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TO: Community Development Commission
Executive Committee

FROM: Mary A. Keating, Director,
Department of Community Services

DATE: December 13, 2024

SUBJECT: Program Year 2025 CDBG/ESG Funding Recommendations

Action Requested: CDC staff recommend approval of program year 2025 CDBG and ESG funding recommendations.

Details:

DuPage County receives federal funds annually from the U.S. Department of Housing and Urban Development (HUD) under three different grant programs: Community Development Block Grant (CDBG) Program (~\$3.6M annually), HOME Investment Partnerships (HOME) Program (~1.5M annually), and Emergency Solutions Grant (ESG) Program (~\$286K annually). Additional one-time or disaster response funds may also be awarded by HUD at the discretion of the federal government.

Every five years, DuPage County is required to submit its 5-Year Consolidated Plan (ConPlan) to HUD. The ConPlan identifies goals and priorities to be addressed over the next five years. As part of the ConPlan, and annually thereafter, the county is required to prepare and submit an Annual Action Plan to HUD, which includes proposed projects to be awarded under each grant program for the program year. Projects are proposed which align with the goals and priorities established within the ConPlan. This agenda item and the proposed activities cover year one of the 2025-2029 ConPlan.

DuPage County awards CDBG and ESG funding based on a competitive application process. Working within the federal requirements, DuPage County seeks applications for funding from municipalities, townships, and non-profit organizations. These applications are then scored by Community Development Commission (CDC) staff with funding recommendations approved by the Community Development Commission Executive Committee. The proposed 2025 Action Plan incorporates projects from a recent call for applications which requested projects for public infrastructure improvements, accessibility improvements, public services, and ESG eligible projects including street outreach, homelessness prevention, emergency shelters, and Homeless Management

Information System (HMIS). ESG applications are for homeless support services and are categorically limited by federal regulation.

DuPage County awards HOME funding based on an in-depth application and underwriting process by CDC staff which takes into consideration eligibility, feasibility, financial viability, and sustainability, as well as performance of a subsidy layering review. HOME applications are sought from eligible Developers, Owners, and/or Sponsors. Funding recommendations are approved by the HOME Advisory Group Committee.

The following application cycles were consulted for the purpose of the funding recommendations included in this memo:

1. In October of 2024, the CDC accepted applications for Neighborhood Investment and Accessibility Improvement projects for the 2025 and 2026 program years. Proposed projects were required to address the needs of low- to moderate-income residents throughout DuPage County in the categories of: flood and drainage improvements, water and sewer improvements, parks and recreational facility improvements, street improvements, sidewalk improvements, and accessibility improvements for people with disabilities.
2. In October of 2024, the CDC accepted applications for CDBG Public Service projects for the 2025 and 2026 program years. Proposed projects were required to address the housing services needs of DuPage County in areas including housing navigation, rent or mortgage assistance, case management focusing on housing support, or providing support for Tenant-Based Rental Assistance (TBRA) administration.
3. In October of 2024, the CDC accepted applications for ESG projects in the categories of emergency shelter, street outreach, homelessness prevention, and Homeless Management Information System (HMIS).

Following a thorough review of all applications for eligibility and alignment with community needs, staff is making the following recommendations for the 2025 program year:

2025 Program Year Recommendations

Funding Level Assumptions

The recommendations reflect an assumption of level funding for CDBG and ESG as received in PY 2024. Since the 2025 Federal budget has not been passed, and the overall funding level for these programs have not been established, the County's exact funding level is currently unknown. Should funding allocations be reduced from PY 2024, the CDC will reduce all categories with a regulatory cap and follow the contingency provisions included within its Action Plan. Any additional CDBG funding received through program income or projects coming in under budget will be rolled into the next program year or used to fund a "B-List" alternative project, if possible. If necessary, the CDC reserves the right to solicit new applications. The CDC will follow its Citizen Participation plan to amend the Action Plan as needed.

Please note that funds are also programmed to administration and planning based on regulatory caps. The CDBG cap is 20% and ESG is 7.5%. Administration funds are used for staff salaries, overhead, and fair housing activities in partnership with HOPE Fair Housing Center. Attached please find: 1) a summary of the overall funding recommendations by category; and 2) ESG application summaries; and 3) CDBG public service application summaries; and 4) CDBG NIV application summaries.

Neighborhood Investment

The CDC received 15 applications from 11 different entities in 2024. Of the 15 applications submitted, one was determined ineligible due to not meeting the 25-point minimum requirement.

Applicants who submitted more than one application were asked to indicate the program year in which the project would be shovel ready, either 2025 or 2026.

Of the 14 eligible neighborhood investment applications that met the minimum point requirement, seven were for program year 2025. Of those, four are recommended for funding in 2025 and two have been added to a “B-List” or alternate project list, should additional funding become available during the program year. The remaining seven applications were for program year 2026. Of which, one is recommended for funding in program year 2026 and two have been added to a “B-List” or alternate project list, should additional funding become available during the program year.

Upon review of each application, CDC staff noted required documentation/information was not submitted by each applicant. As per CDC policy, no additional application information will be allowed after the application deadline, unless specifically requested by the Director of Community Services. CDC staff notified the Director of Community Services of missing documentation, and at her direction, contacted each applicant requesting the missing required information/documentation. All neighborhood investment recommendations are contingent upon receipt of required requested application documentation/information. Should a recommended applicant fail to provide required requested documentation/information, a B-List project may be selected in its place.

Public Facilities (Capital, Non-Profit)

Public facility improvement applications were not requested for program year 2025. However, it is the intention of the CDC to solicit for non-profit owned/operated public facility improvement applications for program year 2026. Since a public facility improvement application round has not been available for a few years, the CDC anticipates there will be a great deal of interest in this funding opportunity. CDC staff anticipates it will recommend at least three public facility improvement projects for funding in 2026, which is why only one neighborhood investment project has been recommended for funding in program year 2026.

Public Services

A total of five applications were submitted under the public service category, targeting housing services needs of DuPage County in areas including housing navigation, rent or mortgage assistance, case management focusing on housing support, or providing support for Tenant-

Based Rental Assistance (TBRA) administration. An overview of applicants, projects, requested funding amounts and scores is included as an attachment. Four of the projects are recommended for funding in 2025. The remaining project is not recommended as it did not meet the required minimum CDBG request of \$60K. This recommendation will be carried into the 2026 program year, contingent upon receipt of funds from HUD.

ESG Housing/Homeless Needs

ESG funded projects serve those who are literally homeless or at risk of homelessness. Recommended awards are based on application scores, funding needs identified by the applicants, and adherence to the regulatory 60% cap on Emergency Shelter and Street Outreach activities. During the 2025 program year, CDC staff recommend funding the following eligible activities: administration of HUD's Homeless Management Information System (HMIS), Emergency Shelter, Street Outreach and Homelessness Prevention. A total of six applications were received. Five of the six are recommended for funding.

The CDC reserves the right to move the ESG funds between eligible activities, as need arises.

Housing Application Round Update

CDC staff estimates approximately \$1.7 million in HOME funds will be available, which includes HUD's 2025 allocation and program income received from previously awarded projects. The CDC may put forth a call for HOME applications with a specific deadline or may allow for applications be accepted on a rolling basis.

Staff have been in communication with Community Housing Advocacy & Development (CHAD), as the one Community Housing Development Organization (CHDO) serving DuPage County, to identify affordable housing needs of their current housing portfolio which could be addressed with HOME funding. CHAD has not identified specific needs for 2025.

CDC staff are currently underwriting a project application submitted by Wisconsin based Developer, Gorman and Company, LLC. The application seeks approximately \$2.3M in HOME funds to assist in construction of an affordable housing development serving seniors and Individuals with Developmental Disabilities (IDD). The application proposes the creation of 71 new affordable rental units located at the corner of 103rd and Route 59 in Naperville.

Staff are also currently underwriting a project application from Full Circle Communities, Inc. The application seeks approximately \$1M in HOME funds to assist with construction of an affordable housing development serving working families and persons with disabilities. The application proposes the creation of 42 new affordable rental units located at 640 Taft Avenue in Glen Ellyn.

HOME project funding recommendations are presented to the HOME Advisory Group on an ongoing basis based on application submittal, review, and recommendation for funding. Therefore, this agenda item is not taking action on any HOME projects. Staff continue to seek and communicate with Developers that may be interested in preserving or creating affordable housing in DuPage County.

2025-2029 Consolidated Plan and 2025 Action Plan Calendar

Staff continues to finalize the 2025-2029 Consolidated Plan and 2025 Action Plan for submittal to HUD. HUD typically issues a notice advising that Plans not be submitted until our actual allocation amounts are known. HUD typically requests Plans to be submitted within 60 days of the allocation announcement. As of the date of this writing, HUD has not made the allocation announcement, therefore, the 2025-2029 Consolidated Plan and 2025 Action Plan HUD submittal date is unknown. However, the County will move forward with its draft 2025-2029 Consolidated Plan and 2025 Action Plan public comment period, public hearing, and County Board approval to ensure our plan is ready for submittal when allocation amounts are provided by HUD. The proposed schedule is as follows:

01/06/2025 – Start of public comment period

01/15/2025 – Public Hearing

01/21/2025 – Draft Plan to the Human Services Committee

01/28/2025 – First reading by the County Board

02/07/2025 – End of public comment period

02/11/2025 – Final approval by County Board