

# Mayor and Council Communication

DATE: 10/15/24

M&C FILE NUMBER: M&C 24-0914

LOG NAME: 0808FHAP2024

## **SUBJECT**

(ALL) Ratify Execution of a Fair Housing Assistance Program Cooperative Agreement with the United States Department of Housing and Urban Development to Process Housing Cases for Fiscal Year 2024; Approve Acceptance of Funds in an Amount Up to \$212,400.00; Authorize Moving \$449,002.34 in Expenditures from the Grants Fund to the General Fund to Restore HUD Funds Spent on Expenses Deemed Ineligible under the Fair Housing Assistance Program for FY2017-2023; and Adopt Appropriation Ordinances

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Ratify the execution of a Fair Housing Assistance Program Cooperative Agreement through the Diversity and Inclusion Department, on behalf of the Fort Worth Human Relations Commission, with the United States Department of Housing and Urban Development for Fiscal Year 2024 and accept funds in an amount up to \$162,400.00 plus current and future accrued interest from contractual awards in an amount up to \$50,000.00, based upon actual receipts, for a total amount of \$212,400.00;
2. Authorize moving \$449,002.34 in expenses to the General Fund from the Grants Operating Federal Fund in order to restore U.S. Department of Housing and Urban Development funds spent on expenditures for FY2017-2023 that were deemed ineligible under Fair Housing Assistance Program Expenses, thereby restoring the same amount of appropriations in the Grants Operating Federal Fund for future use on eligible Fair Housing Assistance Program expenses; and
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Grants Operating Federal Fund in the amount (1) up to \$212,400.00, subject to receipt of the grant, for the purpose of funding a Fair Housing Assistance Program Cooperative Agreement and (2) \$449,002.34 in FHAP 2024 project (City Project 105835), from the restored revenue;
4. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Diversity and Inclusion General Fund, in an amount of \$266,002.30 from the Non-Departmental budget to offset the cost of transferred expenditures.

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## **DISCUSSION:**

On August 2, 2024, the Diversity and Inclusion Department received a Fair Housing Assistance Program (FHAP) Cooperative Agreement with the United States Department of Housing and Urban Development (HUD). Pursuant to that Cooperative Agreement, HUD will provide funding to the Diversity and Inclusion Department, a designated FHAP agency, based on the number of fair housing complaints resolved from July 1, 2023, to June 30, 2024. The contractual reimbursement of funds is based on activities conducted within the preceding twelve-months (Performance Period). Diversity and Inclusion Departmental staff, on behalf of the Fort Worth Human Relations Commission, resolved 44 complaints during this period. Additional funds are awarded to qualifying FHAP agencies for administrative costs and training.

The Cooperative Agreement provides payment for the following:

- Resolution of 44 housing discrimination complaints in the amount of \$118,400.00;
- Post-Cause supplemental pay in the amount of \$0.00;
- Administrative costs in the amount of \$32,000.00; and
- Training funds in the amount of \$12,000.00 for mandatory HUD training.

The addition of accrued interest from Cooperative Agreement funds in an amount up to \$50,000.00, based upon actual receipts, brings the total to an amount of \$212,400.00.

The Grant is a pay-for-performance grant, where the amount awarded is for services previously rendered. Currently, two employees' salaries are paid with the funds received as part of this FHAP contract and funding from prior FHAP contracts: One (1) Human Relation Manager totaling \$91,430.35, 100% Grant funded and one (1) Human Relation Investigator totaling \$68,526.00, 100% Grant Funded. If funding ends, for example if HUD decides to terminate the contract in the future, the affected employees will not yet have performed the services for the next contract year. There may be several options to retain high-performing talent should that occur, including having the employee remain in the function through General Funds, or the employee may seek employment elsewhere, within or outside the City.

## **Restoring Funds for Ineligible Expenditures**

Diversity & Inclusion Department (DVIN) management, in coordination with HUD regional staff, identified some concerns with non-FHAP expenditures that had been charged to the grant funds.

Following further review conducted in cooperation with the Internal Audit and Financial Management Services (FMS) Departments, a total of \$449,002.34 was identified as having been charged against FHAP in a combination of ineligible expenditures and potentially eligible expenditures for which there was inadequate documentation.

In consultation with HUD and the other stakeholder departments, DVIN developed a plan to correct the prior funding errors and improve processes going forward. Internal controls and training are being enhanced, easier to use reporting formats are being developed, and the City agreed to absorb the ineligible costs in its General Fund in order to restore the grant funds associated with the ineligible and inadequately documented expenditures.

Restoration of FHAP funds will be accomplished by transferring the costs that were determined to be ineligible from the Grants Operating Federal Fund to the Diversity & Inclusion Department's Operating Budget within the General Fund. A combination of current year savings and the appropriations in Recommendation 4 above will be used to balance these expenditures in the DVIN budget. Moving the expenditures out of the Grants Fund, will restore \$449,002.34 in that fund, which are then being re-appropriated as part of Recommendation 3 to be used for eligible FHAP expenses moving forward.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: US Department of Housing and Urban Development

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinances, funds will be available in the current operating budget, as appropriated, in the Grants Operating Federal Fund and the General Fund. The Diversity and Inclusion Department (and Financial Management Services) will be responsible for the collection and deposit of funds due to the City. Prior to expenditures being incurred, the Diversity and Inclusion Department has the responsibility to validate the availability of funds. This is a fee for service grant.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

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**Additional Information Contact:**

Expedited