

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date: May 5, 2025

Action Required: Review and approval of three (3) related items:

1. The 1-Year Annual Action Plan for the City's CDBG and HOME Programs for Program Year 2025-26
2. Funding awards for CDBG activities
3. Funding awards for HOME activities

Presenter: Anthony Warn, Grants Analyst

Staff Contacts: Anthony Warn, Grants Analyst
Alexander Ikefuna, Director, Office of Community Solutions

Title: One-year Annual Action Plan for the City's Community Development Block Grant (CDBG) and HOME Investment Partnership Programs for Program Year 2025-26 and Associated Funding Recommendations (2nd readings)

Background

The City of Charlottesville, Virginia ("City"), is an Entitlement Community ("EC") as designated by the U.S. Department of Housing & Urban Development ("HUD") and, as such, is the recipient of annual allocations of federal funds through the Community Development Block Grants ("CDBG") and the HOME Investment Partnerships Programs. The City is required to submit for review to HUD a locally approved Annual Action Plan ("AAP") outlining steps the City will take through the use of these funds to meet HUD's national objectives.

As of April 17, 2025, the City had not yet received any indication from HUD regarding funds to be made available for the 2025-26 program year. Consequently, and in accordance with HUD guidance, the funding award recommendations presented here for consideration are based on funds previously allocated to the city by HUD for the 2024-25 program year (PY24), with final award amounts to be prorated upon receipt of notification from HUD of actual funding for 2025-26 CDBG and/or HOME activities.

Discussion

For program year 2025-26, the CDBG/HOME Taskforce reviewed a total of fourteen (14) applications in this funding round, eleven (11) requests for funding through the CDBG program (totaling \$604,736) and three (3) requesting HOME funding (totaling \$409,188).

It should be noted here that the largest number of applications received for the CDBG Program fall

under what HUD classifies as "Public Services" Programs (requests totaling approximately \$399,236). For some years now, HUD policy institutes what is known as a "spending cap" that limits localities from awarding more than fifteen percent (15%) of their annual CDBG allocation to these types of Programs. For the current Program Year 2024-25, that limit was \$65,792.55. Based on the applications received to date, the Public Services category alone represents a shortfall in anticipated funding available of approximately \$333,443.45.

At this time, the City has not been made aware of any funding decisions by HUD for the 2025-26 Program Year. This poses a significant challenge for the work of the CDBG/HOME Taskforce. So as to be best positioned to act quickly if/when HUD announces PY25 funding allocations, the Taskforce decided to continue the practice adopted last year of establishing funding recommendations based on the allocations received from HUD for the 2024-25 Program Year. And, again, similarly to last year, the recommendations will be calculated to the most precise decimal value possible. This will be used to calculate final dollar values for the slate of funding recommendations when allocations are announced by HUD and the White House.

In conclusion, while CDBG/HOME Taskforce members would have liked to have been in the position of being able to fund each applicant in full, the funding recommendations outlined in the proposed AAP represent the Taskforce's best efforts to invest the limited funds available to them, to maximize the positive impacts for our community and those residents at the heart of this work.

All public comments received during the Public Hearings and/or the Public Comment period ending May 15, 2025, will be incorporated into the AAP. Two (2) Public Hearings have been scheduled before City Council (one (1) on Monday, April 21, 2025, and one (1) on Monday, May 5, 2025), and one (1) Public Hearing before the Commissioners of the Thomas Jefferson Planning District Commission ("TJPDC") on Thursday, May 1, 2025, at TJPDC's Water Street Center.

Alignment with City Council's Vision and Strategic Plan

The proposed Action Plan was developed to closely align with and support the City Council's vision of the City as a community in which everyone has the opportunity to thrive. Specifically, activities have been carefully selected to support progress in several areas highlighted in City Council's Strategic Vision, including Climate Action, Economic Prosperity, Housing, Education & Partnerships.

Community Engagement

This proposal conforms with the City's Citizen Participation Plan and has been presented to the public through multiple Public Hearings, including Public Hearings before the City's Planning Commission ("PC"), City Council, and the Commissioners of the Thomas Jefferson Planning District Commission ("TJPDC").

HUD regulations require that participants in HUD's CDBG and HOME Programs develop and submit for review by HUD locally approved Annual Action Plans ("AAP") that outline activities to be supported by funds allocated by HUD to meet the goals established in a five (5)-Year Consolidated Plan.

Such plans are required to be presented before the general public, with opportunities for public comment. A thirty (30)-day public comment period is currently underway through May 15, 2025 (learn more at <https://tjpd.org/public-comment-py-2025-annual-action-plan/>). A Public Hearing was held

before the City's PC on Tuesday, April 8, 2025, during which the PC provided valuable input and suggestions for technical assistance to potential applicants during the mandatory pre-application workshops. After the Public Hearing, the PC voted to forward the draft Action Plan and associated funding recommendations for consideration by City Council (all in favor; 1 abstention).

Budgetary Impact

As the funds proposed to be awarded are federal funds allocated to the City by HUD to support community-benefit activities, and, as such, do not draw from the City's General Fund, no adverse impacts to the City's Budget are anticipated. Rather, use of these funds as recommended here will instead serve to address an important and pressing community need(s), while at the same time supporting the City's eligibility for allocations of entitlement funds in future years. On a related note, and as of the time of this Report, City Staff has not received from HUD guidance from HUD as to how the policies of the new Presidential Administration might affect the City, especially regarding possible financial implications.

Recommendation

Recommendation #1: Approval of the AAP:

Based on the anticipated benefits of the current proposal to the City, specifically in that the activities presented herein directly address important needs within our community, City Staff recommends that City Council approve the Program Year 2025-26 AAP as presented herein, and authorize City and TJPDC Staff to transmit the locally approved plan to HUD for final review and approval, with the suggested motion:

“I move that City Council approve the attached RESOLUTION approving the City's Program Year 2025-26 One (1)-Year AAP for the City's CDBG & HOME Programs.”

Recommendation #2: Approval of Funding Awards (CDBG):

City Staff also recommends that City Council approve the funding recommendations of the CDBG/HOME Taskforce for the award of CDBG funds and appropriate associated funds within the City's CDBG Fund with the suggested motion:

“I move that City Council also approve the attached RESOLUTION appropriating CDBG Block Grant funds anticipated to be received from HUD as outlined in the Program Year 2025-26 One (1)-Year AAP, in the approximate amount of \$438,617.”

Recommendation #3: Approval of Funding Awards (HOME):

Finally, City Staff also recommends that City Council approve the funding recommendations of the CDBG/HOME Taskforce for the award of anticipated HOME funds with the suggested motion:

“Finally, I move that City Council approve the attached RESOLUTION approving the award of HOME Investment Partnership Program funds anticipated to be received from HUD as outlined in the Program Year 2025-26 One (1)-Year AAP, in the approximate amount of \$83,016.”

Alternatives

Given that these funds are provided by HUD to the City for the execution of meaningful community-benefit programs and, as such, are not drawn from the City's General Fund, no alternative courses of action are considered. City Council, could, of course, decide not to provide approval for this proposal and could instead direct City Staff to explore other options for expending these funds consistent with HUD's programmatic requirements.

Attachments

1. City Council Priorities PY25 CDBG & HOME (#R-24-115), adopted Sept. 3, 2024
2. HUD Annual Action Plan PY25 Resolution to Approve
3. HUD Annual Action Plan PY25 Resolution to Approve Funding Awards CDBG
4. HUD Annual Action Plan PY25 Resolution to Approve Funding Awards HOME
5. HUD Annual Action Plan PY25 City Council Slide Deck*