PROGRAM INCOME
Community Development Block Grant

This policy statement defines the terms, reporting requirements and compliance measures for income generated as a result of your Community Development Block Grant funded activities. Program income is to be used in a timely and consistent manner as required by federal CDBG regulations.

Program Income is defined as gross income generated from the use of CDBG funds as described below and in 24 CFR 570.489(e). It is important the local government grantee maintains accurate record of the date, source and amount of income to establish which of the following requirements apply.

<table>
<thead>
<tr>
<th>Activity that earned income is continuing (ex. the housing rehabilitation program still offers loans)</th>
<th>Activity that earned income is not continuing (ex. the housing rehabilitation program is no longer offers loans)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income is considered Program Income</td>
<td>Amount earned is $35,000/year or greater</td>
</tr>
<tr>
<td>Income is considered Program Income</td>
<td>Amount earned is less than $35,000/year</td>
</tr>
</tbody>
</table>

Use of Income:
- If the CDBG contract is still open, then the income must be used to continue the activity.
- The income must be used before additional CDBG funds are drawn. Deduct the income on the next CDBG invoice voucher to the state.
- If the CDBG contract is closed but the activity is continuing, the income must be used to continue the activity and sustain the local program (such as using the income for more loans)
- The activity must continue to meet the CDBG eligibility criteria.
- CDBG compliance is required (i.e. procurement, environmental review, Davis-Bacon labor standards etc.)

Use of Income:
- If the CDBG contract is still open, then the income must be used before additional CDBG funds are drawn. Deduct the income on the next CDBG invoice voucher to the state.
- Otherwise, if submitting a new CDBG application, the income must be included as a resource in the application’s project budget, or
- The income may be used for any CDBG eligible activity that benefits low- and moderate income persons with CDBG approval.
- CDBG compliance is required (i.e. procurement, environmental review, Davis-Bacon labor standards etc.)

Use of Income:
- If the CDBG contract is still open, then the income must be used before additional CDBG funds are drawn. Deduct the income on the next CDBG invoice voucher to the state.
- Otherwise, the revenue may be used for any community development activity. Recommended use:
  1. A CDBG eligible activity
  2. A project benefiting low- and moderate-income persons
  3. As a resource in a new CDBG application
- CDBG compliance is not required (i.e. Davis-Bacon labor standards)

Reporting:
- Must maintain records to track income earned from any CDBG activity awarded to the local government.
- Must submit to Commerce an annual Program Income Report, detailing the receipt and use of income. Forms are available in Section 4 of the CDBG Management Handbook (www.commerce.wa.gov/cdbg).

NOTE:
If the local government does not expect to exceed the $35,000 threshold and uses some of the income, but then does exceed the threshold by the end of the year, then any Program Income funded activity must have complied with all CDBG compliance requirements including environmental review, labor standards, etc. and reported to Commerce.