



# CDBG-DR Program Income Policy

**DEPARTMENT OF HOMELAND SECURITY AND  
EMERGENCY MANAGEMENT**

This policy is effective as of 3/20/2026 and may be updated periodically to reflect program implementation and evolving guidance from the U.S. Department of Housing and Urban Development (HUD).

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## **I. PURPOSE AND SCOPE**

Purpose: The Program Income Policy defines what program income is, explains the requirements of a Program Income Plan (PIP), and describes requirements for managing, using, and reporting program income related to the CDBG-DR grant.

Scope: This policy applies to all CDBG-DR recipients and subrecipients under the State of New Mexico's disaster recovery programs, including but not limited to:

- New Mexico Home Recovery Program
- Post-Disaster Infrastructure Investment Program
- Disaster Resilience Planning Program

DHSEM does not anticipate program income (PI) generation from current activities, but this policy ensures compliance if any PI is realized.

## **II. BACKGROUND**

New Mexico Department of Homeland Security and Emergency Management (DHSEM) is in receipt of Community Development Block Grant Disaster Recovery (CDBG-DR) funds from the Department of Housing and Urban Development (HUD). These activities include projects and programs that provide housing, infrastructure, economic development and planning resources to households, governments and businesses impacted by the disasters.

The activities described in the New Mexico CDBG-DR Action Plan for Disaster Recovery are not designed to generate program income and DHSEM does not expect generation of program income as a result of implementation of these activities. However, under the CDBG-DR program, there are specific rules and requirements associated with the management and use of income received by recipients and subrecipients that is related to CDBG-funded activities and DHSEM must be prepared to handle such funds should the situation arise.

## **III. POLICY STATEMENT**

This policy governs the management, use, and reporting of Program Income (PI) generated through the Community Development Block Grant–Disaster Recovery (CDBG-DR) allocations awarded under the 2024 disaster declarations DR-4795-NM: New Mexico's South Fork Fire, Salt Fire and Flooding; and DR-4843-NM: New Mexico Severe Storm and Flooding. DHSEM, as the CDBG-DR grantee, establishes this directive to ensure compliance with federal regulations at 24 CFR 570.489(e), 2 CFR § 200.307, and applicable Federal Register Notices including Public Law 118-158, 90 FR 4759, and 90 FR 1754.



#### IV. DEFINITIONS

Term	Definition
<b>Anticipated Program Income</b>	Income expected to be generated as a result of a planned activity involving a structured or known repayment schedule (excluding RLF repayments).
<b>CDBG Local Account</b>	An interest-bearing financial account maintained by the unit of local government where CDBG-DR deposits from the U.S. Treasury are received. This account must be separately tracked with its own ledger and segregated from the municipal general fund.
<b>Non-Program Income</b>	Income received by the unit of general local government or subrecipient that does not meet the program income threshold of \$35,000 per year. This income is defined in 24 CFR 570.489(e)(2) and may be retained by the grantee. However, it must be reported quarterly in accordance with HUD's reporting requirements. Once cumulative income for the year reaches or exceeds \$25,000, the entire amount becomes program income.
<b>Program Income (PI)</b>	Gross income received by a State, a unit of general local government, a Tribe or a subrecipient of a unit of general local government that was generated from the use of CDBG-DR funds, regardless of when the funds were appropriated and whether the activity has been closed out. Income of less than \$35,000 per year (excluding RLF funds) is considered non-program income until the threshold is met and then retroactively treated as program income.
<b>Quarterly Performance Report (QPR)</b>	A report submitted to HUD by the grantee (e.g. DHSEM) through the Disaster Recovery Grant Reporting (DRGR) system. It documents the status, expenditures, and outcomes of CDBG-DR-funded activities on a quarterly basis.
<b>Subrecipient</b>	A non-federal entity that receives a sub-award from a pass-through entity (e.g., DHSEM) to carry out a CDBG-DR-funded activity. Subrecipients are not individual program beneficiaries and may also receive other federal awards directly from federal agencies.
<b>Unanticipated Program Income</b>	Unplanned or unexpected income resulting from a CDBG-DR investment with no known repayment schedule. Example: proceeds from the sale of a property encumbered by a municipal lien placed due to CDBG-DR investment.



## V. SCOPE OF WORK AND EVALUATION CRITERIA

### A. *Examples of Program Income*

Per the definition found in **24 CFR § 570.489(e)** and the guidelines given by HUD, program income includes, but is not limited to, the following;

#### *1. Inclusions*

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved using CDBG disaster recovery funds;
- Proceeds from the disposition by of equipment originally purchased with CDBG disaster recovery funds;
- Gross income from the rental or use of real or personal property acquired by the unit of general local government or Tribe or subrecipient of the state, Tribe or unit of general local government with CDBG disaster recovery funds, less the costs incidental to the generation of income;
- Gross income from the use or rental of real property owned by a state, Tribe or the unit of general local government or a subrecipient of a state, Tribe or unit of general local government that was constructed or improved with CDBG disaster recovery funds, less the costs incidental to the generation of the income;
- Payments of principal and interest on loans made with CDBG disaster recovery funds (except where excluded under 24 CFR § 570.489(e)(2)(iii));
- Proceeds from the sale of loans made with CDBG disaster recovery funds, less reasonable legal and transactional costs not otherwise allowable under sections 105(a)(13) or 106(d)(3)(A) of the Housing and Community Development Act (HCDA);
- Proceeds from the sale of obligations secured by such loans made with CDBG disaster recovery funds, less reasonable legal and other costs incurred in the course of such sale that are not otherwise eligible costs under Sections 105(a)(13) or 106(d)(3)(A) of the HCDA;
- Interest earned on funds held in revolving loan fund (RLF) accounts established for the reuse of CDBG-disaster recovery funds;
- Interest earned on program income pending disposition of the income, but excluding interest earned on funds held in a revolving fund account;
- Funds collected through special assessments made against nonresidential properties and properties owned and occupied by households that are not of low and moderate income, where the special assessments are used to recover all or part of the CDBG portion of a public improvement; and



- Gross income paid to a state, Tribe or a unit of general local government or subrecipient from the ownership interest in a for-profit entity acquired in return for the provision of CDBG disaster recovery assistance.

## *2. Exclusions*

Program income does not include:

- Income not exceeding \$35,000 in a single year from activities, other than revolving loan funds that is retained by a unit of local general government, Tribe or a subrecipient (all funds received from a revolving loan fund are considered PI regardless of amount);
- Revenue generated from activities eligible under Section 105(a)(15) of the HCDA, which refers to activities undertaken by a Certified Based Development Organization (CBDO) in carrying out a neighborhood revitalization, community economic development, or energy conservation project and carried out by entities authorized under that same section (24 CFR § 570.489(e)(2)(ii)).
- Payments of principal and interest made by a subrecipient carrying out a CDBG disaster recovery activity for a unit of general local government or Tribe, toward a loan from the local government to the subgrantee, to the extent that program income received by the subgrantee is used for such payments;
- The following classes of interest income, which must be remitted to HUD for transmittal to the Department of the U.S. Treasury, and will not be reallocated under section 106 (c) or (d) of the HCDA;
  - Interest income from loans or other forms of assistance provided with CDBG funds that are used for activities determined by HUD to be not eligible under § 570.482 or section 105(a) of the Act, to fail to meet a national objective in accordance with the requirements of § 570.483, or to fail substantially to meet any other requirement of this subpart or the Act;
  - Interest income from deposits of amounts reimbursed to a State's CDBG program account prior to the state's disbursement of the reimbursed funds for eligible purposes; and
  - Interest income received by units of general local government on deposits of grant funds before disbursement of the funds for activities, except that the unit of general local government may keep interest payments of up to \$100 per year for administrative expenses otherwise permitted to be paid with CDBG funds.
- Proceeds from the sale of real property purchased or improved with CDBG funds, if the proceeds are received more than 5 years after expiration of the grant agreement between the State and the unit of general local government.



### *3. Pro – Ration*

When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be pro-rated to reflect the percentage of CDBG-DR funds used (e.g., a single loan supported by CDBG-DR funds and other funds or a single parcel of land purchased with CDBG disaster recovery funds and other funds).

#### ***B. Eligible Uses of Program Income***

Program income may be used for any eligible CDBG activity listed in Title I, Section 105 (a), in a manner that is consistent with the approved PIP (see below) and the other provisions of this policy. After a grant is closed out, program income may be used as a local match for another CDBG grant, if such use is consistent with the approved PIP (using PI as local match must still satisfy all CDBG requirements - national objective, eligibility, duplication of benefits, etc.).

#### ***C. Program Income Plan***

Pursuant to HUD guidelines and in alignment with the State of New Mexico's Action Plan for Disaster Recovery under DR-4795 and DR-4843, each CDBG-DR subrecipient agreement must include a Program Income Plan (PIP), regardless of whether program income is anticipated. Any subrecipient managing program income must have a subrecipient agreement that complies with 24 CFR § 570.503, including program income clauses.

In addition, program income generated from the use of CDBG-DR funds must be managed in accordance with 24 CFR § 570.500 and 570.489(e), applicable Federal Register Notices, and the terms of this plan.

The New Mexico Department of Homeland Security and Emergency Management (DHSEM) will generally require that all program income be returned to the State unless the recipient requests and is approved to retain such income for continuation of the activity that generated it. Examples include using income generated from a housing rehabilitation loan program to finance additional housing rehabilitation activities. DHSEM will determine when an activity is considered to be a continuation of the same activity that generated the income.

##### *1. Approval*

- If a complete and compliant PIP is submitted with the application, DHSEM will consider the plan approved upon execution of the grant agreement.
- If incomplete or missing, the grant agreement will be conditionally approved, requiring the submission and DHSEM approval of a revised PIP prior to the release of any grant funds.
- Subsequent PIP approvals (outside of initial application) will be documented via formal DHSEM correspondence to the unit of local government or subrecipient.



## 2. Requirements

At a minimum, each PIP must include the following components:

- **Recipient Identification**
  - Recipient's name, grant number, and project title.
- **Source and Amount of Program Income**
  - Identification of current program income on hand, including source(s).
  - Whether any of the funds are in a DHSEM-approved revolving fund, with purpose and balance of that fund clearly stated.
- **Annual Income Estimate and Retention Intent**
  - A statement indicating whether or not the recipient or subrecipient expects this project, in combination with income from other CDBG-DR projects, to generate more than \$35,000 in program income is expected in any single year:
    - If income is anticipated, the recipient must indicate whether the recipient is requesting program income be retained or returned to the State.
    - If no program income is expected, the recipient must state that if any income should be received prior to programmatic closeout the recipient will use such income to defray CDBG-DR project costs of this grant or any other open grant, or if not so used, returned to the State. The recipient also agrees to notify DHSEM immediately upon receipt of such unanticipated income.
- **Post-Closeout Income Management**
  - After programmatic closeout, if unexpected program income in excess of \$35,000 per year is received, the recipient agrees to return the funds to DHSEM.
- **Retention Requests for Continued Activity**
  - If the recipient anticipates program income and wishes to retain that income to continue the same activity which generated the income, then the following information must be provided:
    - **Need:** An explanation of the need for continuing the same activity that generated the income and explain how the use will address unmet needs or DR Action Plan priorities.
    - **Administration:** The PIP should identify the entity that will be administering the program income. Explain the administrative procedures for collecting, accounting, distributing, and reporting on program income in accordance with 24 CFR Part 85 and other applicable State and Federal guidelines.
    - **Compliance:** An explanation of how the recipient will ensure that activities undertaken with program income will meet a HUD National Objective and will



comply with applicable requirements of Title 1 and other Federal regulations, such as citizen participation, environmental review, labor standards, acquisition and relocation.

- **Timeframe:** Provide an anticipated time frame for program income expenditures. Income received should be distributed within eighteen (18) months of collection or the State may require it to be returned.
- **Return of Funds:** Provide written assurance that the recipient will return all unexpended funds and collectable accounts to the State in the event the State finds evidence of cases of fraud, waste, mismanagement, or substantial non-compliance with the PIP.
- **Governing Body Approval:** Include documentation that the PIP has been approved by the local governing body and legally binds the entity to its terms. Each page of the PIP must be initialed and dated by the authorized official.

### *3. Subrecipients*

If program income is to be retained by a subrecipient, the above information must identify and describe the role of the subrecipient, as appropriate. Additionally, the subrecipient's governing board must approve the PIP and the subrecipient's participation.

Such approval must legally bind the subrecipient to perform in accordance with the provisions of the PIP and be submitted in writing to DHSEM along with the PIP. It is a federal requirement that a subrecipient be governed by the CDBG-DR regulations, as set forth by HUD, in the same manner and to the same extent as the recipient. In any case, the unit of general local government remains responsible for ensuring compliance with the PIP and is liable for any misuse of program income funds.

### *4. Waivers*

The State may waive or modify requirements of this chapter when it determines that allowing the program income to be retained will promote the more efficient administration of the State's CDBG-DR program and/or further the accomplishment of the State's objectives. However, the State cannot waive HUD or other federal regulatory requirements governing program income.

### *5. Length of Applicability*

The accounting provisions and "use of funds" described in an approved PIP continue to be applicable as long as program income funds are received and/or distributed. Appropriate documentation regarding the "use of funds" must be maintained along with the appropriate accounting documents for this period as well.



#### ***D. Transfer of Program Income***

Notwithstanding other provisions of the applicable Federal Register Notice(s), the state may transfer program income before closeout of the grant that generated the program income to its own annual CDBG program or to any annual CDBG-funded activities administered by a unit of general local government or Indian Tribe within the state.

Program income on hand at the state or with its subrecipients at the time of grant closeout by HUD, and program income received by the state after such grant closeout shall be program income to the most recent annual CDBG program grant of the state.

While the calendar cap allowable program income is \$35,000 there is no maximum overall program income limit for the life of the CDBG-DR funded program/project. The maximum amount of program income used for public service activities cannot exceed fifteen (15%) of the program income earned, that is the combined CDBG-DR grant amount and the prior year's program income. However, unused program income may be added to the usual normal allotted CDBG funding awarded to the state and its municipalities.

Additionally, no more than five percent (5%) of total program income may be used for administrative purposes. This cap ensures that the majority of program income is directed toward eligible program activities and public service delivery, in alignment with HUD guidance and CDBG-DR program goals.

#### ***E. Revolving Funds***

A revolving fund is a separate fund (with a set of accounts that are independent of other program accounts) established to carry out specific activities that, in turn, generate payments to the fund for use in carrying out such activities. In addition, the use of revolving funds must be authorized in the CDBG-DR Action Plan or Substantial Amendment approved by HUD.

Under limited circumstances, DHSEM may approve the use of CDBG program income for the purpose of capitalizing a revolving fund for specific, identified activities. Revolving funds are typically established to continue housing rehabilitation or economic development activities.

Payments to a revolving fund are program income and must be substantially disbursed from the revolving fund before additional grant funds are drawn for revolving fund activities. Such program income is not required to be disbursed for non-revolving fund activities.

A revolving fund established by either the state or unit of general local government shall not be directly funded or capitalized with grant funds.

##### ***1. Applicable Requirements***

If the revolving fund is established to continue the activities of the grant which generated the program income, the revolving fund is subject to all the requirements of this document and all applicable federal rules, regulations, and guidance (i.e., Title I, State policies, etc.), as well as the PIP, regardless of whether the grant was open or closed at the time the funds are received.



If the revolving fund is established to carry out income generating activities that were not included in the grant and no income was generated by the revolving fund before the grant was fully programmatically closed out and the recipient has no other open CDBG grant from the State, then the revolving fund is not subject to the provisions of this document except that the accountability and "use of funds" provisions of the PIP apply.

## *2. Written Guidelines*

DHSEM requires that written guidelines and procedures be developed for the administration of a revolving fund.

The local governing body must approve the written revolving fund guidelines. In addition, any substantive changes to local revolving fund guidelines must be submitted to DHSEM prior to implementation. Failure to submit local revolving fund policies and procedures in a timely manner could result in the recapture of program income by the State and may delay the approval of PIPs submitted which request retention of program income at the local level.

## *3. Minimum Requirements*

Administration of a local revolving fund involves three primary areas of responsibility:

- Loan review, selection, and approval.
- Maintaining a financial management system.
- Loan services and monitoring.

At a minimum, the written revolving fund guidelines should include the following elements that address the primary areas of responsibility:

- Establishment of revolving fund goals and objectives.
- Eligibility requirements:
  - Eligible applicants
  - Eligible and ineligible activities
  - Eligible types of loans
    - Loan review, selection, and approval.
  - Loan review committee:
    - § Members and terms
    - § Procedures and by-laws
- Application requirements:
  - Justification of need



- Beneficiaries
- Appropriateness documentation
- Certifications
- Revolving fund operating and management procedures:
  - Accounting system
  - Reporting and recordkeeping
  - Loan approval, documentation, disbursement and servicing
  - Title I compliance and monitoring
  - Administrative staffing, costs and fees
  - Audits
  - Conflict of interest

#### *4. Monitoring*

Revolving funds will be monitored periodically by DHSEM to ensure compliance with all Federal and State requirements. When establishing a revolving fund, a unit of local government must agree to return all unexpended funds and collectable accounts to the State in the event of fraud, waste, or mismanagement and/or substantial non-compliance with the local revolving fund guidelines.

## **VI. ROLES AND RESPONSIBILITIES**

Stakeholder	Roles & Responsibilities
<b>DHSEM</b>	Create, monitor, and enforce the Program Income Plan (PIP).
<b>Subrecipients</b>	The subrecipient's governing board must approve the PIP and the subrecipient's participation. Such approval must legally bind the subrecipient to perform in accordance with the provisions of the PIP and be submitted in writing to DHSEM along with the PIP. It is a federal requirement that a subrecipient be governed by the CDBG-DR regulations, as set forth by HUD, in the same manner and to the same extent as the recipient. In any case, the unit of general local government remains responsible for ensuring compliance with the PIP and is liable for any misuse of program income funds.



## VII. CONFLICTS OF INTEREST AND MODIFICATIONS

To maintain the highest standards of integrity, all stakeholders, including DHSEM staff, subrecipients, contractors, and partners, must adhere to strict conflict of interest guidelines and the Conflict of Interest Policy.

Individuals involved in the decision-making or procurement processes must disclose any personal or financial interests that might influence their objectivity in fulfilling program income objectives. This requirement is crucial to ensuring that all actions taken under the Program Income Policy are impartial and align with the principles of fairness and equity. Regular training will reinforce these standards and help identify and address potential conflicts proactively.

The Program Income Policy is subject to continuous evaluation and refinement to adapt to changing legal requirements and community needs. Annual reviews, based on comprehensive feedback from stakeholders and affected communities, facilitate necessary modifications to enhance policy effectiveness. Modifications are implemented in a structured manner, ensuring alignment with both federal mandates and local objectives. All changes are documented, disseminated across all levels of involvement, and incorporated into subsequent training sessions, preserving the policy's integrity and responsiveness to emerging challenges.

## VIII. DOCUMENTATION & RECORDKEEPING

### A. *Accounting and Documentation*

A program income accounting system should:

- Record program income in the recipient accounting records,
- Assure that all program income is collected and properly classified, and
- Assure that the handling of program income complies with Federal and State requirements.

#### *1. Accounting Systems*

The method of accounting to be used for tracking program income shall meet generally accepted accounting principles (GAAP). Any accounting system used must be detailed enough to provide the necessary information for completing DHSEM's Program Income Annual Report (PIAR) and comply with the requirements of 2 CFR Part 200 and 24 CFR 85.1 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards).

The recipient must have information in its file that accurately accounts for all funds received and disbursed. This documentation must include bank statements and canceled checks (copies are acceptable if both sides of canceled checks are copied).



## *2. Regulatory Compliance*

The recipient must also maintain documentation that shows program income was spent in compliance with Title I requirements. This includes documentation that the funds were spent on eligible activities and that a National Objective was met. For example, funding of certain economic development activities that assist for-profit businesses requires that necessary “appropriateness” documentation be maintained to justify the funding decision.

In addition to the requirements outlined above, all recipients and subrecipients must ensure that the use of program income complies with all applicable cross-cutting federal requirements, regardless of whether the funds are derived from the original grant or from program income. This includes, but is not limited to:

- Environmental review (24 CFR Part 58)
- Procurement standards (2 CFR §§ 200.317–200.326)
- Labor standards (Davis-Bacon Act, as applicable)
- Fair housing and equal opportunity (Title VI, Section 504, ADA, etc.)
- Acquisition and relocation (Uniform Relocation Assistance and Real Property Acquisition Policies Act)
- Citizen participation
- Section 3 requirements
- Financial management and audit requirements (2 CFR Part 200, including § 200.307)
- All applicable HUD and CDBG-DR regulations, including:
  - 24 CFR § 570.489(e)
  - 2 CFR § 200.307
  - Federal Register Notices including Public Law 118-158, 90 FR 4759, and 90 FR 1754

These requirements apply equally to the use of program income and must be documented accordingly. Failure to comply may result in recapture of funds or other enforcement actions.

## *3. Monitoring*

DHSEM may conduct on-site monitoring of the use of program income and recordkeeping. The monitoring will ensure that program income is being reported accurately and will determine that all Federal and State requirements have been met. This monitoring may take place as part of other programmatic and financial monitoring or may be conducted separately.



## ***B. Reporting Requirements***

### *1. Annual Reports*

A PIAR is required for reporting program income to DHSEM and will be developed if the program receives income from its programs.

- A PIAR must be submitted if any program income is anticipated or received for the year (January 1 to December 31).
- The PIAR is due to DHSEM within ninety (90) days after the close of the program year.
- The report contains information required by HUD on the amount of income received and expended. It identifies the activities generating the income and provides an explanation of how program income funds are spent in compliance with a CDBG National Objective. If the total program income for the year is more than \$35,000, additional details are required to be provided on the annual report.

Non-compliance with these reporting requirements by a unit of local government may result in a stop payment being issued on grant funds until an acceptable PIAR is submitted or may result in the State recapturing the program income funds.

### *2. Program Income Balance Reported on Requests for Payment*

In accordance with 24 CFR § 570.504(b)(3), when program income is available at the local level, that program income must be utilized prior to any additional draws of CDBG-DR funds. This is known as the “first-in, first-out” (FIFO) rule, which requires that substantially all program income be disbursed for eligible activities before drawing additional funds from the U.S. Treasury.

An exception applies when program income is protected in a revolving fund, and the draw is for a non-revolving fund activity. In such cases, the revolving fund may retain its program income for its intended purpose.

The amount of program income on-hand before a grant is closed must be reported when the final drawdown is made. Program income on hand at closeout remains subject to all applicable eligibility and use requirements until fully expended

### *3. Program Income Tracking and Budget Impacts*

The State records all program income transactions, including receipts, drawdowns, and expenditures, in HUD’s Disaster Recovery Grant Reporting (DRGR) system in accordance with federal requirements. This ensures transparency and accountability in the use of program income funds.

Program income expenditures are also recorded in the State’s accounting system, where they are tracked against the appropriate activity budgets. When program income is used to fund eligible activities, the corresponding budget in the State’s accounting system is reduced by the amount of



program income expended. This adjustment ensures that total expenditures (including both grant funds and program income) do not exceed the approved budget for each activity.

The State will reconcile DRGR entries with its internal accounting records to maintain consistency and compliance. Any discrepancies must be resolved prior to closeout or final reporting. Local governments and subrecipients are responsible for timely and accurate reporting of program income to facilitate this reconciliation process.

## IX. REFERENCES

Executive Order, Federal and State Laws and Regulations	Description
<b>American Relief Act, 2025</b> <i>(Pub. L. 118-158)</i>	Provides crucial funding for disaster relief (agriculture, housing, infrastructure) for 2023/2024 events, continuing FY2025 appropriations, and extending various programs, including significant funds for CDBG-DR for housing/community recovery and specific defense/health initiatives, all designated as emergency funding.
<b>Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice</b> <i>(90 FRN 4759) (FR-6512-N-01)</i>	Allocates CDBG-DR funds for 2023 and 2024 disasters, outlining waivers and requirements for using these federal recovery funds for housing, infrastructure, and economic aid in impacted areas.
<b>Universal Notice</b> <i>(90 FRN 1754)</i>	A standardized rulebook for using CDBG-DR funds, creating consistent processes, waivers, and timelines for disaster recovery to speed up aid after presidential disasters by streamlining grant application (Action Plan) and fund distribution.
<b>Uniform Guidance</b> <i>(2 CFR 200)</i>	Comprehensive federal rulebook from the Office of Management and Budget (OMB) setting unified standards for administrative requirements, cost principles, and audit rules for all non-federal entities (like universities, non-profits, state/local governments) receiving federal funds (grants/awards).
<b>2 CFR 200.307</b>	Governs "Program Income," which is revenue directly generated by a federally funded project during the award's performance period, encouraging its use to further project



	goals, often via deduction, addition, or cost-sharing methods, as specified by the federal agency, or default deduction if unspecified.
<b>2 CFR 200.317-200.326</b>	Outlines federal Procurement Standards for grant recipients, requiring fair competition, conflict-of-interest rules, written policies, and specific methods to ensure efficient, transparent, and accountable use of federal funds, focusing on preventing waste and ensuring value, with special rules for states/tribes.
<b>24 CFR Part 58</b>	Outlines the Environmental Review Procedures for Entities Assuming HUD Responsibilities, allowing local governments (Responsible Entities or REs) to conduct environmental reviews for HUD-funded projects.
<b>24 CFR Part 85</b>	Sets the administrative rules for federal grants and cooperative agreements given to State, Local, and Tribal governments, focusing on financial management, property, procurement, and reporting to ensure accountability for federal funds.
<b>24 CFR 85.1</b>	Federal grants to state, local, and tribal governments are now governed by the unified rules in 2 CFR Part 200, superseding the old 24 CFR Part 85 for new awards after December 26, 2014.
<b>24 CFR 570.489(e)</b>	Defines "Program Income" for the CDBG program.
<b>24 CFR 570.489(e)(2)(iii)</b>	Specifies limitations on using CDBG funds for administrative costs exceeding \$100,000 and for technical assistance, capping them at 3% of the state's grant, 3% of program income, and 3% of reallocated funds.
<b>24 CFR 570.500</b>	Defines key terms for CDBG program administration, primarily focusing on "Program Income" and related concepts such as revolving funds, interest, and proceeds from property sales.
<b>24 CFR 570.503</b>	Mandates that before giving CDBG funds to a subrecipient, the main grantee must sign a detailed written agreement, covering the work, records/reporting needs, how program income is handled, property use/disposition, and compliance with uniform federal rules.



<b>Title I of the Housing and Community Development Act of 1974 (HCDA)</b>	Establishes the Community Development Block Grant (CDBG) Program.
<b>Section 105(a) of the HCDA</b>	Lists the eligible activities for CDBG funding.
<b>Section 105(a)(13) of the HCDA</b>	Authorizes the use of CDBG funds for policy planning, management, and capacity building.
<b>Section 105(a)(15) of the HCDA</b>	Authorizes the use of CDBG funds for neighborhood revitalization and community economic development projects.
<b>Section 106(c) of the HCDA</b>	Mandates that creditors servicing home loans notify eligible homeowners facing delinquency about available HUD-approved homeownership counseling services to help them avoid foreclosure.
<b>Section 106(d) of the HCDA</b>	Allows HUD to adjust or withdraw funds provided under this section for units of general local government, often tied to CDBG programs and rules about benefiting LMI residents.
<b>Section 106(d)(3)(A) of the HCDA</b>	Addresses using federal CDBG funds for state-level administration, allowing states to use a portion of CDBG funds for managing their State CDBG programs
<b>Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u)</b>	Requires that, to the greatest extent feasible, low- and very low-income persons who live in the metropolitan area of the CDBG project receive opportunities for employment, training and contracting to businesses that hire low- and very low-income individuals.
<b>Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794)</b>	Specifies that no qualified individual shall, solely because of his or her disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal assistance.
<b>Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. § 12101 et seq.)</b>	Prohibits discrimination based on disability.
<b>Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d)</b>	Prohibits discrimination based on race, color, or national origin.
<b>Davis-Bacon Act (40 U.S.C. §§ 3141–3148)</b>	Mandates the payment of local prevailing wages and fringe benefits on federally funded construction contracts.



**Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended**

Ensures fair, consistent treatment for people displaced by federally funded projects, requiring agencies to provide relocation payments, comparable replacement housing, and assistance for moving; establishes strict rules for property acquisition, appraisals, and negotiations for "just compensation".