



City of Huntington Beach

File #: 22-712

MEETING DATE: 9/6/2022

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Ursula Luna-Reynosa, Director of Community Development

PREPARED BY: Charles Kovac, Housing Manager

Subject:

Approve and authorize the formation of a Tenant Based Rental Assistance (TBRA) Program for eligible senior mobile home owners

Statement of Issue:

On June 21, Councilmembers Kalmick and Moser brought forward a proposal to implement a Tenant Based Rental Assistance (TBRA) Program to provide rent relief for very low-income senior mobile home owners. After discussion, the City Council directed staff to research other similar programs and identify best practices, potential partners, funding mechanisms, and program framework that will adhere to all federal regulations, and return to City Council for further consideration of the proposed program.

City staff has conducted extensive research of existing mobile home TBRA programs offered in Fullerton and Anaheim, and the states of Florida and Nevada to review and develop best practices for the proposed Mobile Home Tenant Based Rental Assistance (MHTBRA) Program. Staff also met with the Mobile Home Advisory Board (MHAB) on July 25 to seek input on the proposed MHTBRA. The MHAB recommended the City Council approve the MHTBRA (by a 7-1-1 vote) and further recommended the City Council identify a permanent funding source for the new program.

The City currently offers TBRA for individuals and families that are homeless or at risk of homelessness through the federal HOME Investment Partnerships Program (HOME). This TBRA program is administered by two nonprofit partners: Families Forward and Mercy House. After reviewing federal TBRA guidance and speaking directly with representatives from the United States Department of Housing and Urban Development (HUD), staff has determined that TBRA can also assist eligible very-low income senior mobile home owners. Similar to the City's existing homelessness prevention TBRA program, this MHTBRA program would provide participating households temporary monthly rental assistance for up to two years.

The City has approximately \$391,000 of carryover HOME funds from fiscal year 2021-22. These are unspent TBRA funds from last year and are available for the proposed MHTBRA program. In addition, the City has \$78,000 in unallocated Community Development Block Grant (CDBG) funds

available for program administration and \$65,000 for mobile home rehabilitation grants to help home owners pass the HUD-required property inspection described more fully below.

Should the City Council approve the proposed MHTBRA utilizing these HOME and CDBG funds, the City's 2020-24 Consolidated Plan and 2022-23 Annual Action Plan must be amended by the City Council and subsequently approved by HUD. Following a HUD-mandated 30-day public review period, the earliest the amendments can be considered by the City Council would be at its meeting on October 18. The program could commence in early 2023 following a 45-day HUD review period and solicitation of a service provider to administer the program.

Financial Impact:

The recommended action by itself does not have a financial impact. Should the City Council approve the proposed MHTBRA program, staff will return with a recommendation to allocate approximately \$391,000 in HOME and \$143,000 in CDBG to fund the new program.

Recommended Action:

A) Approve the proposed Mobile Home Tenant Based Rental Assistance Program for eligible very-low income senior mobile home owners to provide rental assistance for space rent; and,

B) Direct staff to return to City Council for approval of the following: 1) Amendment No. One to the 2022-23 Annual Action Plan; 2) Amendment No. Three to the 2020-24 Consolidated Plan; 3) MHTBRA Program Guidelines and Operating Procedures; and 4) Amendment No. One to the City's Residential Rehabilitation Program Guidelines

Alternative Action(s):

Do not approve the MHTBRA Program and direct staff accordingly.

Analysis:

The City Council is considering implementing a MHTBRA program that would assist eligible very-low income senior mobile home owners to complement the City's existing TBRA program that currently assists individuals and families that are homeless or at-risk of homelessness. The existing TBRA program would continue and would not be impacted by the new MHTBRA program.

The new MHTBRA program would ideally serve senior mobile home residents aging in place who are experiencing unanticipated rent increases making it difficult to pay for rent and other living expenses. This program would enable the City to provide monthly rental assistance up to two years to eligible senior mobile home owners to pay for a portion of their space rent. Per HUD-regulations, program funds may not be used to pay back-rent or mortgage expenses.

For purposes of participating in the City's MHTBRA Program, an eligible senior (62 years of age or older) mobile home owner must qualify as very low-income and the household must not receive other governmental rent subsidies. By definition, very low-income is a household that has an adjusted annual income that does not exceed 50% of the Area Median Income (AMI), adjusted for family size, as established by HUD (for Huntington Beach, the very-low income, two person household limit is \$54,200 for 2022).

In addition to these minimum qualifications, the City can choose to implement local preferences to

serve certain residents first. During its discussion of the proposed program, the City Council favored enacting a local preference for military veterans. After reviewing best practices for veteran preferences, staff recommends defining a veteran as a person who served in the active military, naval, or air service, and who was discharged or released under honorable conditions or conditions other than dishonorable.

After considering City Council and MHAB comments, staff recommends the following additional local preferences to ensure those most in need of assistance have the opportunity to be served first:

- Households that are extremely low-income (30% of AMI or less; maximum of \$32,550 for household of two persons).
- Households that are paying 50% or more of gross income for space rent.

If an applicant were to be an extremely low-income veteran paying more than 50% of their income for rent, they would rise to the top of the list to be assisted. Applicants with two preferences would be next, then applicants with one preference, and last would be applicants with no preference.

In order to make sure the program addresses the City Council's objective of serving mobile home seniors aging in place, staff also recommends the following additional qualifying criteria:

- Households must own their mobile home and rent their space;
- The mobile home must be located in a mobile home park in the City of Huntington Beach;
- The household must include at least one member who is a senior age 62 years or older, who has resided in their mobile home for at least one year; and
- The minimum rental assistance will be \$75 per month.

Rental assistance under the MHTBRA program would be very similar to the City's existing TBRA program. First, City staff (or a selected service provider) will review income and other necessary documentation to determine eligibility. Staff will also review the household's space lease agreement to verify the amount of rent paid on a monthly basis is reasonable and less than the fair market rent standard established by HUD (for 2022, the fair market rent standard in Huntington Beach is \$2,324). All participating households are required to pay 30% of their gross monthly income for space rent, and the City then subsidizes the difference up to the fair market rent standard. If the household's rent exceeds the fair market rent standard, they must pay the amount above this limit.

Once program eligibility has been determined, the participating household's mobile home will need to be inspected to ensure that it meets federally established housing quality standards. Any deficiencies must be corrected before rental assistance can begin. In speaking with other cities operating similar programs, most older mobile homes require some amount of corrections to pass inspection. For this reason, and because the population to be served by this program may not have the financial resources to make necessary repairs, staff is proposing a modification to the City's existing CDBG-funded Housing Rehabilitation Program to provide small grants up to \$2,000 to cover the cost of minor repairs.

With the initial available HOME funding of approximately \$391,000 and applying a citywide average space rent of \$1,839 (based on an informal survey of mobile home parks), staff estimates 30 households can be assisted for one year (12 months). This number will be higher or lower

depending on actual gross income and space rent of the households served. Participating households will enter into a rent payment reimbursement contract with the City for assistance up to one year with a possible one-year extension depending on continuing eligibility and program funding. Participating households will then provide proof of their space rent payment to the City and the City will reimburse their monthly subsidy amount.

Assistance may be terminated upon any of the following disqualifying factors:

- The household is no longer income eligible (i.e., income exceeds 50% of AMI adjusted per household size);
- The household fails to complete the eligibility recertification process;
- The household no longer resides in the eligible mobile home unit on a full-time basis; or
- The household fails to pay their space rent.

Staff recommends giving interested households up to four weeks to register for an initial interest list to be sure everyone that is interested is aware of the program. Information to be collected will include all information necessary to assess program eligibility as well as for all preferences. Demand for the program is expected to exceed the number of households that can be served with available funding, so staff recommends using a lottery to establish the waitlist. Once the lottery order has been set, the City (or a selected service provider) will contact the households to begin the eligibility verification process.

Environmental Status:

Pursuant to CEQA Guidelines Section 15378(b)(4), government fiscal activities that do not result in a physical change in the environment, and do not commit the lead agency to any specific project, do not constitute a project. Therefore, these activities are exempt in accordance with CEQA Guidelines Section 15060(c)(3).

Since federal dollars (CDBG and HOME) are being used for the proposed TBRA Program activity, National Environmental Policy Act (NEPA) compliance will be required prior to execution of funding agreements and disbursement of funds. The City will complete all NEPA Compliance for the approved TBRA Program activity prior to the start of the program (estimated January 1, 2023).

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

None