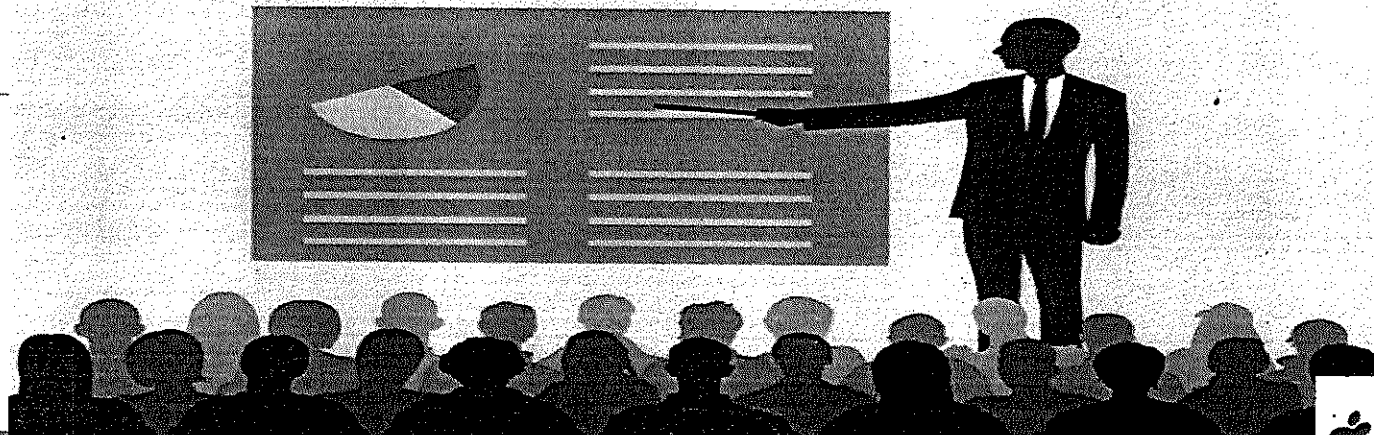


Lakefield Public Meeting Small Cities Development Program 2021–2024

Tuesday, January 25, 2022
Lakefield Multi-Purpose Center
112 Main Street, Lakefield, MN
6:30 pm



 **United Community
Action Partnership**

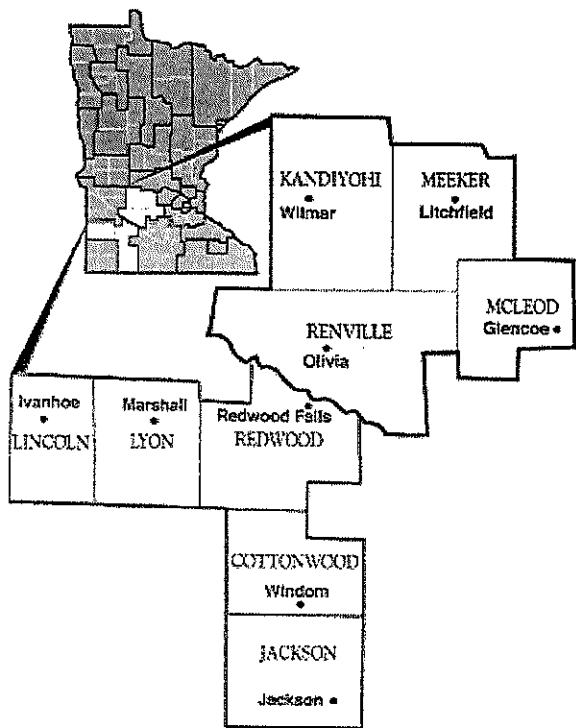
About United Community Action Partnership



- 501(c)3 status meaning a private non-profit non-governmental corporation
- Agency is strictly dependent on grants received from the Federal, State and private organizations
- Established 1965



United Community Action Partnership Service Area



Nine MN Counties Service Area

- Cottonwood
- Jackson
- Kandiyohi
- Lincoln
- Lyon
- McLeod
- Meeker
- Redwood
- Renville



United Community Action Partnership Programs

Headstart

Transportation

Big Buddies

Community and Family Support

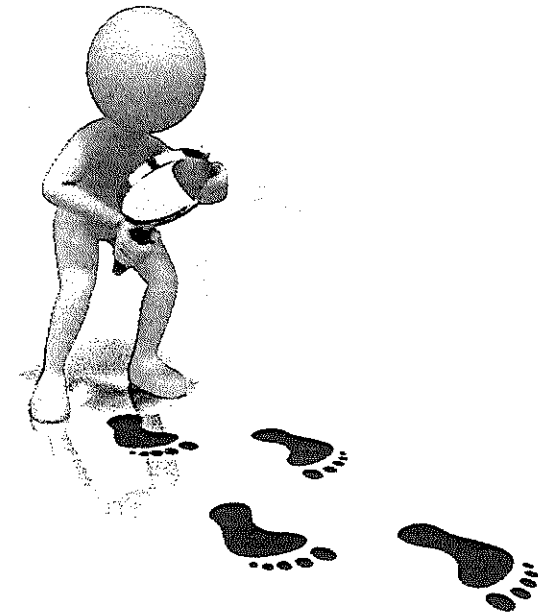
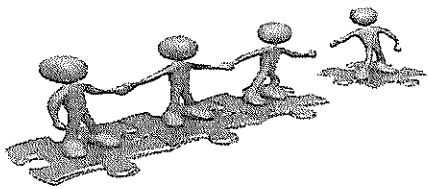
Housing

- Energy Assistance
- Weatherization
- MHFA
- SCDP
- MURL
- Development



What to Expect Tonight

- Overview of the Small Cities Development Program
- Eligibility Requirements
- SCDP Process
- SCDP Requirements
- SCDP Contractor/Construction Process



Lakefield SCDP Award



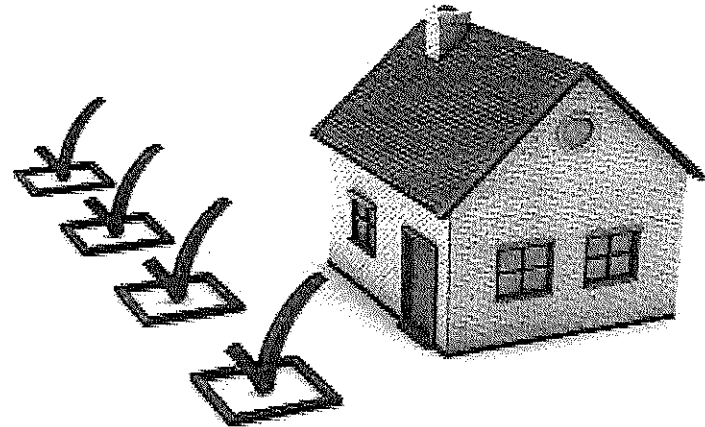
\$500,000 Owner Occupied

20 single family homes to be rehabilitated

The SCDP grant is \$25,000 per household

To Qualify for Funds

- You must own or be purchasing a home within the City of Lakefield.
- Eligible Home Ownership
 - **Trusts and Life Estates are NOT eligible**
 - **Reverse Mortgages are not eligible**
 - Contract for Deed (CFD) may or may not qualify.
 - CFD Vendor(s) must fall under the income limits
 - CFD have **NO descending forgiveness.**
- Principal Place of Residence
(at least 6 months out of the year)



To Qualify for Funds - continued

- Real Estate Taxes must be current
- Mortgage must be current
- Utilities must be current with the City
- Homeowner's Property Insurance in place
- Fall under the SCDP Income guidelines
 - Based on HUD Area Median Income (AMI) limits
- Any previous liens from past SCDP grant must be satisfied
- No Maximum limit on other existing liens

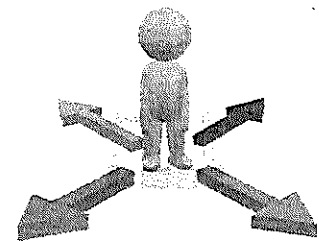
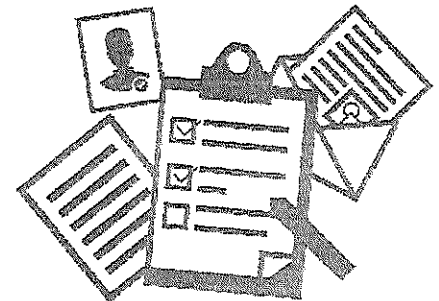


10/2
10/2

10/2
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What to expect as we process your file

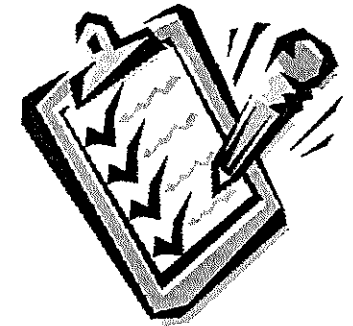
- Tonight you will receive an application, along with the list of items needed to process your application.
- All items on the list will need to be received before application can be processed.
- Paperwork basically breaks down into 3 parts.
 - Program **application** and file required forms
 - **Property** information
 - **Income** information



Documentation needed to process your application

File Required Forms – sign & submit with application

- ⦿ SCDP Application
- ⦿ UCAP Intake – front side only
- ⦿ Rehabilitation Loan Programs Acknowledgement form
 - Confirmation of Lead pamphlet & Risk Assessment permission
 - Picture Release
 - Fair Housing pamphlet receipt
 - Receipt of client booklet containing:
 - What to Expect for Homeowners
 - Walk Away Policy
 - Privacy Notice
 - Tennessen Notice
 - Non-Discrimination Notice



Documentation needed to process your application

Property Information

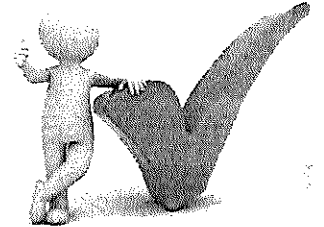
- **Recorded** Warranty Deed. (**NOT** the abstract. This can be obtained at the Jackson County Recorder)
- Homeowner's Insurance (Declaration Page).
- Current Mortgage Statement



Income Information (whatever applies)

- Employment Verification form – to be completed by employer (with your signed authorization)
- Actual 2022 Social Security Benefit Letter (check stubs and bank statements will **NOT** work)
- Letter from agency where pension is received (check stubs and bank statements will **NOT** work)
- Statement from county for any child support, MFIP, or GA being received for 12 months
- Any other proof of income as applicable to household

Funds are committed on a first come, first served basis

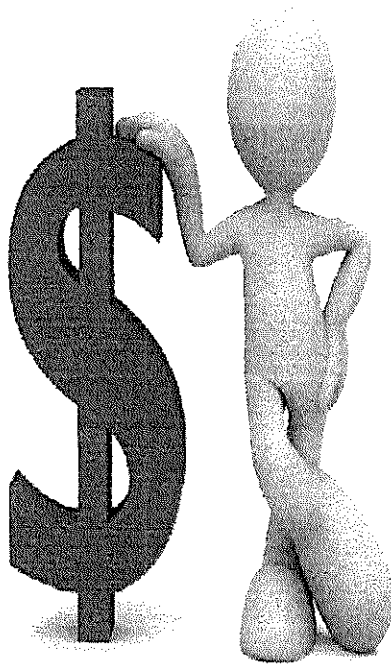


What do we mean by this?

- Priority will be given, for 60 days, to applicants that filled out a survey prior to the grant being submitted. Applicants that did not complete a survey will still be accepted.
- Files in which all requested information is received, will be processed first
- Provide a good contact phone number or email – very important for questions and/or scheduling
 - Voice Mails are setup and/or Mail Box not full. Please!
 - Timely response for ease of project

2021 Income Guidelines

Jackson County Gross Annual Income*



Household Size	80% AMI	50% AMI
1	\$42,750	\$26,750
2	\$48,850	\$30,550
3	\$54,950	\$34,350
4	\$61,050	\$38,150
5	\$65,950	\$41,250
6	\$70,850	\$44,300
7	\$75,750	\$47,350
8	\$80,600	\$50,400

80% Deferred Loan

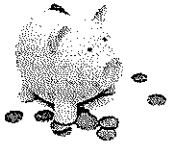
20% Owner Match/Leverage

*Based on the Department of Housing and Urban Development (HUD) income limits.

Income & Household Clarifications

- ✓ A **Household** is defined as all persons occupying the same housing unit, regardless of relationship
 - Dependent child who is living outside of the home (i.e., student) is part of the household
- ✓ **Income** calculation is forecasted forward based on current income
- ✓ Calculation is based on gross income - no deductions allowed
- ✓ Income includes all Income sources for all those 18 and over living in the household.
 - Full time students 18 and over - income capped at \$480/year (unless spouse or head of household)
- ✓ Income does **NOT** include:
 - Income from employment of children under 18
 - Payments received for the care of foster persons
 - Income derived from the “Experience Works” program.
 - Full amount of student financial assistance paid to student or school





What does The 80/20 Split Mean?

80% covered by a 0% deferred loan.

- A deferred loan is a loan with no monthly payments which will revert into a grant if the property does not change hands for ten (10) years.
- This loan is forgiven 10% per year.
 - Exception to CFD's which have no descending forgiveness

20% covered by Owner (s) and/or Leveraged Sources.

➤ Households at income levels of **50% or below** AMI are eligible for 100% SCDP deferred loan.

Household Size	50% AMI
1	\$26,750
2	\$30,550
3	\$34,350
4	\$38,150
5	\$41,250
6	\$44,300
7	\$47,350
8	\$50,400

Using the Numbers

- To receive the full benefit of the grant on **80/20 split**

- Project Total \$31,250
 x 80%

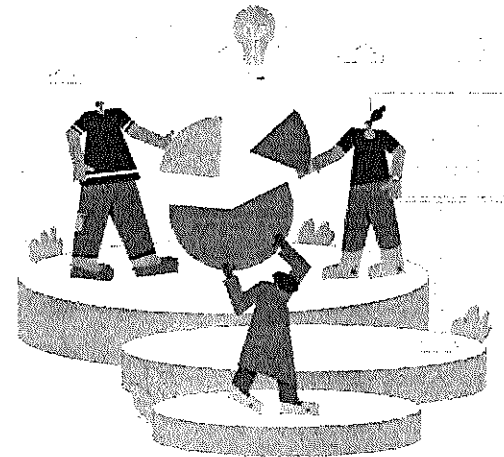
- **SCDP Dollars \$25,000**

- Project Total \$31,250

- SCDP Dollars -\$25,000 (0% Def Loan)

- 20% Other Funds \$6,250.00**

- (Owner Match, WX, MHFA, Impact Fund etc.)**



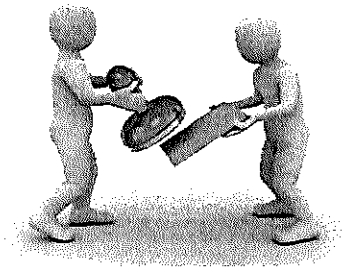
The “Leveraged Sources” or Match Money may be covered by the following if they are available:

- Weatherization (WX)
- Energy Related Repair (ERR)
- Minnesota Housing Finance Agency
- Impact Fund Loan
- USDA Rural Development
- Owner Match



Life Productions via Getty Images

Once you have been determined eligible for the program

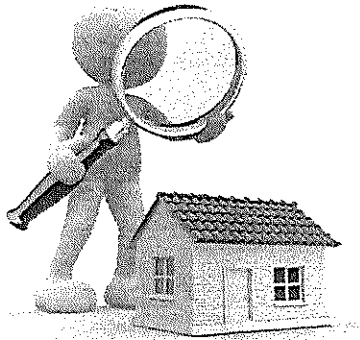


You will receive a letter from UCAP of your file status.

- Approved or Denied.

Your file will be handed off to the Housing Auditor/Inspector who will contact you, in order of file approval, to schedule a home inspection.

What the home inspections will consist of:



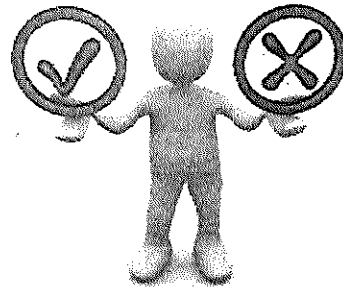
- You will need to be present at the time of inspection
- Average inspection time 1 ½ -2 hours
 - Health and Safety items take priority (GFIs/energy efficiency/lead/windows, roof, furnace, etc.)
 - Lead Risk Assessment



Eligible & Ineligible Improvements

Eligible

- Permanent & Necessary Repairs
- Health & Safety
- Examples:
 - Roofing
 - Foundations
 - Siding
 - Heating Units
 - Electrical
 - Plumbing

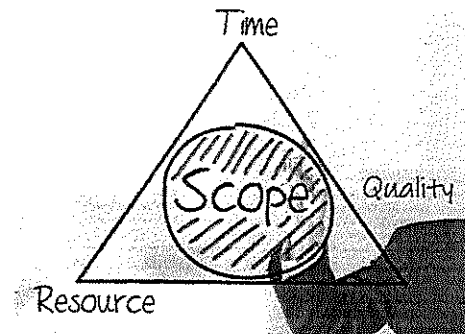
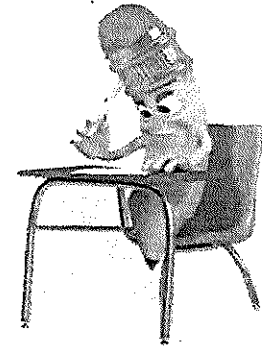


Ineligible

- Additions
- Building a garage
- Flooring
- Cabinets
- Central Air Conditioning (unless medically required)

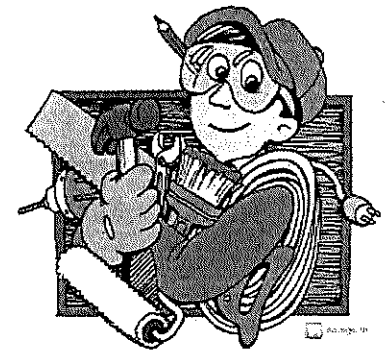
Process After Inspection

- Lead Paint Requirements (1-3 weeks)
 - Improvements
- Historical Review (20-30 days)
- You must list the City of Lakefield as a “Loss Payee” with your property insurance before any work can be started.
- Work Write-Up
- Bid Packets/Homeowner Responsibility
 - Contractor Requirements (Lead)
 - Contractor List provided



Section 3 Contractors

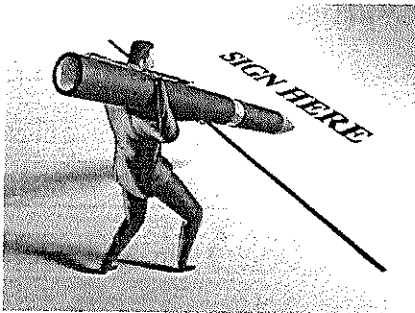
We encourage businesses owned by women, minorities, and the low income (below 80% of AMI) to apply to be on our list of approved contractors for Small Cities Development Program projects.



© 2010

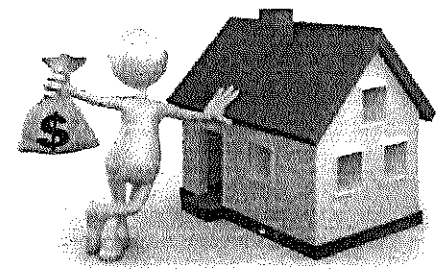
Process After Inspection

- Bid Awards.
 - To lowest bidder unless other preferred – Home Owner responsible for difference.
- Repayment Agreement/Financing.
 - Calculation of the best financing products for the matching portion.
 - Once this has been decided, additional information may be requested in order to process financing options.
 - Repayment will be signed and sent for recording. **A lien will be placed on your property for 10 years.**
 - SCDP Repayment Agreement is non-assumable



Process After Inspection

- ◎ Additional liens may be placed on your property depending on what financial options you take.
- ◎ \$46.00 recording fee is assessed to the owner for each recorded financial document. This fee must be given to the inspector before “Proceeds to Work” can be sent out.
- ◎ Escrow.
 - Matching funds must be put in escrow before work can begin (non-bearing interest account).



Construction Begins!

⦿ Pre-Construction Meeting.

- Communication Imperative!

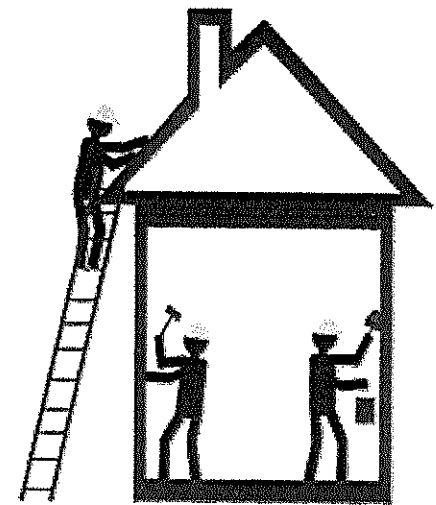
⦿ Proceed to Work.

⦿ Construction Finally Begins 😊

- Contractors have 90 days to complete, weather related.

⦿ “Sweat Equity”

- Only allowed if person performing the work, is in the field of work
- No Labor paid out – materials only



Work in Progress

⦿ Payments.

- For partial payments made to Contractors, Homeowners must approve payment by signing off on paperwork
 - Up front material payments are not allowed
- United Community Action will then pay the Contractor.

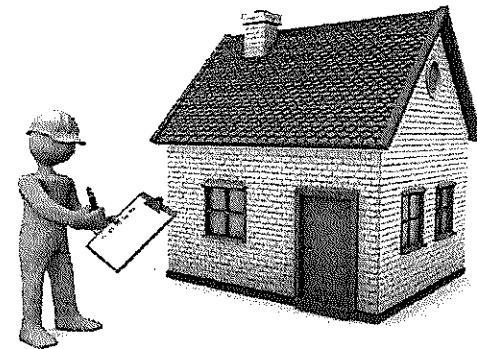
⦿ Interim Inspections will be made throughout the project to ensure work is being completed.

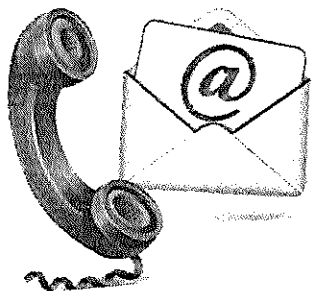
⦿ Important to remember that this is not new construction it's home rehabilitation.



Finalizing and Close-out

- ◎ Final Inspection
- ◎ Lead Clearance
- ◎ Final Payments to Contractors
- ◎ Close Out Paperwork
 - Receive copies of paperwork in mail
 - Listing of Contractors and 2-year warranty
 - Lead Reports
 - Legislature information





TO CONTACT US:



ADMINISTRATIVE QUESTIONS:

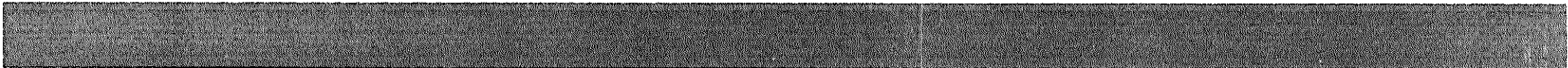
- Lleni Gutierrez-- 507-616-6138
l lenig@unitedcapmn.org
- Jeff Gladis - 507-537-1416, ext. 2136
jeff.gladis@unitedcapmn.org
- UCAP programs - 507-537-1416
website - www.unitedcapmn.org

REHAB QUESTIONS:

Housing Rehab Coordinators

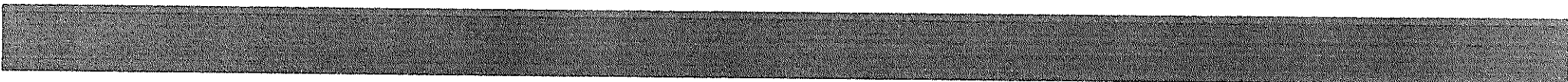
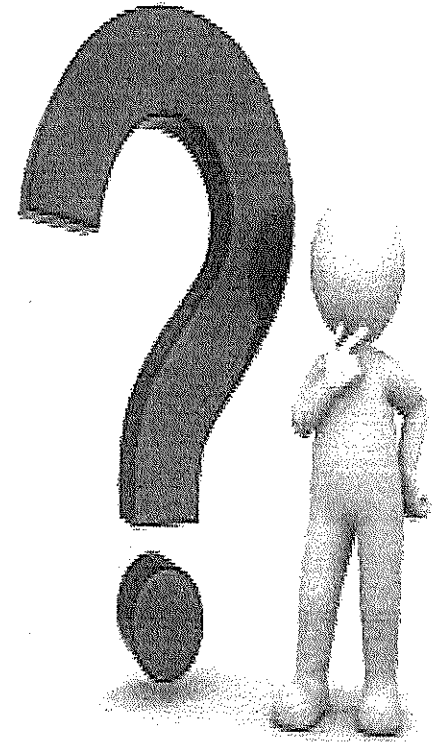
- Jeff Buesing-- 507-537-1416, ext. 2140
jeff.buesing@unitedcapmn.org
- Darren Struck – 507-537-1416, ext. 2117
darren.struck@unitedcapmn.org

Thank you for your attention



Questions?

- Applications available
- Business Cards available
- Staff are available to assist you or answer any questions you may have



Thank you

