



Memorandum

To: Members of the Finance Committee

From: Laura Englehart, Economic Development Director
Theodore Darden IV, Neighborhood and Housing Specialist

cc: Mayor David E. Weiss
Chief Administrative Officer Jeri E. Chaikin
Director of Finance John Potts

Date: January 11, 2023

Re: Request to contract with Home Repair Resource Center for an amount not to exceed \$125,000 for administration of home repair grants and programs for Shaker residents in 2023

The Economic Development Department requests approval to enter into a contract with Home Repair Resource Center (HRRC) for an amount not to exceed \$125,000 to administer a suite of City-funded home repair grant programs and additional home repair services in 2023. Of this total amount, \$90,000 will be reserved as grant funds available to Shaker Heights residents for brick-and-mortar repairs.

I. Background

The City has long funded home repair programs to help eligible owner-occupants correct exterior code violations, address emergency repairs, complete accessibility upgrades, and more. The City funds four violation-based, income-restricted grant programs and the Moreland Model Block program. These programs are essential in assisting Shaker residents, especially senior adults and financially constrained households, with completing repair and improvement projects at their homes.

Following an RFQ process, the City began contracting with HRRC to administer these programs in 2021 and successfully continued the partnership through 2022. In 2023, we propose continuing this partnership and potentially expanding it to include administration of any CDSG funds awarded to the City of Shaker Heights by Cuyahoga County.

II. Overview of Existing Grant Programs

City-Funded Programs

- **Exterior Maintenance Grant and Senior Exterior Maintenance Grant:** Provide grants of up to \$2,500 to eligible residents to correct exterior code violations cited by the Building and Housing Department.
- **Senior Emergency Safety Grant:** Provides grants of up to \$500 to eligible residents to address emergency repairs or accessibility upgrades.
- **Paint Program:** Supplies a voucher for paint and supplies to eligible residents for addressing DIY “scrape and paint” violations.
- **Moreland Model Block Program:** Provides grants of up to \$2,500 to owner-occupied households to address street visible violations and/or curb appeal improvements. Adjoining neighbors who apply together as a group receive a higher match percentage than if they apply alone, simultaneously addressing physical improvements and incentivizing community building within one program.

Possible Externally Funded Program: In December 2022, the City submitted a grant application requesting \$50,000 from the Cuyahoga County Department of Development's 2023 Supplemental Grant Program to supplement and expand the City's home repair grant programs listed above.

III. Grant Program Data

A majority of grant-funded projects address code violations cited by the Building and Housing Department during exterior systematic inspections of every neighborhood (done on a five-year rotation). Therefore, usage of these programs varies by year and generally increases in the years following inspections in low- and moderate-income neighborhoods.

Households Funded: from 2012 through 2022, an average of 25 households completed a City-funded grant project each year.

Yearly Spending: from 2012 through 2022, average total yearly spending on all City-funded home repair projects was \$38,510.

2022 Data: In our second year of partnering with HRRC for administration of the City's home repair grant programs, they exceeded expectations by funding repairs for a total of 34 households in 2022, with an additional 40 applicants in the application process. City spending on brick-and-mortar grant projects under the 2022 contract to date is approximately \$50,600 (not including fees).

IV. Partner Overview and Services

Overview

Home Repair Resource Center is a nonprofit housing agency located in Cleveland Heights whose mission is to empower homeowners to maintain their homes for sustainable and diverse communities. HRRC offers classes and counseling for prospective homebuyers, loans and grants for eligible homeowners to finance repairs, hands-on workshops, a Tool Library, foreclosure prevention, and more. Founded in 1971, HRRC is a firmly established organization with multiple entry points designed to serve people throughout all stages of homeownership and has facilitated over \$15.5 million in repairs for homeowners since their founding. The City of Shaker Heights has had a successful collaboration with HRRC since 2014 that has provided hands-on repair classes, technical assistance, access to the Tool Library, and more to residents. 2021 and 2022 were the first years in which HRRC also administered City-funded home repair grant programs.

Contract Services

Under this 2023 contract, HRRC will:

- Administer all City-funded grant programs, to include:
 - o Fielding inquiries from Shaker residents
 - o Providing applications for City grants and referrals to other programs, as needed
 - o Reviewing and approving/declining grant applications
 - o Providing technical assistance to applicants, including assistance with contractors
 - o Managing construction projects and ensuring completion
 - o Processing payments to contractors
 - o Reporting data on program usage to the City

- Administer any CDSG funds awarded to the City of Shaker Heights for home repair programming (dependent upon application to Cuyahoga County)
- Provide a suite of home repair and educational services available to all Shaker residents, including:
 - o Hands-on repair class rates discounted 25% for Shaker residents
 - o Shaker-based hands-on repair classes
 - o Access to the Tool Library
 - o Technical assistance by phone, email, or appointment
 - o Assistance to residents with Shaker Heights Municipal Housing Court cases, upon request
 - o Homeowner Education Series and counseling
 - o Senior Programming
 - o Landlord Training participation

In addition to the services provided under this proposed 2023 contract, HRRC is taking steps to secure additional home repair funding for Shaker residents that they would administer separately from this contract. For example, HRRC received a grant from Huntington Bank that will be made available to Shaker residents for specific repair projects. HRRC also recently launched a new program with KeyBank to provide a new a lending option for homeowners who don't qualify for traditional lending to address home repair, which will also be available to residents of Shaker Heights. These are two examples of the added services provided to Shaker residents under our partnership.

Fee Structure

In 2023 our fee structure with HRRC will be the same as in 2022, as follows:

- Contract total: \$125,000
 - o Of this, funds reserved for brick-and-mortar repair work for Shaker residents: \$90,000
 - o Administrative fees paid to HRRC: maximum of \$35,000 split between:
 - A "base" administration fee of \$26,000, paid monthly
 - Per-project fees of 10% of each completed project (maximum of \$9,000) paid upon successful completion and inspection of each project

Fees to HRRC under this structure will not exceed \$35,000. The funds available to residents for brick-and-mortar repairs will be \$90,000 and will be split among programs. Monies reserved for repair work and project fees that are not spent will be retained by the City.

If the City is successful in obtaining CDSG funds from the County to augment our suite of home repair grant programs, HRRC is willing and able to administer those additional funds. In that event, because CDSG funds are not able to be used to pay administrative fees, all per project fees would be paid out of City funds.

Recommendation

The Neighborhood and Economic Development committee considered this item at its meeting on January 11, 2023 and recommended approval. Discussion included overall agreement that the partnership between the City and HRRC has been very successful and that the technical assistance HRRC provides to residents is necessary and makes this program great.

The Economic Development Department now requests recommendation from this Finance Committee for Council to approve entering into a contract with Home Repair Resource Center (HRRC) for an amount not to exceed \$125,000 to administer City-funded home repair grant programs and additional home repair services in 2023 (\$90,000 will be reserved for direct grants to residents for home repair). Funds are available in the Economic Development Department operating budget for this purpose.