

**Program Income Reutilization Plan
Warren County, Pennsylvania**

The purpose of this reutilization plan is to establish guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded under the CDBG program.

This reutilization plan is intended to satisfy the requirement specified in federal statute and regulation of Section 104(j) of the Housing and Community Development Act. The Act, as amended in 1992 and 24 CFR 570.489(e)(3). These statutory and regulatory sections permit a unit of local government to retain program income for CDBG-eligible community development activities.

Under federal guidelines adopted by the Commonwealth of Pennsylvania, local governments are permitted to retain program income so long as the local government has received advanced approval from the Pennsylvania Department of Community and Economic Development (DCED) of a local plan that will govern the expenditure of program income. This plan has been developed to meet that requirement.

Program income is defined in federal regulation at 24 CFR 570.489(e) which specifies that program income is the gross income received by the jurisdiction that has been directly generated from the use of CDBG funds. For those program income-generating activities that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation.

Examples of program income include but are not limited to:

- a. Proceeds from the disposition by sale or long-term lease or deferred payment loan of real property purchased or improved with CDBG funds.
- b. Proceeds from the disposition of equipment purchased with CDBG funds.
- c. Payments of principal and interest on loans made using CDBG funds.
- d. Proceeds from the sale of loans made with CDBG funds.
- e. Proceeds from the sale of obligations secured by loans made with CDBG funds.
- f. Interest earned on program income pending disposition of such income.
- g. Funds collected through special assessments made against properties owned and occupied by households not of low and moderate income where such assessments are used to recover all or part of the CDBG-portion of a public improvement.
- h. Gross income from the use or rental of real or personal property acquired by the grantee or a subgrantee with CDBG funds, less the costs incidental to the generation of such income.
- i. Gross income from the use or rental of real property owned by the grantee or a subgrantee that was once constructed or improved with CDBG funds, less the costs incidental to the generation of such income.

Program income does not include interest earned (except for interest described in 24 CFR 570.513(c) - Lump Sum Accounts) on drawdown CDBG funds from the Commonwealth. Such interest shall be remitted to the Commonwealth on a quarterly basis.

Examples of other receipts that are not considered program income are proceeds from fundraising activities carried out by sub-grantees receiving CDBG assistance, funds collected through special assessments used to recover the non-CDBG portion of a public improvement and proceeds from the disposition of real property acquired or improved with CDBG funds when such disposition occurs after the applicable time period specified in 24 CFR 570.505 for subgrantee controlled property.

If the total amount of income generated from the use of CDBG funds that is retained by the county during a single program year (July 1 through June 30) is less than \$25,000, then these funds shall not be deemed to be program income and shall not be subject to these policies and procedures.

Costs incurred that are incidental to the generation of program income may be deducted from the gross income of the program income amount. However, quarterly and annual program income reports must be submitted regardless of whether the \$25,000 threshold is reached. Costs incurred that are incidental to the generation of program income may be deducted from the gross program revenue to determine the program income amount.

Up to eighteen (18) percent of the total program income expended on all activities during a single program year may be used for CDBG general administration.

Reuses of Program Income

Program income must be:

1. Disbursed for an activity funded under an open grant prior to drawing down additional federal funds.
2. Forwarded to the DCED.
3. Distributed according to this program income reutilization plan that has been approved by the DCED.

The county's program income will be used to fund eligible CDBG activities that meet a national objective. Eligible activities and national objective requirements are specified in federal statutes at Section 105(a) in 24 CFR 570.486 and 24 CFR 570.483. The reutilization plan shall specify all proposed uses of these funds and the plan shall be adopted by the county commissioners after compliance with the locality's citizen participation process as specified in the federal regulation at 24 CFR 570.486, Local Government Requirements.

It is anticipated that all program income accrued by Warren County's CDBG program will be allocated to activities that are already approved by DCED. If activities are to be funded with program income that is not already approved by DCED then the county will follow the Citizen Participation Plan prior to allocating the funds.

The county Board of Commissioners has the authority to amend this document with a properly noticed public meeting and approval of the DCED.