



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Fort Worth Regional Office, Region VI
Office of Community Planning and Development
301 W. 7th Street, Suite 1000
Fort Worth, TX 76102
cpd_generalcorr-ftw@hud.gov

May 31, 2022

Sara Hensley, City Manager
City of Denton
215 E. McKinney St.
Denton, TX 76201
Sent via email to: sara.hensley@cityofdenton.com
Dear Ms. Hensley:

SUBJECT: 2021 Annual Action Plan – Substantial Amendment
IDIS Project 2 – 2021 DCFOF Justice Center – Predevelopment Costs

Thank you for submitting a Substantial Amendment to the City of Denton's (City) 2021 Annual Action Plan on 04/23/2022. Per our conversation with your team on 05/17/2022, we are following up to notify you that we have approved the Substantial Amendment in IDIS. Our office is also bringing the following concerns to your attention that the City will want to keep in mind as it implements its CDBG program.

1. *Development Timeline*: Given the project timeline of 3 years, our office is concerned about the City meeting a National Objective since clients will not be served until the Justice Center is operational. The City should plan to regularly meet with the Field Office to address any flags in IDIS and to provide project status updates.
2. *Expending CDBG Funds Prior to Receiving Commitments from All Activity Partners*: The City has indicated to the HUD Field Office that it is planning to expend approximately \$400K in CDBG funds on predevelopment costs for a project for which it has not yet received commitments on the remaining estimated \$9 million funding campaign. It is our understanding that the nonprofit agency is conducting a capital campaign to raise the remaining funds.

The City indicated that it would like to show its commitment to this project by awarding and expending CDBG funds for predevelopment costs. The City submitted a Substantial Amendment to HUD via its 2021 Action Plan and that this in and of itself may sufficiently signal the City's intent to move forward with the project.

However, our office advises the city to not expend any CDBG funds for predevelopment costs on this project until all funds are firmly committed to this

project. Our office also advises that the City conduct basic underwriting on this project to ensure that it is financially feasible and the project can be completed within the three year proposed timeline and show it has met a national objective.

Our office has consulted with HUD's Office of Block Grant Assistance (OBGA) regarding this project. HUD has determined that all applicable CDBG and crosscutting Federal requirements would apply to the entire project, both CDBG and non-CDBG funds. Please review the provisions of 24 CFR 570.503.

3. *Colocation of Agencies in and Requirements for Meeting a National Objective:* The City has indicated to the HUD Field Office that other project partners, including Child Protective Services and the local Police Department will be collocated in the project. The City will need to consider the implications that this has for meeting a National Objective based on the activities that these partners are involved in and the clients served by the activity.
4. *CDBG Timeliness for FY 2023:* If the City decides to expend CDBG funds on this activity to meet its FY 2023 timeliness test, it should consider the overall project timeline and the other concerns outlined in this letter.
5. *2 CFR Part 200 – Procurement Standards:* The City is reminded that it should consider the development timeline within the context of the regulations at [2 CFR Part 200.317 through 200.327](#) relative to Procurement Standards, including how these requirements may impact planning and project implementation for all of project partners.

Our office thanks you for your partnership with HUD and your commitment to serving your community through HUD's CDBG Program. Should you have any questions and/or concerns about this letter, please do not hesitate to contact your CPD Representative, Matthew Toland, at (817) 978-5934 or Matthew.J.Toland@hud.gov.

Sincerely,



Shirley J. Henley
Director

cc: luisa.garcia@cityofdenton.com; danielle.shaw@cityofdenton.com;
matthew.j.toland@hud.gov