

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 05/13/25 M&C FILE NUMBER: M&C 25-0402

LOG NAME: 08RESTORE HUD FUNDS

**SUBJECT**

(ALL) Authorize Repayment of \$724,857.08 to the United States Department of Housing and Urban Development, Including \$449,002.34 in Funds Previously Identified in Mayor and Council Communication 24-0914, \$235,612.49 in Available Interest Earnings, and \$40,242.25 in General Fund Dollars Associated with Savings in the Diversity and Inclusion Department

**RECOMMENDATION:**

It is recommended that the City Council authorize the repayment of \$724,857.08 to the United States Department of Housing and Urban Development (HUD), including \$449,002.34 in funds previously identified in Mayor and Council Communication 24-0914, \$235,612.49 in available interest earnings, and \$40,242.25 in General Fund dollars associated with savings in the Diversity and Inclusion Department

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to take actions to facilitate a repayment of \$724,857.08 to the United States Department of Housing and Urban Development (HUD) by June 1, 2025.

When administration of the Fair Housing Assistance Program (FHAP) was reassigned under the City of Fort Worth Diversity & Inclusion Department (DVIN), department management, in coordination with HUD regional staff, identified some concerns with non-FHAP expenditures that had been charged to the grant funds. Following further review conducted in cooperation with the Internal Audit and Financial Management Services (FMS) Departments, a total of \$449,002.34 was identified as having been charged against FHAP in a combination of ineligible expenditures and potentially eligible expenditures for which there was inadequate documentation.

On October 15, 2024, the City Council approved M&C 24-0914, which moved those expenditures to other unrestricted funding, making the \$449,002.34 available for future use in administering the FHAP.

On March 17, 2025, HUD contacted the City and advised that HUD had identified an additional \$275,854.74 in ineligible or undocumented expenses. HUD advised that a total of \$724,857.08 needed to be paid to HUD by June 1, 2025. The City Manager's Office has requested technical assistance from HUD to more clearly identify the specific disallowed or undocumented costs in an effort to better understand where errors were made and to avoid replicating such errors in the future if the City again takes part in administering the FHAP.

Repayment of this amount will be accomplished by adjusting the appropriation for the \$449,002.34, adding \$235,612.49 of available interest earnings, and reallocating \$40,242.25 in General Fund dollars from savings in the Diversity and Inclusion Department budget. Approval of this M&C and adoption of the attached ordinances will accomplish the budgetary realignment and authorize repayment to HUD.

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

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies funds that upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the Grants Operating Federal Fund and the General Fund. Prior to an expenditure being incurred, the Diversity and Inclusion Department has the responsibility to validate the availability of funds.

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Expedited