

State Water Infrastructure Authority
Meeting Date: July 15, 2026
Agenda Item G
Fall 2025 Application Round and Example Funding Scenario for
Community Development Block Grant – Infrastructure

Division of Water Infrastructure Staff Report

This report presents a *preliminary* funding scenario for the consideration of the State Water Infrastructure Authority (Authority). Subsequent updates and corrections to the application information and funding scenario (including application scores, ranking, potential funding amount, etc.) may occur and will be presented to the Authority during the meeting. Applications are selected for funding by the Authority during the meeting, and the Authority's selections are final.

Background

This staff report presents background information on the Spring 2026 application round for applications to be funded from the Community Development Block Grant – Infrastructure (CDBG-I) funds. This information includes a summary of available funds and any limitation on awarding the funds, a summary of applications received, and the process staff used to apply funds in the funding scenario example presented to the Authority.

The CDBG-I fund is a grant fund available to low-to-moderate income (LMI) communities for their drinking water and wastewater improvements to meet current needs.

Spring 2026 Funds Available

The following funds are available for the Spring 2026 Application Round.

The State of North Carolina received \$46,162,390 in Community Development Block Grant (CDBG) State funds for Federal Fiscal Year (FFY) 2025, of which \$18,764,588 is allocated to CDBG-I funding. During the Fall 2025 application round, \$8,000,000 was awarded to three local governments reducing the available funds for Spring 2026 to \$10,764,588.

Table 1 shows the current balance of unobligated/uncommitted CDBG-I program funds, including the FFY 2025 funds remaining after the Fall 2025 funding round.

Table 1. Unobligated/Uncommitted CDBG-I Funds Balance as of June 9, 2026		
Funding Year	Balance^a	U.S. Dept. of Treasury Recapture Date^b
FY 2019	\$1,373,756.56	September 1, 2026
FY 2020	\$824,542.05 ^c	September 1, 2027
FY 2021	\$ 0.00	September 1, 2028
FY 2022	\$ 0.00	September 1, 2029
FY 2023	\$ 0.00	September 1, 2030
FY 2024	\$ 0.00	September 1, 2031
FY 2025	\$10,764,588.00 ^d	September 1, 2033

^a Balance based on final requisitions, pending closeout packages, and closed pending final audit status.

^b States have eight years to expend funds from their annual CDBG allocation from HUD. Funds not disbursed from State's line of credit after eight years will be cancelled and recaptured by the U.S. Department of Treasury *[per 21 U.S.C 1552(a), as amended by the National Defense Authorization Act of 1991]*.

^c This is a decrease from February 2026 SWIA meeting of \$1,552,355.95.

^d During Fall 2025 SWIA awarded \$8,000,000 from total available CDBG-I funds of \$18,764,588.

Summary of Applications Received

Spring 2026 applications were due April 30, 2026. A total of nine CDBG-I applications were submitted. Table 2 shows a comparison of funding requested from submitted applications and the amount of funding available from the CDBG-I program fund.

Table 2. Comparison of Funding Requested from Submitted Applications and Amount of Funding Available			
Application Type	Number of Submitted Applications	Total Requests	Remaining Amount of Available Federal Fiscal Year (FFY) 2025 Funds
Drinking Water Projects - Construction	3	\$5,224,153	
Wastewater Projects - Construction	6	\$14,195,420	
Total:	9	\$19,419,573	\$10,764,588

A summary of the number of drinking water and wastewater applications for consideration for the CDBG-I program funding by project type is shown in Table 3. One application by the City of Lumberton was submitted to the Division by the due date without the required audit documentation. However, the CDBG-I Unit confirmed that the audit was received by the Local Government Commission (LGC) on May 8, 2026, after the application submittal date, which made the application partially complete. This application moved from incomplete to a complete application during an application review consensus meeting.

Four of the applications are incomplete and ineligible for consideration. The Town of Cherryville and the Town of Long View submitted two applications each, one for a drinking water project and another

for a wastewater project. The four applications were missing required documentation, including a record of the FY2025 financial audits being submitted, and documentation demonstrating that a public hearing was conducted. The applications are considered ineligible for funding in this round, and the applicants may submit revised applications in a future funding round.

Five applications, requesting \$13,000,000, are considered complete and eligible for funding awards.

Table 3. Number of Applications Submitted During the Spring 2026 Round			
Category	Drinking Water	Wastewater	Total
Submitted Applications	3	6	9
Incomplete / Ineligible Applications	2	2	4
Complete and Eligible Applications Considered	1	4	5
Funding Requested from <i>Complete and Eligible</i> Applications	\$2,000,000	\$11,000,000	\$13,000,000

Funding Scenario for CDBG-I Program

The CDBG-I main objective for the Spring 2026 funding round is to obligate all remaining FFY 2025 funds in accordance with ***§ 570.494 Timely distribution of funds by states***, which encourages states to obligate 100% of the federal funds within 15 months of signing the agreement between the state (the NC Department of Commerce) and the U.S. Housing and Urban Development (HUD). The FFY 2025 Funding Agreement was signed in September 2025, and the 15-month period ends in December 2026. In order to meet the 15-month target, the Authority must award the remaining funds during the Spring 2026 funding round because the Fall 2026 application round awarding will occur in February 2027, after December 2026.

There are two funding scenarios to present to the Authority: Scenario A and Scenario B. Both scenarios will fully fund four grantees and partially fund one grantee.

Project-Specific Notes for Funding Scenarios: The following projects with staff notes are related to the applications listed in Tables 4A and 4B and in Agenda Item G-1. The projects are listed in order of the priority rating system scores.

1. **Project 1 (Town of Farmville)** – The amount requested is \$2.0 million. Staff recommend funding the full amount of \$2.0 million.
2. **Project 2 (Town of Greenevers)** – The amount requested is \$2.0 million. Staff recommend funding the full amount of \$2.0 million.
3. **Project 3 (Town of Belhaven)** – The amount requested is \$3.0 million. Staff recommend funding the full amount of \$3.0 million. Note that this project was also awarded Clean Water State Revolving Funds (Project Number SRF-W-0041) at \$3.0 million.
4. **Project 4 (City of Lumberton)** – The amount requested is \$3.0 million. The funding recipient is under consideration for full funding (Scenario B) or partial funding limited to \$764,588 (Scenario A). This application was missing the required certified audit documentation at the time of application. The CDBG-I Unit confirmed with the LGC, on May 8, 2026, that the certified audit was submitted to the LGC.

5. **Project 5 (Town of Columbia)** – The amount requested is \$3.0 million. The funding recipient is under consideration for full funding (Scenario A) or partial funding limited to \$764,588 (Scenario B). Note that the Town of Columbia scored 53.59 points, which was lower than the City of Lumberton’s 59.02 points. However, the Town of Columbia submitted a complete application and required documentation at the time of the application deadline.

The following two Tables, 4a and 4b on the following page, lay out the funding Scenarios A and B, respectively. The difference between each scenario is between the City of Lumberton and the Town of Columbia. The priority for each scenario is to obligate the remaining CDBG-I funds of \$10,764,588 by December 2026 as required by ***§ 570.494 Timely distribution of funds by states.***

Both funding Scenarios A & B will fully fund the following:

1. Town of Farmville
2. Town of Greenevers
3. Town of Belhaven

The difference between Scenario A and B is between the Town of Columbia and City of Lumberton.

1. Scenario A fully funds Town of Columbia and partially funds City of Lumberton.
2. Scenario B fully funds City of Lumberton and partially funds Town of Columbia.

The CDBG-I Unit has not historically performed reconsiderations from previous funding rounds. Depending on the funding scenario selected by the Authority, the CDBG-I Unit will reconsider either City of Lumberton’s or Town of Columbia’s application for the Fall round for the remaining funding request. Both local government units’ LMI data is within the timeframe for reconsiderations for the Fall 2026 Funding Round.

CDBG-I Staff Recommended Funding Scenario

The staff recommends Funding Scenario 4a.

Table 4A. CDBG-I Example Funding Scenario A						
SWIA Sheet Appl. No.	Applicant Name	County	Project Name	Amount of Funding Requested	Potential Total CDBG-I Grant Award Amount	CDBG-I Funding Year 2025 Amount
1	Town of Farmville	Pitt	Housing Authority Water System Improvement	\$2,000,000	\$2,000,000	\$2,000,000
2	Town of Greenevers	Duplin	Brown's Terrace Sanitary Sewer Improvement	\$2,000,000	\$2,000,000	\$2,000,000
3	Town of Belhaven	Beaufort	Belhaven WWTP Rehabilitation	\$3,000,000	\$3,000,000	\$3,000,000
4	City of Lumberton	Robeson	South Lumberton Sewer Improvements	\$3,000,000	\$764,588	\$764,588
5	Town of Columbia	Tyrrell	Columbia WWTP Improvements	\$3,000,000	\$3,000,000	\$3,000,000
Total				\$13,000,000	\$10,764,588	\$10,764,588

Table 4B. CDBG-I Example Funding Scenario B						
SWIA Sheet Appl. No.	Applicant Name	County	Project Name	Amount of Funding Requested	Potential Total CDBG-I Grant Award Amount	CDBG-I Funding Year 2025 Amount
1	Town of Farmville	Pitt	Housing Authority Water System Improvement	\$2,000,000	\$2,000,000	\$2,000,000
2	Town of Greenevers	Duplin	Brown's Terrace Sanitary Sewer Improvement	\$2,000,000	\$2,000,000	\$2,000,000
3	Town of Belhaven	Beaufort	Belhaven WWTP Rehabilitation	\$3,000,000	\$3,000,000	\$3,000,000
4	City of Lumberton	Robeson	South Lumberton Sewer Improvements	\$3,000,000	\$3,000,000	\$3,000,000
5	Town of Columbia	Tyrrell	Columbia WWTP Improvements	\$3,000,000	\$764,588	\$764,588
Total				\$13,000,000	\$10,764,588	\$10,764,588