



Legislation Details (With Text)

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On agenda: 1/27/2021 **Final action:**

Title: Authorize (1) an extension through September 30, 2021 for Community Development Block Grant (CDBG) funded projects which 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 2020-21 Action Plan to: (a) use unspent prior year CDBG Funds in the amount of \$2,011,333 for the Residential Development Acquisition Loan Program and \$509,393 for Emergency Assistance/Rent Program; and (b) use unspent Home Investment Partnerships Program (HOME) Funds in the amount of \$1,996,715 for the Housing Development Loan Program; (3) an amendment to the City's Citizen Participation Plan to increase the amount required to trigger HUD's substantial amendment process from \$100,000 to \$500,000; and (4) a public hearing to be held on February 24, 2021 to receive comments on the proposed use of funds for Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2020-21 Action Plan - Financing: This action has no cost consideration to the City (see Fiscal Information)

Sponsors:

Indexes: 300

Code sections:

Attachments: 1. Resolution, 2. Attachment A, 3. Attachment B, 4. Attachment C

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: January 27, 2021

COUNCIL DISTRICT(S): N/A

DEPARTMENT: Office of Budget and Management Services

EXECUTIVE: Elizabeth Reich

SUBJECT

Authorize (1) an extension through September 30, 2021 for Community Development Block Grant (CDBG) funded projects which 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 2020-21 Action Plan to: (a) use unspent prior year CDBG Funds in the amount of \$2,011,333 for the Residential Development Acquisition Loan Program and \$509,393 for Emergency Assistance/Rent Program; and (b) use unspent Home Investment Partnerships Program (HOME) Funds in the amount of \$1,996,715 for the Housing Development Loan Program; (3) an amendment to the City's Citizen Participation Plan to increase the amount required to trigger HUD's substantial amendment process from \$100,000 to \$500,000; and (4) a public hearing to be held on

February 24, 2021 to receive comments on the proposed use of funds for Reprogramming Budget No. 1 (Substantial Amendment No. 2) to the FY 2020-21 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 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.

For FY 2020-21, a review of the projects based on the timely expenditure policy (including the benchmarks), identified CDBG unspent funds remaining in 14 projects recommended for extension for a total of \$1,382,617 and unspent funds remaining in 10 projects recommended for reprogramming for a total of \$2,520,726.

To ensure the City will meet HUD's expenditure requirements in a timely manner in 2021, staff recommends moving forward with budgeting of unspent funds.

Approximately \$2 million of the unspent CDBG funds is available from the Dallas Homebuyer Assistance Program due to the competitive market and limited affordable housing stock. Funds are recommended to be reprogrammed to the Residential Development Acquisition Loan Program (RDALP) to address the City's identified need and priority to develop and increase housing units. The program provides flexibility for more eligible housing activities for both single-family and multi-family uses.

The national eviction moratorium is expected to expire January 31, 2021. Remaining funds will be used to provide financial assistance for renters.

- Recommended use of unspent CDBG funds - \$2,520,726
 - Residential Development Acquisition Loan Program - \$2,011,333
 - Emergency Assistance Program/Rent - \$509,393

Additionally, to expedite the availability of funding for projects to develop and increase housing units, unspent HOME funds remaining in 6 projects (totaling \$1,996,887) is recommended for reprogramming to the Housing Development Loan Program.

- Recommended use of unspent HOME funds - \$1,996,715
 - Housing Development Loan Program

An amendment to the City's Citizen Participation Plan is also proposed to increase the amount required to trigger HUD's substantial amendment process from \$100,000 to \$500,000. The limit of \$100,000 has been in existence since 1995. This proposed recommended will reduce delays that result in price increases or other barriers preventing timely completion of projects. The current process requires that HUD's substantial amendment process is triggered when a significant change occurs in a program and/or \$100,000 or more is reallocated across programs. The substantial amendment process is primarily used for large housing development projects and requires up to two briefings and two City Council agenda items, potentially adding up to three months delay for projects that may be already underway. This amendment will have no change to City requirements.

The Community Development Commission (CDC) Financial Monitoring/Performance Standards Committee met on December 17, 2020, to review and make recommendations to the City Manager's proposed extensions and reprogramming of CDBG and HOME Funds, along with the proposed amendment to the City's Citizen Participation Plan to increase the amount to trigger HUD's substantial amendment process \$100,000 to \$500,000. Following discussions with staff, no amendments were recommended. The CDC Financial Monitoring/Performance Standards Committee voted to recommend approval to the full CDC.

On April 22, 2020, City Council authorized an amendment to the City's Citizen Participation Plan to expedite the use of funds to assist communities, individuals and families infected with the virus or economically impacted by the virus. The CARES Act included a waiver to allow a public review and comment period to be reduced from 30 days to no less than 5 days.

On January 7, 2021, upon recommendation by the CDC Financial Monitoring/ Performance Standards Committee, the CDC reviewed and approved the proposed extensions and reprogramming of CDBG and HOME Funds. The CDC also approved the proposed amendment to the City's Citizen Participation Plan to increase the amount to trigger HUD's substantial amendment process \$100,000 to \$500,000. No amendments were recommended.

On January 25, 2021, the City Council's Government Performance and Financial Management (GPFM) Committee was briefed on the FY 2020-21 CDBG Extensions and Reprogramming recommendations and the proposed amendment to the City's Citizen Participation Plan.

This item includes authorization to adopt the preliminary FY 2020-21 Action Plan Reprogramming Budget No. 1 (Substantial Amendment No. 2), amendment to the City's Citizen Participation Plan, and calls for a public hearing to be held on February 24, 2021. This budget will be available for public review and comment from January 28, 2021 through February 24, 2021. Notice will also be published in the newspaper of general circulation during the comment period.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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

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

On April 22, 2020, City Council authorized an amendment to the City's Citizen Participation Plan to be consistent with expedited procedures for public review and comment period provided in the CARES Act, from no less than 30 days to no less than 5 days by Resolution No. 20-0655.

On January 7, 2021, the Community Development Commission recommended extending and reprogramming CDBG 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 2020-21 Action on January 25, 2021.

FISCAL INFORMATION

This action has no cost consideration to the City. February 24, 2021 agenda item will include request to increase and establish appropriations in departments for Reprogramming Budget No. 1 (Substantial Amendment No. 2).

CDBG - Source of Funds:

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

- Unspent Prior Year CDBG Funds - \$2,520,726

CDBG - Use of Funds:

- Residential Development Acquisition Loan Program - \$2,011,333
- Emergency Assistance/Rent Program - \$509,393

HOME - Source of Funds:

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

- Unspent Prior Year HOME Funds - \$1,996,715

HOME - Use of Funds:

- Housing Development Loan Program - \$1,996,715