

# APPENDIX L

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## CDBG-DR Program Income Guidelines

**State of Louisiana**

**Certification Checklist**

Prepared by







Community Development Block Grant  
Disaster Recovery

# Program Income Guidelines For Grantees

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**VERSION 1.1**

Program made possible by:  
The Office of Community Development's Disaster Recovery Unit  
and  
The U.S. Department of Housing and Urban Development

P. O. Box 94095  
Baton Rouge, LA 70804  
225-219-9600  
[www.doa.louisiana.gov/cdbg/drhome.htm](http://www.doa.louisiana.gov/cdbg/drhome.htm)

**Community Development Block Grant  
Disaster Recovery (CDBG-DR)  
PROGRAM INCOME GUIDELINES**

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# Community Development Block Grant Disaster Recovery (CDBG-DR) PROGRAM INCOME GUIDELINES

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## 1.0 OVERVIEW

The Office of Community Development, Disaster Recovery Unit, (OCD/DRU), is responsible for the oversight of Program Income (PI) derived from Community Development Block Grant Disaster Recovery (CDBG-DR) funds.

This document provides guidance on the use and management of Program Income generated from the use of CDBG-DR funds by grantees.

These policies may be modified from time-to-time, based on changes to OCD/DRU policy, statute or the U.S. Department of Housing and Urban Development (HUD) regulations and guidance. OCD/DRU will promptly notify grantees of changes.

If you have any questions regarding these Program Income Guidelines, please call your OCD/DRU representative.

## 2.0 DEFINITION OF PROGRAM INCOME (PI)

HUD defines CDBG-DR Program Income at Fed. Reg 14,329-14,349 (March 5, 2013), adapted below.

- A. Program Income is defined as gross income generated from the use of CDBG-DR funds (except as provided below under B. Exceptions) and received by a State, Unit of General Local Government (UGLG), or sub recipient or sub grantee of a State or UGLG.

*Costs not included as part of a grant that are used to maintain or otherwise support facilities that generate program income may be deducted from gross income when calculating program income (e.g., building maintenance on a concessionaire operated boat dock).*

- B. When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used. Program Income includes, but is not limited to, the following:
  - 1. Proceeds from the disposition, by sale or long-term lease, of real property purchased or improved with CDBG-DR funds;
  - 2. Proceeds from the disposition of equipment purchased with CDBG-DR funds;

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3. Gross income from the use or rental of real or personal property acquired by a State, UGLG, or subrecipient or subgrantee of a State or UGLG with CDBG-DR funds, less costs incidental to generation of the income (i.e. net income);
4. Net income from the use or rental of real property owned by a State, UGLG, or subrecipient or subgrantee of a State or UGLG, that was constructed or improved with CDBG-DR funds;
5. Payments of principal and interest on loans made using CDBG-DR funds;
6. Proceeds from the sale of loans made with CDBG-DR funds;
7. Proceeds from the sale of obligations secured by loans made with CDBG-DR funds;
8. Interest earned on Program Income pending disposition of the income, but excluding interest earned on funds held in a revolving fund account;
9. Funds collected through special assessments made against properties owned and occupied by households not of low- and moderate-income (LMI), where the special assessments are used to recover all or part of the CDBG-DR portion of a public improvement; and
10. Gross income paid to a State, UGLG, or a subrecipient or subgrantee thereof from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance.

C. Exceptions.

Program Income does not include the following:

1. The total amount of funds, which is less than \$35,000 received in a single calendar year and retained by a State, UGLG, or subrecipient or subgrantee thereof;
2. Amounts generated by activities, both eligible and carried out by an entity under the authority of Section 105(a)(15) of the Housing and Community Development Act.

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**3.0 HOW TO USE PROGRAM INCOME**

Permission to retain and use Program Income generated from CDBG-DR activities varies depending upon the grantee and the funded activity.

Program Income must be expended in the following ways:

- A. Prior to completing an application for the use of PI, applicants will need to contact their OCD/DRU representative to verify that the appropriate amount of funds is available and that the project qualifies as an eligible activity.
  - o All PI projects must be related to the specific disaster for which the original CDBG-DR funds were granted,
  - o CDBG-eligible activities that meet a national objective such as:
    - i. Slum and blight
    - ii. LMI area benefit,
    - iii. LMI limited clientele benefit,
    - iv. LMI housing benefit
  - o are consistent with current recovery needs as identified in the recipients OCD/DRU approved
    - i. Long term recovery plan, or
    - ii. Resolution of support from the applicant's governing authority, which included public input.
- B. Grantees may commit any amount of PI to a specific activity in a new CDBG-DR application via a certified resolution that included public input.
- C. Grantees may commit any amount of PI only to activities already awarded CDBG-DR funds in an active CDBG-DR grant, at any time during the duration of the CDBG-DR grant in a new CDBG-DR application via a certified resolution.
  - o If the new CDBG-DR application is for a project not included in the Long Term Recovery Plan, a copy of the certified resolution approved by the grantee's governing authority/ board and proof of public input must be submitted at the time of application.
- D. PI committed to an active CDBG-DR grant must be reported on the required Quarterly and Annual Program Income Reports.
- E. Whether PI is being drawn down from the state to pay for a project, or a grantee is using PI held in its own account at the grantee level, draw requests must follow

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the same established process as all other CDBG-DR funds held by the state. The grantee will submit the draw request to OCD/DRU for approval to spend funds.

- F. Actual expenditures of PI on activities associated with an open CDBG-DR grant must be reported on the CDBG-DR Funds Request forms at least quarterly for the duration of the grant.

**4.0 TRACKING AND REPORTING**

During the term of the grant, Program Income received and retained must be tracked and reported on a quarterly basis, if required.

**Only those PI reports that have revenue of more than \$35,000 annually are required to be submitted to OCD/DRU.**

OCD/DRU oversees the activities carried out by CDBG-DR grantees, and is required to report to HUD on the performance of its funded programs, financial management systems and program beneficiaries. In order to comply with HUD, OCD/DRU requires quarterly reports from grantees until all CDBG-DR Program Income is spent on eligible projects or transferred back to the State.

- A. Each grantee must prepare one report, for each report period that covers all CDBG-DR PI activity for the entire jurisdiction. (There may be instances specifically related to Louisiana Land Trust (LLT) lots that may involve more than one jurisdiction. The parish would be the jurisdiction and report for every entity within the parish that generates or spends program income directly related to LLT lots.)
- B. Summarize all the program revenue, program income expenditures and program income balances on one Quarterly Program Income Report per reporting period.
- C. Quarterly Program Income Reports are due as follows:
- June 15 to September 14 is due by September 20.  
September 15 to December 14 is due by December 20.  
December 15 to March 14 is due by March 20.  
March 15 to June 14 is due by June 20.
- D. Include in the Program Income Report, at a minimum, the following items:
1. Revenue generated,
  2. PI actual expenditures,



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3. PI Revolving Loan Account balances,
  4. Payment of loans generated by the use of CDBG-DR funds,
  5. Interest earned on loans,
  6. Program Income committed to active CDBG-DR grants, and
  7. List of all closed CDBG-DR grants which potentially could generate PI.
- E. For any projects in which the grantee has determined that program income generated will be in excess of \$35,000 or has already met the threshold, the grantee must submit a Draw Request and supporting documents to OCD/DRU as soon as the costs are incurred within any quarter. (See Exhibit B - Grantee Level Program Income Expenditure Report (Draw Request).
- F. Supporting documents should be included with the Program Income Report to demonstrate both income and expenditures for the reporting period.
- G. Both Quarterly Program Income Reports must be maintained by all grantees even if the amount of CDBG-DR Program Revenue received during the applicable report period was zero or less than \$35,000. For each report, the jurisdiction must use a single report form for the receipt of Program Revenue from all CDBG-DR open and closed grants, and the actual expenditures of PI. (See Exhibit A for sample report.)

Submit form and supporting documents to:

State of Louisiana  
Division of Administration  
Office of Community Development  
Disaster Recovery Unit  
Attn: Program Income Reporting  
P. O. Box 94095  
Baton Rouge, LA 70802

**5.0 MISCELLANEOUS INFORMATION FOR PROGRAM INCOME**

- A. Activities funded with PI must be in compliance with all federal regulatory overlays. Guidelines may be found in the OCD/DRU CDBG Grantee Administration Manual, located at <http://www.doa.louisiana.gov/cdbq/dr/dradmin-manual.htm>.
- B. Activities funded with PI must be in compliance with the federal lead-based paint regulations.

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- C. Activities funded with PI will be monitored by CDBG-DR program staff in the same manner as active grants are monitored.

**6.0 REFERENCES**

Code of Federal Regulations (CFR) Title 24: Housing and Urban Development Part 570  
– Community Development Block Grants

§570.489(e) Program Income  
§570.500 Definitions (a) Program Income  
§570.504 Program Income

**7.0 EXHIBITS**

Exhibit A – PI Quarterly Reporting Forms  
Exhibit B – Grantee Level Program Income Expenditure Report (Draw Request)





EXHIBIT A  
PROGRAM INCOME REPORT

**Program Beneficiary Data Required by HUD on Direct Benefit Programs - submit one form per national objective**

Program Name -

Activity Name -

Total Expended for Quarter -

Date of Approval of Closeout Package

Race/Ethnicity

Race	Head of Household	
	Total	Hispanic/Latino
White		
Black/African American		
Asian		
American Indian/Alaskan Native		
Native Hawaiian/Other Pacific Islander		
American Indian/Alaskan Native and White		
Asian and White		
Black/African American and White		
American Indian/Alaskan Native and Black/African American		
Other multi-racial		
Unknown		
<b>Totals</b>	<b>0</b>	<b>0</b>

Head of Household

	Total
Female-Headed Households	0

Income Levels

	Total
Total Number Low - less than or equal to 50%	
Total Number Moderate - over 50% not greater than 80% AMI	
Total Urgent Need - over 80% AMI	
Total Population	0

Narrative

If this activity involves the closing of loans, list the property addresses below of the loans closing this quarter. Please confirm addresses prior to submission.:

Address	Unit Type

**EXHIBIT B**  
**Office of Community Development**  
**Disaster Recovery Unit**  
**Grantee Level Program Income Expenditure Report (Draw Request)**

<b>Name</b>		<b>Date</b>	
<b>Address</b>		<b>Project</b>	
		<b>Activity ID #</b>	
		<b>Parish #</b>	
		<b>Report #</b>	
		<b>DRU Voucher #</b>	

Grantee Representative	Approval	Date
OCD/DRU Representative	Approval	Date

For DRU Use Only	
DRGR Activity	Amount
	\$0.00
	0.00
	0.00

Accounting Requirements				Total
Amount CDBG PI Budgeted	\$0.00	\$0.00	\$0.00	\$0.00
Amount CDBG PI budget spent to date	\$0.00	\$0.00	\$0.00	\$0.00
Amount CDBG PI budget previously spent	\$0.00	\$0.00	\$0.00	\$0.00
Amount of CDBG PI budget spent this reporting period.	\$0.00	\$0.00	\$0.00	\$0.00
Balance	\$0.00	\$0.00	\$0.00	\$0.00

**Project Status**  
 Briefly describe how funds were expended:

OCD/DRU Program Manager	Date
Environmental Manager - Ann Herring	Date