

CHAPTER 4300
STATE PLANNING AGENCY
COMMUNITY BLOCK GRANTS

NOTE Under Laws of Minnesota 1983, chapter 289 section 48, this chapter of Minnesota Rules shall be administered by the State Planning Agency. Thus, references to the Department of Energy, Planning and Development, or to its divisions, should be read as intending the State Planning Agency.

4300 0100	DEFINITIONS	4300 1400	COMPARISON OF ALL COMPETITIVE APPLICATIONS GENERAL COMPETITION
4300 0200	PURPOSE.	4300 1500	COMPARISON OF COMPETITIVE APPLICATIONS WITHIN CATEGORIES
4300 0300	OBJECTIVE OF THE PROGRAM	4300 1901	EVALUATION OF ECONOMIC DEVELOPMENT PROJECTS
4300 1100	TYPES OF COMPETITIVE GRANTS AVAILABLE	4300 2000	DETERMINATION OF GRANT AWARDS
4300 1101	ECONOMIC DEVELOPMENT GRANTS, NONCOMPETITIVE		
4300 1200	APPLICATION PROCESS AND REQUIREMENTS		
4300 1300	EVALUATION OF APPLICATIONS		

4300.0100 DEFINITIONS.

Subpart 1. **Scope.** As used in this chapter, the following terms have the meanings given them.

Subp. 2. **Application year.** "Application year" means the federal fiscal year beginning October 1 and ending September 31.

Subp. 3. **Community development need.** "Community development need" means a demonstrated deficiency in housing stock, public facilities, economic opportunities, or other services which are necessary for developing or maintaining viable communities.

Subp. 4. **Competitive grant.** "Competitive grant" means a grant application that is evaluated and ranked in comparison to other applications in the same grant category and includes housing, public facilities, and comprehensive applications.

Subp. 5. **Comprehensive program.** "Comprehensive program" means a combination of at least two interrelated projects which are designed to address community development needs which by their nature require a coordination of housing, public facilities, or economic development activities. A comprehensive program must be designed to benefit a defined geographic area, otherwise known as a program area.

Subp. 6. **Economic development project.** "Economic development project" means one or more activities designed to create new employment, maintain existing employment, increase the local tax base, or otherwise increase economic activity in a community.

Subp. 7. **Eligible activities.** "Eligible activities" means those activities so designated in United States Code, title 42, section 5305 (1981) and as described in Code of Federal Regulations, title 24, sections 570.200-570.207 (1981).

Subp. 8. **General purpose local government.** "General purpose local government" means townships as described in Minnesota Statutes, chapter 365; cities as described in Minnesota Statutes, chapters 410 and 412; and counties.

Subp. 9. **Grant.** "Grant" means an agreement between the state and an eligible recipient through which the state provides funds to carry out specified programs, services, or activities.

Subp. 10. **Grant close-out.** "Grant close-out" means the process by which the office determines that all applicable administrative actions and all required work have been completed by the grant recipient and the department.

Subp. 11. **Grant year.** "Grant year" means any period of time during which the United States Department of Housing and Urban Development makes funds from any federal fiscal year available to the state for distribution to local

governments under United State Code, title 42, sections 5301-5316 (1981), and includes the period of time during which the office solicits applications and makes grant awards.

Subp. 12. **Infrastructure.** "Infrastructure" means the basic physical systems, structures, and facilities, such as roads, bridges, water, and sewer, which are necessary to support a community

Subp. 13. **Low and moderate income.** "Low and moderate income" means income which does not exceed 80 percent of the median income for the area, with adjustments for smaller and larger families.

Subp. 14. **Metropolitan city.** "Metropolitan city" means a city over 50,000 population or a central city of a standard metropolitan statistical area that receives entitlement grants under United States Code, title 42, section 5306 (1981) directly from the United States Department of Housing and Urban Development.

Subp. 15. **Nonentitlement area.** "Nonentitlement area" means an area that is not a metropolitan city or part of an urban county.

Subp. 16. **Office.** "Office" means the office or division in the Department of Energy and Economic Development to which the program is assigned.

Subp. 17. **Per capita assessed valuation.** "Per capita assessed valuation" means the adjusted assessed valuation divided by population.

Subp. 18. **Population.** "Population" means the number of persons who are residents in a county, city, or township as established by the last federal census, by a census taken pursuant to Minnesota Statutes, section 275.53, subdivision 2, by a population estimate made by the Metropolitan Council, or by the population estimate of the state demographer made under Minnesota Statutes, section 116J 42, subdivision 7, clause (10), whichever is most recent as to the stated date of count or estimate, up to and including the most recent July 1.

Subp. 19. **Poverty persons.** "Poverty persons" means individuals or families whose incomes are below the poverty level as determined by the most current data available from the United States Department of Commerce, taking into account variations in cost of living for the area affected.

Subp. 20. **Program.** "Program" means the community development block grant program for nonentitlement areas.

Subp. 21. **Program area.** "Program area" means a defined geographic area within which an applicant has determined that, based on community plans or other studies, there exists a need for community development activities. A program area may be a neighborhood in a community or an entire community.

Subp. 22. **Program income.** "Program income" means gross income earned by the grant recipient from grant-supported activities, excluding interest earned on advances

Subp. 23. **Project.** "Project" means one or more activities designed to meet a specific community development need.

Subp. 24. **Regional or community development plans.** "Regional or community development plans" means written documents, resolutions, or statements which describe goals, policies, or strategies for the physical, social, or economic development of a neighborhood, community, or substate area. Regional or community development plans include comprehensive plans and elements of comprehensive plans, including land use plans, which have been approved by the governing boards of townships, counties, or cities, and also include regional development plans adopted under Minnesota Statutes, section 462.381, where applicable

Subp. 25. **Slums and blight.** "Slums and blight" means areas or neighborhoods which are characterized by conditions used to describe

4300.0100 COMMUNITY BLOCK GRANTS

60

deteriorated areas in Minnesota Statutes, section 462.421 or which are characterized by the conditions used to describe redevelopment districts in Minnesota Statutes, section 273.73, subdivision 10.

Subp. 26. **Single purpose project.** "Single purpose project" means one or more activities designed to meet a specific housing or public facilities community development need.

Subp. 27. **Urban county.** "Urban county" means a county which is located in a metropolitan area and is entitled to receive grants under United States Code, title 42, section 5306 (1981), directly from the United States Department of Housing and Urban Development.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.0200 PURPOSE.

This chapter gives procedures for evaluating applications for grants and awarding them to eligible applicants by the Department of Energy and Economic Development under United States Code, title 42, sections 5301 to 5316 (1981), and regulations adopted in Code of Federal Regulations, title 24, part 570.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.0300 OBJECTIVE OF THE PROGRAM.

The primary objective of this program is to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. Activities funded under this program shall not benefit moderate-income persons to the exclusion of low-income persons. All funded activities must be designed to:

- A. benefit low- and moderate-income persons;
- B. prevent or eliminate slums and blight; or
- C. alleviate urgent community development needs caused by existing conditions which pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet those needs.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.1100 TYPES OF COMPETITIVE GRANTS AVAILABLE.

Subpart 1. **Single purpose grants.** The office shall approve grants for single purpose projects for funding from a single grant year. The office shall place single purpose grant applications in one of the following categories for purposes of evaluation:

- A. housing projects which include one or more activities designed to increase the supply or quality of dwellings suited to the occupancy of individuals and families; or
- B. 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.

Subp. 2. **Comprehensive grants.** The office shall approve comprehensive grants for two or more projects which constitute a comprehensive program. Comprehensive grants shall be approved for funding from one, two, or three grant years. In the case of grants approved for funding from more than one grant year, the office shall make funds available to the grant recipient in the

second or third year only after the recipient submits an approved application. Approval shall be subject to a finding by the office that the grant recipient has made normal progress and is in compliance with this chapter.

Subp. 3. Previous grant commitments. Subpart 2 applies to three-year comprehensive grant commitments made by the United States Department of Housing and Urban Development in 1981 under United States Code, title 42, section 5306 (1980).

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.1101 ECONOMIC DEVELOPMENT GRANTS; NONCOMPETITIVE.

The office shall approve grants for economic development projects for funding throughout a single application year, or until the funds reserved have been exhausted.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.1200 APPLICATION PROCESS AND REQUIREMENTS.

Subpart 1. Grant application manual. The office shall prepare a manual for distribution to eligible applicants no later than 120 days before the application closing date for competitive applications. The manual must instruct applicants in the preparation of applications and describe the method by which the office will evaluate and rank applications. If this chapter is not adopted before September 15, 1982, the 120-day period is waived for the 1983 grant year but the office shall make the manual available no later than 60 days before the application closing date.

Subp. 2. Eligibility requirements. Any unit of general purpose local government, including cities, counties, and townships located in a nonentitlement area or electing exclusion from an urban county under United States Code, title 42, section 5302 (1981), may apply for a grant. An eligible applicant may apply on behalf of other eligible applicants. Applications submitted on behalf of other applicants must be approved by the governing body of all local governments party to the application. An eligible applicant may apply for only one competitive grant per grant year and no eligible applicant shall be included in more than one competitive application. An eligible applicant may apply for one economic development grant in addition to a competitive grant each application year.

Subp. 3. Disqualification of applicants. Applications from otherwise eligible applicants shall be disqualified where for previously awarded grants under these parts or awarded by the Department of Housing and Urban Development under United States Code, title 42, section 5306 (1981), it is determined by the office that any of the following conditions exist:

A. there are outstanding audit findings on previous community development grants and the grantee has not objected on a reasonable basis to the findings or demonstrated a willingness to resolve the findings;

B. previously approved projects have passed scheduled dates for grant close-out and the grantee's ability to complete the project in an expeditious manner is in question; or

C. the applicant has not made scheduled progress on previously approved projects and the grantee's ability to complete the project in an expeditious manner is in question.

Subp. 4. Contents of application. The contents of the application must be consistent with the informational requirements of this chapter and must be on a form prescribed by the office. The application must be accompanied by:

4300.1200 COMMUNITY BLOCK GRANTS

62

A. an assurance, signed by the chief elected official, that the applicant will comply with all applicable state and federal requirements;

B. an assurance signed by the chief elected official certifying that at least one public hearing was held at least ten days but not more than 60 days before submitting the application; and

C. a copy of a resolution passed by the governing body approving the application and authorizing execution of the grant agreement if funds are made available.

The office may request additional information from the applicant if it is necessary to clarify and evaluate the application.

Subp. 5. Time limit for submitting applications. Competitive applications must be received in the office or postmarked by the closing date. The office shall give notice of the period during which applications will be accepted. The notice must be published in the State Register at least 120 days before the closing date. Economic development project applications may be submitted at any time during the grant year.

Subp. 6. Regional review. The applicant must submit a complete copy of the application to the Regional Development Commission, where such a commission exists, or the Metropolitan Council, where it has jurisdiction, for review and comment in accordance with Minnesota Statutes, section 462.391, subdivision 3, or Minnesota Statutes, section 473.171, respectively.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.1300 EVALUATION OF APPLICATIONS.

All applications shall be evaluated by the office. A fixed amount of points shall be established as the maximum score attainable by any application. Points shall be made available within each class of rating criteria in accordance with the percentages and fractions indicated in parts 4300.1400 to 4300.1900. Economic development project applications must meet threshold criteria in order to be evaluated.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

**4300.1400 COMPARISON OF ALL COMPETITIVE APPLICATIONS;
GENERAL COMPETITION.**

Subpart 1. Points available. Thirty percent of the total available points shall be awarded by the office based on a general competition involving a comparison of all applications.

Subp. 2. Evaluation of community need. Two-thirds of the points in the general competition shall be awarded based on evaluation of community need, which shall include:

A. the number of poverty persons in the area under the applicant's jurisdiction;

B. the percentage of persons resident in the area under the applicant's jurisdiction who are poverty persons; and

C. the per capita assessed valuation of the area under the jurisdiction of the applicant, such that points are awarded in inverse relationship to applicants' per capita assessed valuation

Subp. 3. Evaluation of other factors. One-third of the points in the general competition shall be awarded based on evaluation of:

A. the extent to which the proposed activities are compatible with regional or community development plans; and

B. adequacy of the applicant's management and financial plan.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.1500 COMPARISON OF COMPETITIVE APPLICATIONS WITHIN CATEGORIES.

After completing the general competition described in part 4300.1400, the office shall place each application in the appropriate grant category in accordance with part 4300.1100. The categories are housing projects, public facilities projects, and comprehensive programs. Seventy percent of the total points available for each application shall be awarded based on a comparison of the applications within each of the categories as further described in parts 4300.1600 to 4300.1900.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: *8 SR 1263*

4300.1800 [Repealed, 8 SR 1263]

4300.1901 EVALUATION OF ECONOMIC DEVELOPMENT PROJECTS.

Subpart 1. In general. Evaluation of economic development applications consists of eligibility threshold screening and project review. Applications must meet the eligibility thresholds in order to be referred for project review. Applications that fail to meet eligibility thresholds may be revised and resubmitted.

Subp. 2. Federal and state eligibility thresholds. Applicants shall provide a description of the ways that activities address one of the federal objectives described in part 4300.0300. Each activity proposed for funding must be eligible under current federal regulations.

Applicants shall describe how they will meet two of the three following thresholds based on state economic development objectives:

- A. creation or retention of permanent private sector jobs;
- B. stimulation or leverage of private investment; or
- C. increase in local tax base.

Subp. 3. Project review. Applications that meet eligibility thresholds will be awarded points by the office based on evaluation of the two rating categories: project design and financial feasibility. Applications must attain at least two-thirds of the total available points for economic development to be recommended for funding. Applications must score at least half of the points available in each of the two rating categories.

Two-thirds of the available points will be awarded based on an evaluation of project quality including an assessment of need, impact, and the capacity of the applicant to complete the project in a timely manner. Consideration of need for an economic development project must be based on deficiencies in employment opportunities and circumstances contributing to economic vulnerability and distress. Consideration of impact must be based on the extent to which the project reduces or eliminates the need. Consideration of capacity must be based on demonstration of administrative capability, realistic implementation schedules, and the ability to conform to state and federal requirements.

One-third of the available points will be awarded based on an evaluation of the effective use of program funds to induce economic development. Consideration of financial feasibility must include investment analysis, commitment of other funds, and other factors relating to the type of program assistance requested.

Subp. 4. Funding recommendations. Applications that attain at least two-thirds of the available points will be recommended to the commissioner for funding. Applications not recommended for funding may be revised and resubmitted.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: 8 SR 1263

4300.2000 DETERMINATION OF GRANT AWARDS.

Subpart 1. Funds available for grants. The amount of funds available for grants shall be equal to the total allocation of federal funds made available to the State under United States Code, title 42, section 5306 (1981), after subtracting an amount for costs incurred by the office for administration of the program, as allowed by that law. The office is not liable for any grants under this chapter until funds are received from the United States Department of Housing and Urban Development.

Subp. 2. Division of funds. Of the funds available for grants in each grant year, 30 percent shall be reserved by the office to fund single purpose grants, 15 percent shall be reserved for economic development grants, and 55 percent shall be reserved by the office to fund comprehensive grants, including the second and third years of comprehensive grants approved for funding under parts 4300.1100 and 4300.1900. However, the office may modify the proportions of funds available for single purpose and comprehensive grants if, after review of all applications, it determines that there is a shortage of fundable applications in either category.

At least 30 percent of the funds made available for single purpose grants shall be awarded for applications in each of the two categories: housing and public facilities. However, no application with a rating below the median score for its category shall be funded by the office solely for the purpose of meeting this requirement.

If there are unawarded economic development funds available at the end of the application year, two-thirds of the remaining funds will be available for competitive single purpose projects and one-third will be available for economic development projects during the next application year.

Subp. 3. Funding list. Within each grant category, a list of applications shall be prepared in rank order of the scores received after evaluation pursuant to parts 4300.1300 to 4300.1900. Based on these lists, and subject to the availability of funds within each category, applications with the highest rank shall be recommended to the commissioner for funding. In the case of a tie between any two applications within any category, the application with the highest score in the general competition shall receive the higher ranking on the list.

Subp. 4. Approval by commissioner. The list of applications recommended for funding, including recommended grant awards, shall be submitted by the office to the commissioner for approval. A decision by the commissioner not to approve any application recommended for funding must be made in writing to the applicant, giving reasons for disapproval.

Subp. 5. Reduction in amount requested. The office may recommend an application for funding in an amount less than requested if, in the opinion of the office, the amount requested is more than is necessary to meet the applicant's need. If the amount of the grant is reduced, the reasons for the reduction shall be given to the applicant.

Subp. 6. Grant ceilings. No competitive single purpose grant may be approved for an amount over \$600,000. No comprehensive grant may be approved for an amount over \$700,000 from any single grant year or for more than a total of \$1,400,000 over three grant years. No economic development grant may be approved for an amount over \$500,000.

Statutory Authority: *MS s 116J.42; 116J.44; 116J.45*

History: 8 SR 1263