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HOUSING AND FEDERAL GRANTS DIVISION

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To: Priority Setting Committee

From: Jared Stalling, Planner, Housing and Federal Grants
Leelee Thomas, Planning Manager, Housing and Federal Grants

Subject: Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) Priorities for 2018-2019 Fiscal Year

Date: September 21, 2017

REQUEST:

1. Review and approve application timeline
2. Establish funding priorities for Community Development Block Grant (CDBG) Countywide Housing and HOME program funding for the 2018-19 fiscal year

RECOMMENDATION:

Review and approve application timeline and establish funding priorities for CDBG and HOME funding for fiscal year 2018-19

APPLICATION TIMELINE: Staff is recommending that the application timeline and hearing schedule are modified from last year. Previously, the application period and hearings were compressed to align our funding with State affordable housing funding deadlines. However, this proved difficult to manage given vacation schedules of applicants and committee members; therefore staff is recommending that we revise the schedule to address these concerns (see Timeline, Attachment A).

DISCUSSION:

The Community Development Block Grant (CDBG) program and Home Investment Partnership Program (HOME) are federally-funded programs of the U.S. Department of Housing and Urban Development (HUD) that provides funding for housing, community facilities, and community services for low income households. CDBG funds are divided into three activity categories consisting of: 1) housing, 2) capital projects, and 3) public services. Examples of CDBG and HOME funded projects are throughout the County and have included site acquisition for transitional housing, development of affordable housing, rehabilitation of affordable housing and group homes. Public service projects would include childcare scholarships, after school programs, and youth nutrition education programs. Federal regulation stipulates at least 85% of the CDBG funds must be spent on housing and capital projects, and up to 15% may be spent on public services. HOME funds provide affordable housing options for people with lower incomes.

Last year, the Priority Setting Committee established local funding priorities for the 2017-18 Fiscal Year. For the current funding cycle, the Priority Setting Committee should either accept and continue the priorities established last year, or, establish new funding priorities for the 2018-19 Fiscal Year.

Priorities for 2018-2019

The role of the Priority Setting Committee is to establish priorities on how Marin County will allocate CDBG and HOME funds. The overarching national objectives of the program established by the department of Housing and Urban Development (HUD) are (1) Benefiting low- and moderate- income persons, (2) Preventing or eliminating blight, or (3) Meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to health or welfare of the community, and other financial resources are not available to meet such needs. Historically, 100% of the funding in Marin has met the national objective of benefiting low- and moderate- income persons.

Local Funding Priorities

At a workshop on August 18, 2016, the Priority Setting Committee (PSC) established local funding priorities for the 2017-2018 fiscal year which were used by staff in evaluating applications and making funding recommendations. The priorities included:

Affirmatively Furthering Fair Housing: In recent years, Marin County has received criticism for its lack of affordable housing as well as significant gaps in the availability of affordable housing for members of the protected classes. In 2011, the County submitted an Analysis of Impediments to Fair Housing Choice (AI) to HUD which identified 37 specific barriers to fair housing choice. While many of the items have been addressed, several goals are still outstanding. Federal grants funding will be used in a manner consistent with supporting the goals of furthering fair housing choice in Marin County. This would align with recommendation 4 from the Implementation Plan of the Analysis of Impediments:

Make fair housing and equal opportunity criteria a more visible and comprehensive part of the Community Development Block Grant (CDBG) and HOME Program project selection process by screening all CDBG and HOME applications for compliance with fair housing and equal opportunity criteria and including an analysis of equal opportunity impact in staff reports recommending projects for funding.

In the 2017-18 cycle and beyond, projects which are aligned with Fair Housing goals that have been laid out in the Consolidated Plan and the Assessment for Fair Housing will be prioritized. Addressing the fair housing concerns in Marin County will require a consolidated effort on behalf of County staff, Board of Supervisors, Cities and Towns and Priority Setting Committee members. One of the first steps is to align our federal funding sources with these fair housing plans and educate and communicate our strategy and goals to our partners to create a more unified effort. An example of this would be considering recommendation 16 from the Implementation Plan of the Analysis of Impediments when funding affordable housing developments:

Encourage and facilitate the development of more subsidized and affordable housing for families with children outside areas of minority concentration. Consider acquisition and shared housing. Screen and prioritize applications for CDBG and HOME funds for housing projects that will serve families and are located outside areas of minority concentration.

Supporting projects that serve members of the protected classes: The PSC also opted that during the 2017-18 cycle projects that serve members of the protected classes will be prioritized. The application could require that data be provided which would

specifically identify how and what members of the protected classes are being served and this data will be used in making funding recommendations and in evaluating whether projects predominantly serve members of the protected classes.

All funded projects will be required to affirmatively market their services. In this context, it means to promote fair housing and to empower and give special assistance to groups that have historically been disadvantaged. It is simply not enough to not discriminate; we must also take assertive steps aimed at reversing historical trends and discriminatory patterns. The affirmative marketing plans are one part of that effort. The purpose of the affirmative marketing plan requirement is to promote a condition in which individuals of similar income levels in the same area have available to them a like range of choices in housing and services regardless of their race, religion, color, national origin, sex, disability or familial status. Through an affirmative marketing plan, a provider indicates what special efforts they will make to reach out to potential applicants who might not normally seek housing or services. This requires that the provider study the market area, learn the target population and design methods to reach out to the target population. Affirmative marketing does not limit choices; it expands choices by actively seeking to reverse the patterns of the past and truly provide for open and fair access to housing and services where the individual is free to live, work and recreate where they choose. Affirmative marketing does not include specific goals or quotas. However, quantitative data and analysis are essential to planning and monitoring affirmative marketing program effectiveness.

Prioritizing fewer applications: HUD requested that Marin reconsider the numerous small allocations that have been made and consider funding fewer projects. More funds could be directed to larger projects that address a priority as established by the Priority Setting Committee. This recommendation was based on multiple conversations with the HUD office on ways to utilize our funds in the most efficient and effective way possible. Most recently this included comments on the 2016 Consolidated Plan Amendments requesting that we consider funding larger projects. Larger projects were identified by HUD as \$10,000 per project; however, a dollar amount was not established by the PSC and could be reconsidered at the local level in the future.

Funding fewer housing projects per year: The PSC also recommended that one or two housing projects that are prepared and ready to utilize funds be prioritized. Funding fewer projects per year could allow more substantial funding commitments instead of funding many projects for multiple years. Funding in larger amounts may assist housing projects meet a timelier completion schedule. However, this may not always be feasible due to the lengthy approval processes common in Marin and HUD's strict timely spending requirements.

RECOMMENDATION:

Staff recommends that the Priority Setting Committee continue with the funding priorities established by last year's Priority Setting Committee.