



Agenda Report

Fullerton City Council

MEETING DATE: MARCH 17, 2020

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: MATT FOULKES, COMMUNITY AND ECONOMIC
DEVELOPMENT DIRECTOR
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DEVELOPMENT DEPUTY DIRECTOR

SUBJECT: AMENDMENT TO THE CITY'S TENANT BASED RENTAL
ASSISTANCE GUIDELINES TO EXPAND ELIGIBLE
PARTICIPANTS TO INCLUDE SENIOR VETERANS AND
CLARIFY OTHER PROGRAM GUIDELINES

SUMMARY

Consideration of amendments to the City's Tenant Based Rental Assistance Program (TBRA) to expand eligible participants to include qualifying senior veterans citywide and qualifying residents living in the Rancho La Paz or Rancho Fullerton mobile home parks that are less than 55 years of age, but are disabled. Additionally, consideration of clarification of the program guidelines regarding minimum income and asset requirements.

RECOMMENDATION

Appropriate up to \$200,000 of Fiscal Year 2020-21 HOME funds to implement the second year of the TBRA program including the proposed amendment to the program guidelines.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

FISCAL IMPACT

There is no impact to the General Fund as a result of this program. This program is funded by HOME Investment Partnerships Program funding. The appropriation up to \$200,000 in the HOME fund will increase budgeted revenues and expenditures.

DISCUSSION

At its meeting on August 20, 2019, the City Council approved a Tenant Based Rental Assistance Program for residents of the Rancho La Paz and Rancho Fullerton senior mobile home parks. The program was created for up to two years of rental assistance for qualifying participants and was funded through HOME Investment Partnerships Program (HOME) funds, allocating \$350,000 in HOME funds for the first year. City Council provided direction to staff to extend the program an additional year, pending funding availability. A request was made by the City Council to consider amending the program guidelines to expand eligible participants to include senior veterans citywide.

A large majority of mobile home residents in Fullerton are seniors on a fixed income. Although the mobile home unit is owned by the resident, in most mobile home parks, residents must pay a monthly rent for their space, which in some cases can amount to more than 50% of their monthly income.

The City has previously administered a Tenant Based Rental Assistance Program (2008 and 2016) and both of these prior iterations focused on assisting mobile home owners who paid more than 50% of their income towards housing costs, including space rent. Both iterations of the TBRA Program were ultimately discontinued due to lack of funding.

The sale of the Rancho La Paz senior mobile home park resulted in residents receiving notices of significant space rent increases. In response, City Council directed Staff to prepare an overview of potential tools that the City could consider to stabilize space rental rate increases at the City's senior mobile home parks.

On August 20, 2019 the City Council approved a new TBRA program to assist seniors in both the Rancho La Paz and Rancho Fullerton mobile home parks with the following program parameters:

- First priority be given to seniors (55+ years old) at or below 50% area median income (AMI), who are paying more than 50% of their monthly gross income for housing costs.
- Second priority be given to seniors (at or below 50% AMI) who are paying over 30% or their monthly income for housing costs. If needed, a lottery will be held at the second level.
- Utilize the fair market rent (FMR) rates, developed by the U.S. Department of Housing and Urban Development (HUD) for Orange County, adjusted annually to determine the amount of assistance to be provided.
- If the space rent is above the FMR, the additional amount above the FMR is required to be paid by the mobile home owner.

These parameters will be amended to include senior veteran priority in the two senior mobile home parks and senior veterans citywide. Other minor amendments will include minimum rent to be paid by resident, assistance to disabled residents under 55 in the two parks, a minimum income requirement (tied to the social security amount) and maximum asset amount of the residents. The revised TBRA Guidelines with proposed amendments highlighted are included as Attachment 2.

Following approval of the program by the City Council in August, 2019, City staff began working with residents in both mobile home parks on the required documentation needed by HUD to confirm eligibility to participate in the program. Although roll-out took longer

than expected, the program is currently assisting 23 households with seven pending completion of inspections or provision of missing documents. To date, 19 applications received were determined to be ineligible for the City's program. The most common reason for an application to be determined to be ineligible was that the monthly rental assistance needed was less than \$100 which was the minimum threshold established to ensure that program administration costs did not exceed the rental assistance provided. Should all of the pending applications ultimately be approved, the estimated cost for the two year program is \$370,000.

HOME Funding is apportioned to the City on an annual basis from HUD, however, the exact amount of HOME Funds that are allocated can fluctuate from year to year. The City Council initially allocated \$350,000 to the TBRA program with the expectation that additional funds could be added based on the City's annual HOME allocation. It is unknown how many additional residents will become eligible for the TBRA program by expanding eligibility to include senior veterans citywide in addition to new applicants living in the Rancho La Paz or Rancho Fullerton mobile home parks that may be eligible but have not yet applied for the program. Given these unknowns, the recommended additional allocation of \$200,000 in FY 2020-21 HOME funds will be utilized to expand the program eligibility on a first come, first served basis until the total amount allocated is encumbered. The TBRA program can then be reviewed annually to evaluate its effectiveness, and to consider future HOME fund allocations to continue the program.

Attachments:

- Attachment 1 – PowerPoint Presentation
- Attachment 2 – Amended TBRA Guidelines