- (E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during any one-year period, except as provided at paragraph (e)(5) of this section.
- (F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.
- (1) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/ improvement is less than \$10,000 per permanent full-time equivalent job to be created or retained by those businesses.
- (2) In any case where the cost per job to be created or retained (as determined under paragraph (b)(4)(iii)(C)(1) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/ improvement, locate or expand in the service area of the public facility/ improvement between the date the state awards the CDBG funds to the recipient and the date one year after the physical completion of the public facility/ improvement. In addition, the assisted activity must comply with the public benefit standards at § 570.482(e).
- * (e) * * *
- (4) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the unit of general local government may also elect the following options:
- (i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the

unit of general local government, be considered to meet the requirements of this paragraph under the criteria at paragraph (b)(1)(iv) of this section in lieu of the criteria at paragraph (b)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during any one-year period may be considered to be a single structure for purposes of applying the criteria at paragraph (b)(3) of this section.

(5) Where an activity meeting the criteria at § 570.482(f)(3)(v) also meets the requirements at paragraph (e)(4)(i) of this section, the unit of general local government may elect to qualify the activity under either the area benefit criteria at paragraph (b)(1)(iv) of this section or the job aggregation criteria at paragraph (b)(4)(vi)(D) of this section, but not both. Where an activity may meet the job aggregation criteria at both paragraphs (b)(4)(vi) (D) and (E) of this section, the unit of general local government may elect to qualify the activity under either criterion, but not both.

13. Section 570.489 is amended by:

a. Revising paragraph (e)(1) introductory text;

b. Redesignating paragraph (e)(2) as paragraph (e)(3); and

c. Adding a new paragraph (e)(2), to read as follows:

§ 570.489 Program administrative requirements.

(e) Program income. (1) For the purposes of this subpart, "program income" is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds, except as provided in paragraph (e)(2) of this section. When income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used (e.g., a single loan supported by CDBG funds and other funds; a single parcel of land purchased with CDBG funds and other funds). Program income includes, but is not limited to, the following:

(2) "Program income" does not include the following:

(i) The total amount of funds which is less than \$25,000 received in a single year that is retained by a unit of general local government and its subrecipients;

(ii) Amounts generated by activities eligible under section 105(a)(15) of the Act and carried out by an entity under

the authority of section 105(a)(15) of the Act:

(iii) Amounts generated by activities that are financed by a loan guaranteed under Section 108 of the Act and meet one or more of the public benefit criteria specified at $\S 570.482(f)(3)(v)$ or are carried out in conjunction with a grant under Section 108(q) of the Act in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG funds are used to repay the guaranteed loan. When such a guaranteed loan is partially repaid with CDBG funds, the amount generated shall be prorated to reflect the percentage of CDBG funds used. Amounts generated by activities financed with loans guaranteed under Section 108 of the Act which are not defined as program income shall be treated as miscellaneous revenue and shall not be subject to any of the requirements of this part. However, such treatment shall not affect the right of the Secretary to require the Section 108 borrower to pledge such amounts as security for the guaranteed loan. The determination whether such amounts shall constitute program income shall be governed by the provisions of the contract required at § 570.705(b)(1).

Subpart J—Grant Administration

14. Section 570.500 is amended by revising paragraph (a) introductory text; by adding a new paragraph (a)(4); and by revising paragraph (c); to read as follows:

§ 570.500 Definitions.

(a) Program income means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, except as provided in paragraph (a)(4) of this section.

(4) Program income does not include:

(i) Any income received in a single program year by the recipient and all its subrecipients if the total amount of such income does not exceed \$25,000; and

(ii) Amounts generated by activities that are financed by a loan guaranteed under Section 108 of the Act and meet one or more of the public benefit criteria specified at § 570.209(b)(2)(v) or are carried out in conjunction with a grant under Section 108(q) in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG