

COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

December 12, 2023

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SUBJECT: Adopting New Housing Trust Fund Guidelines

Dear Board Members:

RECOMMENDATION:

Adopt new Housing Trust Fund Guidelines that preserve essential components while updating the process and requirements.

SUMMARY:

The County's Housing Trust Fund (HTF) Guidelines were updated in 2012. Since then, the community's expectations for support for affordable housing, affordable housing finance opportunities, the housing market, and state laws have changed. The revised Guidelines included in this report incorporate changes to state law and goals and policies from the adopted 2023-2031 Housing Element. They have been reviewed and recommended by the Board Subcommittee on Housing, made up of Supervisors Rice and Lucan.

BACKGROUND:

The HTF Guidelines provide structure to the County's process of evaluating and awarding funding via the Housing Trust Fund program. The current Guidelines were originally drafted in 2009 and amended in 2012.

The Housing Trust Fund was established in 1980 by Resolution 88-53, along with the inclusionary housing program. Projects throughout Marin County, which serve low, very low and extremely low-income households, are eligible for funding. Funding is to be used for land and property acquisition, development, construction, or preservation of affordable units. Applications are submitted to the Community Development Agency, and staff review applications with the Board of Supervisors Affordable Housing Subcommittee. Based on review and due diligence, staff make funding recommendations to the Board of Supervisors as grants or loans. The HTF has historically been funded through residential in lieu fees, commercial linkage fees, and, since 2009, the Affordable Housing Impact Fee. Over \$24,000,000 has been received since 2017. During the budget cycle you also committed to \$5 million annual for the next 5 years. In the last twenty years, the Housing Trust has been a major funder of every affordable housing development in the county.

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During the Fifth Cycle Housing Element period (2013-2021), \$13,545,980 from the Housing Trust Fund was dispersed and helped develop and acquire a combined 203 units. As of December 1, 2023, the Fund's balance is \$4,409,711.

DISCUSSION:

The Five (5) Year Housing Trust Guideline Document (2023-2027) includes a background and goals, guidelines and priorities. The changes to the goals for the Housing Trust guidelines emphasize addressing barriers to fair housing choice and providing units for lower income families and individuals near high quality schools, employment opportunities and public transportation, also known as "high resource areas."

Since the 2012 update, the County's priorities for the HTF have changed. The County is still prioritizing projects in unincorporated Marin County and leveraging other funding to the maximum extent feasible. The new priorities include promoting fair housing choice that affirmatively further fair housing, funding projects located in high resource areas, and supporting projects which help the County meet its Regional Housing Needs Assessment (RHNA). The revised guidelines have a new local match policy for projects located within incorporated cities and towns. Projects in cities and towns are asked to contribute funds and waive all planning and building fees.

Eligible projects and activities eligible for funding have not changed. However, funding amounts have changed since 2012 given the increased cost of construction and acquisition. In 2012, the range for contribution per unit was \$10,000-\$25,000. The new funding amounts range from \$50,000-\$100,000 per unit depending on funds available, type and location of project, number of bedrooms, level of affordability and term of affordability restriction. The higher per unit fund level will be considered if the project also meets an objective to affirmatively further fair housing.

EQUITY IMPACT:

The County believes in equitable communities, where all community members have access to healthy affordable housing. Evidence shows that access to stable, affordable housing in communities of opportunity has broad, positive impacts. It can lead to better health and education outcomes and higher lifetime earnings, especially for children. Under state law, the Housing Element is required to include an assessment of fair housing to address barriers to fair housing choice and identify sites and programs that provide housing opportunity for lower income families and individuals near high quality schools, employment opportunities and public transportation. The Housing Trust guidelines further the goals of the Housing Element programs and policies to affirmatively further fair housing.

FISCAL IMPACT:

Acceptance of the new guidelines has no impact on the General Fund.

REVIEWED BY: County Administrator N/A
 Department of Finance N/A
 County Counsel N/A
 Human Resources N/A

SIGNATURE:



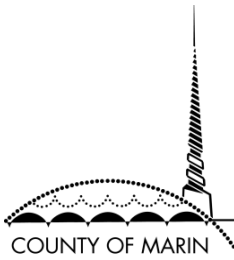
Jillian Zeiger
Senior Planner



Sarah Jones
Director

Attachments:

1. Housing Trust Fund Guidelines 2023-2031



Marin County Affordable Housing Fund (“Trust Fund”) Guidelines (2023-2027)

→ Background

Purpose of the Marin County Affordable Housing Fund

The Marin County Housing Trust Fund (Housing Trust) was created in 1988 to increase the stock of permanently affordable housing units in the county. The Housing Trust provides a local funding source for financial and technical assistance to help affordable housing developers produce and preserve affordable housing.

Sources of Funding

There are currently four dedicated sources of funds for the Housing Trust including:

- **Fees paid by market-rate developers of multi-unit** developments in-lieu of constructed units or fractional units pursuant to the County’s inclusionary housing policy (22.22.080), and
- **Affordable Housing Impact fees paid by property owners upon constructing or remodeling single-family homes**, representing an increase in demand for affordable housing due to low paid jobs associated with this new development.
- **Fees paid by new and expanded commercial developments** for its role in creating new demand for affordable housing.
- **County General Fund contributions** into the Housing Trust through the budget process.

Organization & Oversight

The Housing Trust is governed by the five members of the Marin County Board of Supervisors. The Board provides oversight to the Housing Trust and reviews all loans/grants for approval or denial.

The Board of Supervisors reviews funding requests through the regular agenda of the Board of Supervisors. Minutes will be recorded at all meetings and maintained by BOS staff.

Staff of the Housing Trust will process all applications and review funding recommendations to the Board of Supervisors Housing Subcommittee, which will then go to the Board of

Supervisors. Please contact staff with questions regarding the Housing Trust Fund or the application process:

affordablehousing@marincounty.org

Marin County Community Development Agency
Attention: Housing and Grants Division
3501 Civic Center Drive, Room 308, San Rafael, CA 94901

→ Goals, Guidelines and Priorities

Goals of the Marin County Housing Trust Fund

Housing Trust monies should advance the values of a balanced community, by providing support for a variety of housing types available for households at a range of income levels.

The Housing Trust should be used to increase the stock of homes affordable to low-, very low-, and extremely low-income families and individuals, local workers and people with special needs, by leveraging local, State, and Federal assistance to the fullest extent possible. Both new construction and preservation are eligible for trust funds allocations. Generally speaking, twenty-five percent (25%) of funds will be prioritized for preservation/rehabilitation and seventy-five (75%) prioritized for new construction or conversion from non-residential to residential.

The Housing Trust should lift barriers that restrict access to housing choice in order to foster inclusive communities and achieve racial equity, fair housing choice, and opportunity for all local workers and current and future residents of Marin. Under State Assembly Bill 686 Affirmatively Furthering Fair Housing (AFFH), the County is required to **address barriers to fair housing choice and provide housing opportunity** for lower income families and individuals near high quality schools, employment opportunities and public transportation, also known as “high resource areas.”

Overarching Guidelines

- Support the affordable housing needs of Marin County residents and workforce, both current and future, prioritizing low-, very low-, and extremely low-income affordable housing production and preservation.
- Provide affordability restrictions in-perpetuity, unless the Board approves a shorter period that is required by a public financing source.
- Fill funding gaps not addressed by other sources.
- Leverage other funding to the maximum extent feasible.
- Maintain flexibility to respond to the County’s housing needs as they evolve.

Funding Priorities

- Projects that promote fair housing choice and that affirmatively further fair housing
- Projects which leverage other funding sources
- Projects located in high resource areas
- Projects in unincorporated Marin County
- Projects which help the County meet its [Regional Housing Needs Assessment \(RHNA\)](#)
- Homeownership projects

Local Match

- Within municipalities, the County may contribute County housing trust funds to projects within the cities and towns. A higher priority will be given to projects that are funded by cities and towns and affirmatively further fair housing.
- Projects funded in municipalities must waive all planning and building fees to be considered for funding. If the jurisdiction has a local housing trust, they must also provide a match through that fund.

Other forms of local match could include land donation, general fund or other jurisdiction budget dollars that could include revenue from Inclusionary or Affordable Housing Fees.

→ Project Eligibility and Requirements

Types of Projects

Housing Trust funds are available, but not limited to, the following type of projects:

- Rental housing projects that meet the affordability requirements of these guidelines
- SRO (single-room occupancy) projects
- Agricultural worker housing
- Supportive and transitional housing
- The residential portions of mixed-use and live/work projects that meet the affordability requirements of these guidelines
- The portions of Housing Overlay Designation developments which meet the affordability guidelines
- Conversion of market-rate housing to affordable, or of non-residential buildings to affordable housing
- Single-family or multi-family homeownership projects that meet affordability guidelines
- Any other project that meets the goals and priorities of these Guidelines

- Projects which exceed the County's inclusionary requirements (greater than 20% affordable units) ¹

Funded Activities/Activities Eligible for Funding

Any cost associated with the new construction, acquisition, or rehabilitation of housing for low-, very low-, and extremely low-income households. The Housing Trust may provide funding for the following types of activities:

- Seed/Catalyst funds for very early costs to initiate or expedite project development (such as feasibility analysis or community planning)
- Land or property acquisition for new development
- Predevelopment (architecture, engineering/soils, environmental reports, financial consultants, etc.)
- Construction (site preparation, construction, materials)
- Conversion of market rate housing, or non-residential buildings, to deed restricted affordable housing
- Any other activity that helps to address program goals and priorities of increasing affordable housing as reflected by the Housing Element, ordinances and resolutions established by the Board of Supervisors.

Applicants

The following organizations are eligible to apply for Housing Trust monies:

- Non-profit organizations, qualified as a 501(c)(3) of the Internal Revenue Code,
- Public agencies
- Private developers interested in preserving or developing affordable housing

Terms

Housing Trust Fund monies are generally available in the form of a loan. Loan length and terms will vary by project to meet the needs of the project, availability of financing, financing method, development configuration and organizational capacity of the applicant, as determined by staff and the Board of Supervisors. Loans can be due at maturity or paid in installments with payback ranging from as little as 3 months to 55 years. The Board may also award grants, especially for smaller amounts, to meet affordable housing goals.

¹ Including projects outside of the County unincorporated jurisdictions.

Funding Amounts

The Housing Trust generally funds \$50,000 per unit. Under certain circumstances, our contribution may increase to up to \$100,000 per unit depending on funds available, type and location of project, number of bedrooms, level of affordability and term of affordability restriction. The higher per unit fund levels will be considered if the project is located in a high resource area or if it meets other objectives to affirmatively further fair housing.