

1 Department of Trade and Economic Development

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3 Community Development Division

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5 Adopted Permanent Rules Relating to Community Development Block

6 Grants

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8 Rules as Adopted

9 4300.1300 EVALUATION OF APPLICATIONS.

10 All applications shall be evaluated by the division. A
11 fixed amount of points shall be established as the maximum score
12 attainable by any application. Points shall be made available
13 within each class of rating criteria according to parts
14 4300.1400 to 4300.1900. Economic development project
15 applications must meet threshold criteria in order to be
16 evaluated.

17 4300.1400 COMPARISON OF ALL COMPETITIVE APPLICATIONS;

18 DEMOGRAPHIC POINTS.

19 Subpart 1. [See Repealer.]

20 Subp. 2. Evaluation of community need. Up to 30
21 demographic points shall be awarded based on evaluation of
22 community need, which shall include:

23 A. to C. [Unchanged.]

24 Subp. 3. [See Repealer.]

25 4300.1500 COMPARISON OF COMPETITIVE APPLICATIONS WITHIN

26 CATEGORIES.

27 After completing the general competition described in part
28 4300.1400, the division shall place each application in the
29 appropriate grant category in accordance with part 4300.1100.
30 The categories are housing projects, public facilities projects,
31 and comprehensive programs. Two hundred and ten of the total
32 240 points available for each application shall be awarded based
33 on a comparison of the applications within each of the
34 categories as further described in parts 4300.1600 to 4300.1900.

1 4300.1600 EVALUATION OF HOUSING PROJECTS.

2 Subpart 1. Project need. Up to 90 of the points available
3 in the housing category competition shall be awarded by the
4 division based on evaluation of the need for improvements or
5 additions to the housing stock serving low and moderate income
6 persons as evidenced by:

7 A. to C. [Unchanged.]

8 Subp. 2. Project impact. Up to 90 of the points available
9 in the housing category competition shall be awarded by the
10 division based on evaluation of the extent to which the proposed
11 activities will eliminate deficiencies in the housing stock
12 serving low and moderate income persons.

13 Subp. 3. Project cost effectiveness. Up to 30 of the
14 points available in the housing category competition shall be
15 awarded by the division based on:

16 A. evaluation of the extent to which the proposed
17 activities will make cost effective use of grant funds including
18 coordination with, and use of, funds from other public and
19 private sources; and

20 B. evidence that the cost of the proposed activities
21 per benefiting household is reasonable.

22 4300.1700 EVALUATION OF PUBLIC FACILITIES PROJECTS.

23 Subpart 1. Project need. Up to 90 of the points available
24 in the public facilities category competition shall be awarded
25 by the division based on evaluation of the extent to which the
26 proposed activities are necessary to improve provision of public
27 services to low and moderate income persons or to eliminate an
28 urgent threat to public health or safety.

29 Subp. 2. Project impact. Up to 90 of the points available
30 in the public facilities category competition shall be awarded
31 by the division based on evaluation of the extent to which the
32 proposed activities will reduce or eliminate the need identified
33 under subpart 1, and, in the case of activities designed to
34 improve the provision of public services to low and moderate
35 income persons, an evaluation of the extent to which the

1 proposed activities directly benefit low and moderate income
2 persons.

3 Subp. 3. Project cost effectiveness. Up to 30 of the
4 points available in the public facilities category competition
5 shall be awarded by the division based on evaluation of the
6 extent to which the proposed activities will make cost effective
7 use of grant funds, including consideration of:

8 A. to C. [Unchanged.]

9 4300.1900 EVALUATION OF COMPREHENSIVE PROGRAM PROJECTS.

10 Subpart 1. Program need. Up to 90 of the points available
11 in the comprehensive program category competition shall be
12 awarded by the division based on evaluation of need for the
13 proposed comprehensive program, including consideration of:

14 A. to C. [Unchanged.]

15 Subp. 2. Program impact. Up to 90 of the points available
16 in the comprehensive program category competition shall be
17 awarded by the division based on evaluation of the extent to
18 which the proposed comprehensive program will eliminate or
19 reduce the need identified under subpart 1, and the extent to
20 which the proposed program will improve the long term physical
21 or economic condition of the program area and its residents.

22 Subp. 3. Program cost effectiveness. Up to 30 of the
23 points available in the comprehensive program category
24 competition shall be based on evaluation of the extent to which
25 the proposed comprehensive program will make cost effective use
26 of grant funds, including consideration of coordination with,
27 and use of, funds from other public and private sources.

28 4300.1901 EVALUATION OF ECONOMIC DEVELOPMENT PROJECTS.

29 Subpart 1. and 2. [Unchanged.]

30 Subp. 3. Project review. Applications that meet
31 eligibility thresholds will be awarded points by the division
32 based on evaluation of the two rating categories: project
33 design and financial feasibility. Applications must attain at
34 least 400 of the 600 available points for economic development
35 to be recommended for funding. Applications must score at least

1 half of the points available in each of the two rating
2 categories.

3 Four hundred points will be awarded based on an evaluation
4 of project quality including an assessment of need, impact, and
5 the capacity of the applicant to complete the project in a
6 timely manner. Consideration of need for an economic
7 development project must be based on deficiencies in employment
8 opportunities and circumstances contributing to economic
9 vulnerability and distress. Consideration of impact must be
10 based on the extent to which the project reduces or eliminates
11 the need. Consideration of capacity must be based on
12 demonstration of administrative capability, realistic
13 implementation schedules, and the ability to conform to state
14 and federal requirements.

15 Two hundred points will be awarded based on an evaluation
16 of the effective use of program funds to induce economic
17 development. Consideration of financial feasibility must
18 include investment analysis, commitment of other funds, and
19 other factors relating to the type of program assistance
20 requested.

21 Subp. 4. **Funding recommendations.** Applications that
22 attain at least 400 points will be recommended to the
23 commissioner for funding. Applications not recommended for
24 funding may be revised and resubmitted.

25 4300.2000 DETERMINATION OF GRANT AWARDS.

26 Subpart 1. **Funds available for grants.** The amount of
27 funds available for grants shall be equal to the total
28 allocation of federal funds made available to the state under
29 United States Code, title 42, section 5306, after subtracting an
30 amount for costs available to the division for administration of
31 the program, as allowed by that law, plus any money made
32 available by the state legislature. The division is not liable
33 for any grants under this chapter until funds are received from
34 the United States Department of Housing and Urban Development.

35 Subp. 2. **Division of funds.** Of the federal funds

1 available for grants in each grant year, 30 percent shall be
2 reserved by the division to fund single purpose grants, 15
3 percent shall be reserved for economic development grants, and
4 55 percent shall be reserved by the division to fund
5 comprehensive grants. However, the division may modify the
6 proportions of funds available for single purpose and
7 comprehensive grants if, after review of all applications, it
8 determines that there is a shortage of fundable applications in
9 either category.

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

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

21 Subp. 3. **Funding list.** Within each grant category, a list
22 of applications shall be prepared in rank order of the scores
23 received after evaluation pursuant to parts 4300.1300 to
24 4300.1900. Based on these lists, and subject to the
25 availability of funds within each category, applications with
26 the highest rank shall be recommended to the commissioner for
27 funding. In the case of a tie between any two applications
28 within any category, the application with the higher demographic
29 points shall receive the higher ranking on the list.

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

36 Subp. 5. **Reduction in amount requested.** The division may

1 recommend an application for funding in an amount less than
2 requested if, in the opinion of the division, the amount
3 requested is more than is necessary to meet the applicant's
4 need. If the amount of the grant is reduced, the reasons for
5 the reduction shall be given to the applicant.

6 Subp. 6. [Unchanged.]

7 4300.3100 GRANT AGREEMENTS.

8 Subpart 1. and 2. [Unchanged.]

9 Subp. 3. Use of program income. Program income from
10 sources such as reimbursements to and interest from a grant
11 recipient's loan program, proceeds from disposition of real
12 property, and proceeds from special assessments must be used for
13 eligible activities. The division shall reduce future grant
14 payments by the amount of any unobligated program income that an
15 applicant has and shall take whatever additional action is
16 necessary to recover any remaining amounts owed. In accordance
17 with Code of Federal Regulations, title 24, section
18 570.494(b)(4), interest earned by grant recipients on grant
19 funds before disbursement is not program income, and it must be
20 returned to the United States treasury.

21 Subp. 4. Grant account required. Grant recipients must
22 establish and maintain separate accounts for grant funds.

23 Subp. 5. Restrictions on use of funds. No grant funds
24 shall be used to finance activities not included in the grant
25 agreement. If it is determined that an improper use of funds
26 has occurred, the division will take whatever action is
27 necessary to recover improperly spent funds.

28 Subp. 6. Suspension of payments. The division shall
29 suspend payments of funds to grant recipients that are not in
30 compliance with applicable state and federal laws, rules, and
31 regulations. Grant recipients must return funds that are
32 improperly expended.

33 Subp. 7. [Unchanged.]

34 4300.3200 RECORD KEEPING AND MONITORING.

35 Subpart 1. Financial records. Grant recipients shall

1 maintain financial records that identify the source and
2 application of funds for grant supported activities. These
3 records must contain information about grant awards and
4 authorizations, obligations, unobligated balances, assets,
5 liabilities, outlays, income, and other information required by
6 the division under the responsibilities it assumes under Code of
7 Federal Regulations, title 24, section 570.497(b). Financial
8 records, supporting documents, statistical records, and all
9 other records pertinent to a grant must be retained by the grant
10 recipient for three years from the date of submitting the final
11 financial report. No such records or documents may be disposed
12 of while audits, claims, or litigations involving the records
13 are in progress.

14 Subp. 2. [Unchanged.]

15 Subp. 3. **Financial status report.** Grant recipients shall
16 file financial status reports at the close of each reporting
17 period as designated by the division and shall file a final
18 financial report before grant close out. Financial status
19 reports must be on forms prescribed by the division. The
20 division may not require these reports more often than quarterly.

21 Subp. 4. **Performance report.** Grant recipients shall also
22 file performance reports at the close of each reporting period
23 as designated by the division and shall file a final performance
24 report before grant close out. Performance reports shall be on
25 forms prescribed by the division. The division may not require
26 these reports more often than quarterly.

27 Subp. 5. **Access to records.** Representatives of the
28 department, either the state auditor or legislative auditor as
29 is appropriate, and federal auditors shall have access to all
30 books, records, accounts, reports, files, and other papers,
31 things, or property belonging to grant recipients which are
32 related to the administration of grants and necessary for audits
33 and monitoring compliance with parts 4300.0100 to 4300.3200.

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35 **REPEALER.** Minnesota Rules, part 4300.1400, subparts 1 and
36 3, are repealed.