

# Mayor and Council Communication

**DATE:** 01/10/23

**M&C FILE NUMBER:** M&C 23-0017

**LOG NAME:** 19PRIORITY REPAIR PROGRAM POLICY AMENDMENT FOR LIEN WAIVERS

## **SUBJECT**

(ALL) Authorize Changes to the City's Priority Repair Program to Indefinitely Waive the Lien Requirement for Repairs Exceeding \$20,000.00 and Authorize Director of Neighborhood Services to Reinstate Lien Requirement If Deemed Necessary

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize changes to the City's Priority Repair Program to Indefinitely Waive the Lien Requirement for Repairs Exceeding \$20,000.00; and
  2. Authorize the Director of Neighborhood Services to reinstate the lien requirement if deemed necessary.
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## **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 comprehensively amended in 2019 and again in September 2022 through Mayor and Council Communication (M&C) 22-0760.

Once the PRP policies were updated in September 2022 and staff began implementing the newly adopted policies, staff discovered that implementing a lien program on homestead property in Texas would require amendments to our contracts with contractors, likely a new bidding process to include liens into the bid packages, additional expenditures of federal funds to implement the placement of liens, and a significant administrative burden on Neighborhood Services staff. Additionally, staff spoke with federally funded repair programs in other Texas cities that require a lien for repairs and found that these repair programs are significantly slower to expend their federal monies and the lien requirement often discourages applicants from applying for repair programs. The advantages of the City of Fort Worth PRP program without liens is its flexibility, speed, and ability to address a significant number of residential repairs each year.

The lien requirement was recommended for inclusion in the policy due to the risk of homeowners "flipping" newly repaired homes. The risk of house flippers using the program instead of repair funds going to homeowners who have urgent health and safety repairs will continue to be a risk with this proposed policy revision, but staff would prefer to understand the prevalence of the "flipping" issue before implementing a very difficult and expensive risk management strategy. Staff will be able to determine if houses repaired under the PRP program are "flipped" after Priority Repair Program repairs were made by reviewing data on the Tarrant Appraisal District (TAD) website annually. This M&C would authorize the Director of Neighborhood services to immediately reinstate the lien requirement in the event it is determined that "flipping" has become an actual issue that needs to be addressed.

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:

- Allow changes to indefinitely waive the lien requirement for repairs exceeding \$20,000.00
- Allow the Director of Neighborhood Services to reinstate the lien requirement if deemed necessary

In the event the Director reinstates the lien requirement, the PRP policy will be updated to clarify that such waiver has ended and the lien requirement has been reinstated. The most updated version of this policy will be available on the City's website.

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 these recommendations will have no material effect on City funds.

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