

# Memorandum



CITY OF DALLAS

DATE November 4, 2025

TO Honorable Members of the Finance Committee: Chad West (Chair), Kathy Stewart (Vice Chair), Zarin Gracey, Maxie Johnson, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT **December 10, 2025, City Council Agenda Item #25-2967A: Substantial Amendment No. 1 to the HUD 5 Year Consolidated Plan, FY 2025-26 Action Plan, and Budgets**

## Background

The City of Dallas receives four grants on an annual basis as part of the Consolidated Plan Program from the U.S. Department of Housing and Urban Development (HUD). Those grants include Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS. HUD requires grantees to prepare five-year plans to ensure accountability, transparency, and alignment with federal housing goals. The City of Dallas adopted the most recent five-year plan (FY 2024-25 through FY 2028-29) on June 12, 2024. The Five-Year Consolidated Plan Program is informed by city plans, policies and programs identified in the chart below.

## HUD Consolidated Plan Components



\*Analysis of Impediments rescinded by HUD in 2025.

Source: Presentation to Community Development Commission (CDC) Spring 2024, 2024 Neighborhood Public Meetings, and presentations to City Council during Con-Plan budget development.

The Council-approved Consolidated Plan includes references to Racial Equity Plan, the Business Inclusion Policy, Drivers of Poverty, and the Housing Policy. Under HUD regulations, if a grantee makes major changes to the Consolidated Plan (including changes that inform the plan) those changes are considered a “substantial amendment” and requires formal HUD review and public input.

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A major change is any change that significantly alters the agency's mission, goals, or major activities described in the approved plan. The criterion for determining a substantial change includes any one of the following:

- a) A change in funding, which exceeds 25% of the grant or \$500,000 of a budget appropriation in the annually adopted Consolidated Plan.
- b) The creation of an activity not in the annually adopted Consolidated Plan.
- c) The deletion of an activity that is in the annually adopted Consolidated Plan.
- d) Any revision, which would modify the purpose, location, scope, or beneficiaries of an activity in a manner that would be inconsistent with the annually adopted Consolidated Plan.

On June 25, 2025, the City Council directed the City Manager to review and evaluate city programs and policies for compliance with federal directives. Several programs that inform the 5-Year Consolidated Plan will be evaluated and changes will be presented to the City Council for consideration. Any proposed changes to the plan, policies or programs in the chart above will be considered a substantial amendment to the 5-Year Consolidated Plan.

On September 17, 2025, the City Council adopted the FY 2025-26 Operating and Capital Budget that included a consolidation of departments and reassignment of functions impacting the 5-Year Consolidated Plan and the FY 2025-26 HUD Consolidated Plan Budget and associated budgets. Per HUD regulations, any change to the budget (reallocating funding from one department to another) is considered a substantial amendment.

### **Actions Required to Approve Substantial Amendment No. 1**

On August 6, 2025, City Council approved the FY 2025-26 HUD Consolidated Plan Budget and associated budgets (Year 2 of the 5-Year Consolidated Plan). Documents were submitted to HUD on August 15, 2025.

On August 27, City Council initiated the required steps of the substantial amendment process which includes amendments to the FY 2025-26 Action Plan, amendments to the 5-Year Consolidated Plan, amendments to several HUD budgets, and a public hearing.

On October 8, City Council approved a motion to hold the public hearing open until December 10, 2025. Despite the delay in closing the public hearing, the public notification process of no less than 30 days is complete.

On December 10, City Council will consider the public hearing and Substantial Amendment No. 1. The substantial amendment will:

- 1) Reflect departmental and operational efficiencies set forth in the FY 2025-26 Operating and Capital Budget
  - The consolidation of the Department of Housing and Community Development, MGT – Office of Homeless Solutions, MGT – Office of Community Care & Empowerment, MGT – Office of Equity (Fair Housing), and reassigning functions to the Office of Economic Development require a change to the City’s HUD Five-Year Consolidated Plan.
- 2) Incorporate changes to City of Dallas plans, policies, and programs that informed the HUD Five-Year Consolidated Plan FY 2024-25 through FY 2028-29 and associated budget. The proposed changes to the Racial Equity Plan, Business Inclusion Policy, Drivers of Poverty, and Housing Policy will be presented to City Council committees in October and December 2025.
- 3) Reprogram \$2 million of unspent CDBG funds for one-time public improvement projects. The \$2 million reflects unspent program income that is now available for non-public service activities.
  - Program income mainly comes from loan repayments tied to CDBG-funded activities, including business loans for equipment or working capital and loans to developers for housing projects. HUD requires that this program income be spent before drawing additional grant funds from the CDBG line of credit. When actual program income exceeds annual projections, unspent funds accumulate as a residual balance over time. At present, more than \$2 million is available for budgeting.
  - Program income funds may be used for any eligible CDBG activity except for public services and administrative expenses due to regulatory cap limits.
  - Regarding the \$2 million included in the substantial amendment, approximately \$1.4 million is earmarked to complete additional repairs at Family Gateway North. Remaining funds will be used for a Notice of Funding Availability to provide public improvement funds to nonprofit organization, or remaining funds may be used for a city-owned facility.

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On or before December 10, 2025, City Council will vote to approve changes to impacted plans, policies and programs that inform the 5-Year Consolidated Plan.

On December 10, 2025, City Council will vote to close the public hearing and approve Substantial Amendment No. 1. The Substantial Amendment will be submitted to HUD no later than 45 days after final approval.

If you have any questions, please contact Janette Weedon, Director or Chan Williams, Assistant Director of Budget and Management Services.



Jack Ireland  
Chief Financial Officer

c: Community Development Commission  
Kimberly Bizzor Tolbert, City Manager  
Tammy Palomino, City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Baron Eliason, Inspector General (I)  
Dominique Artis, Chief of Public Safety

Dev Rastogi, Assistant City Manager  
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Alina Ciocan, Assistant City Manager  
Donzell Gipson, Assistant City Manager  
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Directors and Assistant Directors