licensed lead supervisors and workers, and references lead safe work practices.

3. For all residential units built on or before 1978, grantees must require a lead risk assessment to be conducted by a lead licensed risk assessor. If lead is identified, the results of the assessment must be incorporated into the rehabilitation work write-up for the property.

4. Defective paint conditions which contain lead based paint must be corrected in accordance with methods that ensure the safety of residents and contractor (Lead Safe Work Practices) and the work must be conducted by appropriately trained and licensed lead supervisors and workers.

Note: Please use the Rehabilitation Calculation Sheet to determine the level of lead work.

5. For residential rental properties, grantees must address temporary relocation issues and needs of renters as appropriate and in accordance with the Uniform Relocation Act.

6. DEED requires a lead certified firm and a licensed supervisor for residential rehabilitation projects where lead hazards have been identified by risk assessment, regardless of the total costs of the project or the amount of federal assistance. Because of the licensing requirements and process, we can assume that a licensed supervisor is qualified to deal with the basic requirements of lead hazard issues as well as any unexpected situations that may arise during the rehab project. The presence of a licensed supervisor on site establishes a “responsible party” for oversight of the project and limits the liability for the program.

If the lead licensed supervisor is present at the construction site the entire time during the lead remediation activity then the worker(s) do not need to be lead worker trained, but if the supervisor is off site at any time during the lead remediation work then the workers must attend a

one day EPA Renovation, Repair, and Painting course or other one day courses listed at MN Department of Labor & Industry's website: https://secure.doli.state.mn.us/ccldcecourses/ For EPA Lead requirements, see website: https://www.epa.gov/lead

7. As appropriate, a clearance examination must be conducted by an appropriately trained and licensed professional and should not be the same person who conducted the lead hazard reduction work.

8. Abatement is required under the following circumstances only:
   - when abatement is ordered by the Department of Health or Health Board or
   - when federal funds are available specifically for lead abatement and lead costs exceeding $25,000.

Please consult with your SCDP Representative if considering lead abatement.

REQUIRED DOCUMENTS IN PROJECT FILES

The following forms/documentation are required in each individual project file for residential units built on or before 1978 with lead identified.

- Lead Applicability Form *(indicating if the property is covered by or exempt from Lead Safe Housing Rule).*
- Letter notifying residents of upcoming Lead Risk Assessment *(evidence in file)*
- Lead Risk Assessment Report and Summary Notice of Lead Risk Assessment – *(evidence that the residents have received the report and the summary).*
- Relocation Screening Sheet (signed by all parties) Lead Clearance Report and Notice of Hazard Reduction Completion Report – (evidence that the residents have received both reports).

Monitoring

The goals of monitoring is to examine activity progress and compliance with CDBG and other federal requirements and to evaluate organizational and project performance.

Grantees conducting activities other than Public Facilities must have or must develop policies and procedures prior to starting the program, as required in the grant agreement. Policies on limits of assistance, financial package, target area, etc., must match the information in the funded application.

Grantees will be monitored onsite at least once during the term of the grant agreement. When monitoring SCDP projects, DEED staff will review grantee files for compliance with conditions in the grant agreement.

There are two types of monitoring:

- Onsite Monitoring
- Ongoing Monitoring

Onsite monitoring consists of DEED reviewing the following areas:

- Federal Objective
- Grant and Financial Management
- Activity Specific
- Environmental
- Labor Standards
- Fair Housing/Equal Opportunity/Section 3
- Lead Paint Remediation Activities

Ongoing monitoring consists of DEED reviewing the items below at any time during the grant period:

- Annual Reports/Performance Measurements
- Disbursements Requests
- Requested information regarding grant progress
- Labor Standards-Notice of Awards and Final Reports
- Requested information/Policies and Procedures

Pre-award Costs

SCDP allows grantees to claim and draw down certain, reasonable "pre-award costs," to which the grantee has committed before the date of the award or the grant agreement.

Pre-award costs that may be eligible include the following:

- Costs incurred to attend the Small Cities Development Program (SCDP) Implementation Workshop.
- Costs incurred to complete an environmental review.
- Costs incurred to accept applications and determine scope of work.
- Grant start-up activities (i.e. Policies and Procedures).
- Engineering and architectural services on SCDP funded and related activities.

No eligible pre-award costs can be drawn down until the following has occurred:

- An executed grant agreement with DEED.
- Cleared SCDP environmental review process.
- Received the Authority to use grant funds notification.
- Cleared any special conditions necessary.

GRANT APPLICATION PREPARATION IS NOT AN ALLOWABLE PRE-AWARD COST.

Procurement of Goods and Services

Regulations governing procurement of goods and services for which SCDP funds will be used require that grantees use competitive processes to procure goods and services. Through the competitive process, two or more vendors or contractors bid to provide the grantee with the most favorable price, quality and service.

Debarment Checks

No SCDP-related contracts (construction, audits, administration, etc.) may be awarded to those who have been debarred or otherwise suspended from receiving Federal contracts or certain subcontracts. Grantees must check with the following federal website prior to awarding contracts: http://www.sam.gov. Evidence of this determination must be readily available to DEED through the life of the project.

The grantee must, at a minimum, include in the contract the applicable provisions described in the "Contract provisions" section of the Common Rule at 24 CFR 85.36(i)) (see **F**inancial Management in this guide), as well as the provision for contracts included in the SCDP grant agreement.

Depending on the nature of the purchase and the number of available providers, the grantee may select from these options:

- Small purchase procedures
- Competitive sealed bids (formal advertising)
- Competitive negotiation
- Noncompetitive negotiation

The requirements of each option are spelled out in the "Procurement" section of "The Common Rule." (see **F**inancial Management of this guide.) The nature of the purchase will determine the option chosen. Grantees should also adhere to any state and/or local procurement procedures that cover the situation.

Contracts should be reviewed by the grantee's legal counsel to assure that normal prudent safeguards are included in the contract language, that specification of the goods or services to be provided are clear, and that compliance with restrictions are met.

Grant Management Services:

Procurement: The Grantee must maintain documentation that shows that professional services were procured in accordance with "The Common Rule," Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, at 24 CFR, Part 85, as amended.

Services obtained from units of government such as HRA, RDC, or nonprofit organizations do not have to be procured by competitive negotiation, but contracts for these services must only be on a cost reimbursement basis, accounted for in accordance with "The Common Rule."

See the "Contracting for Professional Services with Administering Entity" and "Applicant Eligibility Requirements/Restrictions" in the Program Concept in the Application Packet for more information.

Program Income and Local Income Generated

Program Income is defined as income of $35,000 or more generated in a federal fiscal year (October 1 – September 30) by SCDP funds from past and open grants. For reporting purposes, do not combine funds generated through SCDP grants and Minnesota Investment Fund (MIF) revolving loan fund grant repayments and interest. These should be accounted for and reported separately. Reporting is due October 15th each year.

If a grantee receives less than $35,000 in a fiscal year, it is not considered Program Income but referred to as Local Income.

Program Income and Local Income funds generated could include:
- loan repayments (with interest, if applicable).
- proceeds from the sale of property in which SCDP funds were used.
- interest earned on the Program Income itself.

Program Income from previous grants must be used before newly awarded grant funds can be disbursed. Program Income must be listed as leverage on applications and is expected to be drawn prior to drawing awarded funds.

Program Income and Local Income must be reused in a manner consistent with what was stated in the funding application, grant agreement, SCDP program requirements (federal objective, environmental, labor standards and etc.) and their respective Program Income Reuse Plan. After closeout, if grantees wish to use Program Income or Local income generated for something other than the activities that generated the income, SCDP staff should be consulted.

REPORTING PROGRAM INCOME (PI)

Reporting PI on Open SCDP Grants:
Program income received from past grants with an open grant must be reported on the "Program Income and Local Funds Reporting – Open Grant" section of the Annual Report. Do not compete the **Post-Closeout Program Income Reporting** that is on DEED's website.

Program income from past grants expended by grantees with an open grant must be reported in the "Expenditure" and "Program Income and Local Funds Reporting – Open Grant" sections of the Annual Report. Do not complete the **Post-Closeout Expenditure Report** that is on DEED's website.

Reporting on Closed SCDP Grants for Grantees that do not have any current open grants:
For funds received on closed grants, use the **Post-Closeout Program Income Reporting** online reporting form. Report funds received if $35,000 or more as Program Income. If $0-$34,999 is received, it is considered as SCDP Local Income and should be reported as $0.

On closed grants, if Program Income funds were expended on an eligible SCDP activity, complete the **Online Post Closeout Expenditure Report** and send electronically to your SCDP representative. This report includes demographics, income levels, leveraged funds, etc. Start early to ensure you have the data needed. Note: If you plan on expending funds, expend all funds and complete the project in the same reporting period (Oct. 1-Sept. 30).

Establishing & Managing - Reuse Funds:

A revolving fund (reuse funds) is a separate fund with an independent set of accounts used only to track Program Income and Local Income. Reuse of funds may be established for activities approved by SCDP.

- If an organization other than the grantee is administering income-producing activities, the reuse of such income shall be stated in the administrative contract between the grantee and the administrator.
- All repayments (Program Income and Local Income) must be repaid to the grantee and not the administrator.
- Grant Preliminary Proposal or Application preparation is not an eligible use of Program Income.

It is recommended that grantees maintain separate accounts for Program Income and Local Income. While the reuse of these funds may be similar, there are less reporting requirements for Local Income.

DEED may request information and review grantee files for Local Income and Program Income to ensure its reuse complies with the grantee's application, funding agreement, and Reuse Income Plan.

Public Hearing

A public hearing or public hearings will be the primary means of obtaining citizen views and responding to proposals and questions related to community development and housing needs, proposed CDBG activities and past CDBG performance.

Prior to submitting a CDBG application to the State of Minnesota, the Applicant will need to conduct at least one public hearing to identify community development and housing needs, including the needs of very low and low income persons, as well as other needs in the community that might be addressed through the CDBG program. At the hearing, the Applicant must also, at minimum, review the proposed CDBG activities, their benefiting location(s), overall cost and proposed financing, and the implementation schedule. In addition, the past performance of the Applicant in carrying out CDBG responsibilities should be reviewed.

A second public hearing midway through project implementation is required.

Formal notice of the public hearing must be provided, which follows the posting/publication requirement(s) of the Applicant. A public notice will also be posted in places frequented by the public, especially low and moderate income persons benefiting from or affected by proposed CDBG activities. As circumstances warrant and as the Applicant determine necessary or appropriate, participation may additionally be specifically solicited from persons of low and moderate income, those benefiting from or affected by CDBG activities and/or representatives of such persons. Hearings will be held at times and in locations convenient to potential and actual beneficiaries and with accommodation for the handicapped. In case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements will be made to have an interpreter present.

Citizens must be provided the opportunity to comment upon the original Citizen Participation Plan and on substantial amendments to it, or to the activities for which CDBG funds will be used.

Records Retention

Grantees are responsible for retention of financial records, supporting documents, statistical records, environmental review records and all other records pertaining to the project for a period of six years from the date of submission of the final Annual Report, except as follows:

1. Records that are the subject of audit findings (if any) shall be retained for six years or until such audit findings have been resolved, whichever is later.

2. Records for non-expendable personal property that was acquired with grant funds (if any) shall be retained for six years after its final disposition.

3. Records for any displaced person (if any) shall be retained for six years after that person has received final payment.

4. Records pertaining to each real property acquired shall be retained for six years after settlement (closing) of the acquisition or until disposition of the applicable relocation records (if any), in accordance with item 3, above, whichever is later.

5. DEED may require electronically scanned documents for review.

Relocation, Anti-displacement and 1 for 1 Replacement

The following are requirements of the SCDP program:

1. Grantees are required to certify, adopt, make public and follow a "Residential Anti-displacement and Relocation Assistance Plan" before starting grant activities. Grantees may develop their own, following the requirements of 24 CFR Part 42.325, or use the sample in Appendix B. (A fillable version of the form, in Microsoft Word, is available from your SCDP Representative.)

2. Grantees must develop and follow a plan for the relocation of residents, where rehabilitation is extensive and disruptive, or where lead work may be/is involved.

3. Whether relocation is likely or not, grantees must provide timely written notices to all tenants (residential and nonresidential) in all buildings to be rehabilitated, so that they may be informed of their rights and responsibilities as part of the project. See Appendix I for General Information Notice (GIN).

To avoid both economic displacement and loss of affordable residential rental units, grantees must track rents in both residential and commercial properties, to make sure that -

   a. residential rents (which includes all tenant-paid utilities, but not including phone/cable/internet) on occupied are not increased as a result of project activities beyond that which is affordable for the existing tenant (generally rents are affordable if they are no more than 30% of gross income). If this occurs, the tenant is considered to be permanently displaced, and relocation will need to be paid for up to five years.) (If a tenant was already paying more than 30% of income for rent, the rent cannot be raised for the term of the SCDP loan.)
   b. residential rents (which includes all tenant-paid utilities, but not including phone/cable/internet) on rehabilitated units are not set beyond the Fair Market Rents or the grantee's adopted payment standard. (If this occurs, the unit is no longer "affordable," and the grantee will need to prove how the unit will be replaced by an affordable unit within three years of conversion.)
   c. commercial rents are not raised for one year after the rehabilitation is complete or after the end of the existing lease periods.

Please contact your SCDP Representative for sample letters and forms.

4. If "affordable housing units," either rental or owner-occupied, either occupied or vacant but occupiable, are demolished or converted to a use other than affordable housing (by physical conversion or by rents being raised beyond what is affordable), before <u>the activity starts</u> grantees must develop and make public a "Housing Replacement Plan," which shows how

the demolished/converted housing will be replaced by units (either rental or owner-occupied) that will be affordable, and will remain so for at least ten years.

"Affordable housing units" may or may not be occupied by low and moderate income households. The determination of whether they are affordable has to do with whether they would, if used for rental housing, be rented at or below the Fair Market Rents (or the adopted payment standard) for the area. An area realtor, landlords or an appraiser may need to be consulted to help determine this.

Reporting Requirements

The SCDP requires grantees to report on grant activities using an Annual Report.

This report will be available online and must be filled out and returned to DEED electronically.

The report covers the period October 1 through September 30 of each year the grant is active, and is due in DEED's offices by October 15th of each year.

Grant end dates are usually the end of the year. So the closeout report should include the time period of Oct 1-Dec 31.

All information requested on the report must be accurately provided for the report to be deemed complete.

SCDP representatives may also request for mid grant progress reports during the lifetime of the grant.

Note: Include evidence of second public hearing and the associated advertisement as part of your second annual report.

Final Report: See **C**loseout.

Start-up

1. Complete the environmental review. (See the "**E**nvironmental Review" section of this Guide and the Step-by-Step SCDP Environmental" packet, available from your SCDP Representative.)

2. Execute the Grant Agreement. (See the "**G**rant Agreement" section of this Guide.)

3. Develop, adopt, and make public a "Residential Anti-Displacement and Relocation Assistance Plan (See the "**R**elocation, Anti-displacement and 1 for 1 Replacement" sections of this Guide.)

4. Develop, make public and have available upon request by SCDP a housing replacement plan, if affordable dwelling units are demolished or converted to a use other than low-moderate income housing using SCDP funds. The plan must be approved by DEED. (See the "**R**elocation, Anti-displacement and 1 for 1 Replacement" section of this Guide.)

5. Develop a Program Income Reuse Plan.

6. Comply with the conditions of the Grant Agreement. Refer to Grant Start-up Checklist. Contact SCDP Representative for copy of checklist.

7. Submit to the DEED office the Residential Anti-Displacement Policy, Drug Free Workplace, and the Excessive Force Policy.

8. When the environmental review, grant agreement, and the above policies are all approved the DEED will send out a disbursement request form.

9. For large rental developments and public facility projects DEED requires the environmental review and review of bid specifications before the disbursement request is released.

Termination of SCDP Grants

A grant may be terminated prior to the ending date of the grant agreement under the grant contract termination clause. Termination may occur two different ways:

Termination for Cause. SCDP may terminate any grant in whole or in part at any time before the date of completion, whenever it is determined that the grantee fails to comply with the conditions of the grant. SCDP staff shall promptly notify the grantee in writing of the determination, the reasons for the termination and the effective date. Payments made to a grantee or recovery of grant funds made by the SCDP shall be within the legal rights and liabilities of both parties.

Termination for Convenience. The SCDP or the grantee may terminate grants in whole or in part when both parties agree that the continuation of the project would not produce beneficial results. The parties shall agree upon the termination conditions including the effective date and, in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date and shall cancel as many outstanding obligations as possible. The SCDP shall allow the grantee to draw down the federal share of the non-cancelable obligations properly incurred by the grantee before the effective date of the termination.

Appendix A

CONFLICT OF INTEREST INTERVIEW FORM – SAMPLE
Small Cities Development Program

Are you or have you been one of the following, during the last 12 months, an

- Employee _____
- Consultant_____
- Officer _____
- Elected official _____
- Appointed official_____

of the

- State Name Agency:
- Local government/its agents Name Position:
- Managing/consulting agency Name Agency:

or, do you or have you or any family member had a business relationship with any of the above named persons? This includes local business that could benefit from the SCDP program such as a local lumber yards or contractors.

If yes, describe:

Note: If a conflict exists, it may be possible for the grantee and its agents to request an exception to the conflict from DEED by completing and submitting the "Conflict of Interest Worksheet". The "Conflict of Interest Worksheet" is available from your SCDP Representative.

Signature of Applicant:

Date:

Appendix B

Residential Anti-displacement and Relocation Assistance Plan for Grantees of the Small Cities Development Program – (Sample)

The [Jurisdiction] anticipates participating in the Minnesota Small Cities Development Program. The consequence of participation is that the potential for displacement exists. The purpose of the Residential Anti-displacement and Relocation Assistance Plan is to describe the steps the [jurisdiction] shall take to mitigate the adverse effects of displacement on low and moderate-income persons.

A. The [jurisdiction] will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR, Part 570.606 and 24 CFR, Part 42. All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the [jurisdiction] to provide funds for an activity that will directly result in such demolition or conversion, the [jurisdiction] will make public and submit to the Minnesota Department of Employment and Economic Development the following information in writing:

1. A description of the proposed assisted activity;
2. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activities;
3. A time schedule for the commencement and completion of the demolition or conversions;
4. The location on a map and the number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the [jurisdiction] will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as possible;
5. The source of funding and a time schedule for the provision of replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy.
7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of low and moderate-income households in the jurisdiction.

The [jurisdiction] may request the Minnesota Department of Employment and Economic Development to recommend that the U. S. Department of Housing and Urban Development approve an exception to required replacement housing if there is an adequate local supply of vacant low/moderate-income dwelling units in standard condition. Exceptions will be reviewed on a case-by-case basis as described in 24 CFR, Part 570.488(c)(1)(B).

B. The [jurisdiction] will provide relocation assistance, as described in 24 CFR, Part 570.488(c)(2), to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low/moderate-income dwelling unit to another use in connection with an assisted activity.

C. Consistent with the goals and objectives of activities assisted under the Act, the [jurisdiction] will take the following steps to minimize displacement when doing SCDP funded projects:

1. Establish procedures for relocation, tailored to funded activities, that follow Section 104(d) of the Housing and Community Development Act and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

2. Inform applicant owners of buildings with tenants of the need to minimize displacement and of their responsibility to inform their tenants of their intent to minimize displacement during rehabilitation, as much as possible.

3. Stage rehabilitation of residential rental units to allow tenants to remain in the building, complex or general geographic area during the rehabilitation, working with empty, standard-condition units first, if possible.

4. Stage commercial rehabilitation work so that businesses can continue to serve customers while rehabilitation is underway.

5. For public facility activities, schedule utility interruptions so they are as minimally disruptive as possible.

D. Definitions for the purposes of this plan are as follows:

- A “low/moderate-income dwelling unit” is a unit with a market rent, including utility costs, that does not exceed the applicable fair market rent for existing housing and moderate rehabilitation, as established under the HUD Section 8 existing housing program.
- A “vacant occupiable dwelling unit” is a vacant unit that is in standard condition; or in substandard but suitable for rehabilitation condition; or in dilapidated condition and occupied less than three months from the date of the grantee agreement.
- An “occupiable dwelling unit” is a unit that is in standard condition or has been raised to a standard condition from a substandard condition, suitable for rehabilitation.
- A “Standard Condition” dwelling unit is a unit which meets HUD Section 8 Housing Quality Standards (HQS) with no major defects in the structure and only minor maintenance is required. Such a dwelling will have the following characteristics: reliable roofs, sound foundations; adequate and stable floors, walls and ceilings; surfaces and woodwork that are not seriously damaged nor have paint deterioration; sound windows and doors; adequate heating, plumbing, and electrical systems adequate insulation; and adequate water and sewer systems, and not overcrowded (defined as more than one person per room).
- A “Substandard Condition” dwelling unit is a unit if it does not meet HUD Section 8 Housing Quality Standards (HQS) which includes lacking the following: complete plumbing, complete kitchen facilities, efficient and environmentally sound sewage removal and water supply, and heating source. In addition, the dwelling may be overcrowded (defined as more than one person per room).
- A “Substandard but Suitable for Rehabilitation Condition” dwelling unit, at a minimum, is a dwelling unit that does not meet Housing Quality Standards (HQS) with some of the same features as a “substandard condition” dwelling unit. This unit is likely to have deferred maintenance and may have some structural damage such as a leaking roof, deteriorated interior surfaces, and inadequate insulation. A “substandard but suitable” dwelling unit, however, has basic infrastructure (including systems for clean water and adequate waste disposal) that allows for economically and physically feasible improvements and upon completion of rehabilitation meets the definition of a “Standard” dwelling unit.

Appendix C

Citizen Participation Plan - Example

Pursuant to Section 104(a)(3) of the Housing and Community Development Act of 1974, as amended, this Citizen Participation Plan is hereby adopted to ensure that the citizens of_____(hereinafter referred to as the Applicant), particularly persons of low and moderate income residing in slum and blight areas and in areas in which CDBG funds are proposed to be used, are encouraged to participate in the planning and implementation of CDBG-funded activities.

Public Hearing

A public hearing or public hearings will be the primary means of obtaining citizen views and responding to proposals and questions related to community development and housing needs, proposed CDBG activities and past CDBG performance.

Prior to submitting a CDBG application to the State of Minnesota, the Applicant will need to conduct at least one public hearing to identify community development and housing needs, including the needs of very low and low income persons, as well as other needs in the community that might be addressed through the CDBG program. At the hearing, the Applicant must also, at minimum, review the proposed CDBG activities, their benefiting location(s), overall cost and proposed financing, and the implementation schedule. In addition, the past performance of the Applicant in carrying out CDBG responsibilities should be reviewed. A second public hearing midway through project implementation is required.

Formal notice of the public hearing must be provided, which follows the posting/publication requirement(s) of the Applicant. A public notice will also be posted in places frequented by the public, especially low and moderate income persons benefiting from or affected by proposed CDBG activities. As circumstances warrant and as the Applicant determine necessary or appropriate, participation may additionally be specifically solicited from persons of low and moderate income, those benefiting from or affected by CDBG activities and/or representatives of such persons. Hearings will be held at times and in locations convenient to potential and actual beneficiaries and with accommodation for the handicapped. In case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements will be made to have an interpreter present. Citizens must be provided the opportunity to comment upon the original Citizen Participation Plan and on substantial amendments to it, or to the activities for which CDBG funds will be used.

Public Information and Records

Information and records regarding the proposed and past use of CDBG funds will be available at_____ (location) during regular office hours. The public will be so informed of this by public notice. Special communication aids can be made available to persons upon request.

Written Comments and Response

The Applicant will respond to written complaints and grievances, in writing, in a timely manner. When at all possible, such written responses shall be made within fifteen (15) working days.

Applicant Signature of Chief Elected Official of Applicant Date

NOTE: EACH JURISDICTION PARTICIPATING IN A JOINT APPLICATION IS REQUIRED TO FOLLOW CITIZEN PARTICIPATION REQUIREMENTS. A SINGLE PLAN CAN BE USED FOR A MULTI-JURISDICTIONAL APPLICATION, BUT CITIZENS FROM ALL JURISDICTIONS MUST BE GIVEN AN OPPORTUNITY TO PARTICIPATE.

Appendix D

Local Government Application Resolution – Example

BE IT RESOLVED that_____(Applicant) act as the legal sponsor for the project contained in the Application to be submitted on_____(date) and that_____ (Title of First Authorized Official) and_____(Title of Second Authorized Official) are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of_____(list parties to the application).

BE IT FURTHER RESOLVED that_____(Applicant) has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that_____(Applicant) has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the State,_____(Applicant) may enter into an agreement with the State of Minnesota for the approved project, and that_____ (Applicant) certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW, THEREFORE BE IT RESOLVED that_____(Title of First Authorized Official) and _____(Title of Second Authorized Official), or their successors in office, are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the project on behalf _____ of the Applicant.

I CERTIFY THAT the above resolution was adopted by the_____(governing body of Applicant) of _____(Applicant) on_____(date).

SIGNED:

(First Authorized Official/Title/Date)

(Second Authorized Official/Title/Date)

WITNESSED:

(Signature/Title/Date)

Note: For Statutory Cities, document needs to be signed by the Mayor and City Administrator
For Charter Cities, document only need the lead official's signature; Mayor.

Appendix E

Illustration 1

Civil Rights Laws

Small Cities Development Program State of Minnesota

Title VI of the Civil Rights Act of 1964. This law provides that no person shall be excluded from participation, denied program benefits, or be subjected to discrimination on the basis of race, color or national origin.

Section 109, Title I, of the Housing and Community Development Act (HCDA) of 1974. This law provides that no person shall be excluded from participation (including employment), denied program benefits, or be subjected to discrimination on the basis of race, color, religion, national origin, sex, age or handicap.

Age Discrimination Act of 1975. This law provides that no person shall be excluded from participation, denied program benefits, or be subjected to discrimination on the basis of age.

Title VIII, Civil Rights Act of 1968, as amended (The Fair Housing Act). This law prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, familial status, and handicap. The law further requires that programs be administered in a manner that affirmatively promotes fair housing.

Executive Order 11063, Amended by Executive Order 12259, (Equal Opportunity in Housing). This executive order prohibits discrimination in housing and related facilities provided with federal funds on the basis of race, color, religion, creed, sex or national origin.

Section 3, Housing and Urban Development Act of 1968, as amended. This law provides that to the greatest extent feasible, opportunities for training and employment that arise through HUD financed projects shall be given to lower income residents of the project area. Section 3 also provides that contracts awarded in connection with such projects shall be awarded to Section 3 businesses located in the area, or businesses owned in substantial part by residents in the project area.

Executive Order 11246 (Equal Employment Opportunity). This executive order provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in any phase of employment during the performance of federal or federally assisted construction contracts. Contracts in excess of $10,000 require affirmative action on the part of employers.

Civil Rights Laws
(continued)

Executive Orders 11625, 12432, 12138. These executive orders require that efforts be made to encourage the use of minority and women owned businesses in federally funded programs.

Public Law 95-507, Amendments to the Small Business Investment Act of 1958. This law establishes and sets forth that "it is the policy of the U.S. that small business concerns, and small business concerns owned and controlled by socially and economically and disadvantaged individuals, shall have the maximum practicable opportunity to participate in the performance of contracts let by any federal agency."

Section 504 of the Rehabilitation Act of 1973, as amended. This law provides that no otherwise qualified individual with handicaps shall solely, by reason of his or her handicap, be excluded from participation in, be denied the benefits of, or be discriminated against under any program receiving federal funds.

Americans with Disabilities Act (ADA). This law provides civil rights protection to persons with disabilities in the areas of employment, public services, public accommodations, and telecommunications.

Minnesota Human Rights Law (Chapter 363). This law prohibits discrimination in credit, employment, housing, public accommodations, public service, and education on the basis of race, color, creed, national origin, sex, marital status, disability, sexual orientation, public assistance and familial status.

Appendix F

Uniform Administrative Requirements
(24 CR 85.36(e))
Excerpt on M/WBE Contracting
Small Cities Development Program State of Minnesota

E. Contracting with small and minority firms, women's business enterprise and labor surplus area firms.

1. The grantee and sub grantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

2. Affirmative steps shall include:

a) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

b) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;

c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women business enterprises;

d) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

e) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

f) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (E)(2)(a) through (e) of this section.

Appendix G

Standard Federal Equal Employment Opportunity Construction Contract Specifications

(Executive Order 11246)

Small Cities Development Program
State of Minnesota

1. As used in these specifications:

   a. "Covered area" means the geographical area described in the solicitation from which this contract resulted;

   b. "Director" means Director, Office of Federal Contract Compliance Program, United States Department of Labor, or any person to whom the Director delegates authority;

   c. "Employer identification number" means the Federal Social Security Number used on the Employer's quarterly Federal Tax Return, U.S. Treasury Department Form 94 1.

   d. "Minority: includes:
      (i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);
      (ii) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South America or other Spanish Culture or origin, regardless of race);
      (iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and
      (iv) American Indian or Alaskan Native (all groups having origins in any of the original peoples of North American and maintaining identifiable tribal affiliations through membership and participation or community identification).

2. Whenever the Contractor, or any Subcontractor at any tier, subcontracts a portion of the work involving any construction trade, it shall physically include in each subcontract in excess of $10,000, the provisions of these specifications and the Notice which contains that applicable goals for minority and female participation and which is set forth in the solicitations from which the contract resulted.

3. If the Contractor is participating (pursuant to 41 CFR 60-4.5) in a Hometown Plan approved by the U.S. Department of Labor in the covered area either individually or through an association, its affirmative action obligations on all work in the Plan area (including goals and timetables) shall be in accordance with the Plan for those trades which have unions participating in the Plan. Contractors must be able to demonstrate their participation in and compliance with the provisions of any such Hometown Plan. Each Contractor or Subcontractor participating in an approved Plan is individually required to comply with its obligations goal under the Plan in each trade in which it has employees. The overall good faith performance by other Contractors or Subcontractors toward a goal in an approved Plan does not excuse any covered Contractor's or Subcontractor's failure to take good faith efforts to achieve the Plan goals and timetables.

4. The Contractor shall implement the specific affirmative action standards provided in paragraphs 7 a through p of these specifications. The goals set forth in the solicitation from which this contract resulted are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the covered area. Covered Construction contractors performing construction work in geographical areas where they do not have a Federal or federally assisted construction contract shall apply the minority and female goals established for the geographical area where the work is being performed. Goals are published periodically in the Federal Register in notice form, and such notices may be obtained from any Office of Federal Contract Compliance Programs or from Federal procurement contracting officers. The contractor is expected to make substantially uniform progress toward meeting its goals in each craft during the period specified.

5. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations under these specifications, Executive Order 11246, or the regulations promulgated pursuant thereto.

6. In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

7. The Contractor shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the Contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

    a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each construction project. The contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the Contractor's obligations to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.

Standard Federal Equal Employment Opportunity Construction Contract Specifications (Executive Order 11246)

(continued)

b. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organization's responses.

c. Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority and female referral from a union, a recruitment source or such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefore, along with whatever additional actions the Contractor may have taken.

d. Provide immediate written notification to the Director when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process had impeded the Contractor's efforts to meet its obligations.

e. Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under 7b above.

f. Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

g. Review, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination, or their employment decisions, including specific review of these items with on-site supervisory personnel such as Superintendents, General Foreman, etc., prior to the initiation of construction work at any job site. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

h. Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

i. Direct its recruitment efforts, both oral and written, to minority, female, and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of the applications for apprenticeship or other training by any recruitment sources, the Contractor shall send written notification to organizations, such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

j. Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the site and in other areas of a Contractor's workforce.

k. Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR Part 60-3.

l. Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

m. Ensure that seniority practices, job classification, work assignments, and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations under these specifications are being carried out.

n. Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

o. Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

p. Conduct a review, at least annually, of all supervisors adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

Standard Federal Equal Employment Opportunity Construction Contract Specifications (Executive Order 11246)

(continued)

8. Contractors are encourage to participate in voluntary associations which assist in fulfilling one or more of the affirmative action obligations (7a through p). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under 7a through p of these Specifications provided that the Contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of action taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's failure of such a group to fulfill an obligation shall not be a defense for the Contractor noncompliance.

9. A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the Executive Order if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation of the Executive Order if a specific minority group of women is underutilized).

10. The Contractor shall not use the goals and timetables of affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.

11. The Contractor shall not enter into any Subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and of the Equal Opportunity Clause, including suspension, termination, and cancellation of existing subcontracts as may be imposed or ordered pursuant to Executive Order 11246, amended, and its implementing regulations, by the Office of Federal Contract Compliance Programs. Any Contractor who fails to carry out such sanction and penalties shall be in violation of these Specifications and Executive Order 11246, as amended.

13. The Contractor, fulfilling its obligations under these Specifications, shall implement specific affirmative actions steps, at least as extensive as those standards prescribed in paragraph 7 of these Specifications, so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of the Executive Order, the implementing regulations or these specifications, the Director shall proceed in accordance with 41 CFR 60-4.8.

14. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation, if any, employee identification number when assigned, social security number, race, sex, status, (e.g., mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, Contractors shall not be required to maintain separate records.

15. Nothing herein provided shall be construed as a limitation upon the application of other laws which establish different standards of compliance or upon the application of requirements for hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

Appendix H

Section 3 Clause §135.38

Small Cities Development State of Minnesota

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 1 35.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts. **Section 3 Clause §135.38**

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Appendix I

Sample General Information Notice Residential Tenant Who Will Not Be Displaced

Small Cities Development Program
State of Minnesota

Grantee or Agency Letterhead

(date)

Dear_____:

On *(date)*, *(property owner)* submitted an application to the *(Grantee)* for financial assistance to rehabilitate the building which you occupy at *(address)*.

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact *(name)*, *(title)*, at *(phone)*, *(address)*.

Sincerely,
(name and title)

NOTES

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3d of the HUD Handbook 1378.)

2. This is a guide form. It should be revised to reflect the circumstances.

Sample Notice To Prospective Tenant

Small Cities Development Program
State of Minnesota

Grantee or Agency Letterhead

(date)

Dear_____:

On *(date)*, *(property owner)* submitted an application to the *(Grantee)* for financial assistance to (acquire) (rehabilitate) (demolish) (convert) the building located at *(address)*.
Because Federal funds are being used in this project, the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970 applies for tenants in residence at the time of application. However, as a new tenant, you will not be eligible for relocation benefits under URA.

This notice is to inform you of the following information BEFORE you enter into any lease agreement and occupy a unit at the above address:

- You may be displaced by the project.
- You may be required to relocate temporarily.
- You may be subject to a rent increase.
- You WILL NOT be entitled to any relocation benefits provided under the URA. If you have to move or your rent is increased as a result of the above project, you will not be reimbursed for any such rent increase or for any costs or expenses incurred by you in connection with a move as a result of the project.

Please read this notification carefully prior to signing a rental agreement and moving into the building. If you should have any questions about this notice, please contact *(grantee)* at *(address, telephone number)*. Once you have read and have understood this notice, please sign the statement below if you still want to lease the unit.

Sincerely,
(name and title)

I have read the above information and understand the conditions under which I am moving into the building.

Name of Tenant | Signature

Address and Unit # | Date

Sample Notice of Non-displacement to Residential Tenant

Small Cities Development Program
State of Minnesota

Grantee or Agency Letterhead

(date)

Dear_____:

On *(date)* , we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On *(date)* , the owner's request was approved, and the repairs will begin soon.

This is a **notice of nondisplacement**. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment [or another suitable, decent, safe and sanitary apartment in the same building/complex] upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.

2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact *(name)* , *(title)* , at *(phone)* , *(address)* . Remember, do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,
(name and title)

NOTES

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3d of the HUD Handbook 1378.)

2. This is a guide form. It should be revised to reflect the circumstances.

Sample Notice of Non-displacement to Residential Tenant for Temporary Relocation

Small Cities Development Program
State of Minnesota

Grantee or Agency Letterhead

(date)

Dear_____:

On *(date)* , we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On *(date)* , the owner's request was approved and the repairs will begin soon.

This is a **notice of nondisplacement**. You will not be required to move **permanently** as a result of the rehabilitation. This notice guarantees you the following.

1. You will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building/complex) upon completion of the rehabilitation. Your monthly rent will remain the same or, if increased, your new rent and estimated average utility costs will not exceed 30% of the gross income of all adult members of your household. Of course, you must comply with the reasonable terms and conditions of your lease.
2. Because of the extensive nature of the rehabilitation (or lead based paint hazards during rehabilitation), it will be necessary for you to temporarily vacate your apartment while the repairs are being made. We have available a rental unit that you can rent during this construction period of time which is expected to be approximately____(length of time)____.

We will make every effort to accommodate your needs. You will be reimbursed for extra expenses associated with this move, including the cost of moving to and from the temporary unit, hooking up your telephone and other utilities, and any other increased housing costs that are determined as necessary and reasonable.

Since you will have the opportunity to occupy a newly rehabilitated unit after the rehabilitation project is completed, I urge you **NOT TO MOVE**. If you do elect to move for your own reasons, you will not receive any relocation assistance.

Because Federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 as amended. If you have any questions about the temporary move, please contact *(name)* , *(title)* , at *(phone)* , *(address)* .

Remember, do not move before we have a chance to discuss your temporary move, needs and eligibility for assistance. This letter is very important and should be retained.

Sincerely,
(name and title)

Sample General Information Notice for Commercial Tenants who will not be Displaced

Small Cities Development Program
State of Minnesota

Grantee or Agency Letterhead

(date)

Dear_____:

On *(date)*, *(property owner)* submitted an application to our agency for financial assistance to rehabilitate the building which you occupy at *(address)*.

This letter is to notify you that if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you elect to move of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal Assistance is provided for the rehabilitation, you will be able to lease and occupy your present space upon completion of the rehabilitation. Of course, you must pay your rent during the rehabilitation activity and meet other lease terms and conditions.

After the rehabilitation, you rent will remain the same for at least your current lease and the next lease period.

If you must move temporarily so that rehabilitation can be completed, suitable space will be made available to you for the temporary period and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in rental costs during that period.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal Assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and you should not throw it away. You will be kept informed of the outcome of the application for rehabilitation funds. In the meantime, if you have any questions about our plans, please contact *(name)*, *(title)*, at *(phone)*, *(address)*.

Sincerely,
(name and title)

Sample Notice of Non-Displacement to Commercial Tenant

Small Cities Development Program

State of Minnesota

Grantee or Agency

Letterhead (date)

Dear_____:

On *(date)* , we notified you that the owner of your building had applied for assistance to make extensive repairs to the building. On *(date)* , the owner's request was approved and the repairs will begin soon.

This is a notice of non-displacement. You will not be required to move permanently as a result of the rehabilitation. This notice guarantees the following:

1. That you will be able to lease and occupy your present space upon completion of the rehabilitation. Your monthly rent will remain in the same for at least your current lease and the next lease period. Of course, you must comply with the reasonable terms and conditions of your lease.

2. If you must move temporarily so that repairs can be completed, you will be reimbursed for your extra expenses, including the cost of moving to and from the temporary space and any additional costs. The temporary space will be decent, safe, and sanitary, and all conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy newly rehabilitated commercial space, I urge you not to move. We will make every effort to accommodate your needs. Because Federal Assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact *(name)* , *(title)* , at *(phone)* , *(address)* .

This letter is important and you should not throw it away.

Sincerely,
(name and title)

MEMORANDUM

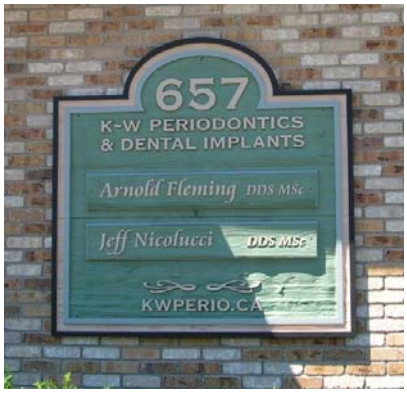
DATE:	June 10, 2019
TO:	EDA President Krant, EDA Board Members, and Administrator Meyer
FROM:	Cynthia Smith Strack, Community Development Director
RE:	Item 5.2 Discussion Downtown Signage & ROSE Program

GENERAL INFORMATION

Board Members may recall amending ROSE program guidelines in 2016 to disallow signage as a grant-match eligible use of funds. Please find the ROSE matrix attached.

The Design Committee is responsible for reviewing new permanent signs in the Downtown. The Committee is concerned about decreasing quality of signage and would like to encourage signs like those envisioned in the 2016 Design Manual (see attached). The Committee is requesting the EDA have discussion pertaining to the ROSE program and potential to assist with signage specifically defined and illustrated in the Design Manual.

A challenge would appear to be how to define/describe what is or is not eligible, potential through sign types, locations, and/or material e.g. projecting, 3-D, bracket/hanging, or building identification signs but not wall or window signs.



Discussion is requested.

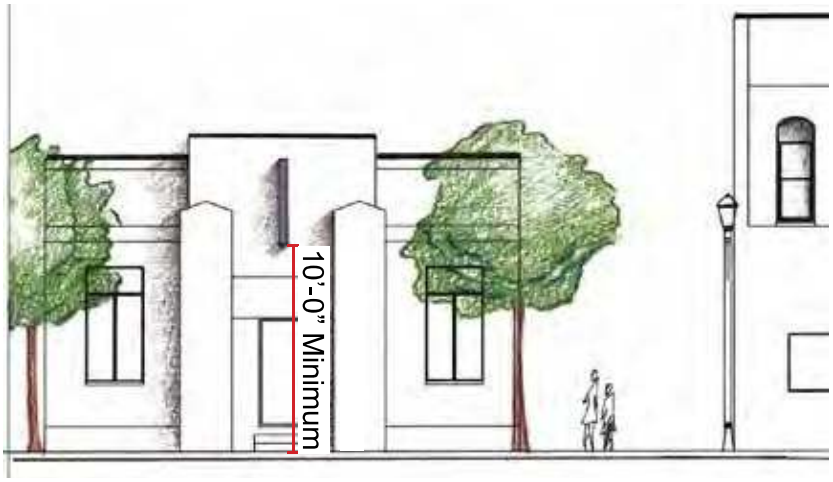
RESTORATION, OPPORTUNITY, SUSTAINABILITY & ENTERPRISE PROGRAM

Proposed Activity	Required Property Owner to Loan* Match	Investment Rationale
Building additions & new construction consistent with zoning code & approved by the DC	$1:$1	The City/EDA prioritizes projects which result in credible and lasting improvements visible from public streets and sidewalks. The City/EDA also prioritizes projects retaining and restoring important features of historic structures. As such projects involving these activities are of a higher priority for grant dollars. Larger projects resulting in increases in tax value are preferred.
New awnings	$1:$1	
Replacement awnings structural	$1:$1	
New or substantial improvement of building entrances, e.g. porticos or expanded windows	$1:$1	
Building adornment improvements reminiscent of historical building construction	$1:$1	
Building upgrades reminiscent of historical building construction	$1:$1	
Placement/Replacement high quality exterior building materials	$1:$1	
Repointing, structures of potential historical significance	$1:$1	
Brick repair, structures of potential historical significance	$1:$1	
Repair of stucco	$1:$1	
Replacement of stucco	$1:$1	
Expansion of street level building openings (i.e. windows, doors) in the CBD	$1:$1	
Re-roofing	$5:$1	The City/EDA recognizes building maintenance & beautification efforts are valuable. As such major maintenance & landscaping projects are eligible for program funds.
Painting	$5:$1	
Residing	$5:$1	
Replacement of existing windows and/or doors with new windows/doors in same openings	$5:$1	
Landscaping, including planters and baskets	$5:$1	
Changing of awnings due to tenant or occupancy change	May constitute ≤ 50% of local match	The City/EDA recognizes value in certain activates that, when paired with other eligible activities, increase the value of a particular project. Projects involving ancillary activities may constitute a portion of the required local property owner match but are not eligible for grant dollars.
Signage	May constitute ≤ 50% of local match	
Relocation of windows and/or doors	May constitute ≤ 50% of local match	
Interior physical improvements to the structure	May constitute ≤ 50% of local match	
HVAC, electrical, and mechanical upgrades	May constitute ≤ 50% of local match	
Building acquisition	May constitute ≤ 50% of local match	
Trash or mechanical enclosures	May constitute ≤ 50% of local match	
Access improvements required under the Americans with Disabilities Act	May constitute ≤ 50% of local match	
Sweat equity	Not eligible for program	The City/EDA finds these types of activities are not appropriate for investment under the restoration, opportunity, sustainability, and enterprise grant program.
Activities including a reduction in window/door openings in the Central Business District	Not eligible for program	
Activities not consistent with City and/or Building Code	Not eligible for program	
Activities proposed by applicants not in good standing with the City	Not eligible for program	
Activities on property owned by persons not in good standing with the City	Not eligible for program	

* Maximum loan typically $1,500

Signage - Signs should be architecturally compatible with the style, composition, materials, colors and details of the building and with other signs on nearby buildings, while providing for adequate identification of the business.

- Symbolic and historic three-dimensional signs such as barber shop poles and appropriately-sized projecting signs are encouraged.
- Projecting signs must be no greater than 12 square feet and have a maximum width of three feet and cannot extend beyond the first floor of the building.
- No less than 10 feet of clearance shall be provided between the sidewalk elevation and the lowest point of the projecting sign.
- Maximum distance between sign and building face is one foot.
- Building and signage lighting must be indirect, with the light source(s) hidden from direct pedestrian and motorist view.
- Lighting and signage must be a separate and distinct. Combined lighting and signage is not encouraged.



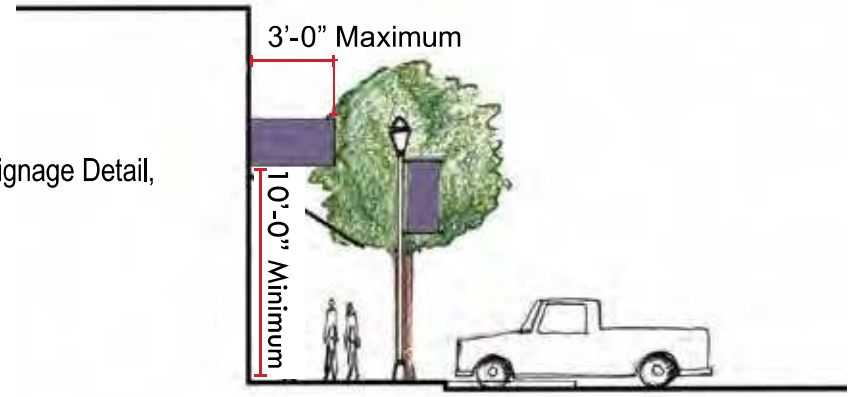


Figure 25A and B. Signage Detail, CRD, 2008.

Figure 27. Signage Example, Wayzata Design Guidelines, 2004.

Figure 26. Signage Example, Wayzata Design Guidelines, 2004.

Figure 28. Signage Example, Stillwater Design Manual, 2006.

Figure 29. Signage Example, Rhinebeck, NY, Project for Public Spaces.

MEMORANDUM

DATE:	June 10, 2019
TO:	President Krant, Members of the EDA, and Administrator Meyer
FROM:	Cynthia Smith Strack, Community Development Director
RE:	Item 6.2 Director's Report

Design Committee
The Design Committee met on June 3, 2019. Agenda items included:

- Discussion of signage for downtown use.
- Downtown design review/project review exercise.
- Miscellaneous items.

Planning Commission
The Planning Commission will meet at 6:30 p.m. on June 10th. Agenda items include:

- Public hearing – non-conformance expansion permit 301 Main St E (front yard setback).
- Use of property at 961 Meridian St S
- Election of officers pursuant to member stepping down

Other

- Discussion Façade Improvement Loan program with two businesses.
- Zoning information to three businesses.
- Verification of property listings with CoStar.
- Attended Chamber Board meeting March 18, 2019
- Coordinate review of draft sidewalk café code update.
- Coordinate joint meeting EDA, PC, and CC regarding housing efforts.
- Met with two developers regarding potential for development.
- Code amendment outside storage and off-street parking follow up.
- Coordinate review of non-conformance expansion permit – 210 Cedar St S.
- Coordinate review of conditional use permit request – 725 Main St E.
- Coordinate review of plat, easements, and development agreement for Jane Properties Subdivision.
- Attend Community Conversations – May 15th & June 5th.
- Code compliance issues processed.