

# Mayor and Council Communication

DATE: 09/27/22

M&C FILE NUMBER: M&C 22-0760

LOG NAME: 19PRIORITY REPAIR PROGRAM POLICY AMENDMENTS

## **SUBJECT**

(ALL) Authorize Changes to the City's Priority Repair Program to Increase the Per House Expenditure Limit to \$25,000.00; Authorize the Use of Forgivable Loans Secured by Liens for Priority Repair Program Home Repairs that Exceed \$20,000.00 in a Two-Year Period, and Make Other Changes Necessary to Increase Effectiveness and Efficiency; Authorize an Increase in the City's Home Repair Program Contract Authority by \$900,000.00 for a Total Five Year (Fiscal Years 2019-2024) Contract Authority of \$33,931,974.94

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize changes to the City's Priority Repair Program and adopt the attached Policies and Procedures to increase the per house expenditure limit from \$5,000.00 to \$25,000.00 and to make other necessary changes to increase effectiveness and efficiency;
2. Authorize the use of forgivable loans secured by liens for Priority Repair Program home repairs that exceed \$20,000.00 in a two-year period to ensure compliance with Community Development Block Grant regulations and to maintain a minimum period of affordability; and
3. Authorize an increase in the City's Home Repair Program contract authority by \$900,000.00 annually for a total annual amount of \$6,023,333.34 for the next two years resulting in a total five year (Fiscal Years 2019-2024) contract authority of \$33,931,974.94 to facilitate the increase from \$5,000.00 to \$25,000.00 for allowable expenditures per house for low income homeowners, as amended through this Mayor and Council Communication.

## **DISCUSSION:**

The City of Fort Worth's Priority Repair Program (PRP) was established in 2010 to address urgent health and safety concerns and priority home repair needs for low-income homeowners who are unable to make needed repairs. Funding for the PRP is provided by the U.S. Department of Housing and Urban Development (HUD) through its Community Development Block Grant (CDBG) program. The PRP is managed by the City's Neighborhood Services Department, Home Construction and Improvement Division who operates the program through a set of adopted policies and procedures that guide program eligibility and allowable repairs. The program has been extremely successful, providing needed repairs to over 2,750 homes in the City over the last 10 years.

The PRP policies and procedures were last comprehensively amended in 2019. Those changes focused on prioritizing inoperable systems and health and safety concerns. Temporary amendments were made in March, 2021 to implement the Waterline Assistance through Emergency Repairs (WATER) Program on Mayor and Council Communication (M&C) 21-0167.

The City has studied affordable housing needs and has determined that more significant investment is needed in the single-family homes of low-income homeowners, which are deteriorating. At the same time, the cost of materials and labor has dramatically increased due to inflation and pandemic related shortages. The PRP program is no longer able to properly address all health and safety home repairs within the existing limit of \$5,000.00 per home per year. The \$5,000.00 per house limit was put in place to avoid having to complete lead risk assessment and interim control activities required by HUD guidelines for projects over \$5,000.00. This limitation has resulted in half-roof repairs, one major system repair per year when several are needed, and other limitations causing applicants to reapply for several years in a row and receiving small incremental repairs each year. See attached A (Rehabilitations: Required Activities to Address Lead-Based Paint) for more information on HUD guidelines.

Based upon (i) a review of the home repair program in other cities, (ii) staff's review of existing City resources and programs, and (iii) the existing need in the City, staff proposes amendments to the PRP Policy and Procedures, as follows:

- Increase the allowable expenditures to a maximum of \$25,000.00 per house (within a two-year period)
- Require applicants receiving repairs exceeding \$20,000.00 to apply for a zero-interest loan, forgivable after five years, secured with a subordinate lien, and including necessary procedures and policies related to the lien requirement to satisfy federal requirements
- Allow applicants receiving less than \$20,000.00 to apply up to once per year, but in no event will any applicant receive more than \$25,000.00 worth of repairs in any two-year period
- Allow repairs to multiple home systems at one time and broaden definition of allowable repairs to include those to and under slab foundations, to and under pier and beam foundations, and to unsafe flooring throughout the home (not just bathroom floors)
- Increase the maximum house value eligible to receive repairs from \$200,000.00 to a continually updated value to be calculated as 80% of the median home price in Fort Worth, as reported by the Greater Fort Worth Area Realtors monthly published housing data to ensure PRP keeps up with current market conditions
- Add regulations that allow a PRP program staff to disqualify applicants who exhibit threatening or abusive behavior to contractors and staff or refuse to execute the necessary documents or consent to liens, if required
- Authorize the Neighborhood Services Department Director to make eligibility determinations in unique construction or repair situations not addressed by written policy provided that such determinations comply with all applicable state and federal laws and regulations

- Add a limited appeal process to allow the Neighborhood Services Department Director to review a complaint or appeal by an applicant
- Add the ability for the Neighborhood Services Director to grant a waiver for liens in case of unexpected cost overruns or federal/state/local disaster declarations
- Make minor amendments that clarify wording or improve processes

To implement the proposed policy changes, \$900,000.00 in additional funding for PRP was added to the FY2022 CDBG budget, approved by City Council on August 9, 2022 through the HUD Annual Action Plan (M&C 22-0569) for a total of \$2,000,000.00 annually for PRP. The funding changes will allow the program to serve more Fort Worth residents with the expanded PRP services. However, the expenditure authority for the PRP program and the contracting authority for PRP agreements require an increase of \$900,000.00 each year for a new total annual amount of \$6,923,333.34 to account for the new programmatic needs. A total five year (Fiscal Years 2019-2024) contract authority of \$33,931,974.94 for Home Repair Programs is necessary to facilitate the increase in funding from CDBG. This total amount also includes a \$2,015,308.00 WATER Program increase in contract authority for the Home Repair Program approved in March 2021 (M&C 21-0167).

Approval of this M&C also authorizes the Neighborhood Services Director to revise the administrative procedures in the policy from time to time within the above listed limitations in order to incorporate industry standards and best practices to increase administrative efficiency and to better meet the needs of eligible households and to fulfill the purposes of the PRP. Staff recommends that the City Council adopt the attached PRP Policies and Procedures.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations, funds are available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. The Neighborhood Services Department (and Financial Management Services) will be responsible for the collection and deposit of funds due to the City. Prior to an expenditure being incurred, the Neighborhood Services Department has the responsibility to validate the availability of funds. This is a reimbursement grant.

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Expedited