



## Legislation Text

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**File #:** 24-534, **Version:** 1

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**STRATEGIC PRIORITY:** Government Performance & Financial Management

**AGENDA DATE:** February 28, 2024

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** Budget and Management Services

**EXECUTIVE:** Jack Ireland

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### **SUBJECT**

A public hearing to receive comments on the adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan to use unspent Community Development Block Grant CARES Act Relief Funds in the amount of \$2,023,222 for the Emergency Rental Assistance Program; and, at the close of the public hearing, authorize final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan - Financing: This action has no cost consideration to the City (see Fiscal Information)

### **BACKGROUND**

On August 18, 1993, Resolution No. 93-3001 established specific timeframes for the obligation and expenditure of Community Development Block Grant (CDBG) Funds. Funds are to be obligated within 12 months and expended within 24 months of budget adoption. On March 28, 2007, Resolution No. 07-0992 enhanced the City's existing expenditure policy with additional benchmarks. Additional time to obligate and expend funds may be granted by City Council.

Timely expenditure of CDBG Funds by entitlement cities continues to be a primary concern of the U.S. Department of Housing and Urban Development (HUD). HUD requires that cities expend CDBG Funds so that, at least 60 days prior to the start of a new program year, the unexpended balance of CDBG Funds should be less than 1.5 times the cities' CDBG allocation amount for the current year.

The City Council has authority to extend the use of funds and allow additional time for projects that are not in compliance with the City's expenditure policy.

To ensure the City meets HUD's expenditure requirement for CDBG CARES Act Relief (CDBG-COVID) Funds in a timely manner, staff recommended, and the City Council preliminarily approved, unspent CDBG-COVID Funds in the amount of \$2,023,222 from other categories to the Emergency Rental Assistance Program, as follows:

Recommended use of unspent CDBG-COVID Funds - \$2,023,222

- Emergency Rental Assistance Program - \$2,023,222

The Emergency Rental Assistance Program provides assistance to residents still recovering from the negative impact of the COVID-19 pandemic and improves services to communities most in need. The amendment will also remove the previously established monthly cap of \$1,500 per unit/per month to align with other sources of funding providing similar assistance and consistent with Fair Market Rents approved by HUD.

On January 4, 2024, upon recommendation by the CDC Financial Monitoring/ Performance Standards Committee, the CDC reviewed and approved the proposed extensions and reprogramming of CDBG and CDBG-COVID Funds.

On January 22, 2024, the City Council's Government Performance and Financial Management (GPFM) Committee was briefed on the need to maintain ongoing compliance with HUD's timely expenditure policy and the CDBG extensions and reprogramming recommendations including the additional CDBG-COVID reprogramming recommendation.

On January 24, 2024, the City Council authorized preliminary adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan to use unspent CDBG CARES Act Relief Funds in the amount of \$2,023,222 for the Emergency Rental Assistance Program.

A summary of the proposed Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan will be published in the Dallas Morning News on or about February 7, 2024, to provide an opportunity to submit written comments through February 28, 2024.

Federal regulations require that a public hearing be held on proposed Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan. Holding a virtual public hearing on February 28, 2024, will satisfy the requirements set forth in HUD regulations and the City's Citizen Participation Plan.

This item authorizes final adoption of proposed Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On August 18, 1993, the City Council authorized establishing specific timeframes for the obligation and expenditure of CDBG Funds by Resolution No. 93-3001.

On March 28, 2007, the City Council authorized enhancing the City's existing expenditure policy with additional benchmarks by Resolution No. 07-0992.

On April 12, 2023, the City Council authorized final adoption of the 2022 CDBG-DR Budget by Resolution No. 23-0521.

On June 14, 2023, the City Council authorized final adoption of the FY 2023-24 HUD Consolidated Plan Budget by Resolution No. 23-0765.

On January 4, 2024, the Community Development Commission recommended extending and reprogramming CDBG and CDBG-COVID project funds.

The Government Performance and Financial Management Committee was briefed on the need to maintain ongoing compliance with HUD's timely expenditure policy and proposed Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan on January 22, 2024.

On January 24, 2024, the City Council authorized: (1) an extension through September 30, 2024 for CDBG Funds in CDBG funded projects that have not met the City's twelve-month obligation or twenty-four-month expenditure requirement; (2) preliminary adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan to use unspent CDBG CARES Act Relief Funds for the Emergency Rental Assistance Program; (3) establish a new fund to separate CDBG-DR Funds previously received to comply with HUD rules; and (4) a public hearing to be held on February 28, 2024, to receive comments on the proposed use of funds for Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2023-24 Action Plan, by Resolution No. 24-0164.

## **FISCAL INFORMATION**

This action has no cost consideration to the City.

### **CDBG-COVID - Source of Funds:**

Reprogramming Budget No. 1 (Substantial Amendment No. 2)

- Unspent CDBG-COVID Funds - \$2,023,222

### **CDBG-COVID - Use of Funds:**

- Emergency Rental Assistance Program - \$2,023,222