

(5) The local share must not be encumbered in any way that would preclude its use consistent with the requirements of the grant.

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Subpart B—Supplementary and Overrun Grants

§305.8 Supplementary grants.

(a) In the case of projects for which EDA supplements direct grants of

other Federal agencies, the total Federal funding may be up to 80 percent of the project's costs (except as allowed by paragraph (b) (1), (2) or (3) of this section).

(b) Based upon the kind of project, the severity of distress factors and revenue above and beyond the amount needed to amortize the local share, supplemental grants in excess of 50% may be awarded by EDA in accordance with the following Table:

Projects	Maximum grant rates (percent)
(1) Projects of American Indian Tribes which are concerned with general economic development will be given special consideration, and the Assistant Secretary may reduce or waive the non-Federal share for such projects	100
(2) Projects located in redevelopment areas designated under section 401(a)(6) of the act, applied for by States or political subdivision thereof which have demonstrated they have exhausted their effective taxing and borrowing capacity	100
(3) Projects located in redevelopment areas designated under section 401(a)(6) of the Act applied for by community development corporations (as defined in 13 CFR 300.2) which have demonstrated they have exhausted their effective borrowing capacity	100
(4) Projects located in redevelopment areas designated under section 401(a)(6) of the Act as special impact areas and which were not designated under section 401(a)(6) as a result of the October 12, 1976 amendment of section 401(a)(8) of the Act, but which cannot meet the requirement of paragraph (b)(2) of this section	80
(5) Projects located in areas designated under Title IV of the Act which have been declared disaster areas by the President of the United States under the Disaster Relief and Emergency Assistance Act (Pub. L. 100–707) as amended provided:	
(i) Such areas retain their EDA designations, and.	
(ii) No more than one year has elapsed since the date of such area's disaster area designation	80
(6) Projects located in areas designated under Title IV of the Act in which the median family income is \$12,100 or below, or the average unemployment rate for the preceding 24 months is 12 percent or higher	80
(7) Projects located in areas designated under Title IV of the Act in which the median family income is \$13,900–\$12,101, or the average unemployment rate for the preceding 24 months is 10 percent to 11.9 percent	70
(8) Projects located in areas designated under Title IV of the Act in which the median family income is \$15,700–\$13,901, or the average unemployment rate for the preceding 24 months is 8 percent to 9.9 percent	60
(9) Projects located in areas designated under section 401(a)(6) of the Act solely on the basis of the October 12, 1976 amendment of section 401(a)(8) of the Act by Pub. L. 94–487	50
(10) Projects in all other areas	50

(c) The applicable maximum grant eligibility rate for projects located in EDDs pursuant to section 403(j) of the Act shall be the same as the grant rates for the redevelopment areas for which such projects are determined to be a direct and substantial benefit.

(d) Notwithstanding paragraph (c) of this section, an applicant shall be eligible for the highest applicable maximum grant rate in effect between the time EDA invites the application and the time the project is approved.

(e) Where municipalities of over 25,000 population qualify for designation under Title IV of the Act and part 302 of this chapter, but are located in areas already designated thereunder, such municipalities are eligible for the maximum grant under paragraph (b) of

this section as if they were designated independent of the existing redevelopment area. In determining the maximum grant rate for such municipalities, EDA will use the appropriate statistical information for the municipality involved, provided that consideration of such information will work to the municipality's advantage.

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§305.9 Ten percent bonus supplemental grants.

(a) Subject to the limitation that the maximum Federal share for any project may not exceed 80 percent of the aggregate project cost or 100 percent for projects listed in §305.8(b)(1)–

(3), EDA may increase the amount of grant assistance for projects within redevelopment areas by an amount not to exceed 10 percent of the aggregate cost of any such project if:

(1) The redevelopment area is situated within a designated economic development district (EDD) and is actively participating in the economic development activities of the district; and

(2) The project is consistent with a currently approved district OEDP.

(b) Projects assisted in districts outside redevelopment areas pursuant to section 403(j) of the Act shall not be eligible for 10 percent bonus grants under this section.

§ 305.10 Grants for construction cost increases.

(a) For the purposes of this section, *construction cost increases* means those costs which the applicant incurs or will incur in completing the project according to the original designs and specifications beyond the project costs set forth in the grant agreement.

(b) EDA may increase the amount of any grant made under the authority of Title I of the Act when the following conditions are met:

(1) The project is being or will be constructed in accordance with the original designs and specifications or in accord with final plans and specifications which reflect the original intent and purpose;

(2) The project's total cost has increased because of increases in costs based on the original designs and specifications (or based on final plans and specifications reflecting the original intent and purpose); and

(3) The project has incurred construction cost increases after the grant was made but prior to completion of the project.

(c) Limitations on amount of grants are as follows:

(1) The amount of a grant made under paragraph (b) of this section may be equal to an amount based on the percentage increase in the costs referred to in paragraph (b)(2) of this section, as determined by EDA; and

(2) A grant for construction cost increases may not be in an amount which would cause the Federal share of the

project's costs to exceed the percentage originally provided for in the grant agreement.

Subpart C—Other Requirements

§ 305.11 Disbursements of funds for grants.

(a) Though disbursements of funds for grants are generally made upon application for reimbursement, advances of funds are allowable at the discretion of EDA. Disbursements will be made when the following conditions have been met:

(1) After execution of all contracts required for the completion of the project. This condition may be waived by EDA if the grantee can demonstrate that enforcement of the condition would place an undue burden on it;

(2) For itemized and certified eligible costs incurred, as substantiated by such documentary evidence as EDA may require;

(3) For the percentage of EDA participation, but in no event for more than the total sum stated in the financial assistance award accepted by the grantee;

(4) Upon such evidence as EDA may require that grantee's proportionate share of funds is on deposit;

(5) After a determination by EDA that all applicable conditions of the grant have been met; and

(6) After meeting such other requirements as EDA shall establish.

(b) Disbursements are generally made in installments, based upon grantee's actual rate of disbursement in accordance with the grant rate.

§ 305.12 Variance in cost of grant projects.

(a) If the total eligible costs are equal to or exceed the amount stated in the financial assistance award, disbursements will be the amount identified in the financial assistance award.

(b) If the total eligible project costs are less than the amount stated in the financial assistance award, the disbursements will be determined by multiplying the total eligible project costs by the grant rate percentage.