

**CHAPTER 4300**  
**DEPARTMENT OF TRADE AND ECONOMIC**  
**DEVELOPMENT**  
**COMMUNITY DEVELOPMENT DIVISION**  
**COMMUNITY BLOCK GRANTS**

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**4300.0100 DEFINITIONS.**

*[For text of subs 1 and 2, see M.R.]*

Subp. 2a. [Renumbered Subp. 3a]

Subp. 2b. **Business and community development application.** "Business and community development application" means the official consolidated application form as developed by the Department of Trade and Economic Development to be used to apply for funding assistance from various assistance programs administered by the business and community development division.

Subp. 3. **Business and community development need.** "Business and community development need" means a demonstrated deficiency in housing stock, public facilities, economic development opportunities consistent with part 4300.1901, or other services which are necessary for developing or maintaining viable communities.

*[For text of subs 4 and 5, see M.R.]*

Subp. 5a. **Division.** "Division" means the business and community development division in the Department of Trade and Economic Development to which the program is assigned.

Subp. 5b. **Economic development grant.** "Economic development grant" means an agreement between the state and an eligible recipient through which the state provides money to carry out specified programs, services, or activities designed to create new employment, maintain existing employment, increase the local tax base, or otherwise increase economic activity in a community.

*[For text of subs 6 to 12, see M.R.]*

Subp. 13. **Low and moderate income.** As it applies to federal sources of funding, "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. State funds are not limited to or constrained by low and moderate income requirements.

*[For text of subs 14 to 17, see M.R.]*

Subp. 18. [Repealed, 20 SR 2254(NO. 42)]

*[For text of subs 19 to 22, see M.R.]*

Subp. 23. [Repealed, 20 SR 2254(NO. 42)]

*[For text of subs 25 to 27, see M.R.]*

**Statutory Authority:** *MS s 116J.035*

**History:** *20 SR 2254(NO. 42)*

**4300.1200 APPLICATION PROCESS AND REQUIREMENTS.**

Subpart 1. **Business and community development application manual.** The division shall make the business and community development application manual, additional instructional materials, and forms available on a year-round basis. The manual and additional materials and forms shall instruct applicants in the preparation of applications and describe the method by which the division will evaluate and rank applications.

*[For text of subp 2, see M.R.]*

**Subp. 3. Disqualification of applicants.** Applications from otherwise eligible applicants shall be disqualified if it is determined by the division that any of the following conditions exist:

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

*[For text of items B and C, see M.R.]*

**Subp. 4. Contents of business and community development application.** The contents of a business and community development application must be consistent with the informational requirements of this chapter and must be on a form prescribed by the division. A complete business and community development application shall include, but not be limited to:

*[For text of items A to D, see M.R.]*

E. resolution, from the submission of the local government applicant approving the application and authorizing execution of the grant agreement according to the requirements of the business and community development division if funds are made available; and

*[For text of item F, see M.R.]*

*[For text of subps 5 and 6, see M.R.]*

**Statutory Authority:** *MS s 116J.035*

**History:** *20 SR 2254(NO. 42)*

#### **4300.1901 EVALUATION OF ECONOMIC DEVELOPMENT PROJECTS.**

*[For text of subpart 1, see M.R.]*

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

Applicants for state funds shall describe how they will meet the following state economic development objectives:

A. creation or retention of permanent private sector jobs;

B. stimulation or leverage of private investment;

C. increase in local tax base; or

D. improved employment and economic opportunity for Minnesota citizens to create a reasonable standard of living

**Subp. 3. Project review.** Applications that meet eligibility thresholds will be awarded points by the division based on evaluation of the two rating categories: project design and financial feasibility. Applications must attain at least 400 of the 600 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.

Four hundred points will be awarded based on an evaluation of project design including an assessment of need, impact, and the capacity of the applicant to complete the project in a timely manner. Need for an economic development project must be based on the value and benefit of the project as it relates to securing and improving economic stability while giving consideration to 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 positively affects or addresses the creation or retention of permanent private sector jobs, the wage level of those jobs, and the increase in tax base. Consideration of capacity must be based on demonstration of administrative capability, realistic implementation schedules, and the ability to conform to state and federal requirements.

Two hundred 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 400 points will be recommended to the commissioner for funding. Applications not recommended for funding may be revised and resubmitted.

**Statutory Authority:** *MS s 116J.035*

**History:** 20 SR 2254(NO. 42)

#### 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, after subtracting an amount for costs available to the division for administration of the program, as allowed by that law, plus any money made available by the state legislature. The department 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 federal funds available in each grant year, 30 percent shall be reserved to fund single purpose grants, 15 percent shall be reserved for economic development grants, and 55 percent shall be reserved by the commissioner to fund comprehensive grants. However, the commissioner may modify the proportions of funds available if the commissioner determines that there is a shortage of fundable applications in any category.

*[For text of subps 3 to 6, see M.R.]*

**Statutory Authority:** *MS s 116J.035*

**History:** 20 SR 2254(NO. 42)

#### 4300.3100 GRANT AGREEMENTS.

*[For text of subpart 1, see M.R.]*

Subp. 2. **Contents of grant contract.** The grant contract must include:

*[For text of items A and B, see M.R.]*

C. assurances that the grant recipient will comply with all applicable state and federal laws, including the federal laws or regulations for which the state is made responsible for enforcement in Code of Federal Regulations, title 24, sections 570.495 and 570.496.

*[For text of subps 3 to 7, see M.R.]*

Subp. 8. **Grant termination.** If the department finds that there has been a failure to comply with the provisions of the grant agreement, that reasonable progress has not been made, or that the purposes for which the funds were granted have not been made, the department may take action to terminate the grant and/or protect the interests of the state, including requiring the return of all or part of the funds already disbursed.

**Statutory Authority:** *MS s 116J.035*

**History:** 20 SR 2254(NO. 42)