This training is offered by the U.S. Department of Housing and Urban Development (HUD) and the Office of Native American Programs under a cooperative agreement with FirstPic, Inc.
What this course is all about!

- How to comply with NAHASDA program income requirements;
- To be successful, you will need to:
  - Develop a system to determine whether income is program income;
  - Develop a system to ensure that program income is spent on:
    - Eligible activities, or
    - Housing related activities, and
    - Track and report on program income
Introductions

Getting to know you...
- Your name and position
- Tribe – TDHE
- Years of experience
- What you hope to learn
Background and Discussion of Program Income Under NAHASDA
History of where Program Income came from

• The Native American Housing Assistance & Self-Determination Act (NAHASDA) was passed by Congress in 1996 and became law October 1, 1997.

• Section 106 (b) of NAHASDA requires that the regulations implementing NAHASDA shall be issued using a negotiated rulemaking process.
Negotiated Rulemaking

• Historic first for Tribes.
• First Negotiated Rulemaking Committee met several times during 1997 and the regulations at 24 CFR 1000 were published in the Federal Register on March 12, 1998.
• Regulations are written in a friendly and easy to use question & answer format.
What is Program Income?

- The regulations at 24 CFR 1000.62 asks: What is considered program income?
- 24 CFR 1000.62 answers: Program income is defined as any income that is realized from the disbursement of grant amounts.
What is Program Income continued

• 24 CFR 1000.62 also states: Program income does not include any amounts generated from the operation of 1937 Act units unless the units are assisted with grant amounts and the income is attributable to such assistance.
What is Program Income continued

• Sale proceeds from the disposition of any CAS or NAHASDA assisted units owned by the recipient or sub-recipient.
• Proceeds from the sale of homeownership units developed under the 1937 Housing Act if those units have been substantially rehabilitated using IHBG funds.
• Proceeds from the disposition of equipment and supplies bought with IHBG funds less trade-in value or cost offsets to replace the equipment and/or supplies.
What is Program Income continued

• Program income includes:
  – Fees for services performed from the use of real or rental of real or personal property acquired with grant funds (rent)
  – Sale of commodities or items developed or acquired with grant funds (sale of vehicles and equipment no longer in use)
What is Program Income continued

• If the amount received in a single year does not exceed $25,000 then funds will not be considered program income.

• If the program income is generated by something funded with both grant and other funds, the program income will be based on the percentage of grant funds used.
What is Program Income continued

• Costs incidental to creating the program income will be deducted from the gross amount to determine program income:

  Equipment auction generates $10,000 from sales. Cost to run the advertisement = $500. Program income = $9,500
What is Program Income continued

Interest earned on the investment of IHBG funds may only be used for eligible affordable housing activities and is subject to all IHBG and other Federal requirements.
PIH Notice 2019-07

• Issued on April 17, 2019
• Current guidance for determining and using Program Income
• Defines housing related activities
• Confirms that the entity is not required to use program income before drawing down grant funds
• Identifies exceptions to 2 CFR 200
• Clarifies interest earned on investments using IHBG funds
PIH Notice 2019-07

• Includes Q&A covering common questions regarding program income
• Provides detailed discussion of program income calculation
• Includes Schedule of Maximum Allowable Dwelling Construction and Equipment Costs per Unit as of October 1, 1997 (used in calculation)
• Includes listing of Allowable Expense Levels and the 46% by Tribe (used in calculation)
PIH Notice 2019-07

Housing Related Activities (24 CFR 1000.10)

• For the purposes of program income - any facility, community building, infrastructure, business, program, or activity, including any community development or economic development activity that:
PIH Notice 2019-07

1. Is determined by the Tribe/TDHE to beneficial to providing housing in an Indian area; and

2. Would meet at least one of the following:
   I. Would help a Tribe/TDHE reduce the cost of construction of Indian housing
   II. Would make housing more affordable, energy efficient, accessible, or practicable in an Indian area
   III. Would otherwise advance the purposes of NAHASDA
PIH Notice 2019-07

Permissible uses of program income (24 CFR 1000.64):
Program income may be used for any housing or housing related activity and is not subject to other Federal requirements. Tribe/TDHE still complies with all other administrative requirements including recording, reporting, financial management, and any other requirements noted in PIH 2019-07.
Examples of Housing Related Activities include:

- Helping families obtain housing
- Developing a tribally owned construction business if the business would reduce construction costs of Indian housing and/or make housing more affordable, energy efficient, or accessible.
- Development of a community center to house multiple services related to self sufficiency, such as career counseling, training, and/or job placement.
• Making community centers and existing residences more accessible by adding ramps, walkways, entrances, grab bars, bathroom and kitchen fixtures to make spaces more functional for those with disabilities

• Provide housing services to resident families, including crime prevention and safety
PIH Notice 2019-07

Housing related activities do NOT include developing any tribally owned business that do not have a direct tie to providing housing for Tribal members.
Program Income Does Not Include
(PIH Notice 2019-07 Appendix A, Q3)

• Any income realized from sources other than the disbursement or use of IHBG funds.
• Any income realized from sources other than the disbursement or use of IHB funds.
• Non-program income amounts calculated in accordance with Appendix B related to amounts collected from IHBG assisted CAS units.
Program Income Does Not Include (continued)

• Proceeds from the sale of Mutual Help units available at the time that a unit is considered paid off pursuant to the terms of a MHOA unless the unit has been substantially rehabilitated using IHBG funding.

• Income earned from equity accounts held on behalf of one or more homebuyers pending release of those funds for recipient use at the time of conveyance or an earlier date depending on the terms of the homebuyer agreement.
Program Income Does Not Include (continued)

• Applicable credits as defined at 2 CFR 200.406 including receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs.

• Developer fees received in connection with LIHTC projects subject to the conditions in Section 104(a)(4) of NAHASDA.

• Interest earned on planning & administration reserve accounts established with IHBG funds.
Calculating Program Income
Background

The Program Income workgroup developed the calculations described in Appendix B of PIH Notice 2019-07. The following 3 types of calculations are defined:

• Substantial Rehabilitation of 1937 Housing Act Units (CAS)
• Excess MH Administration Fees
• Program Income Generated from the Operation of CAS units.
Defining The Terms

Allowable Expense Level (AEL) – 24 CFR 1000.302 – per unit, per month dollar amount of expenses which was used to compute the amount of the operating subsidy for Low Rent units developed under the 1937 Act. Because it is probably not reasonable to determine the total amount of rent received from the date of enactment of NAHASDA, a statutory amount has been established.

For program income purposes, 46% of the AEL as established to reflect the national average for rents received for 1937 Act units during the year before NAHASDA.

The 46% of AEL only applies to units that have not been substantially rehabbed.
Defining The Terms

Program income = amount of total income for a 1937 Act project that exceeds 46% of the AEL established in Appendix D of PIH 2019-07.

If a Tribe/TDHE does not have an AEL, one can be requested through the Area ONAP Office.

As a result of negotiated rule making in some Tribes defaulted to the FMR (Fair Market Rent) because the Formula AEL/FMR calculation. As such, those Tribe have used the FMR factor in formula calculations since 1998.
Determining Program Income Example

Example –
TDHE received $9600 (200/month per unit) in rent for the year for 4 Low Rent units included as FCAS on the Formula response form. These units have not been substantially rehabilitated.
The AEL is $4800 per unit per year as shown in Appendix D

46% of the AEL = $2208 per unit per year

Program income for the year = 9600 – (2208 per unit x 4 units)

$9600 (total rent for low rent 37 Act units) - $8832 (46% of the AEL) = $768 of program income per year, or $192 per unit per year.
Determining Program Income Example

Example – The Tribe receives $200/month for 2 bedroom rental units and $250/month for 3 bedroom units that are included on the FCAS. Currently 20 2 bedroom units and 30 3 bedroom units are occupied. None of the units have been substantially rehabilitated. The total AEL per unit is $170, so 46% is $78 per unit. What is the monthly rental income and what is the monthly program income?
Determining Program Income Example

Total income = \((20 \times 200) + (30 \times 250) = 4000 + 7500 = $11,500\).

Program income = \(11500 - (78 \times 50) = 11,500 - 3,900 = $7600\)/month of program income, or $152 per unit per month.
Defining The Terms

Dwelling Construction and Equipment Cost (DC&E) – hard costs of construction of a dwelling unit under the 1937 Act.

For program income purposes, 40% of the DC&E is used to set a limit for the amount considered Substantial Rehabilitation. Substantial Rehabilitation exceeds 40% of the unit DC&E and is used to calculate program income for that unit.

This applies to 1937 Act rental units that have had substantial rehabilitation as well as Mutual Help units with substantial Rehabilitation.

Appendix C of PIH Notice 2019-07 includes the DC&E amounts for Tribe/TDHE.
Defining The Terms

• This is why a Tribe/TDHE must track NAHASDA funds used for rehab/modernization for your FCAS since 10/2/1997.

• Notice CPD-16-02 made some work typically defined in the past as maintenance into a modernization category. Care needs to be taken when determining what is maintenance and what is modernization.
Determining Program Income

Proceeds of sale from 1937 Housing Act units are not program income unless:

- IHBG funds used to rehabilitate a unit exceed 40% of DC&E costs for the unit.

However, when IHBG funds are used to rehabilitate MH units:

- Program Income from Proceeds of Sale is generated if IHBG funds used to rehabilitate a unit exceeds 40% of DC&E cost for the unit.

- Program Income from Proceeds of Sale is not realized until the time of conveyance. Proceeds of Sale (MEPA) at conveyance would be considered program income.
Determining Program Income Example

A Mutual Help Unit has a 40% DC&E amount of $40,000. The unit is rehabbed in 2014 using IHBG funds of $20,000. In 2020, the unit has another rehab of $30,000 using IHBG funds. The unit conveys in 2021 for $20,000. How much of that $20,000 is program income?
Determining Program Income Example

All Proceeds of Sale for this unit will be program income because the total IHBG funds of $50,000 used for rehab are greater than the DC&E 40% limit of $40,000.
Determining Program Income Example

A Mutual Help unit has a 40% DC&E amount of $40,000. The unit is rehabbed in 2014 using IHBG funds of $20,000. In 2020, the unit has another rehab of $30,000 using non-IHBG funds. The unit conveys in 2021 for $20,000. How much of that $20,000 is program income?
Determining Program Income Example

None of the proceeds of sale will be program income because the $20,000 of IHBG funds used for rehab is less than the 40% DC&E amount of $40,000.
Determining Program Income

• Program income may result from rehabilitating CAS rental units depending on the amount of IHBG funds used for rehabilitation costs.
• Rental revenue is program income if IHBG funds used to rehabilitate a unit exceeds 40% of the Dwelling Construction & Equipment (DC&E) cost for the unit.
Determining Program Income Example

Example –
TDHE received $9600 (200/month per unit) in rent for the year for 4 Low Rent units included as FCAS on the Formula response form. These units have been substantially rehabilitated. The DC&E is $59,000 per unit as shown in Appendix C

40% of the DC&E = $23,600 per unit

Program income for the year = $9600
Determining Program Income Example

Example – The Tribe receives $200/month for 2 bedroom rental units and $250/month for 3 bedroom units that are included on the FCAS. Currently 20 2 bedroom units and 30 3 bedroom units are occupied. All of the units have been substantially rehabilitated. The total DC&E per 2 bedroom unit is $45,500, so 40% is $18,200 per unit. The total DC&E per 3 bedroom unit is $53,200, so 40% is $21,280. What is the monthly rental income and what is the monthly program income?
Determining Program Income Example

Total income = (20 x 200) + (30 x 250) = 4000 + 7500 = $11,500.

The total amount is program income because all units have been substantially rehabbed with NAHASDA funds.
Proceeds of Sale of 1937 Act Mutual Help Homeownership program units

• If a MH unit is either not rehabilitated or the NHASDA funded rehabilitation is less than 40% of DC&E, the proceeds of sale, if any, may be used in accordance with Answer 42A in the revision to the Transition Notice published in the Federal Register on April 1, 1999, (64 FR 15778), which states that, ‘Proceeds can be used for any housing activity, community facility or economic development activity that benefits the community’.
Excess Mutual Help Administrative Fees

If the administrative fees from a Mutual Help Homeownership program participant in any given calendar year exceed administration costs incurred by the recipient to operate its program, the excess funds would be considered program income pursuant to Appendix B of PIH Notice 2019-07.
Maintenance Vs Rehabilitation

Review of Notice: CPD-16-02
## Program Income/Non-Program Income FCAS Rental Units Calculation Form

<table>
<thead>
<tr>
<th>No. of Units to use in calculation:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Units in the Project</td>
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</tr>
<tr>
<td>Less: Units that exceed 40% of the 1997 DC&amp;E</td>
<td>#</td>
</tr>
<tr>
<td>No. of Units</td>
<td>#</td>
</tr>
<tr>
<td>Times 46% of the Tribe/TDHE's AEL</td>
<td>$</td>
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</tbody>
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Equals **NON-PROGRAM INCOME**

**PROGRAM INCOME** (A minus B)

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Total Annual Rental Income (Actual cash received and not on an accrual basis) from a 1937 Act Project

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>$</th>
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<tbody>
<tr>
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</table>

No. of Units

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>$</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tbody>
</table>

**PROGRAM INCOME** (A minus B)

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>
Substantial Rehabilitation

When the amount of IHBG funds used to rehab the unit exceeds the 40% level identified in Appendix C of PIH 2019-07. Steps to determine substantially rehabilitated:

- Has there been IHBG money used to improve the unit?
- If yes, is it more than the 40% DC&E Threshold listed in PIH Notice 2019-07 Appendix D?
- If yes, then all money received is program income
- If no, use the 46% AEL to determine what part is not program income
Exercise 1 A

The Housing Authority receives $150/month rent for 2 bedroom units, $250/month for 3 bedroom units, and $300/ month for 4 bedroom units. The Housing Authority has 10 2 bedroom units, 25 3 bedroom units, and 15 4 bedroom units. All of the 4 bedroom units and 5 of the 3 bedroom units have been substantially rehabbed using IHBG funds. The AEL for the Housing Authority is $250 and the 46% of AEL is $115.

A. How much rent income does the Housing Authority have in total?

\[(150 \times 10) + (250 \times 25) + (300 \times 15) = (1500) + (6250) + (4500) = $12,250\]
Exercise 1 B

The Housing Authority receives $150/month rent for 2 bedroom units, $250/month for 3 bedroom units, and $300/month for 4 bedroom units. The Housing Authority has 10 2 bedroom units, 25 3 bedroom units, and 15 4 bedroom units. All of the 4 bedroom units and 5 of the 3 bedroom units have been substantially rehabbed using IHBG funds. The AEL for the Housing Authority is $250 and the 46% of AEL is $115.

B. How much non program income do we have for the 2 bedroom units?
Answer B

The 2 bedroom units have not been substantially rehabbed, so the calculation is as follows:

10 units x 115 (46% AEL) = $1150 Rental Income exclusion (non program income)

Total rental income for 2 bedroom units = $1500

Less the exclusion $1150

Program income $350/month
Exercise 1 C

The Housing Authority receives $150/month rent for 2 bedroom units, $250/month for 3 bedroom units, and $300/month for 4 bedroom units. The Housing Authority has 10 2 bedroom units, 25 3 bedroom units, and 15 4 bedroom units. All of the 4 bedroom units and 5 of the 3 bedroom units have been substantially rehabbed using IHBG funds. The AEL for the Housing Authority is $250 and the 46% of AEL is $115.

C. How much non program income do we have for the 3 bedroom units?
Answer C.

20 units not substantially rehabbed x 115 {46% d AEL} = $2300

Rental Income Exclusion (non program income)

20 units x $250 = $5000

Less exclusion $2300

Program income for non rehabbed units = $2700

Program income from rehabbed units = 5 units x $250 = $1250

Total program income for 3 bedroom units = $3950
Exercise 1 D

The Housing Authority receives $150/month rent for 2 bedroom units, $250/month for 3 bedroom units, and $300/month for 4 bedroom units. The Housing Authority has 10 2 bedroom units, 25 3 bedroom units, and 15 4 bedroom units. All of the 4 bedroom units and 5 of the 3 bedroom units have been substantially rehabbed using IHBG funds. The AEL for the Housing Authority is $250 and the 46% of AEL is $115.

D. How much program income do we have for the 4 bedroom units?
Answer D.

15 units x $300 = $4500

Units are substantially rehabbed using IHBG funds, so no exclusion.

Program income = $4500
Exercise 1 E

The Housing Authority receives $150/month rent for 2 bedroom units, $250/month for 3 bedroom units, and $300/month for 4 bedroom units. The Housing Authority has 10 2 bedroom units, 25 3 bedroom units, and 15 4 bedroom units. All of the 4 bedroom units and 5 of the 3 bedroom units have been substantially rehabbed using IHBG funds. The AEL for the Housing Authority is $250 and the 46% of AEL is $115.

E. If the rent for a 2 bedroom unit is $100, how much Program income would their be for those units?
Answer E.

10 units x 115 (46% AEL) = $1150 Rental Income exclusion (non program income)

Total rental income for 2 bedroom units = $1000

Less the exclusion $1150

Program income $0
Exercise 2

The Housing Authority has 5 2 bedroom units ready to convey. 3 of the 5 units have been substantially rehabbed using IHBG funds. The DC&E Limit is $60,000 for a two bedroom with a 40% level of $24,000. Payoff for each unit is $45,000.

How much of the amount received is program income?
Answer 2

3 units substantially rehabbed with payoff of 45000 = 45,000 x 3
= $135,000 program income

2 units not substantially rehabbed with payoff of $45,000 =
45,000 x 2 = $90,000 proceeds of sale
Restrictions on Non-Program Income

- There are no statutory or regulatory restrictions on the use of non-program income but many recipients have developed policies and procedures as to how non-program income may be spent.
- Recipients should assure that the use of non-program income meets their mission.
- Can be used to support operations.
Can a recipient reimburse themselves for NAHASDA eligible expenses paid with non-program income?

Yes, provided that the costs reimbursed are eligible activities under NAHASDA (PIH Notice 2019-07, Appendix A, Q. 10).
Planning On How To Spend Program Income

NAHASDA Section 202 – Eligible Activities

Other Housing or Housing Related Activities
Use of Program Income

• 24 CFR 1000.64 requires recipients to use program income to carry out housing or housing related activities.

• So long as program income is spent on housing related activities, the use of program income is not subject to other Federal requirements.

• 2 CFR 200.307 entitled Program Income does not apply to the IHBG program.
Can program income be retained?

- Any program income can be retained and spent by housing programs with the only restriction being that the activity must be a housing activity.
- Program income needs to be tracked.
- ONAP will monitor program income.
Proper Reporting of Program Income on Financial Statements
Tracking Program Income

- Program Income is income realized from the disbursement or use of IHBG funds

- Non-program income is realized income that is not subject to federal requirements
Revenue is Analyzed

• Cash Received is analyzed, not just charges
• Rental and homebuyer receipts are analyzed based on the amount of IHBG investment in the home
• Sale of a unit is allocated based on IHBG funds invested
• 1937 Housing Act FCAS units have special benchmark calculations
Program Income Tracking to Grants

- Cash was collected during month

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 Act rental collections</td>
<td>4,573</td>
</tr>
<tr>
<td>37 Act MH Collections (3,000 Admin fee 756 MEPA)</td>
<td>3,756</td>
</tr>
<tr>
<td>NAHASDA Rental Collections</td>
<td>1,240</td>
</tr>
<tr>
<td>Vendor paid for pop machine</td>
<td>35</td>
</tr>
<tr>
<td>LOCCS on grant 055</td>
<td>97,000</td>
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</tbody>
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### Program Income Tracking to Grants

- Cash was recorded as follows

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<thead>
<tr>
<th>Grant or Fund Numbers</th>
<th>General Pay/Receive</th>
<th>IHBG</th>
<th>Non-Program income</th>
<th>Program income</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Acct #</td>
<td>Account Description</td>
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<tr>
<td>31100</td>
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## Program Income Tracking to Grants

- Apply Program Income Policy

<table>
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<tr>
<th>Collections Activity</th>
<th>Amount</th>
<th>Non-PI / Benchmark</th>
<th>Program Income</th>
<th>MEPA</th>
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<tbody>
<tr>
<td>37 Act rental collections</td>
<td>4,573</td>
<td>4200</td>
<td>373</td>
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<tr>
<td>37 Act MH Collections (3,000 Admin fee 756 MEPA)</td>
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<tr>
<td>NAHASDA Rental Collections</td>
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<tr>
<td>LOCCS on grant 055</td>
<td>97,000</td>
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# Program Income Tracking to Grants

- Allocation is recorded in a journal entry

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<th>PI Allocation</th>
<th>Grant #</th>
<th>Grant Title</th>
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<th>Credit</th>
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<td>Non-Program</td>
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No entry needed for MEPA Reserve

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<th>Debit</th>
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<td>8,848.00</td>
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To record allocation of program and nonprogram income for the month
# Program Income Tracking to Grants

- **Balances after posting entry**

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<tr>
<th>Grant or Fund Numbers</th>
<th>Acct #</th>
<th>Account Description</th>
<th>General</th>
<th>IHBG</th>
<th>Non-Program income</th>
<th>Program income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>000</td>
<td>31100</td>
<td>37 Act Dwelling Rental</td>
<td>0</td>
<td>4,200</td>
<td>373</td>
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<tr>
<td>055</td>
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<td>NAHASDA Dwelling Rental</td>
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<td>1,240</td>
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</tr>
<tr>
<td></td>
<td>31300</td>
<td>37 Act Administrative Fees</td>
<td>0</td>
<td>3,000</td>
<td>3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30010</td>
<td>Federal Grant Income</td>
<td>97,000</td>
<td>97,000</td>
<td></td>
<td>97,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33500</td>
<td>Other Income</td>
<td>0</td>
<td></td>
<td>35</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>
Tracking DC&E Threshold

- When the cumulative rehabilitation costs exceed 40% of DC&E cost, then all of the rental collections have to be reported as program income from that unit.

<table>
<thead>
<tr>
<th>Work Activity</th>
<th>Date</th>
<th>Amount</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Damage, Amerind claim</td>
<td>3/1/2002</td>
<td>8,500</td>
<td>8,500</td>
</tr>
<tr>
<td>Roof removal and replace</td>
<td>4/2/2005</td>
<td>9,500</td>
<td>18,000</td>
</tr>
<tr>
<td>New refer</td>
<td>6/30/2007</td>
<td>720</td>
<td>18,720</td>
</tr>
<tr>
<td>Paint exterior</td>
<td>7/31/2011</td>
<td>2,450</td>
<td>20,450</td>
</tr>
<tr>
<td>Repipe galvanized plumbing</td>
<td>9/30/2015</td>
<td>7,650</td>
<td>26,370</td>
</tr>
<tr>
<td>Replace windows double pane</td>
<td>10/1/2018</td>
<td>6,500</td>
<td>32,870</td>
</tr>
</tbody>
</table>
Program Income Reporting Requirements

- IHP/APR
- HUD SF 425
- PIH Notice 2019-07
Reporting Program Income

• PIH Notice 2019-07 issued on April 17, 2019 includes program income reporting requirements.

• Recipients are responsible for ensuring proper recording of the receipt and use of program income.
  – NAHASDA Section 102(b)(2)(C)
  – 2 CFR 200.302(b)(3)
  – 2 CFR 200.327
Reporting Requirements

• NAHASDA Section 102(b)(2)(C) requires:
  • An operating budget for the recipient, in such form as the HUD may prescribe, that includes--
    (i) an identification and description of the financial resources reasonably available to the recipient to carry out the purposes of this Act, including an explanation of the manner in which amounts made available will leverage additional resources; and
  • (ii) the uses to which those resources will be committed, including eligible and required affordable housing activities under title II and administrative expenses.
More Reporting Requirements

• 2 CFR 200.302(b):
Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

• 2 CFR 200.302 (4):
Effective control over and accountability for, all funds, property and other assets. The entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.
More Reporting Requirements

- 2 CFR 200.327 Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (SF 425 form). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.
How to report program income

• Must now be identified in both the IHP/APR as well as on the Federal Financial Report (SF 425) regardless of whether the program income will be or has been used for housing related activities.

• Recipient may use a separate program income ‘fund’ or use separate expense accounts for tracking purposes. Program income should be reported as a ‘restricted asset’ on the financial statements.

• Once established, amounts received and spent should appear on Sources of Funding & Uses of Funding tables of the IHP/APR form.

• No need to report as program income if less than $25,000.
**SF 425 Instructions & Form**

- Instructions for SF 425 are found in ONAP Guidance #2014-07

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10l</td>
<td>Enter the cumulative amount of Federal program income earned during the reporting period, including interest earned on IHBG investments. Include any program income on hand from the previous reporting period (Line 10.o.). See instructions for Line 12, Remarks, for additional reporting requirements related to program income.</td>
</tr>
<tr>
<td>10m</td>
<td>Leave blank. IHBG recipients are not required to use earned income to reduce the grant amount.</td>
</tr>
<tr>
<td>10n</td>
<td>Enter the cumulative amount of program income expenditures for the reporting period.</td>
</tr>
<tr>
<td>10o</td>
<td>Enter the amount of Line 10l minus Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.</td>
</tr>
</tbody>
</table>
### Program Income:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>l. Total Federal program income earned</td>
<td>$0.00</td>
</tr>
<tr>
<td>m. Program income expended in accordance with the deduction alternative</td>
<td>$0.00</td>
</tr>
<tr>
<td>n. Program income expended in accordance with the addition alternative</td>
<td>$0.00</td>
</tr>
<tr>
<td>o. Unexpended program income (line 1 minus line m or line n)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.
<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Estimated (IHP) (Actual (APR))</th>
<th>Amount on hand at beginning of program year (F)</th>
<th>Amount received during 12-month program year (G)</th>
<th>Total sources of funds (H=F+G)</th>
<th>Funds expended during 12-month program year (I)</th>
<th>Unexpended funds remaining at end of program year (J=H-I)</th>
<th>Unexpended funds obligated but not expended at end of 12-month program year (K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. IHBG Funds:</td>
<td>Estimated $262,000.00</td>
<td>$50,399.00</td>
<td>$412,399.00</td>
<td>$20,150.00</td>
<td>$392,249.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Actual $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2. IHBG Program Income:</td>
<td>Estimated $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Actual $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>3. Title VI:</td>
<td>Estimated $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Actual $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4. Title VI Program Income:</td>
<td>Estimated $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Actual $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>5. 1937 Act Operating Reserves:</td>
<td>Estimated $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Actual $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>6. Carry Over 1937 Act Funds:</td>
<td>Estimated $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>Actual $0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
# Uses of Funding Table

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Unique Identifier</th>
<th>Prior and current year IHBG (only)</th>
<th>Total all other funds to be expended in 12-month program year (L)</th>
<th>Total funds to be expended in 12-month program year (M)</th>
<th>Total IHBG (only) funds expended in 12-month program year (N=L+M)</th>
<th>Total all other funds expended in 12-month program year (O)</th>
<th>Total funds expended in 12-month program year (P)</th>
<th>Total funds expended in 12-month program year (Q=O+P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of Rental Housing</td>
<td>2016-2</td>
<td>$3,500.00</td>
<td>$0.00</td>
<td>$3,500.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Rehabilitation of Rental Housing</td>
<td>2016-3</td>
<td>$2,000.00</td>
<td>$0.00</td>
<td>$2,000.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Housing Management Services</td>
<td>2016-1</td>
<td>$8,000.00</td>
<td>$0.00</td>
<td>$8,000.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Planning and Administration</td>
<td></td>
<td>$6,650.00</td>
<td>$0.00</td>
<td>$6,650.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Loan Repayment (describe in 3 &amp; 4 below)</td>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$20,150.00</td>
<td>$0.00</td>
<td>$20,150.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
HUD ONAP Resources

HUD ONAP home page:
https://www.hud.gov/program_offices/public_indian_housing/ih

NAHASDA:
https://www.hud.gov/sites/documents/DOC_8141.PDF

Regulations at 24 CFR 1000:
https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr1000_main_02.tpl

PIH Notices:
https://www.hud.gov/program_offices/public_indian_housing/ih/regs/notices

HUD/ONAP Program Guidances:
Questions?

Thank you