



City of Huntington Beach

File #: 22-846

MEETING DATE: 11/1/2022

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:

Approval of the Mobile Home Tenant Based Rental Assistance Program Guidelines; Amendment No. 1 to the City's Homeowner Rehabilitation Loans and Grants Program Policies and Procedures; Amendment No. 1 (Substantial) to the 2022-2023 Annual Action Plan - Resolution No. 2022-56; Amendment No. 3 (Substantial) to the 2020-2024 Consolidated Plan for Federal Community Development Block Grant and Home Investment Partnerships (HOME) Entitlement Grant Programs - Resolution No. 2022-61; and authorization to temporarily reduce rents for eligible seniors at Ocean View Estates

Statement of Issue:

The City receives Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) federal entitlement grant funds annually from the U.S. Department of Housing and Urban Development (HUD). Amendments to the 2022-2023 Annual Action Plan and the 2020-2024 Consolidated Plan ("Substantial Amendments") for the CDBG and HOME programs are proposed to help fund the proposed senior Mobile Home Tenant Based Rental Assistance (MHTBRA) Program and also authorize various minor funding and performance objective adjustments to previously approved programs.

Staff has also proposed guidelines for the MHTBRA Program ("Guidelines"), as well as an amendment to the City's Homeowner Rehabilitation Loans and Grants Program Policies and Procedures ("Housing Rehab Policies") that incorporates the MHTBRA Program into the housing rehabilitation program. This amendment will allow the program to offer small grants to address corrections identified during the Housing Quality Standards (HQS) inspections that HUD requires for TBRA assistance.

Should the City Council approve the Substantial Amendments to the 2022-2023 Annual Action Plan and 2020-2024 Consolidated Plan, the MHTBRA Guidelines, and the amendment to the Housing Rehab Policies Program, following a HUD-mandated 45-day review and approval process, the MHTBRA Program can commence as early as mid-January 2023.

Financial Impact:

The City has available funding to implement the proposed MHTBRA Program in the amount of \$391,654 in HOME funds and \$143,000 in CDBG funds. Approval of the Substantial Amendments to the 2022-2023 Annual Action Plan and the 2020-2024 Consolidated Plan will not impact the General Fund. Approval of temporary rent reductions at Ocean View Estates will result in less rental income to the General Fund of approximately \$1,058 per month for each eligible resident.

Recommended Action:

Staff recommends that the City Council:

- A) Conduct a public hearing for Amendment No. 1 (Substantial) to the 2022-2023 Annual Action Plan and Amendment No. 3 (Substantial) to the 2020-2024 Consolidated Plan; and,
- B) Adopt Resolution No. 2022-61, "A Resolution of the City Council of the City of Huntington Beach Approving Amendment No. Three (Substantial) to the 2020-2024 Consolidated Plan;" and,
- C) Adopt Resolution No. 2022-56, "A Resolution of the City Council of the City of Huntington Beach Approving Amendment No. One (Substantial) to the 2022-2023 Annual Action Plan"; and,
- D) Approve the Mobile Home Tenant Based Rental Assistance Program Guidelines; and,
- E) Approve the amendment to the City's Homeowner Rehabilitation Loans and Grants Program Policies and Procedures; and,
- F) Appropriate \$391,654 in 2021-2022 carryover HOME Investment Partnerships Program funding and \$143,000 in 2022-2023 unencumbered Community Development Block Grant funding to be used for the implementation of the Mobile Home Tenant Based Rental Assistance Program; and,
- G) Authorize the City Manager or his designee to sign all necessary related documents for the implementation of the Substantial Amendments and the Mobile Home Tenant Based Rental Assistance Program; and,
- H) Authorize the City Manager or his designee to approve temporary rent reductions for eligible seniors at Ocean View Estates consistent with the Mobile Home Tenant Based Rental Assistance Program.

Alternative Action(s):

Do not approve one or more recommended actions, and direct staff accordingly.

Analysis:

Background

On September 6, the City Council directed staff to move forward with the formation of the MHTBRA Program, which requires the preparation of the Substantial Amendments, MHTBRA Guidelines and the amendment to the Housing Rehab Policies. Utilizing HOME and CDBG funding, the City will assist eligible very-low income seniors (62 years or older) that currently own a mobile home with TBRA assistance. This MHTBRA Program compliments the City's existing TBRA program that assists individuals and families that are homeless or at-risk of homelessness that is administered by two nonprofit partners: Families Forward and Mercy House. The existing TBRA program would continue and not be impacted by the new MHTBRA program.

The MHTBRA Program will enable the City to meet the needs of participating tenant households by providing monthly rental assistance to eligible senior mobile home owners to pay for a portion of their space rent for up to twenty-four months. The MHTBRA program would ideally serve senior mobile home residents aging in place who are experiencing unanticipated rent increases that may be difficult to pay for rent and other living expenses.

Based upon direction from the City Council, staff researched other similar programs and identified best practices, potential partners, funding mechanisms, and program framework that will adhere to all federal regulations, to implement the MHTBRA Program. Staff conducted extensive research of existing mobile home TBRA programs in Fullerton, Anaheim, Florida and Nevada and met with the Mobile Home Advisory Board (MHAB) on July 25 to seek input on the proposed MHTBRA Program. 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.

With the initial available HOME funding of \$391,654 and applying a citywide average space rent of \$1,839 (based on an informal survey of mobile home parks), staff estimates up to 30 households can be assisted for 12 months. This number will be higher or lower depending on actual gross income and space rent of the households served.

Amendment No. One (Substantial) to the 2022-2023 Annual Action Plan

The City currently has unencumbered federal funds in the amount of \$391,654 in 2021-2022 carryover HOME funds and \$381,117 in 2022-2023 CDBG funds that can be used to implement the MHTBRA Program. The City is proposing Amendment No. 1 (Substantial) to the FY 2022-2023 Annual Action Plan to include the following revisions related to implementing the MHTBRA Program (Attachment 1):

- Set up and fund the MHTBRA Program for seniors with \$391,654 in FY 2021-2022 HOME carryover funds (for approximately 30 households).
- Decrease the CDBG Unallocated Funds for a Future Project described in the 2022-2023 Annual Action Plan by \$143,000 for a new total of \$238,117.
 - Reallocate \$65,000 of the 2022-2023 CDBG Unallocated Funds for a Future Project to the Homeowner Rehabilitation Loans and Grants Program for a total of \$287,000 to assist in HQS inspections and repairs for the MHTBRA Program.

- Reallocate \$78,000 of the 2022-2023 CDBG Unallocated Funds for a Future Project to the Housing Services for Tenant Based Rental Assistance Program for a total of \$183,000 for administering the MHTBRA Program.

Amendment No. Three (Substantial) to the 2020-2024 Consolidated Plan

In order to implement the MHTBRA Program, the City is proposing Amendment No. 3 (Substantial) to the 2020-2024 Consolidated Plan to include the following (see Attachment 2):

- Add senior mobile homeowners as a priority need population in need of assistance. This will allow the MHTBRA Program to meet the goals and priorities identified in the 2020-2024 Consolidated Plan.
- Adjust the five-year performance goals as it relates to programs that are no longer funded or have received reduced/increased funding.

A notice of this November 1 public hearing for both Substantial Amendments was published on September 29 in *The Wave* and posted on the City's website for the HUD required 30-day public review period beginning September 30 and ending on November 1.

Mobile Home Tenant Base Rental Assistance Program Guidelines

Staff has prepared the draft MHTBRA Program Guidelines (Attachment 3) that outline the administrative process for the program, including eligibility requirements, preferences, selection of applicants, length of assistance, and recertification process.

For purposes of participating in the 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 percent 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 in 2022.

In addition to the minimum qualifications, the City is proposing to implement local preferences to serve certain residents first. During its discussion of the proposed program at the September 6 meeting, 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. Other preferences include 1) eligible households that are extremely low income and earn less than 30 percent of AMI; and 2) eligible households that pay over 50 percent of their gross income towards rent.

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 percent 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. Per HUD-regulations, program funds may not be used to pay back-rent or mortgage expenses.

Due to the limited amount of HOME funding available for the Program, selection of applicants for the MHTBRA Program will be based upon a lottery system. A one-month period will be established for senior mobile home owners to submit a brief "interest form" indicating their interest in participating in the MHTBRA Program. The interest form will be a simplified version of a TBRA application that will consist of basic information, including name, address, age, contact information, estimated gross income, number of household members, and qualification for any local preferences.

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.

Rental Assistance for Residents at Ocean View Estates

Staff recommends that eligible seniors at the City-owned mobile home park, Ocean View Estates (OVE) not be assisted under this MHTBRA Program, so that limited program funding can serve more residents in need at privately owned parks.

Staff is aware of at least one resident at OVE who needs assistance. For this resident and others who would otherwise be eligible for the MHTBRA Program and who apply for assistance within the one-month MHTBRA application period, City Council is requested to authorize staff to temporarily reduce space rent for up to two years consistent with the MHTBRA subsidy. To illustrate the potential financial impact, a senior living at OVE may earn \$1,000 per month in social security benefits. Under the MHTBRA guidelines this resident would pay 30 percent of their income towards rent. With a typical rent at OVE of \$1,358, in this example the resident would pay \$300 and the rent would be subsidized in the amount of \$1,058 per month. The total subsidy over two years for one resident would be \$25,392.

Amendment to the City's Homeowner Rehabilitation Loans and Grants Program Policies and Procedures

As part of the establishment of the MHTBRA Program, an amendment to the City's Housing Rehab Policies is recommended to allow for small grants for necessary minor corrections that are a result of HUD-required inspections. Once a senior's MHTBRA 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. Other cities operating similar programs have indicated that older mobile homes often require some amount of corrections to pass inspection. Examples of typical repairs include installation of smoke and carbon monoxide detectors, ground fault circuit interrupter (GFCI) protectors, and earthquake strapping to secure water heaters. 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 Housing Rehab Policies to provide small grants up to \$1,200 to cover the cost of minor repairs.

When the condition of a mobile home requires more extensive household repair, the homeowner will be invited to apply to the City's Emergency Grant program to receive assistance up to \$15,000. to address restoration or replacement of inoperable or severely deteriorated plumbing, heating, and electrical systems, structural repair and appliance replacement.

For the City Council's consideration, Attachment 4 contains the draft amendment to the City's Homeowner Rehabilitation Loans and Grants Program Policies and Procedures.

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 are being used for the proposed HOME and CDBG activities, 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 HOME and CDBG activities prior to the start of the programs or activities.

Strategic Plan Goal:

Economic Development & Housing

Attachment(s):

1. Resolution No. 2022-56, "A Resolution of the City Council of the City of Huntington Beach Approving Amendment No. One to the 2022-2023 Annual Action Plan."
2. Resolution No. 2022-61, "A Resolution of the City Council of the City of Huntington Beach Approving Amendment No. Three (Substantial) to the 2020-2024 Consolidated Plan."
3. Draft Mobile Home Tenant Based Rental Assistance Guidelines
4. Draft Amendment to the City's Rehabilitation Loans and Grants Program Policies and Procedures
5. PowerPoint presentation to City Council - November 1, 2022