

# Mayor and Council Communication

DATE: 02/14/23

M&C FILE NUMBER: M&C 23-0072

LOG NAME: 19CDBG-DR ACTION PLAN

## **SUBJECT**

(ALL) Approve City of Fort Worth's 2022 Community Development Block Grant - Disaster Recovery Action Plan for the Use of Federal Grant Funds in the Amount of \$27,420,000.00 to be Awarded by the United States Department of Housing and Urban Development from the Community Development Block Grant - Disaster Recovery, Authorize Collection and Use of Program Income, Authorize Execution of Related Grant Agreements, Adopt Appropriation Ordinance, and Authorize Waiver of Indirect Costs

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## **RECOMMENDATION:**

It is recommended that City Council:

1. Approve the City's 2022 Community Development Block Grant - Disaster Recovery Action Plan for submission to the United States Department of Housing and Urban Development, including allocations of grant funds to particular programs and activities as detailed below;
2. Authorize the collection and use of an estimated \$150,000.00 of program income which is expected to result from loan payments;
3. Authorize execution of related grant agreements;
4. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Grants Operating Federal Fund, subject to receipt of the grant, in the amount up to \$27,420,000.00 in Community Development Block Grant - Disaster Recovery funds; and
5. Authorize a waiver of the Neighborhood Services Department indirect cost rate of 17.29%, estimated total of \$237,495.00

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## **DISCUSSION:**

The City of Fort Worth's (City's) 2022 Community Development Block Grant - Disaster Recovery (CDBG-DR) Action Plan summarizes the major housing and community development activities and proposed expenditures to address the unmet need for residents and property owners impacted by the 2021 Winter Storm Uri which struck Texas in February 2021. The ultra-low temperatures caused dangerous travel conditions and widespread electricity and water outages throughout the state, impacting residents, homes, businesses, and infrastructure. In response, President Biden declared the storm a major disaster on February 19, 2021 (DR-4586). The City of Fort Worth will receive a total of \$27,420,000.00 to address the impacts of Winter Storm Uri and enhance resilience measures.

A 30-day public comment period was held from August 22, 2022 to September 22, 2022. Notice of this public comment period was published in the *Fort Worth Star-Telegram* on August 21, 2022; and in the *La Vida News* on August 25, 2022.

Any comments received are maintained by the Neighborhood Services Department in accordance with federal regulations. The City held one public hearing as part of the Department of Housing and Urban Development (HUD) required citizen participation process. The public hearing was held by staff on August 31, 2022.

A second notice of additional funding was given on November 8, 2022 totaling \$10,858.00 in addition to the first allocation of \$16,614,000.00. In compliance with the Citizen Participation Plan approved by HUD, staff was required to issue another public notice and hold an additional public comment period. The second 30-day public comment period was held from December 19, 2022 to January 18, 2023. Notice of this public comment period was published in *Fort Worth Star-Telegram* on December 19, 2022. Any comments received are maintained by the Neighborhood Services Department in accordance with federal regulations. The City held an additional public hearing on December 28, 2022 as part of the HUD required citizen participation process.

A summary of staff's final funding recommendations is provided below in Table 1. A PowerPoint presentation listing recommended funding is also attached. The 2022 CDBG-DR Action Plan will be submitted to HUD on January 31, 2023.

Indirect costs totaling approximately \$237,495.00 could be charged to these grants, as the Neighborhood Services Department indirect cost rate is 17.29% in the City's most recent Cost Allocation Plan. A waiver of these costs is requested to allow allocation of these funds to further support the programs and services to assist low-to-moderate income citizens.

## **COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY**

For Program Year 2022, it is recommended that the amount of \$27,472,000.00 in CDBG-DR funds and an estimated amount of \$150,000.00 in CDBG-DR program income totaling \$27,622,000.00 be allocated as follows:

- Administration - Includes costs for administering the CDBG-DR grant, including allocations for the Financial Management Services Department
- Mitigation - Includes costs for activities, equipment to mitigate disaster risks, reduce future losses, and increase resilience
- Single Family Home Repairs/Rehabilitation/New Construction - Includes funding for renters and owners impacted by the 2021 ice storm, to include activities that lead to restoring and improving the housing stock such as new construction, rehabilitation/reconstruction
- Multifamily Property Repairs/Rehabilitation/New Construction - Includes funding for multifamily property owners impacted by the ice storm, to

include activities that lead to restoring and improving the housing stock such as new construction, property repairs and improvements as well as new construction and rehabilitation

- Infrastructure Improvements - Includes funding for activities that rebuild or replace impacted infrastructure such as public facilities, public improvements, road and bridge repair, waste and wastewater facilities
- Estimated Program Income - \$150,000.00: Includes up to \$150,000.00 in funding for the City's Priority Repair Program. Any CDBG-DR program income over the estimated amount not used for the Priority Repair Program will be allocated to priority activities in the City's Consolidated Plan, subject to the City Council approval.

**Table 1: CDBG-DR Proposed Budget Summary**

<b>Activity</b>	<b>Public Law 117-43 (May 2022)</b>	<b>Public Law 117-180 (November 2022)</b>	<b>Funding Recommended</b>
Program Administration (5% cap)	\$830,700.00	\$542,900.00	\$1,373,600.00
Mitigation Set-Aside	\$2,167,000.00	\$ ----	\$2,167,000.00
Single Family Homeowners/Renters (Minor/Major Repairs up to \$25,000)/New Construction	\$8,000,000.00	\$6,000,000.00	\$14,000,000.00
Multifamily Property Owners (Minor/Major Repairs up to \$1,000,000.00)/New Construction	\$4,000,000.00	\$3,000,000.00	\$7,000,000.00
Infrastructure (Public Facilities/Public Improvements)	\$1,616,300.00	\$1,315,100.00	\$2,931,400.00
<b>TOTAL CDBG-DR Funding Allocation</b>	<b>\$16,614,000.00</b>	<b>\$10,858,000.00</b>	<b>\$27,472,000.00</b>
Estimated Program Income - Reserved for Priority Repair Program	\$100,000.00	\$50,000.00	\$150,000.00
<b>TOTAL (Entitlement + Estimated Program Income)</b>	<b>\$16,714,000.00</b>	<b>\$10,908,000.00</b>	<b>\$27,622,000.00</b>

All figures have been rounded to the nearest dollar for presentation purposes. These programs are available in ALL COUNCIL DISTRICTS.

CDBG-DR is an entitlement grant rather than a competitive grant received from the United States Department of Housing and Urban Development (HUD). Entitlement grants provide funds to agencies based on a formula, prescribed in legislation or regulation, rather than based on review.

Positions funded with HUD Entitlement grants are subject to grant availability. In the event of a grant award being decreased or eliminated, Neighborhood Services Department would review programs and services funded by the grants and determine a level of service and staffing that aligns with the available funding.

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

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, of 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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