



Community Development Block Grant: Timely Expenditure of Funds

Finance Committee

January 26, 2026

Janette Weedon

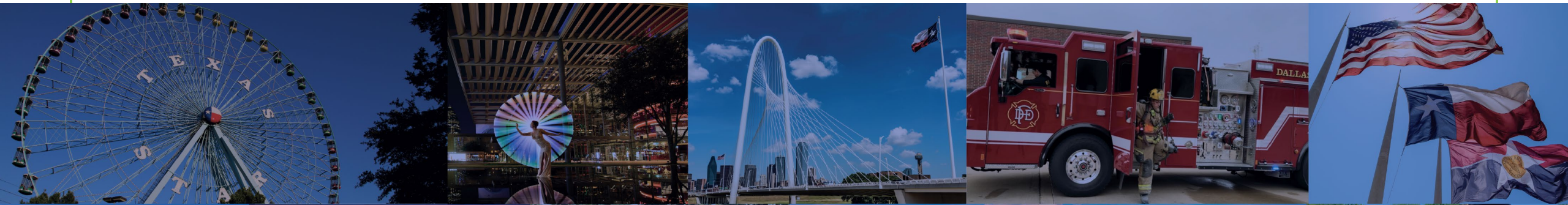
Director

Budget & Management Services

Chan Williams

Assistant Director

Budget & Management Services



Overview



- Review Community Development Block Grant (CDBG) timely expenditure requirements
- Community Development Commission (CDC) Review
- Extensions and Reprogramming
- Recommendation
- Timeline and Next Steps



CDBG Timely Expenditure Requirements

Timely Expenditure Requirements

- There are two tests to ensure CDBG funds are spent in a timely manner:
 1. U.S. Department of Housing and Urban Development (HUD) as required by federal regulations
 2. City policy as directed by City Council resolutions

HUD Expenditure Requirements

- HUD requires that CDBG funds be expended in a timely manner
 - Federal regulations limit the amount of unspent CDBG funds to no more than 1.5 times grantee's annual grant allocation
 - Failure to meet this requirement may result in a reduction of the next annual grant allocation
- Requirement is tested annually on August 2
- Test is conducted on two undisbursed amounts of CDBG funds
 - One is based on grant funds alone (unadjusted)
 - One is adjusted to include program income the City has received and reported to HUD

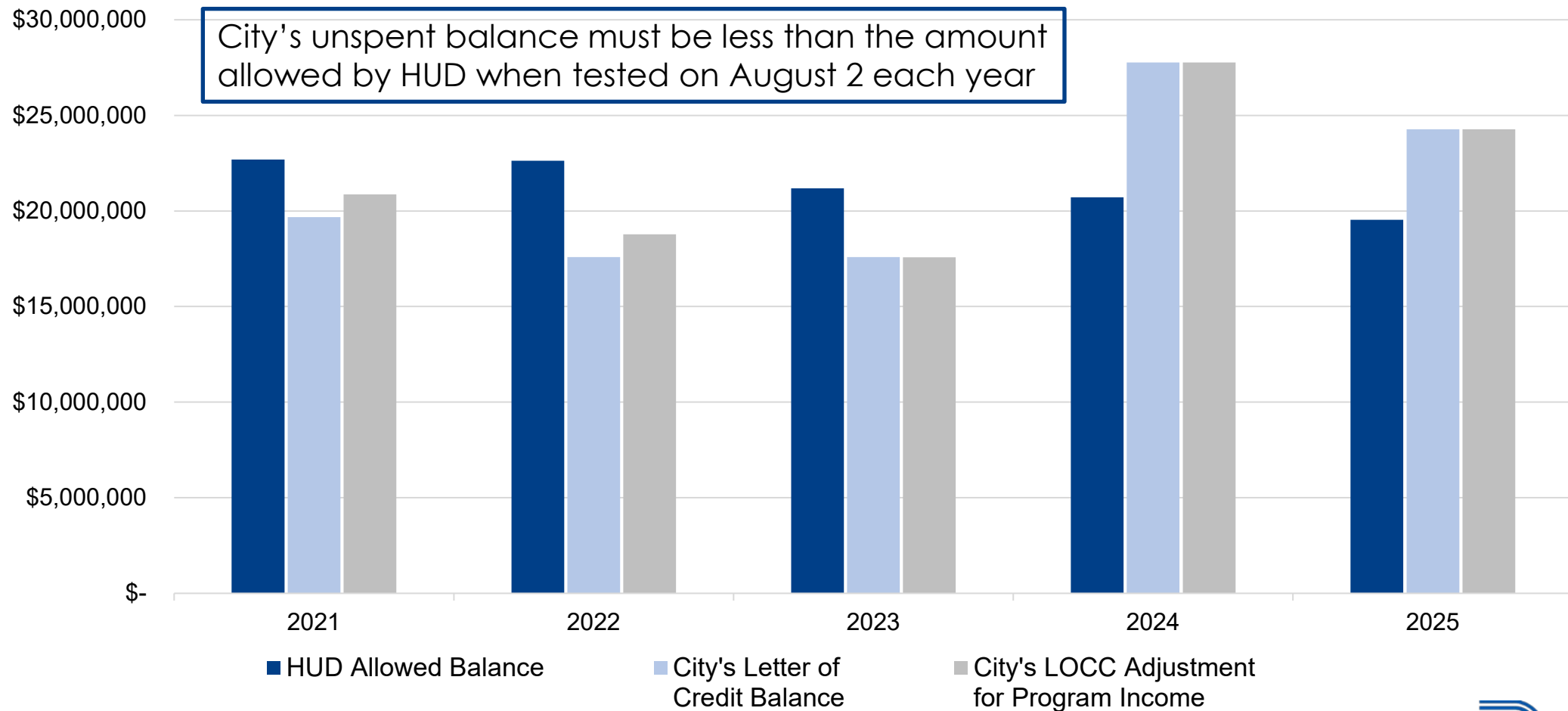
HUD Expenditure Requirements

- The City did not meet this requirement on August 2, 2025
 - Council was informed by memorandum on September 26, 2025 and HUD required the City to submit an expenditure forecast indicating the City's plan to be in compliance by August 2, 2026
 - Updates are presented to the Finance Committee monthly
 - Updates are reviewed by the CDC and submitted to HUD on a quarterly basis
 - The first update was provided to the CDC on December 4, 2025 and the Finance Committee on December 9, 2025

HUD Expenditure Requirements

- The City did not meet this requirement on August 2, 2024
 - In 2024, HUD implemented a policy change to its time expenditure requirements
 - Acknowledged that many grantees still faced continued challenges as they emerged from the pandemic
 - Previous policy was established in 2001 and loss of funds at HUD's discretion
 - New policy allows additional time for grantees to complete corrective actions, including required staff attendance at workshop and trainings prior to actual reduction of future grant allocation

HUD Expenditure Requirements



City Expenditure Requirements

- City Council established a policy on August 18, 1993 (Resolution No. 93-3001) to ensure timely expenditure of CDBG funds
 - CDBG funds must be obligated within 12 months and expended within 24 months
- On March 28, 2007 (Resolution No. 07-0992), the City Council added criteria and benchmarks to further define compliance with the policy
- City Council has authority to extend the time allowed for the expenditure of CDBG funds

City Expenditure Requirements

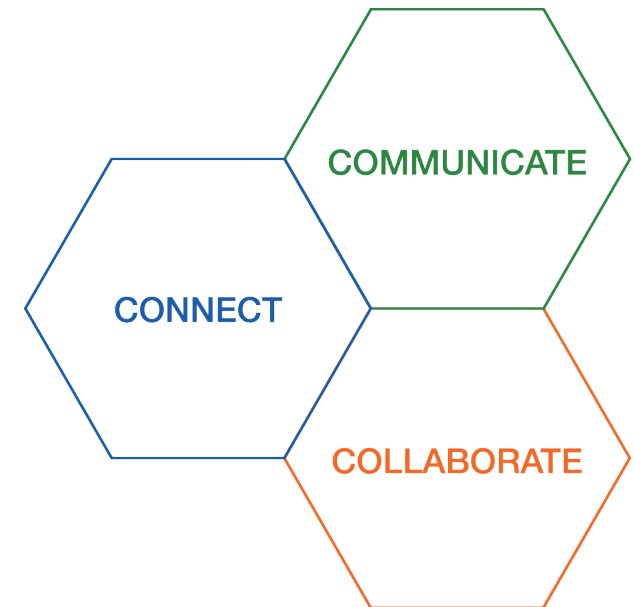
- City conducts an annual review each fall to determine the status of each project
- Unspent project funds that are not in compliance with City requirements are either recommended for an extension or reprogrammed to another eligible purpose
- Based on the most recent review:
 - Unspent funds remaining in 11 projects were recommended for extension (total \$6,706,866)
 - Unspent funds remaining in 6 projects were recommended for reprogramming (total \$2,566,661)
- See Attachment for project details



Community Development Commission (CDC) Review

Community Development Commission Review

- CDC reviewed recommendations during December and January
 - CDC Financial Monitoring Committee reviewed the City Manager's recommendation on December 9 and made no amendments
 - Extension of the City's timely expenditure policy for 11 CDBG projects and \$6,706,866 to allow additional time to complete the projects
 - Reprogramming of \$2,566,661 from 6 projects to be used for other eligible one-time shovel ready activities
- The CDC voted to reschedule their Thursday, January 1 monthly meeting to January 8
 - CDC review and approval of the Committee's recommendation on January 8
- List of projects provided in the Attachment





Extensions and Reprogramming

CDBG Extensions

- Staff recommends the extension of the City's timely expenditure policy for 11 CDBG projects and \$6,706,866 to allow additional time to complete the projects

CDBG Reprogramming (Annual Funds)

- To ensure the City meets HUD's expenditure requirements in a timely manner in FY 2025-26, staff recommends moving forward with reprogramming unspent funds to other eligible uses
 - Unspent Prior Year CDBG Funds - \$2,566,661 from 6 projects
- Recommend unspent funds be reprogrammed for one time use for repairs and renovations at public facilities and infrastructure projects - \$2,566,661
 - Due to HUD spending limit, funds cannot be reprogrammed to public services category (ex. Childcare, job training, youth services, etc.)

CDBG Reprogramming (COVID Funds)

- Grant term for CDBG COVID funds ends June 30, 2026
- Staff recommends moving forward with reprogramming unspent funds to other eligible uses
 - Unspent CDBG COVID Funds - \$450,000 from 2 projects
- Recommend unspent funds be reprogrammed to Emergency Rental Assistance - \$450,000



Recommendations

Recommendations

- On January 28, City Council approval:
 - Extension of the City's timely expenditure policy for 8 CDBG projects to allow additional time for completion
 - Total \$6,706,866
 - Preliminary adoption and call a public hearing to be held on March 25, 2026, for Substantial Amendment/Reprogramming Budget #2
 - Reprogram unspent prior year CDBG-Annual funds for one time use for repairs and/or renovations at public facilities
 - Total \$2,566,661
 - Projects must be completed in less than 6 months
 - Reprogram unspent CDBG-COVID funds for the Emergency Assistance Program
 - Total \$450,000

Recommendations

- On March 25, City Council approval:
 - Hold public hearing and final adoption of Substantial Amendment #2
 - Reprogram unspent prior year CDBG funds for one time use for repairs and/or renovations at public facilities
 - Total \$2,566,661
 - Projects must be completed in less than 6 months
 - Reprogram unspent CDBG-COVID funds for the Emergency Assistance Program
 - Total \$450,000



Timeline and Next Steps

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January 8, 2026

CDC review and recommended approval



January 26, 2026

Finance Committee consideration



January 28, 2026

City Council consideration

- Extension of City's timely expenditure policy for 8 projects
- Preliminary adoption of Substantial Amendment / Reprogramming Budget #2
- Call for a public hearing



March 25, 2026

- Hold public hearing
- Final adoption of Substantial Amendment / Reprogramming Budget #2



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Janette Weedon, Director

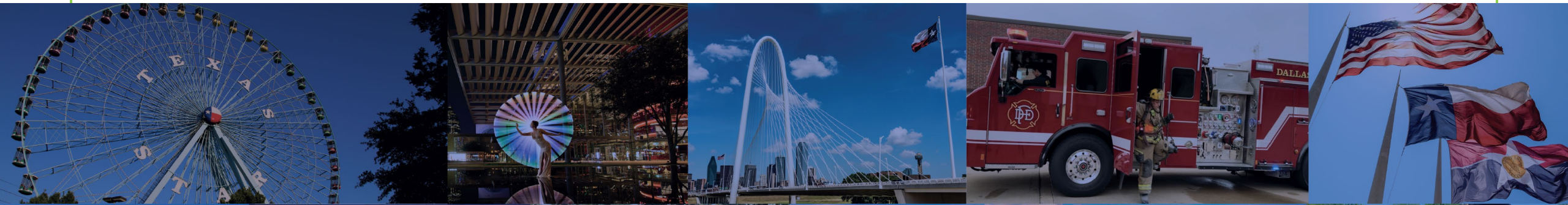
Director

Budget Management Services

Chan Williams

Assistant Director

Budget Management Services



FY 2025-26 COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS										ATTACHMENT	
as of September 30, 2025											
Approved by CDC 1-8-2026											
#	Fund	Unit	Dept	Project Name	A Appropriations	B ITD Expended	C Encumbrance	D Unobligated	E Extension Request	F Reprogramming Funds	G Explanation
Budget & Management Services											
1	CD21	500F	BMS	Reprogramming Funds CD21	49,800	-	-	49,800		49,800	Reprogram - savings and/or unspent funds from projects closed during the FY.
2	CD22	600G	BMS	Reprogramming Funds CD22	2,268,998	-	850,000	1,418,998		1,418,998	Reprogram - savings and/or unspent funds from projects closed during the FY.
Total Budget & Management Services					2,318,798	-	850,000	1,468,798	-	1,468,798	
Facilities & Real Estate Management											
3	CD22	669G	FRM	FY 22-23 ADA Improvements Skyline Branch Library	180,000	178,585	-	1,415		1,415	Reprogram - project completed.
4	CD22	668G	FRM	FY 22-23 ADA Improvements South Dallas Cultural Ctr	60,000	49,505	-	10,495		10,495	Reprogram - project completed.
				Total BudgetFacilities & Real Estate Management	240,000	228,090	-	11,910	-	11,910	
Transportation & Public Works											
5	CD22	609G	HCE	Public Facilities and Improvements - 5 Mile Project	\$2,267,639	\$83,391	\$2,124,089	\$60,659	\$2,184,748		Project previously delayed, pending additional funds to complete.
6	CD20	408E	HCE	Public Facilities and Improvements - 5 Mile Project	\$756,595	\$560,026	\$196,569	\$0	\$196,569		Project previously delayed, pending additional funds to complete.
7	CD21	509F	HCE	Public Facilities and Improvements - 5 Mile Project	\$2,002,484	\$1,087,242	\$913,573	\$1,670	\$915,243		Project previously delayed, pending additional funds to complete.
8	CD23	755J	HCE	Public Facilities and Improvements - 5 Mile Project	\$1,803,147	\$543	\$1,681,466	\$121,138	\$1,802,604		Project previously delayed, pending additional funds to complete.
				Total Budget Transportation & Public Works	\$6,829,865	\$1,731,201	\$4,915,696	\$183,468	\$5,099,164	\$0	
Housing & Community Empowerment											
9	CD22	605G	HCE	Home Improvement and Preservation Program (HIPP)	657,009	633,710	-	23,299	23,299		Extension requested - Contract awarded on Nov 12 agenda.
10	CD19	976D	HCE	Home Improvement and Preservation Program (HIPP)	3,545,573	3,522,806	-	22,767	22,767		Year-end reconciliation underway, remaining balance will be reprogrammed.
11	CD20	404E	HCE	Home Improvement and Preservation Program (HIPP)	2,924,819	2,899,045	87,371	(61,597)	25,774		Year-end reconciliation underway, remaining balance will be reprogrammed.
12	CD21	505F	HCE	Home Improvement and Preservation Program (HIPP)	3,094,038	2,460,976	279,196	353,866	633,062		Extension requested - Contract awarded on Nov 12 agenda.
13	CD22	608G	HCE	FY 22-23 Housing Management Support	865,033	724,822	-	140,211	140,211		Extension requested - Contract awarded on Nov 12 agenda.
14	CD24	852K	HCE	FY24-25 ECOST Bryans House	50,000	33,333	-	-		16,667	Reprogram - Program closed
15	CD23	705J	HCE	Home Improvement and Preservation Program (HIPP)	1,440,036	734,359	86,539	619,138	619,138		Extension requested - Contract awarded on Nov 12 agenda.
16	CD23	708J	HCE	Housing Management Support	802,928	659,477	-	143,451	143,451		Extension requested - Contract awarded on Nov 12 agenda.
17	23RP	834K	HCE	Residential Development Acquisition Loan Program	1,069,289	-	-	1,069,286		1,069,286	
Total Budget Housing & Community Empowerment					14,448,725	11,668,529	453,106	2,310,421	1,607,702	1,085,953	
								TOTAL	\$6,706,866	\$2,566,661	
HUD CARES ACT RELIEF											
COMMUNITY DEVELOPMENT BLOCK GRANT											
EXTENSION REQUEST AND REPROGRAMMING FUNDS											
#	Fund	Unit	Dept	Project Name	A Appropriations	B ITD Expended	C Encumbrance	D Unobligated	E Extension Request	F Reprogramming Funds	G Explanation
Budget & Management Services											
1	CCV1	902C	BMS	Reprogramming Funds	753,926	349,948	-	-		403,977	Reprogram - savings and/or unspent funds from completed projects. Program ends 6/30/2026. Unspent funds to be used for Emergency Rental Assistance program.
2	CCV3	960G	BMS	Reprogramming Funds	137,005	-	90,982	-		46,023	Reprogram - savings and/or unspent funds from completed projects. Program ends 6/30/2026. Unspent funds to be used for Emergency Rental Assistance program.
Total Budget & Management Services					890,931	349,948	90,982	-	-	450,000	