

## **CDBG Timeliness Risk Assessment Tool - Overview**

In 2023, Thurston County failed to meet the “timeliness test” for its Community Development Block Grant (CDBG) program. As a result, Thurston County was required to develop a Workout Plan, detailing how the County would return to and maintain CDBG timeliness. Thurston’s Workout Plan, states that the County will develop a tool for elected officials to utilize when making CDBG funding awards that helps them consider timeliness as part of the decision-making process.

Timeliness is a CDBG requirement that addresses the expenditure of CDBG funds. On June 30<sup>th</sup> of each year, 60 days before the end of the CDBG program year, HUD will determine the total amount of available CDBG funds that have not been drawn down by Thurston County. If the amount of undrawn funds is greater than 1.5 times the most recent grant award, Thurston County is considered out of compliance with CDBG program requirements and is at risk of having its CDBG award amount reduced in future program years.

To maintain timeliness of spend down, it is desirable for projects to be completed within 2 program years. However, we recognize that some projects may take longer than 2 years to complete. To accommodate for this eventuality, Thurston County encourages decision-makers to make awards while considering the following targets:

- At least 50% of award funds should be scheduled for spend down in the first Program Year
- Up to 50% of remaining award funds should be scheduled for spend down by the end of the second Program Year.
- If funds are awarded to a project that is at high risk of taking longer than 2 years to complete, the total award amount going to these projects should not be more than 25% of the total CDBG grant for that program year.
- Projects at high risk of not being completed within three years should not be awarded funds without careful consideration to the overall risk to the CDBG program.

Thurston County staff will provide elected officials with information necessary to make informed decisions about CDBG project awards in regard to timeliness. Factors that will be taken into consideration will include:

- Past performance in timely expenditures of CDBG funds;
- Whether outside funding is required for the project and the status of commitment for such funds;
- The size and nature of the project;
- The type of National Environmental Policy Act (NEPA) review the project requires, and
- The project’s proposed timeline.

This assessment is not intended to reflect on the quality of the applicant agency or the importance of the project. It is a reflection of the risk of the project being completed within a two-year timeframe.