



Legislation Text

File #: 23-495, Version: 1

STRATEGIC PRIORITY: Government Performance & Financial Management

AGENDA DATE: March 8, 2023

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Budget and Management Services

EXECUTIVE: Jack Ireland

SUBJECT

A public hearing to receive comments on the adoption of Reprogramming Budget No. 1 (Substantial Amendment No. **(1)**) to the FY 2022-23 Action Plan to: **(a)** use unspent prior year Community Development Block Grant (CDBG) Funds in the amount of \$2,971,130 for the Residential Development Acquisition Loan Program; **(b)** use unspent CDBG CARES Act Relief Funds in the amount of \$403,405 for the Emergency Assistance Program; **(c)** use unspent Housing Opportunities for Persons with Aids CARES Act Relief Funds in the amount of \$69,229 for the Emergency Assistance Program; **(d)** amend Schedule B to the FY 2022-23 HUD Consolidated Plan Budget for CDBG; and **(e)** to add an activity for Out-of-School Time Program-Community Sites and reallocate \$97,441 from Out-of-School Time Program-School Sites to the new activity; and **(2)** correct the department for Americans with Disabilities Act Improvements; and, at the close of the public hearing, authorize final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan - Financing: This action has no cost consideration to the City (see Fiscal Information)

BACKGROUND

On August 18, 1993, City Council established specific timeframes for the obligation and expenditure of CDBG Funds by Resolution No. 93-3001. Funds are to be obligated within 12 months and expended within 24 months of budget adoption. On March 28, 2007, City Council enhanced the City's existing expenditure policy with additional benchmarks by Resolution No. 07-0992. 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.

For FY 2022-23, a review of the projects was conducted based on the City's timely expenditure policy (including the benchmarks) and identified unspent CDBG funds remaining in 5 projects

recommended for extension for a total of \$2,474,450 and unspent funds remaining in 11 projects recommended for reprogramming for a total of \$2,272,315. The Community Development Commission (CDC) Financial Monitoring/Performance Standards Committee met on December 15, 2022, to review and make recommendations to the City Manager's proposed extensions and reprogramming of CDBG as well as CDBG-COVID and HOPWA-COVID Funds. Following discussions with staff, one amendment was recommended.

- Unspent CDBG Funds remaining in 4 projects were recommended for extension for a total of \$1,775,635 and unspent funds remaining in 12 projects were recommended for reprogramming for a total of \$2,971,130. The CDC Financial Monitoring/Performance Standards Committee voted to recommend approval to the full CDC.

On January 5, the CDC reviewed and approved the committee's recommendation which included the one amendment.

To ensure the City will meet HUD's expenditure requirements in a timely manner in 2023, staff recommends moving forward with budgeting of unspent CDBG Funds in the amount of \$2,971,130 for the Residential Development Acquisition Loan Program, as follows:

Recommended use of unspent CDBG Funds - \$2,971,130

- Residential Development Acquisition Loan Program - \$2,971,130

Due to HUD spending limits, these unspent CDBG Funds cannot be reprogrammed to the public service category. The recommendation is to move unspent funds to the Residential Development Acquisition Loan Program (RDALP), to allow for more eligible housing activities. This recommendation addresses an identified need and priority to develop/increase housing units.

In addition, staff recommends that CDBG-COVID Funds be included in this reprogramming, and to use unspent CDBG-COVID Funds in the amount of \$403,405 for the Emergency Assistance Program, as follows:

Recommended use of unspent CDBG-COVID Funds - \$403,405

- Emergency Assistance Program - \$403,405

Staff also recommends that HOPWA-COVID Funds be included in this reprogramming and to use unspent HOPWA-COVID Funds in the amount of \$69,229 for the Emergency Assistance Program, as follows:

Recommended use of unspent HOPWA-COVID Funds - \$69,229

- Emergency Assistance Program - \$69,229

The Emergency Assistance Program provides benefits to residents due to the negative impact of the COVID-19 pandemic and improves services to communities most in need. Finally, staff recommended an amendment to Schedule B to the FY 2022-23 HUD Consolidated Plan Budget to add an activity for Out-of-School Time Program-Community Sites, and reallocate \$97,441 from Out-of-School Time Program-School Sites to the new activity under Park & Recreation Department. Additionally, staff recommended an amendment to correct the department for Americans with

Disabilities Act (ADA) Improvements from Public Works to Building Services, since these funds will be used to make ADA improvements to City facilities.

The Community Development Commission (CDC) Financial Monitoring/Performance Standards Committee met on December 15, 2022, to review and make recommendations to the City Manager's proposed extensions and reprogramming of CDBG and CDBG-COVID Funds. Following discussions with staff, one amendment was recommended. The CDC Financial Monitoring/Performance Standards Committee voted to recommend approval to the full CDC.

A summary of the proposed Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan was published in the Dallas Morning News on or about January 29, 2023 to provide an opportunity to submit written comments through March 8, 2023.

Federal regulations require that a public hearing be held on proposed Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan. Holding a public hearing on March 8, 2023, satisfies the requirements set forth in HUD regulations and the City's Citizen Participation Plan

This item includes a public hearing to receive comments on the adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan; and at the close of the public hearing, authorizes final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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

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

On June 22, 2022, City Council authorized final adoption of the FY 2022-23 HUD Consolidated Plan Budget by Resolution No. 22-1024.

On January 5, 2023, the Community Development Commission recommended extending and reprogramming CDBG, CDBG-COVID, and HOPWA-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. 1) to the FY 2022-23 Action on January 23, 2023.

On January 25, 2023, City Council authorized an extension through September 30, 2023 for CDBG Funds in CDBG funded projects that have not met the City's twelve-month obligation or twenty-four-month expenditure requirement, preliminary adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan to: (a) use unspent prior year CDBG Funds in the amount of \$2,971,130 for the Residential Development Acquisition Loan Program; (b) use unspent CDBG CARES Act Relief Funds in the amount of \$403,405 for the Emergency Assistance Program; (c) use unspent Housing Opportunities for Persons with Aids (HOPWA) CARES Act Relief Funds in the amount of \$69,229 for the Emergency Assistance Program; (d) amend Schedule B to the FY

2022-23 HUD Consolidated Plan Budget for CDBG to: 1) add an activity for Out-of-School Time Program-Community Sites and reallocate \$97,441 from Out-of-School Time Program-School Sites to the new activity, and 2) correct the department for ADA Improvements; and, at the close of the public hearing, authorize final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan by Resolution No. 23-0164.

FISCAL INFORMATION

This action has no cost consideration to the City.

CDBG - Source of Funds:

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

- Unspent Prior Year CDBG Funds - \$2,971,130

CDBG - Use of Funds:

- Residential Development Acquisition Loan Program - \$2,971,130

CDBG-COVID - Source of Funds:

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

- Unspent CDBG-COVID Funds - \$403,405

CDBG-COVID - Use of Funds:

- Emergency Assistance Program - \$403,405

HOPWA-COVID - Source of Funds:

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

- Unspent HOPWA-COVID Funds - \$69,229

HOPWA-COVID - Use of Funds:

- Emergency Assistance Program - \$69,229