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TO: Community Development Commission
Executive Committee

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

DATE: November 12, 2025

SUBJECT: Program Year 2026 CDBG/ESG Funding Recommendations

Action Requested: CDC staff recommend approval of program year 2026 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 (~\$3.7M 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 two 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 2026 Action Plan incorporates projects from a call for applications in October 2024, which requested projects for program years 2025 and 2026 related to 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.

The Action Plan also incorporates projects from a call for applications in October 2025, which requested projects for program year 2026 related to non-profit owned and operated public facility improvements.

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).
4. In October of 2025, the CDC accepted applications for CDBG Non-Profit Capital Improvement projects for program year 2026. Proposed projects were required to improve non-profit owned and operated buildings in which programming to assist low-moderate income persons takes place. The project must benefit a majority of DuPage County residents with at least 51% of the beneficiaries being low- to moderate-income persons.

Following a thorough review of all applications for eligibility and alignment with community needs, staff are making the following recommendations for the 2026 program year:

2026 Program Year Recommendations

Funding Level Assumptions

The recommendations reflect an assumption of level funding for CDBG and ESG as received in PY2025. Since the 2026 Federal budget has not been passed, and the overall funding level for these programs has not been established, the County's exact funding level is currently unknown. Should funding allocations be reduced from PY 2025, the CDC will reduce all categories with a regulatory cap and follow the contingency provisions included within its Action Plan, which will outline reducing CDBG funding for the lowest scoring Neighborhood Investment project and/or reducing CDBG funding for the lowest scoring Public Facility

improvement project. To the greatest extent possible, reduction in CDBG funding will alternate between the lowest scoring Neighborhood Investment and Public Facility improvement projects, as needed. 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; 4) CDBG NIV application summaries; and 5) CDBG public facility improvement 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 2026. Of those, three are recommended for funding in 2026 along with one 2025 project which was identified as a B-List. One program year 2025 project remains on a “B-List” or alternate project list, should additional funding become available during the program year.

CDBG funding for the Village of Bensenville projects is contingent upon proof of corrective actions in response to FY24 audit findings being implemented by the Village, expected by 12/31/2025.

Public Facilities (Capital, Non-Profit)

The CDC received four applications from four different entities in 2025. Of the four submitted, one was deemed ineligible as the applicant did not own and operate the public facility in which CDBG funds were requested for rehabilitation at the time of application submittal. The three remaining projects are recommended for funding in 2026.

Public Services

A total of four 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. Three of the projects are recommended for funding in 2026. The remaining project is not recommended as it did not

meet the required minimum CDBG request of \$60K. This recommendation will be carried forward from the 2025 program year.

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 2026 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 \$1.8 million in HOME funds will be available, which includes HUD's 2026 allocation, prior year resources carried over from previous program years, 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.

\$862,000 in HOME funding has been earmarked for the Tenant-Based Rental Assistance program.

Staff will continue to communicate 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. A CHDO project has not been identified for program year 2026 funding.

HOME funding through program year 2025 is conditionally committed to projects which will newly construct affordable rental units in both the Village of Glen Ellyn and the City of Naperville.

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.

2026 Action Plan Calendar

Staff continue to finalize the 2026 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 2026 Action Plan HUD submittal date is unknown. However, the County will move forward

with its draft 2026 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:

01/03/2026 – Start of public comment period

01/14/2026 – Public Hearing

01/20/2026 – Draft Plan to the Human Services Committee

01/27/2026 – First reading by the County Board

02/02/2026 – End of public comment period

02/10/2026 – Final approval by County Board