



Agenda Item

City Council

Item #: 8.2.

11/14/2023

File #: 23-0739

TO: Honorable Mayor and Members of the City Council

THRU: Tom Kisela, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Consideration of a Tenant Based Rental Assistance Program for security and utilities deposit rental assistance to be funded out of the HOME Investment Partnerships Program.

2. SUMMARY

The U.S. Department of Housing and Urban Development (HUD) requires the City to prepare a five-year strategic plan, the Consolidated Plan, for Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds that includes an Action Plan for use of the funds. The proposed Tenant Based Rental Assistance Program is identified in the City's 2023-2024 Action Plan. The CDBG Committee has recommended allocation of a portion of the City's HOME funding to establish a program that assists qualifying households with security and utility deposit rental assistance.

3. RECOMMENDED ACTION

Direct staff to establish a program that includes:

1. Security deposit assistance to qualifying households.
2. Utility deposit assistance to qualifying households.
3. Participant referral from a supportive services organization serving residents of the City of Orange as part of the qualification criteria for applying for the Tenant Based Rental Assistance Program.
4. A preference criterion (in order of preference):
 - a. Current City of Orange resident with intention to continue to reside in the City of Orange;
 - b. Families with children under 12;
 - c. Veterans with honorable discharge; and
 - d. Elderly as defined by the Social Security Administration for full retirement qualification
5. Security and utility deposits be paid directly to the landlord or property manager and any remaining funds at the end of residency be returned to the City as Program Income.
6. The security and utility deposit assistance be defined as a grant, with any remaining funds at the end of tenancy returned by the landlord directly to the City as program income.

4. FISCAL IMPACT

The total expenditure for this program is \$150,000 and will be funded through HOME (317) and is

included as part of the approved 2023-2024 City budget and Community Development Block Grant 2023-2024 Annual Action Plan.

5. STRATEGIC PLAN GOALS

Goal 3: Enhance and promote quality of life in the community

c: Support and enhance attractive, diverse living environments.

6. DISCUSSION AND BACKGROUND

On March 11, 2021, the American Rescue Plan (ARP) was passed in response to the COVID-19 pandemic. Congress appropriated \$5 billion in ARP funds to be administered through the HOME Investment Partnerships Program (HOME) and authorized the Department of Housing and Urban Development (HUD) to distribute the funds to participating jurisdictions (PJ) that qualified for an allocation of HOME funds in Fiscal Year (FY) 2021, of which Orange was a recipient.

On September 20, 2021, the City was notified that it was allocated \$1,655,186 in HOME-ARP funds. In order to access the funds, the City developed a HOME-ARP Allocation Plan (Plan) that described the consultation and public participation process that the City engaged in developing the Plan and outlines how the City will use HOME-ARP funds. The Plan was approved by HUD on May 8, 2023.

To meet the housing requirement of the HOME-ARP grant and address some of the housing assistance needed within the City, the Plan proposed to establish a Tenant Based Rental Assistance (TBRA) Program with its annual HOME entitlement funds. A TBRA Program is a rental subsidy to assist individual households afford housing costs such as rent or security deposits.

On May 9, 2023, the City approved \$150,000 for a TBRA Program as part of its 2023-2024 Annual Action Plan using HOME entitlement funds. The Annual Action Plan is required by HUD and outlines the City's intent for the use of funds in a given entitlement year.

On September 21, 2023, the CDBG Committee convened to review different options for a TBRA Program based on the below budget breakdown:

- \$15,000 for consultant support. As a new program, consultant support will be required to set up the program, develop agreements with applicants, and assist with compliance in the first year;
- \$7,500 for City staff time. Staff time for administering the program and code enforcement time for inspecting rental units;
- \$127,500 for rental assistance.
- The approximate cost breakdown for assistance is as follows:
 - Security Deposit: \$5,100 per household
 - Utility Deposit: \$255 per household
 - Month to Month rental assistance: \$25,000 - \$30,000 (depending on income)

The following comparisons were also taken into consideration:

Month to Month Rental Assistance	Security Deposit Assistance
Funding for approximately 5 households	Funding for approximately 25 households

Requires significantly more staff time to monitor	More sustainable with current staffing as it is a one-time allowance
Continuous until household no longer qualifies - City required to continue assistance	Identified by Fair Housing Foundation as a priority need
Not a loan - no return	Can be returned to City as Program Income at end of residency

The CDBG Committee recommends that the City Council establish a TBRA Program for security and utility deposit assistance because it would assist a greater number of households and would not obligate the City to provide the assistance in perpetuity. Additionally, the Committee voted to recommend that a referral from the Hub Resource Center (HRC) be required to apply for funds and assistance be paid directly to the landlord or management company. Furthermore, the Committee moved to set preference for the following applicants:

1. Current City of Orange resident with intention of remaining in the City of Orange;
2. Families with children;
3. Veterans with honorable discharge; and
4. Elderly as defined by retirement or social security requirements.

To further define the criteria set forth in the preferences, staff recommends including “children under the age of 12” in the criteria for “families with children” and to define elderly as defined by the “Social Security Administration for full retirement age”

to avoid any confusion. Furthermore, staff recommends amending the requirement of a referral from the HRC to a referral from a supportive services organization serving the residents of the City of Orange (i.e. HRC, Housing Authority, Fair Housing, etc.)

Additionally, staff is recommending that any funds to be reimbursed at the end of the tenant's residency be returned directly to the City as Program Income to be used for future TBRA assistance or affordable housing development projects.

Upon approval, staff will return to the City Council at a later date to amend the 2020-2024 Consolidated Plan to add a TBRA program. The Consolidated Plan is required every five years by HUD and is designed to assist PJs assess their affordable housing and community development needs and market conditions. Moreover, the Consolidated Plan sets the priority goals for the yearly HUD entitlement funds received by the City.

7. ATTACHMENTS

- None.