

State Water Infrastructure Authority
Meeting Date: February 18, 2026
Agenda Item H
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 Fall 2025 application round for applications to be funded from the Community Development Block Grant – Infrastructure (CDBG-I) funds. CDBG-I's Fall 2025 application round is contingent on funds appropriated to the Water Infrastructure Fund established in G.S. 159G. 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 sewer improvements to meet current needs.

Fall 2024 Funds Available

The following funds are available for the Fall 2025 Application Round.

The State of North Carolina received \$46,162,390 in Community Development Block Grant (CDBG) State funds for Fiscal Year (FY) 2025, of which \$18,980,379 is budgeted under Senate Bill 257. The example funding scenario is contingent on North Carolina signed legislation and appropriation.

Table 1 shows the current balance of unobligated/uncommitted CDBG-I program funds, including the new FY 2025 funds.

Table 1. Unobligated/Uncommitted CDBG-I Funds Balance as of January 20, 2026		
Funding Year	Balance^a	U.S. Dept. of Treasury Recapture Date^b
FY 2019	\$1,373,756.56	September 1, 2026
FY 2020	\$2,376,920.95 ^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	\$18,980,379.00 ^d	September 1, 2032
^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 <i>[per 21 U.S.C 1552(a), as amended by the National Defense Authorization Act of 1991]</i> . ^c This is an increase from February 2025 SWIA meeting of \$383,923.93. ^d Senate Bill 257 budgeted amount for CDBG-I (or an alternative budget bill) is pending final passage.		

Summary of Applications Received

Fall 2025 applications were due September 30, 2025. A total of six CDBG-I applications were submitted during the round. 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	Approximate Amount of Available Fiscal Year (FY) 2025 Funds
Drinking Water Projects - Construction	3	\$7,990,200	
Wastewater Projects - Construction	3	\$9,000,000	
Total:	6	\$16,990,200	\$18,980,379.00

A summary of the number of drinking water and wastewater applications for consideration for CDBG-I program funding by project type is shown in Table 3.

Table 3. Number of Applications Submitted During the Fall 2025 Round			
Category	Drinking Water	Wastewater	Total
Submitted Applications	3	3	6
Incomplete / Ineligible Applications	2	1	3
Complete and Eligible Applications Considered	1	2	3
Funding Requested from <i>Complete and Eligible</i> Applications	\$2,000,000	\$6,000,000	\$8,000,000

Example of Funding Scenario for CDBG-I Program

The example funding scenario is detailed in Table 4. This table identifies the projects that would potentially be funded under the example funding scenario. A full list of applications, including those that would not be funded under this scenario, are shown in Agenda Items H-1 and H-2. Application numbers in the table below reference application numbers in the accompanying spreadsheets.

The recommended funding scenario is dependent upon successful appropriation of funds from the General Assembly. After Authority approval, the CDBG-I Unit will continue to coordinate with North Carolina Department of Commerce and LGUs awarded and not awarded CDBG-I grants from FY2025. This will ensure awarded grantees can move forward with projects once an appropriations bill is passed.

*The CDBG-I Unit will plan for Spring 2026 funding round in anticipation of possibly obligating remaining CDBG-I funds per **\$ 570.494 Timely distribution of funds by states**, which encourages States to obligate 95% of funds within 12 months of signing between NC Department of Commerce and HUD. The FY-2025 Funding Agreement was signed September 2025.*

In the meantime, the example funding scenario would award three of the six eligible applications under FY2025 for a total of \$8,000,000.

Project-Specific Notes

The following notes related to the applications listed in Table 5.

- **Project 1 (Town of Fairmont)** – Amount requested \$3,000,000 and recommend funding full amount of \$3,000,000.
- **Project 2 (Town of Woodland)** – Amount requested \$3,000,000 and recommend funding full amount of \$3,000,000.
- **Project 3 (Town of Parmele)** – Amount requested \$2,000,000 and recommend funding full amount of \$2,000,000.

Table 4. CDBG-I Example Funding Scenario						
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 Fairmont	Robeson County	Brown Street Pump Station Rehabilitation	\$3,000,000	\$3,000,000	\$3,000,000
2	Town of Woodland	Northampton County	2025 WWTP Rehabilitation Project	\$3,000,000	\$3,000,000	\$3,000,000
3	Town of Parmele	Martin County	Fire Hydrant and Metering Improvements	\$2,000,000	\$2,000,000	\$2,000,000
				\$8,000,000	\$8,000,000	\$8,000,000