



## Legislation Text

---

File #: 23-164, Version: 1

---

**STRATEGIC PRIORITY:** Government Performance & Financial Management  
**AGENDA DATE:** January 25, 2023  
**COUNCIL DISTRICT(S):** N/A  
**DEPARTMENT:** Budget and Management Services  
**EXECUTIVE:** Jack Ireland

---

### **SUBJECT**

Authorize **(1)** an extension through September 30, 2023 for Community Development Block Grant (CDBG) Funds in the amount of \$1,775,635 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. 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 (CDBG-COVID) Funds in the amount of \$403,405 for the Eviction 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; and **(d)** amend Schedule B to the FY 2022-23 HUD Consolidated Plan Budget for CDBG 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 correct the department for Americans with Disability Act Improvements; and **(3)** a public hearing to be held on March 8, 2023 to receive comments on the proposed use of funds for 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, 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 2022-23, a review of the projects based on the timely expenditure policy (including the benchmarks), identified unspent CDBG Funds remaining in 4 projects recommended for extension for a total of \$1,775,635 and unspent funds remaining in 12 projects recommended for reprogramming for a total of \$2,971,130.

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 single-family and multi-family 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 recommends 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, and to correct the department for Americans with Disability Act (ADA) Improvements 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, CDBG-COVID, and HOPWA-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.

On January 5, 2023, upon recommendation by the CDC Financial Monitoring/ Performance Standards Committee, the CDC reviewed and approved the proposed extensions and reprogramming of CDBG, CDBG-COVID and HOPWA-COVID Funds. One amendment was recommended.

On January 23, 2023, 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 FY 2022-23 CDBG extensions and reprogramming recommendations and the additional CDBG-COVID and HOPWA-COVID reprogramming recommendation.

A summary of the proposed Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan will be published in the Dallas Morning News on or about January 30, 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.

In response to the COVID-19 pandemic, HUD issued a waiver that allows grantees to hold virtual meetings using an on-line platform in lieu of holding in-person public hearings to fulfill the public hearing requirements under HUD regulations and the City's Citizen Participation Plan, so long as national or local public health authorities recommend social distancing limiting public gatherings for public health reasons to limit the spread of COVID-19.

In accordance with the HUD waiver and based on local and national public health authority guidance recommending social distancing that limits public gatherings for public health reasons to prevent the spread of COVID-19, holding a virtual public hearing using an on-line platform on March 8, 2023, satisfied the requirements set forth in HUD regulations and the City's Citizen Participation Plan.

This item authorizes an extension of funds in designated funded projects, preliminary adoption of proposed Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan, and a public hearing to be held on March 8, 2023.

#### **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 will be 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 Plan on January 23, 2023.

### **FISCAL INFORMATION**

No cost consideration to the City.

A March 8, 2023 agenda item will include a request to increase and establish appropriations in departments for Reprogramming Budget No. 1 (Substantial Amendment No. 1).

#### **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