

To the Mayor and Members of the City Council**January 14, 2025**

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SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY PROGRAM PROPOSAL, ACTION PLAN AND SUBSTANTIAL AMENDMENT

The purpose of this Informal Report is to provide an update on a Substantial Amendment to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Public Action Plan (Action Plan).

As previously noted in Informal Report No. 24-1809, dated March 5, 2024, the City of Fort Worth received CDBG-DR funds due to the impact of the 2021 Winter Storm Uri. The unprecedentedly low temperatures led to treacherous travel conditions and extensive electricity and water outages statewide, significantly impacting residents, homes, businesses and infrastructure. Consequently, in response to this crisis, President Biden declared the storm a major disaster on February 19, 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. This 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.

On February 14, 2023, the Fort Worth City Council approved the following Action Plan, which funded activities based on the unmet needs resulting from Winter Storm Uri (M&C 23-0072):

| 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 | \$2,931,400.00 |

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| | damages caused by storm | |
| 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*

***M&C 23-0072 stated a total award amount of \$27,420,000.00 in error. The award amount has been and remains \$27,472,000.00.*

The Action Plan was submitted to HUD on February 15, 2023, and approved on May 8, 2023. 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 the activities funded with CDBG-DR funds must benefit low-and moderate-income households earning up to 120% 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 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.

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- **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 the 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.]

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 to be held on Tuesday, January 28, 2025, at 10:00 a.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 Public Hearing date. The meeting will be held in City Council Chambers, 200 Texas Street, Fort Worth, Texas 76102. All comments received will be documented and maintained in the Neighborhood Services Department and included with the submission of this amendment. An M&C will be included on the City Council agenda on January 28, 2025, requesting City Council approval of this Substantial Amendment. Upon approval, this amendment will be submitted to HUD for review.

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The following Programs and activities are being requested for approval:

| Program/ Activity | City Council Approved Amount 14-Feb-23 | Current Proposed Amended 2022 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 | \$220,000.00 | \$220,000.00 | *Activity amendment was initially proposed with a budget of \$3 million. After consulting with the HUD technical assistance contractor, it was determined that a lower amount would more accurately reflect actual staff expenses during the contract period. |
| **Mitigation | \$2,167,000.00 | \$4,083,000.00 | \$1,916,000.00 | **Activity budget was increased following the FY22 second HUD appropriation. This spending requirement is at least 15% (\$3,583,000) 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 operation storm response. |

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| 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 in the first amendment 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 | Activity was removed to revise the program descriptions to better align with this category. |
| Infrastructure | \$2,931,400.00 | \$0.00 | (\$2,931,400.00) | Recommendation in the first amendment 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.

Please contact the Neighborhood Services Department Director Kacey Bess at 817-392-8187 for additional information.

David Cooke
City Manager