

Mayor and Council Communication

DATE: 08/11/20

M&C FILE NUMBER: M&C 20-0518

LOG NAME: 02COVID VULNERABLE PERMANENT SUPPORTIVE HOUSING

SUBJECT

Authorize Agreements with Housing Authority of the City of Fort Worth, dba Fort Worth Housing Solutions; The Presbyterian Night Shelter of Tarrant County, Inc.; and D. Bivens Consulting, LLC, dba dlb Consultants, LLC, in a Combined Amount Not to Exceed \$18,600,000.00 from Funds Previously Received from the U.S. Department of the Treasury Pursuant to Title V of the Coronavirus Aid, Relief, and Economic Security Act for the Acquisition and Development of Protective Housing for COVID-19 Vulnerable Individuals in Need of Ongoing Supportive Services, and Adopt Appropriation Ordinance (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt ordinance increasing receipts and appropriations in the Grants Operating Federal Fund in amount of \$18,600,000.00 from funds previously received from the U.S. Department of the Treasury pursuant to Title V of the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and
 2. Authorize the City Manager, or his designee, to execute forgivable loan agreements and related contracts with Housing Authority of the City of Fort Worth, dba Fort Worth Housing Solutions, and with The Presbyterian Night Shelter of Tarrant County, Inc. for the acquisition and development of protective housing for COVID-19 vulnerable individuals in need of ongoing supportive housing and with D. Bivens Consulting, LLC, dba dlb Consultants, LLC, for construction support services in a total combined amount not to exceed \$18,600,000.00.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions aimed at providing approximately 200 units of protective housing for certain COVID-19 vulnerable individuals, with funding for acquisition, renovation, and construction support services coming from a portion of the CARES Title V funding previously provided to the City.

The U.S. Centers for Disease Control and Prevention (CDC) has noted that congregate living situations, such as homeless shelters, pose a greater risk of COVID-19 spreading and have issued recommendations that emergency homeless shelters reduce density/decompress to allow for safe distancing of homeless clients. The CDC additionally recommends "protective housing for people who are at highest risk of severe COVID-19." Per the CDC, two groups defined as particularly vulnerable to severe COVID-19 are those over 65 years old and those with specific underlying health conditions, especially chronic lung disease or moderate/severe asthma, serious heart conditions, immunocompromised, severe obesity, diabetes, chronic kidney disease and liver disease.

Permanent Supportive Housing (PSH) is a type of housing suitable for disabled households experiencing more than one year of homelessness. PSH clients require ongoing case management and assistance to remain housed. While there has been significant homeless system funding provided to the City and the Tarrant County Homeless Coalition through U.S. Housing and Urban Development's (HUD) Emergency Solutions Grants (ESG) due to COVID-19, this funding does not address the need for PSH.

In view of the CDC recommendations and the lack of ESG funding for PSH, the City will use \$18.6 million of funding provided under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Title V (Coronavirus Relief Funds or Title V funds) to acquire and convert existing motels, hotels, extended stays, apartment complexes, or similar permanent structures to serve as and provide approximately 200 new units of PSH spread across two or more locations. The new PSH units will provide protective housing for high risk COVID-19 vulnerable and disabled households experiencing chronic homelessness.

On July 1, 2020, the City issued Request for Proposals 20-0190 (RFP) seeking proposers to: (1) quickly acquire and convert existing motels, hotels, extended stays, apartment complexes, or similar permanent structures to serve as approximately 200 units of PSH split across two or more locations; and (2) provide ongoing supportive services for such households for a period of at least twenty (20) years. The City will provide funding for the initial costs of acquisition via a one-time payment and subsequent payments for conversion/renovation from Title V funds, and anticipates assisting the selected proposers to secure ongoing operating subsidies from other sources. The RFP advertisement appeared in the Fort Worth Star Telegram on July 1, July 8 and July 15, 2020.

The City received five proposals for the PSH project. After a competitive scoring process, Housing Authority of the City of Fort Worth, dba Fort Worth Housing Solutions (FWHS), and The Presbyterian Night Shelter of Tarrant County, Inc. (PNS) were recommended to be awarded a notice to proceed. These agencies have experience in permanent supportive housing.

In addition, D. Bivens Consulting, LLC, dba dlb Consultants, LLC - a certified DBE - is being recommended for award of a prime contract for construction support services consulting to assist the selected proposers in meeting their Section 3 business, resident, employment, and minority and women-owned business (M/WBE) aspirational goals.

Because of the pressing need due to the ongoing public health crisis and strict funding timelines, staff proposes projects be funded based on which ones can be made tenant-ready in the shortest time period. Although staff is recommending two vendors be given notice to proceed with identifying and obtaining approvals for potential sites, actual award of funds would be based on which properties get identified and approved first to provide the target 200 units. Approval is based on the proposer having (1) the property under option, (2) appropriate zoning for the proposed use, and (3) a resolution of support from the City Council. If one of the proposers has 200 units identified and approved before the other proposer completes its identification and approval process, then only that one proposer would be awarded. The goal is to move swiftly to getting housing online and leased up to address the pressing need to address COVID 19 and to expend funds within mandated timelines.

Each property will be subject to a lien and deed of trust as well as a land use restriction agreement (LURA) to ensure these sites continue to serve the intended purpose – providing protective housing for high-risk individuals in need of permanent supportive housing – for the entire 20 year performance period. If the properties continue to be used for this purpose throughout the performance period, the loans would be forgiven, and no repayment would be required. However, if a property is not used for the intended purpose throughout the performance period or if the federal government subsequently determines via audit that this use of CARES Title V funding is invalid, the City would be able to require repayment, including if necessary exercising its authority under the lien, deed of trust, and LURA to require the properties be sold.

Staff anticipates that the total \$18.6 million would be divided up to provide approximately \$16 million for acquisition, \$2.5 million for renovation, and \$100,000.00 for construction support services. These estimates equate to approximately \$80,000.00 per unit for acquisition and \$12,500.00 per unit for renovation, resulting in an estimated average cost of \$92,500.00 per unit.

However, because both acquisition and renovation costs will vary depending on the age and condition of each identified site, staff proposes it be given the flexibility to shift amounts between the acquisition and renovation costs and as among the approved sites.

Because the Coronavirus Relief Funds must be expended by December 30, 2020, another funding source would be needed to provide ongoing supportive services. The Directions Home unit is re-configuring its budget to provide funding for up to eight PSH case managers for the 200 units.

The proposer(s) ultimately awarded funding (FWHS and/or PNS) would be responsible for determining its operating expenses based on the particular property or properties identified and acquired. It is anticipated (based on target population/existing PSH properties) that the average tenant payment would be \$200. To maintain PSH status, tenants cannot be asked to pay more than 30% of their income, and lack of income cannot disqualify a tenant. If there is a gap between operating expenses and revenue, each selected proposer will work with Directions Home to determine an appropriate source and amount for gap funding.

This M&C is the fourth appropriation of grant funds related to COVID-19, following an original M&C that established an initial \$1,000,000.00 appropriation in the Grants Operating Other Fund (M&C 20-0188), a follow-up M&C establishing the Grants Operating Federal Fund appropriation in the amount of \$2,000,000.00 for this same expense tracking and reimbursement purpose (M&C 20-0247), and a third M&C (M&C 20-0263) bringing the total appropriation in the Grants Operating Federal Fund up to \$50 million.

These programs are available in ALL COUNCIL DISTRICTS.

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 budget of the Grants Operating Federal Fund. The City Manager's Office has the responsibility to validate the availability of funds prior to expenditures being made. This is an advance grant.

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