

Mayor and Council Communication

DATE: 01/28/25

M&C FILE NUMBER: M&C 25-0081

LOG NAME: 19CDBG-DR ACTION PLAN SUBSTANTIAL AMENDMENT

SUBJECT

(ALL) Conduct a Public Hearing and Authorize a Substantial Amendment to the City of Fort Worth's 2021 Community Development Block Grant - Disaster Recovery Action Plan to Provide Additional Program Detail, Update Maximum Assistance Award Amounts, Revise Line Items and Budget Amounts Per Project, and Include Additional Language for Clarification, Repeal Appropriation Ordinance, and Adopt Revised Appropriation Ordinance for the Previously Approved 2021 Community Development Block Grant - Disaster Recovery Fund to Correct the Authorized Amount

(PUBLIC HEARING - a. Report of City Staff: Sharon Burkley; b. Public Comment c. Council Action: Close Public Hearing and Act on M&C)

RECOMMENDATION:

It is recommended that City Council

1. Conduct a public hearing to allow citizen input and consideration of the substantial amendment to the City of Fort Worth's 2021 Community Development Block Grant - Disaster Recovery Action Plan for use of federal grant funds awarded by the United States Department of Housing and Urban Development in the amount of \$27,472,000.00 from the Community Development Block Grant - Disaster Recovery Program;
2. Repeal Appropriation Ordinance No. 26008-02-2023;
3. 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 \$27,472,000.00, in the Community Development Block Grant - Disaster Recovery funds; and
4. Authorize a substantial amendment to the City of Fort Worth's 2021 Community Development Block Grant - Disaster Recovery Action Plan (City Project No. 105152) to provide additional program detail related to the housing programs, update maximum assistance award amounts, revise line items and budget amounts per project, and include additional language for clarification.

DISCUSSION:

The purpose of this Mayor & Council Communication (M&C) is to (1) repeal and readopt an appropriation ordinance for the previously approved 2021 Community Development Block Grant-Disaster Recovery (CDBG-DR) Fund in order to correct the authorized amount in the ordinance, and (2) request approval of a substantial amendment to the City's 2021 CDBG-DR Action Plan (Action Plan) which was approved by the City Council on February 14, 2023, (M&C 23-0072) and by the United States Department of Housing and Urban Development (HUD) on May 8, 2023.

A clerical error was made on M&C 23-0072 concerning the authorized amount of grant funds listed in the Subject line, Recommendation #4, and in the adopted appropriation ordinance. The amount was incorrectly listed as \$27,420,000.00 but should have been listed as \$27,472,000.00. This M&C is seeking to correct the authorized amount under the Recommendation as well as the associated ordinance. All other recommendations were accurate and remain in effect as authorized through M&C 23-0072.

This M&C is also seeking approval of a substantial amendment to the Action Plan which 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.

Prior to the expenditure of CDBG-DR funds, the City was required to submit an Implementation Plan that details how CDBG-DR would be utilized through the Action Plan. The Implementation Plan describes the City's capacity to carry out the recovery and how it will address any capacity gaps. It is a demonstration to HUD that the City has sufficient capacity to manage the CDBG-DR funds and the associated risks. The Action Plan outlined how the funds would address the City's unmet housing needs, including the rehabilitation of damaged, single-family homes and rental units, as well as the construction of new rental units that, while undamaged, would help mitigate disaster-related impacts within Fort Worth city limits. The Action Plan mandates a 15% set-aside for mitigation along with provisions for eligible activities such as infrastructure, planning, and up to 5% for administration. CDBG-DR funds are designated to benefit low-and moderate-income residents in Fort Worth.

The following programs and activities were approved in M&C 23-0072 on February 14, 2023:

Program/Activity	Description	Amount
Program Administration (5%)*	General administration costs related to CDBG-DR grant, including, but not limited to, staff time administering programs, compliance, and monitoring of the City's subrecipients, vendors, and other recipients of funding	\$1,373,600.00

Mitigation*	Initiatives to address potential hazards that the City is susceptible to, enhancing its resilience in the face of adversity	\$2,167,000.00
Infrastructure	Assist in development and/or repair of City owned buildings and land improvements due to damages caused by storm	\$2,931,400.00
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	\$14,000,000.00
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	\$7,000,000.00
TOTAL BUDGET		\$27,472,000.00

***Allocation amount determined by HUD**

Starting in April 2023, HUD provided a technical assistance contractor to support the City in developing and implementing program strategies. This support included a comprehensive review of the Action Plan and a set of recommendations aimed at better aligning funding with the needs of City residents.

As a result of this collaborative review, an amendment to the HUD-approved Plan is being proposed as follows:

- **Program Beneficiaries:** Edits were made to clarify that activities funded with CDBG-DR funds must benefit low-and moderate-income households earning up to 80% of the Area Median Income.
- **Program Details:** Updated program details will specify maximum assistance per strategy.
 - Recommended an award limit of \$3 million for multi-family affordable rental housing projects, and \$150,000.00 for single-family rehabilitation projects.
 - Eliminated single-family new construction activity.
 - Identified each program that will have project delivery cost, that will not exceed 20% of project budgets.
- **Program Budget:** Updated Table 20 in the approved Plan to clarify initiatives.
 - Identified a budget for Planning of approximately 1% of total CDBG-DR allocation for activities that may include public communication and engagement, website development, annual action plan, individual project plans, environmental reviews, unmet needs data collection and analysis.
 - Eliminated budget allocation for infrastructure as previous infrastructure estimates included assistance to other City departments that have since been addressed.
 - Increased the budget for mitigation set aside to the amount required by HUD; and an additional \$500,000.00 to address current identified needs.

[NOTE: All budget allocations for each program are estimates based on the needs assessment and public comments received. Budget amounts may be adjusted and will be communicated in accordance with the City's Citizen Participation Plan.]

PROPOSED FUNDING ALLOCATIONS

Program/Activity	City Council Approved Amount February 14, 2023	Current Proposed Amended 2021 CDBG-DR Action Plan Recommendations	Increase/ (Decrease) to Previously Approved	Justification
Program Administration (5%)	\$1,373,600.00	\$1,373,600.00	\$0.00	No change - Allocation determined by HUD
*Planning	\$0.00	\$220,000.000	\$220,000.00	*Reallocated eligible planning activities to separate line-item budget

**Mitigation	\$2,167,000.00	\$4,083,000.00	\$1,916,000.00	**Activity budget was increased following the Fiscal Year (FY) 22 second HUD appropriation. This spending requirement is at least 15% (\$3,583,000.00) as required by HUD, but additional funds are recommended for initiatives aimed at improving energy resilience at community centers and readiness for critical winter street operations storm response.
Single-Family Homeowners/Renters - Minor/Major Repairs & New Construction	\$14,000,000.00	\$0.00	(\$14,000,000.00)	Activity was removed to revise the descriptions of the programs that align with this category and to remove new construction from the program.
Single-Family Home Rehabilitation	\$0.00	\$6,795,400.00	\$6,795,400.00	Activity name was originally captured under the Single-Family Homeowners/ Renters - Minor/Major Repairs/ New Construction category. Recommendation is to reduce budget associated with removing new construction from the program and include project delivery costs.
Multifamily Property Repairs/Rehabilitation/New Construction (Affordable Rental Housing)	\$7,000,000.00	\$15,000,000.00	\$8,000,000.00	Revised activity name to include activity type - Affordable Rental Housing; increased the budget to support the preservation of rental units, and to include project delivery costs.
Infrastructure	\$2,931,400.00	\$0.00	(\$2,931,400.00)	Recommendation is to eliminate the activity, as the identified needs have already been met.
TOTAL	\$27,472,000.00	\$27,472,000.00	\$0.00	

Specific to the Housing Multifamily Rehabilitation and New Construction programs, CDBG-DR funds cannot be used for supportive services, vouchers, or general operating expenses.

A Public Notice was published in the *Fort Worth Star-Telegram* on Sunday, July 7, 2024, notifying the public of a 30-day public comment period beginning Monday, July 8, 2024, and ending Wednesday, August 7, 2024. Staff held a Public Hearing on Thursday, July 18, 2024, at 6:00 p.m. at the Ella Mae Shamblee Library, 1062 Evans Avenue, Fort Worth, Texas 76104. An additional two Public Notices were published in the *Fort Worth Star-Telegram*. One was published on Wednesday, November 6, 2024, notifying the public of an additional 30-day public comment period beginning Thursday, November 7, 2024, and ending Friday, December 6, 2024, with a Public Hearing scheduled to be held on Tuesday, December 10, 2024, at 6:00 p.m. at the City Council meeting. An additional notice was published on Sunday, December 22, 2024, notifying the public of an additional public comment period beginning Monday, December 23, 2024, and ending Friday, January 24, 2025, specifically to notify the public of an updated date for the Public Hearing scheduled to be held on Tuesday, January 28, 2025, at 10:00 a.m. at the City Council meeting. All comments received will be documented and maintained in the Neighborhood Services Department and included with the submission of this amendment. Upon approval, this amendment will be submitted to HUD for review.

All figures have been rounded to the nearest dollar for presentation purposes.

