

COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

Thomas K. Lai
DIRECTOR

AGENDA

Marin County Civic Center
3501 Civic Center Drive
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COUNTYWIDE PRIORITY SETTING COMMITTEE HEARING
Community Development Block Grant (CDBG) and Home Investment
Partnerships Program (HOME) Funding Recommendations for FY 2022-23,
and Permanent Local Housing Allocation (PLHA) Funding
Recommendations for CY 2022

Thursday, April 7, 2022 at 6 P.M.

Building and Safety
Environmental Health Services
Planning
Environmental Review
Housing
Sustainability
Code Enforcement
GIS
Federal Grants

www.marincounty.org/cda

MEETING LOCATION

Virtual Hearing via Zoom. Register here:

https://us06web.zoom.us/webinar/register/WN_zVNYyYC7T4u12zxhJ8ZYkw

- 1. Opening Comments**
- 2. Budget and recommendations for 2022-23 CDBG for three local Planning Areas (Novato, San Rafael, County Other) and reprogramming of CDBG Planning Area funds from previous years.**
 - A. Staff Presentation
 - B. Discussion and recommendations by Priority Setting Committee to Marin County Board of Supervisors for proposed use of CDBG Planning Area funds.
 - C. Public Comment
- 3. Recommendations for 2022-23 HOME Program allocations and use of HOME program income.**
 - A. Staff Presentation
 - B. Discussion and recommendations by Priority Setting Committee to Marin County Board of Supervisors for proposed use of HOME Program funds.
 - C. Public Comment

4. Request for public comment on the housing and non-housing community development needs of lower income people, and the past performance of the County’s CDBG and HOME programs. (This is an opportunity for the public to comment on community needs and general issues related to the CDBG and HOME programs)

A. Public Comment

5. Budget and recommendations for 2022 for PLHA from three local Planning Areas (Novato, San Rafael, County Other).

A. Staff Presentation

B. Discussion and recommendations by Priority Setting Committee to Marin County Board of Supervisors for proposed use of PLHA Planning Area funds.

C. Public Comment

6. Update on County Housing Element and efforts to assist jurisdictions with requirements to Affirmatively Further Fair Housing

7. Staff Updates

8. Open Time for Public Comment on Matters Not on the Agenda

Future Hearings:

Marin County Board of Supervisors

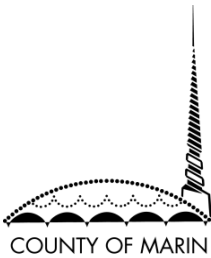
Tuesday, May 10, 2022 after 9 A.M.

Hybrid In-Person and Virtual Hearing via Zoom

If you have questions about the public hearing, please call Housing and Federal Grants at (415) 473-6279 at the Marin County Community Development Agency. People using TTY devices may reach us at (415) 473-3232 (TTY) or through the California Relay Service at 711. All public meetings and events sponsored or conducted by the County of Marin are held in accessible sites. Requests for accommodations may be made by calling Housing and Federal Grants at (415) 473-6279, (415) 473-3232 (TTY), or by e-mail: federalgrants@marincounty.org, at least five business days in advance of the event. Copies of documents are available in alternative formats, upon request. Sign language interpretation and translation into languages other than English are available upon request. Please call our office at (415) 473-6279, at least five business days in advance of the public hearing you want to attend, if you need language translation, a sign language interpreter, an assistive listening device, or other reasonable accommodation. In consideration of persons with environmental sensitivities, please do not wear perfume or other fragrances. Call Golden Gate Transit (415-455-2000, 711 TDD) for transit information.



The Consolidated Plan, Annual Action Plans, Consolidated Annual Performance and Evaluation Reports, records regarding past use of Community Development Block Grant, HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS Program funds, the Civil Rights Policy, the Residential Antidisplacement and Relocation Assistance Plan, the Nondiscrimination Policy, and program files are available for inspection at the Marin County Community Development Agency, 3501 Civic Center Drive, Room 308, San Rafael, California. Copies of documents are available in accessible formats upon request.



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DATE: Thursday, April 7, 2022, at 6 P.M.

TO: Countywide Priority Setting Committee

FROM: Molly Kron, Senior Planner
Aline Tanielian, Planner
Jillian Zeiger, Senior Planner
Leelee Thomas, Deputy Director

SUBJECT: Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) Funding Recommendations for FY 2022-23, and Permanent Local Housing Allocation (PLHA) Funding Recommendations for CY 2022

MEETING LOCATION: Virtual Hearing via Zoom. Register here: https://us06web.zoom.us/webinar/register/WN_zVNYyYC7T4u12zxhJ8ZYkw

REQUEST:

1. Consider funding recommendations for Community Development Block Grant (CDBG) for the County Other Planning Area and HOME Investment Partnerships Program (HOME) for the 2022-23 fiscal year and approve recommendations.
2. Consider CDBG funding recommendations provided by the Novato City Council regarding the Novato Planning Area and from the San Rafael City Council for the San Rafael Planning Area for the 2022-23 fiscal year and approve recommendations.
3. Consider funding recommendations for Permanent Local Housing Allocation (PLHA) for the County Other Planning Area for Calendar Year 2022 and approve recommendations.
4. Consider PLHA recommendations provided by the Novato City Council regarding the Novato Planning Area and from the San Rafael City Council for the San Rafael Planning Area for Calendar Year 2022 and approve recommendations.
5. Receive an update on the County Housing Element and efforts to assist jurisdictions with requirements to Affirmatively Further Fair Housing.

RECOMMENDATION:

1. Recommend CDBG, HOME, and PLHA funding to the Marin County Board of Supervisors.

SUMMARY:

The Annual Action Plan amending the Consolidated Plan guides the distribution of funding and serves as the grant application to the U.S. Department of Housing and Urban Development (HUD) for formula funding from the CDBG and HOME programs. These federally funded programs provide resources for housing, community facilities, and services for low- and moderate-income households. Staff propose the enclosed recommendations for the 2022-23 Annual Action Plan.

The Permanent Local Housing Allocation Program (PLHA) is a state program providing annual funding to local jurisdictions for affordable housing. The funding was created by Senate Bill 2 (SB2, 2017), the “Building Homes and Jobs Act”. PLHA aims to address housing shortages and high housing costs by providing an ongoing source of financing through real estate fees. Staff propose the enclosed recommendations for the 2022 Calendar Year.

DISCUSSION:

Federal Grants

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 provide funding for housing, community facilities and capital improvements, and public services for low- and moderate-income households. Examples of CDBG and HOME funded projects throughout the County include site acquisition and development of transitional and permanent affordable housing; rehabilitation of affordable housing, group homes, and childcare centers; and a wide range of public services including childcare, legal services, and food access. CDBG funds are divided into three activity categories consisting of: 1) housing, 2) community infrastructure/capital projects, and 3) public services. Federal regulation stipulates that at least 85% of the CDBG funds must be spent on administration, housing projects, and capital projects, and up to 15% may be spent on public services. HOME funds are designed to provide affordable housing options for people with lower incomes.

Subject to approval by the Marin County Board of Supervisors on May 10, 2022, the funding recommendations provided by the Countywide Priority Setting Committee (PSC) will be submitted to HUD. These recommendations include funding approved by the Novato City and San Rafael City councils for their respective planning areas. Once approved the recommendations will be included in the Annual Action Plan, which is an amendment to the five-year Consolidated Plan for Fiscal Years 2020-2024.

The 2020-2024 five-year Consolidated Plan includes an analysis of affordable housing and community development needs and statements of policies for the entire period, as well as CDBG and HOME project budgets for the first year of the five-year plan. This year's Annual Action Plan addresses the third year of the Consolidated Plan.

2022-2023 Funding Year

Funds for Marin County's 2022-23 CDBG and HOME programs come from the federal budget for Fiscal Year 2022, which is from October 1, 2022 to September 30, 2023. This coming year, Marin County's CDBG allocation is estimated at approximately \$1,614,000, slightly less than the 2021-22 funding received of \$1,621,547. The HOME allocation is estimated to be the same at approximately \$800,000. Estimates for funding are determined based on the proposed budget for HUD programs, and are subject to change in accordance with the federal budget approved by Congress and official grant agreements received from HUD. Marin's grant amounts are affected by changes in the overall program funding in the federal budget and Marin's ranking in comparison with other grantees based on demographic factors.

July 1, 2022 is the beginning of Marin County's fiscal year and the start of the third year covered by the Consolidated Plan. Proposed funding recommendations for the use of federal Fiscal Year 2022 CDBG funds and HOME funds is available in Attachment 1. In order to meet HUD's time limits on spending, the budget also includes CDBG funds from prior years which are recommended for reprogramming (reallocation) to new projects, and allocations from HOME program income.

If Marin's grant amount differs from these assumptions, to avoid the need for an additional hearing, staff recommend the grant amounts approved by the Priority Setting Committee be subject to revision. At that time, staff would recalculate the amounts available for each planning area, and for each activity category. To the extent that cuts are needed, staff would adjust the preliminary project grant amounts and make funding recommendations to the Board of Supervisors consistent with the PSC and City Councils' recommendations not to fall below \$15,000 per grant. If additional funds are available, the adjustment would be limited so that no project receives more than the amount the sponsor agency requested.

Program Enhancements, Threshold Requirements, and Priorities:

The Federal Grants program utilizes a two-year application cycle in which Public Services projects are eligible for funding renewal based on accomplishments and subject to available CDBG funds. Housing and community infrastructure/capital projects apply for funding using a two-year project timeline and budget. In addition, there is a minimum individual grant size of \$15K per year. Countywide projects may receive funding from each planning area to bring their grant amount up to at least \$15K.

These enhancements increase the funded organizations' impact and enables nonprofit partners to better plan their programs. While applications are only received every two years, funding allocations must be approved annually based on the project's past performance and expected funding allocated by HUD.

In recent years, there has been an increased local emphasis on the extent to which members of the protected classes are served by CDBG and HOME projects, and the quality and effectiveness of each project sponsor's affirmative marketing plan.

All project applications are evaluated based on their ability to meet HUD's national objectives, the PSC's enhanced thresholds for evaluating projects, and standard project evaluation criteria as follows:

National Objective Thresholds:

- Benefit low- and moderate-income persons.
- Prevent or eliminate blight.
- Meet other community development needs for low- and moderate-income persons.

PSC Additional Thresholds:

- Support projects that Affirmatively Further Fair Housing and have the commitment and capacity to engage in Affirmative Marketing.
- Prioritize projects that serve members of the protected classes as defined by HUD.
- Prioritize projects that serve low-income persons.

Project Evaluation Criteria:

- Readiness—can awarded funds be completely expended during the grant year?
- Sustainability—does the organization have capacity to sustain a project or program beyond this federal funding period?
- Effectiveness and Accountability—does the organization have the capacity and track record to effectively conduct the project and administer federal funds? Are there current or upcoming organizational leadership transitions?
- Prioritize greatest impact—greatest number of people served and/or most impact on an individual basis, and/or serving hard to reach populations.

In addition to the criteria set forth by HUD through the Consolidated Plan and Analysis of Impediments to Fair Housing Choice (AI) process, the Countywide Priority Setting Committee established priorities for funding CDBG and HOME housing projects:

- Family Housing—units not deed restricted for specific populations.
- Land trust model in eastern Marin that provides home ownership opportunities. (Eastern Marin in this case is defined as all areas of Marin except for West Marin.)

The PSC also established the following priorities for CDBG funds allocated to public services projects during Fiscal Year 2022-23:

- Basic Health Services – includes services that prevent or treat medical conditions for individuals who are un-insured, under-insured, or people with low incomes who cannot afford their deductible. Programs and services include but are not limited to preventative health such as immunizations, well-child care from birth, periodic health evaluations for adults, voluntary family planning services, children's eye and ear examinations conducted to determine the need for vision and hearing correction, and hygiene services. Services may also include medically necessary emergency

health care, inpatient and outpatient treatment, diagnostic laboratory and diagnostic and therapeutic radiologic services, and provision of prescription drugs.

- Children, Youth, and Parent Support Services – includes services that target low-income families and address disparities in access to early childhood education, high costs of childcare countywide, and family self-sufficiency. Programs and services include but are not limited to supporting childcare scholarships, student extracurricular activities, parent engagement and training, case management, therapeutic services, transportation, home visitations, and family legal supports.
- Food Security – includes services that provide physical and/or economic access to food to meet dietary needs for a productive and healthy life. Programs and services include but are not limited to free meal sites, food banks, grocery subsidies, home delivered meals, and other programs that provide food to people in need.
- Housing Support Services – includes services that assist individuals in accessing stable housing, prevent discrimination in housing choice, and aid renters in maintaining stable housing. Programs and services include but are not limited to fair housing counseling, legal support, housing locators, and down payment and rental assistance.

Additional details regarding the application of thresholds, principles guiding recommendations, and spending deadlines can be found in Attachment 2.

Funding Analysis:

Recommendations For CDBG

Countywide Fair Housing

Staff recommend funding for Fair Housing services be allocated before funding calculations are made for each Planning Area. Funding fair housing services is a CDBG requirement, and doing so before other allocations are made ensures that we meet the requirement and eliminates the variability that comes with individual Planning Area allocations.

Funding recommendation—

Staff recommend allocating a total of \$65,000 to support funding for one (1) fair housing project.

Project	FY 21-22 Allocation	Funding Request	Total Funding
Fair Housing Advocates of Northern California <i>Fair Housing Counseling and Education</i>	\$64,441	\$75,000	\$65,000
Grand Total			\$65,000

County Other Planning Area Funding Recommendations for CDBG Program

Based on projections, the County Other Planning Area is expected to receive a total CDBG allocation of approximately \$821,000 to allocate in FY 2022-23, which includes approximately \$367,000 in reprogrammed funding from past projects that either underspent or did not move forward. A minimum of \$446,000 is designated for housing projects, a maximum of \$65,500 may be applied to public services, and the remaining \$309,500 can be applied to either capital or housing projects. A total of 27 applications were evaluated for the County Other Planning Area—16 Countywide projects and 11 serving the County Other Planning Area only. The total funding request for these 27 projects is \$2,299,130.

Housing Projects

A total of five (5) housing applications were considered for the County Other Planning Area—four (4) Countywide projects and one (1) serving the County Other Planning Area only. The applications have a total request of \$1,307,800. During the review process, the one project that met the Family Housing priority withdrew their application due to physical site constraints.

Funding recommendation—

Staff recommend allocating a total of \$513,500 to support funding all four (4) housing projects.

Project	Funding Request	County Other Recommendation	Total Funding
Eden Housing, Inc. <i>Point Reyes Coast Guard</i>	\$273,000	Withdrawn	-
Episcopal Community Services <i>Homekey 1251 S. Eliseo</i>	\$500,000	\$295,000	\$407,500
Homeward Bound of Marin <i>Novato Veterans and Workforce Housing</i>	\$250,000	\$96,500	\$250,000
<i>Residential Rehab Loan Program</i>	\$267,800	\$105,000	\$250,000
*San Geronimo Valley Affordable Housing Association <i>Sage Lane Units #11, 15 Exterior Painting</i>	\$17,000	\$17,000	\$17,000
Housing Subtotal	\$1,307,800	\$513,500	

* County Other only request

Capital Projects

A total of three (3) capital applications were reviewed for the County Other Planning Area, all serving the County Other Planning Area only. The total funding request is \$316,509.

Funding recommendation—

Staff recommend allocating a total of \$242,000 to support funding all three (3) capital projects.

Project	Funding Request	County Other Recommendation	Total Funding
Fairfax San Anselmo Children’s Center <i>Kitchen Health & Safety Repair</i>	\$104,238	\$30,000	\$30,000
Petaluma Health Center <i>Point Reyes Station Clinic Laboratory and Accessibility Renovations</i>	\$182,271	\$182,000	\$182,000
Shoreline Unified School District <i>Inverness School Play Structure</i>	\$30,000	\$30,000	\$30,000
Capital Subtotal	\$316,509	\$242,000	

Public Services

A total of 19 public services applications were considered for the County Other Planning Area—12 Countywide projects and 7 serving the County Other Planning Area only. The applications have a total request of \$614,822. During the review process, one County Other Planning Area project withdrew their application.

Funding recommendation—

Staff recommend allocating a total of \$65,500 to support funding for seven (7) public services projects—four (4) Countywide projects and three (3) County Other Planning Area projects.

Project	FY 21-22 County Other Allocation	Funding Request	County Other Recommendation	Total Funding
Bambini Yoga Project <i>Wednesday Food Distribution Center at Martin Luther King Jr. Academy</i>	-	\$17,674	\$0	-

Project	FY 21-22 County Other Allocation	Funding Request	County Other Recommendation	Total Funding
Center for Employment Opportunities, Inc <i>Employment and Training Services for Formerly Incarcerated Marin County Residents</i>	-	\$15,000	\$0	-
Community Action Marin <i>Driving to Thriving Project: Commercial Driver's License Workforce Development Project</i>	-	\$65,000	\$0	-
Covia Foundation <i>Home Match Marin</i>	\$3,288	\$15,000	\$4,000	\$15,000
ExtraFood.org <i>Building an Equitable and Sustainable Food Safety Net in Marin County</i>	-	\$25,000	\$5,500	\$15,000
Family & Children's Law Center <i>Domestic Violence Legal Services for Low Income Families</i>	\$3,150	\$30,000	\$3,500	\$15,000
In Spirit <i>Food Stipend and Caregiver Financial Aid Expansion Program</i>	-	\$48,800	\$0	-
Legal Aid of Marin <i>Keeping Marin Residents in their Homes</i>	\$10,451	\$40,000	\$7,500	\$34,500
Marin County Dental Care Foundation <i>Marin County Dental Care Foundation: Helping Children Smile</i>	-	\$50,000	\$0	-
Multicultural Center of Marin <i>Equity in Access for Self-Sufficiency</i>	-	\$65,000	\$0	-
Vivalon <i>Nourish by Vivalon</i>	-	\$65,000	\$0	-
*Belvedere Tiburon Joint Recreation Committee <i>Scholarships for Recreation Programming</i>	-	\$15,000	Withdrawn	-
*Bridge the Gap College Prep <i>Evening Transportation from Sausalito Marin City Elementary Campus to Marin City Allowing for Afterschool Program Participation</i>	-	\$15,000	\$0	-

Project	FY 21-22 County Other Allocation	Funding Request	County Other Recommendation	Total Funding
*Fairfax-San Anselmo Children's Center <i>School Age Transportation Program</i>	\$15,000	\$17,250	\$15,000	\$15,000
*First Missionary Baptist Church <i>Marin City Fatherhood Council / Mentoring Group</i>	-	\$25,000	\$0	-
*Multicultural Center of Marin <i>Wise Choices for Girls</i>	-	\$30,000	\$0	-
*Performing Stars of Marin <i>Robust Social Services for Southern Marin Residents Including Children, Youth and Families</i>	\$15,000	\$15,000	\$15,000	\$15,000
*San Geronimo Valley Community Center <i>Human Service Program</i>	\$15,000	\$61,098	\$15,000	\$15,000
Public Services Subtotal		\$614,822	\$65,500	

* County Other only request

Novato Planning Area Funding Recommendations for CDBG Program

On Tuesday, March 22, 2022, the Novato City Council passed a resolution approving CDBG funding recommendations for the 2022-23 fiscal year. Staff recommend the Priority Setting Committee adopt the City of Novato's recommendations, listed here, in accordance with the Cooperation Agreement governing the administration of the Novato Planning Area.

Project	Novato Recommendation
HOUSING	
Episcopal Community Services <i>Homekey 1251 S. Eliseo</i>	\$20,000
Homeward Bound of Marin <i>Novato Veterans and Workforce Housing Residential Rehab Loan Program</i>	\$61,000
Housing Subtotal	\$65,000
CAPITAL	
<i>Buckelew Programs Novato House Residential Support Services Facility</i>	\$103,500
Capital Subtotal	\$103,500
PUBLIC SERVICES	
Covia Foundation <i>Home Match Marin</i>	\$3,500

Project	Novato Recommendation
ExtraFood.org <i>Building an Equitable and Sustainable Food Safety Net in Marin County</i>	\$1,750
Family & Children's Law Center <i>Domestic Violence Legal Services for Low Income Families</i>	\$1,750
Legal Aid of Marin <i>Keeping Marin Residents in their Homes</i>	\$5,000
North Bay Children's Center <i>Child Care Scholarships</i>	\$15,000
North Marin Community Services <i>NMCS Teacher Workforce Stabilization</i>	\$15,000
Public Services Subtotal	\$42,000
TOTAL Planning Area Allocation	\$291,500

San Rafael Planning Area Funding Recommendations for CDBG Program

On Monday, March 21, 2022, the San Rafael City Council passed a resolution approving the CDBG funding recommendations for the 2022-23 fiscal year. Staff recommend the Priority Setting Committee adopt these recommendations in accordance with the Cooperation Agreement governing the administration of the San Rafael Planning Area.

Project	San Rafael Recommendation
HOUSING	
Episcopal Community Services <i>Homekey 1251 S. Eliseo</i>	\$92,500
Homeward Bound of Marin <i>Novato Veterans and Workforce Housing</i>	\$92,500
<i>Residential Rehab Loan Program</i>	\$80,000
Housing Subtotal	\$265,000
CAPITAL	
Community Action Marin <i>Renovation of the De Colores Children's Center & Safety Net Services Hub to Increase Childcare for Families of Low Income</i>	\$150,000
Capital Subtotal	\$150,000
PUBLIC SERVICES	
Covia Foundation <i>Home Match Marin</i>	\$7,500
ExtraFood.org <i>Building an Equitable and Sustainable Food Safety Net in Marin County</i>	\$7,750
Family & Children's Law Center <i>Domestic Violence Legal Services for Low Income Families</i>	\$9,750

Project	San Rafael Recommendation
Legal Aid of Marin <i>Keeping Marin Residents in their Homes</i>	\$22,000
City of San Rafael <i>Pickleweed Preschool</i>	\$23,000
Public Services Subtotal	\$70,000
TOTAL Planning Area Allocation	\$485,000

Countywide Housing Funding Alternative

Staff were recently informed of the possibility that Episcopal Community Services may need to proceed without CDBG funds due to project implementation constraints regarding timing of HUD approvals and Homekey project completion deadline. In the event this happens, staff requests that the PSC approve an alternative funding allocation redirecting those funds toward the Homeward Bound of Marin’s Novato Veterans and Workforce Housing project. The purpose and populations served by these two projects overlap considerably. While Homeward Bound has not requested these funds, staff are aware of considerable financing needs for the development of this new permanent supportive housing project.

Recommendations for Reprogramming Funds for CDBG Program

At its January 1992 meeting, the Priority Setting Committee decided that unspent CDBG balances allocated to projects two or more years prior be considered for reallocation or “reprogramming” to other projects which may be able to spend the funds more quickly and/or be in greater need of the funds. In compliance with this policy, CDBG staff sent the required 30-day notice to all project sponsors with unspent balances so that the Committee would have the option of reprogramming these resources.

Staff prioritize reprogramming funds in the planning area from which the funds originated, when possible, to ensure continuity and equity across planning areas. For FY 2022-23 staff recommend that a total of \$372,640 in CDBG funds be reprogrammed. \$367,640 of reprogrammed funds come from the County Other Planning Area and the remaining \$5,000 come from the San Rafael Planning Area. Staff recommendations for reprogrammed funds are included in the dollar amounts listed in previous sections. A detailed account of reprogrammed funds can be found in Attachment 3.

Recommendations for HOME

Countywide Funding Recommendations for HOME Program

A total of three (3) applications were received for the Countywide HOME program totaling \$2,100,000. The Countywide HOME Investment Partnerships Program is projected to receive a total allocation of approximately \$800,000 of entitlement and approximately \$104,000 in program income for FY 2020-21. After accounting for the 10% administration costs, it is expected that about \$813,000 will be available for

projects. HOME requires that a minimum of 15% of the annual entitlement, or \$120,000, be allocated to a Community Housing Development Organization (CHDO).

Funding recommendation—

Staff recommend allocating a total of \$813,000 to support funding two (2) of the three (3) projects.

Organization	HOME Request	HOME Recommendation
Bolinas Community Land Trust (CHDO) <i>31 Wharf Road</i>	\$800,000	\$550,000
Habitat for Humanity Greater San Francisco <i>Habitat Redwood Blvd.</i>	\$800,000	\$263,000
Homeward Bound of Marin <i>Novato Veterans and Workforce Housing</i>	\$500,000	\$0
Total		\$813,000

Countywide HOME Funding Alternative

The CHDO applicant for the 2022-23 Fiscal Year, Bolinas Community Land Trust (BCLT), is not yet certified. Certification includes ensuring BCLT meets the definition of “community housing development organization” in §92.2; has a project eligible for the set-aside that the organization will own, develop, or sponsor in accordance with §92.300(a); and has paid staff with demonstrated experience working on HOME projects. Should the applicant not meet the requirements for certification in the time required, staff requests that the PSC approve an alternative funding allocation redirecting those funds toward Eden Housing’s Oak Hill Apartments application. While Eden Housing did not apply for 2022-23 funds, it is the only certified CHDO with an active application in the 2-year application cycle. If the funds are not allocated to a CHDO they will be forfeited.

Program Income Recommendations for HOME Program

When the HOME program receives revenue from a completed project, payment of accrued interest, or repayment of a loan, this amount is considered program income, which must be made available to fund new HOME activities. In 2021-22, the County received \$104,118 in program income from two projects (Toussin Senior Apartments - \$75,792 and Fireside Apartments - \$28,326). Staff recommendations for reprogrammed funds are included in the dollar amounts listed in the previous section. A detailed account of reprogrammed funds can be found in Attachment 4.

Permanent Local Housing Allocation

The Permanent Local Housing Allocation Program (PLHA) is a state funding source through the Department of Housing and Community Development (HCD). The County of Marin is eligible for non-competitive PLHA funds as an Entitlement Community designated

by the U.S. Department of Housing and Urban Development for the Community Development Block Grant (CDBG) program and because it has an approved Housing Element and submits Annual Progress Reports to the state. In 2020, the Marin County Board of Supervisors received a non-competitive allocation of PLHA grant funding and approved a 5-year expenditure plan. The plan was developed in consultation with the Board of Supervisors Housing Subcommittee and in alignment with the Priority Setting Committee (PSC)-approved 2020-24 Consolidated Plan and Assessment of Impediments to Fair Housing Choice (AI). Applications for funding received by the County in 2022 have been evaluated based on state and local requirements.

The approved PLHA activity to support these projects is receiving matching funds from the Marin County Housing Fund, which can fund projects in all jurisdictions of Marin County. Staff recommended this activity to ensure effective and efficient deployment of PLHA funds. Together these matched funds will support predevelopment, development, acquisition, and preservation of multifamily projects, with an emphasis on those that serve residents at or under 60 percent Area Median Income (AMI), as stipulated in the PLHA Final Guidelines.

Evaluation Guidelines

All project applications were evaluated against PLHA criteria developed by HCD and against the PSC's approved program goals.

HCD Project Criteria

- Project readiness: applicant must have site control for development projects, land use entitlements, environmental review, and commitments of other required funding and resources.
- Priority for projects supporting individuals and households earning 60% AMI or below.

PSC Approved Goals

In addition to the criteria set forth by HCD, the PSC approved the following PLHA program goals, which are informed by the HUD-approved 2020-24 Consolidated Plan and Analysis of Impediments to Fair Housing Choice:

- Family Housing
- Rental Housing – Acquisition, New Construction, Rehabilitation
- Homeowner Housing – Acquisition, New Construction, Rehabilitation
- Special Needs Housing
- Land trust in eastern Marin that provides home ownership opportunities, with specific inclusion for African Americans

Further, in alignment with the PSC's efforts on fair housing and equity, all applications include:

- A demographic assessment (race/ethnicity, people with disabilities, families) of the applicant's existing housing developments in Marin.
- Demographics of the applicant organization's staff and board members.

Funding Analysis

Funds for PLHA are allocated by the State on an annual basis. The County has been allocated \$1,127,763 in PLHA funds to distribute for the 2022 program year. A total of eight (8) PLHA applications were received for projects across the county totaling \$7,325,000. PLHA funds are evenly dispersed across the three (3) CDBG Planning Areas of County Other, Novato, and San Rafael, with the goal of funding at least one project in each area.

County Other Planning Area Funding Recommendations for PLHA Program:

Based on the current year's allocation, staff is able to recommend \$357,125 in CY 2022 for the County Other Planning Area. A total of four (4) applications were considered for the County Other Planning Area. The applications have a total request of \$3,925,000.

Funding recommendation—

Staff recommend allocating \$357,125 of available funds to two (2) of the four (4) projects. The two projects recommended for funding meet the regulatory requirements set forth by PLHA, including readiness and site control. In addition, they both address the Rental Housing and Family Housing program goals approved by the PSC.

Project	2022 PLHA Request	PLHA Recommendation	County Match	Total Funding
Bolinas Community Land Trust (BCLT) <i>31 Wharf Road</i>	\$900,000	\$54,477	\$54,477	\$108,954
EAH Housing <i>1 Hamilton Drive</i>	\$1,025,000	\$0	-	-
Eden Housing <i>Point Reyes Coast Guard Housing</i>	\$1,000,000	\$302,648	\$302,648	\$605,296
Eden Housing <i>Oak Hill Apartments</i>	\$1,000,000	\$0	-	-
Total		\$357,125		\$714,250

Novato Planning Area Funding Recommendations for PLHA Program:

On Tuesday, March 22, 2022, the Novato City Council passed a resolution approving PLHA funding recommendations for the 2022 calendar year. In addition, Novato agrees to match PLHA funding for the approved projects. Staff recommend that the Priority Setting Committee adopt the City of Novato's recommendations, listed here.

Project	2022 PLHA Request	PLHA Recommendation	County Match	Planning Area Match	Total Funding
Habitat for Humanity Greater San Francisco <i>Habitat Redwood Blvd</i>	\$1,000,000	\$160,902	\$160,902	\$160,902	\$482,706
Homeward Bound of Marin <i>Novato Veterans and Workforce Housing</i>	\$1,000,000	\$196,223	\$196,223	\$196,223	\$588,669
Total		\$357,125			\$1,071,375

San Rafael Planning Area Funding Recommendations for PLHA Program:

On Monday, March 21, 2022, the San Rafael City Council passed a resolution approving the PLHA funding recommendations for the 2022 calendar year. In addition, San Rafael agrees to match PLHA funding for the approved project. Staff recommend that the Priority Setting Committee adopt the City of San Rafael’s recommendations:

Project	2022 PLHA Request	PLHA Recommendation	County Match	Planning Area Match	Total Funding
Canal Alliance <i>0 Belvedere</i>	\$400,000	\$0	-	-	-
Eden Housing <i>3301 Kerner</i>	\$1,025,000	\$357,125	\$357,125	\$357,125	\$1,071,375
Total		\$357,125			\$1,071,375

Housing Element and AFFH Update

Marin County and its jurisdictions are updating the Housing Element, a required component of every jurisdiction’s General Plan and the Countywide Plan (CWP). The Housing Element update will establish a strategy for meeting housing needs for the 2022-2030 planning period. While each jurisdiction is required to submit its Housing Element to the state by January 2023, the cities and towns are conducting the work on different timelines. To find out what is happening in each city and town, visit www.housingelementsmarin.org.

The Association of Bay Area Governments (ABAG) Executive Board has allocated \$573,175 to support countywide housing collaboration through the Housing Working Group (HWG), which is composed of all local jurisdictions in Marin County. This money is to be used to fund technical assistance providers to support the HWG in accessing resources and creating tailored products and services to meet jurisdictional needs and achieve certified housing elements. As staff discussed at the Priority Setting Committee meeting on September 2, 2021, the HWG decided that these funds would be used to support Affirmatively Furthering Fair Housing work and products that contribute to more transparency to the public. Veronica Tam and Associates (VTA) is contracted to assist jurisdictions in complying with the fair housing initiatives required for every jurisdiction’s Housing Element, outlined in Affirmatively Furthering Fair Housing legislation (AB686). The

work includes assistance with targeted outreach, demographic analysis, site inventory review, and review of meaningful actions for fair housing. VTA provided maps and strategies for outreach to low-income and special needs populations at the end of last year. VTA is reviewing site inventories on an ongoing basis as jurisdictions refine their candidate site lists. Additionally, the funds are being used for the countywide website (www.housingelements Marin.org) and translation services for each jurisdiction.

FISCAL IMPACT:

There is no direct cost or revenue impact on local jurisdictions' general funds generated by the recommended action for CDBG and HOME, as the Priority Setting Committee is directing HUD funds to specific projects. Allocating funds to projects may allow County and City general and capital funds to be allocated to other priorities.

Approval of the PLHA recommendations will increase expenditures from the Marin Housing Fund to match state-funded PLHA resources.

OPTIONS:

1. Approve allocations of CDBG, HOME, and PLHA funding as recommended by staff.
2. Make different allocations of CDBG, HOME, and PLHA funding. (Funds may be shifted between CDBG categories, but the Public Services category cannot exceed the 15% cap and the Housing category cannot be reduced below the 40% minimum.)
3. Provide direction to staff.

ACTION REQUIRED:

1. Adopt recommendations for CDBG, HOME, and PLHA projects to be presented to the Marin County Board of Supervisors.

ATTACHMENTS:

Attachment 1 — CDBG & HOME Applications and Recommendations for FY 2022-23

Attachment 2 — Additional Guiding Principles for Funding Recommendations

Attachment 3 — CDBG Reprogrammed Funding

Attachment 4 — HOME Program Income

Attachment 5 — CDBG & HOME Project Summaries

Attachment 6 — PLHA Applications and Recommendations for CY 2022

Attachment 7 — PLHA Project Summaries

Attachment 8 — PLHA Guidelines

CDBG & HOME APPLICATION LINKS:

- [Community Infrastructure/Capital Project Applications](#)
- [Housing Project Applications](#)
- [Public Services Project Applications](#)

Attachment 1 — CDBG & HOME Applications and Recommendations for FY 2022-23

APP. #	PROJECT SPONSOR	PROJECT NAME	Year 1 CDBG Request	Year 2 CDBG Request	County Other	Novato	San Rafael	Total CDBG Allocations	Year 1 HOME Request	Year 2 HOME Request	HOME Allocations	Total HOME Allocation	PROJECT TOTAL
HOUSING													
CH 01	Bolinas Community Land Trust (CHDO)	31 Wharf Rd	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ -	\$ 550,000	\$ 550,000	\$ 550,000
CH 02	Eden Housing, Inc (CHDO)	Point Reyes Coast Guard	\$ 273,000	\$ 273,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -
CH 03	Eden Housing, Inc (CHDO)	Oak Hill Apartments – Lower Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -
CH 04	Episcopal Community Services	1251 S. Eliseo	\$ 500,000	\$ 500,000	\$ 295,000	\$ 20,000	\$ 92,500	\$ 407,500	\$ -	\$ -	\$ -	\$ -	\$ 407,500
CH 05	Habitat for Humanity Greater San Francisco	Habitat Redwood Blvd.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000	\$ 800,000	\$ 263,000	\$ 263,000	\$ 263,000
CH 06	Homeward Bound of Marin	Novato Veterans and Workforce Housing	\$ 250,000	\$ -	\$ 96,500	\$ 61,000	\$ 92,500	\$ 250,000	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 250,000
CH 07	Marin Center for Independent Living	Residential Access Modification Program	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CH 08	TBD	Residential Rehab Loan Program	\$ 267,800	\$ 282,200	\$ 105,000	\$ 65,000	\$ 80,000	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
OH 09	Affordable Housing Association	Sage Lane Units #11, 15 Exterior Painting	\$ 17,000	\$ -	\$ 17,000	\$ -	\$ -	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ 17,000
SH 10	Canal Alliance	Canal Alliance Affordable Housing	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Housing Subtotal			\$ 1,307,800	\$ 1,373,200	\$ 513,500	\$ 146,000	\$ 265,000	\$ 924,500	\$ 2,100,000	\$ 2,400,000	\$ 813,000	\$ 813,000	\$ 1,737,500

CAPITAL													
OC 01	Fairfax-San Anselmo Children's Center	Kitchen Health & Safety Repair	\$ 104,238	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000					\$ 30,000
OC 02	Petaluma Health Center dba Coastal Health Alliance	Point Reyes Station Clinic Laboratory and Accessibility Renovations	\$ 182,270	\$ -	\$ 182,000	\$ -	\$ -	\$ 182,000					\$ 182,000
OC 03	Shoreline Unified School District	Inverness School Play Structure	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000					\$ 30,000
NC 04	Bucklew Programs - Recategorized from Housing	Bucklew Programs - Novato House Residential Support Services Facility	\$ 103,500	\$ 33,750	\$ -	\$ 103,500	\$ -	\$ 103,500					\$ 103,500
NC 05	North Bay Children's Center - Withdrawn	Redevelopment of the North Bay Children's Center Headquarters	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					\$ -
NC 06	North Marin Community Services	NMCS Building Security	\$ -	\$ 183,163	\$ -	\$ -	\$ -	\$ -					\$ -
SC 07	City of San Rafael Department of Public Works	Canal Area Pathway Projects	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ -					\$ -
SC 07	Community Action Marin	Renovation of the De Colores Children's Center & Safety Net Services Hub to Increase Childcare for Families of Low Income	\$ 150,000	\$ 50,000	\$ -	\$ -	\$ 150,000	\$ 150,000					\$ 150,000
Capital Subtotal			\$ 570,008	\$ 616,913	\$ 242,000	\$ 103,500	\$ 150,000	\$ 495,500					\$ 495,500

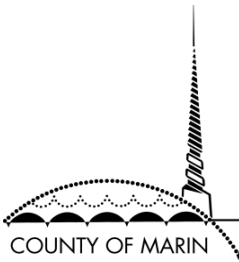
APP. #	PROJECT SPONSOR	PROJECT NAME	Year 1 CDBG Request	Year 2 CDBG Request	County Other	Novato	San Rafael	Total CDBG Allocations	Year 1 HOME Request	Year 2 HOME Request	HOME Allocations	Total HOME Allocation	PROJECT TOTAL
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PUBLIC SERVICES

CS 01	Bambini Yoga Project	Wednesday Food Distribution Center at Martin Luther King Jr. Academy	\$ 17,674	\$ 17,674	\$ -	\$ -	\$ -	\$ -					\$ -
CS 02	Center for Employment Opportunities, Inc	Employment and Training Services for Formerly Incarcerated Marin County Residents	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -					\$ -
CS 03	Community Action Marin	Driving to Thriving Project: Commercial Driver's License Workforce Development Project	\$ 65,000	\$ 65,000	\$ -	\$ -	\$ -	\$ -					\$ -
CS 04	Covia Foundation	Home Match Marin	\$ 15,000	\$ 15,000	\$ 4,000	\$ 3,500	\$ 7,500	\$ 15,000					\$ 15,000
CS 05	ExtraFood.org	Building an Equitable and Sustainable Food Safety Net in Marin County	\$ 25,000	\$ 25,000	\$ 5,500	\$ 1,750	\$ 7,750	\$ 15,000					\$ 15,000
CS 06	Fair Housing Advocates of Northern California	Fair Housing Counseling and Education	\$ 75,000	\$ 79,500	\$ -	\$ -	\$ -	\$ 65,000					\$ 65,000
CS 07	Family & Children's Law Center	Domestic Violence Legal Services for Low Income Families	\$ 30,000	\$ 30,000	\$ 3,500	\$ 1,750	\$ 9,750	\$ 15,000					\$ 15,000
CS 08	In Spirit	Food Stipend and Caregiver Financial Aid Expansion Program	\$ 48,800	\$ 48,800	\$ -	\$ -	\$ -	\$ -					\$ -
CS 09	Legal Aid of Marin	Keeping Marin Residents in their Homes	\$ 40,000	\$ 40,000	\$ 7,500	\$ 5,000	\$ 22,000	\$ 34,500					\$ 34,500
CS 10	Marin County Dental Care Foundation	Marin County Dental Care Foundation: Helping Children Smile	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -					\$ -
CS 11	Multicultural Center of Marin	Equity in Access for Self-Sufficiency	\$ 65,000	\$ 65,000	\$ -	\$ -	\$ -	\$ -					\$ -
CS 12	Vivalon	Nourish by Vivalon	\$ 65,000	\$ 65,000	\$ -	\$ -	\$ -	\$ -					\$ -
OS 13	Belvedere Tiburon Joint Recreation Committee	Scholarships for Recreation Programming	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					\$ -
OS 14	Bridge the Gap College Prep	Evening Transportation from Sausalito Marin City Elementary Campus to Marin City Allowing for Afterschool Program Participation	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -					\$ -
OS 15	FAIRFAX-SAN ANSELMO CHILDREN'S CENTER	School Age Transportation Program	\$ 17,250	\$ 17,250	\$ 15,000	\$ -	\$ -	\$ 15,000					\$ 15,000
OS 16	First Missionary Baptist Church	Marin City Fatherhood Council / Mentoring Group	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -					\$ -
OS 17	Multicultural Center of Marin	Wise Choices for Girls	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -					\$ -
OS 18	Performing Stars of Marin (PSoM)	Robust Social Services for Southern Marin Residents Including Children, Youth and Families	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ 15,000					\$ 15,000
OS 19	San Geronimo Valley Community Center	Human Service Program	\$ 61,098	\$ 61,098	\$ 15,000	\$ -	\$ -	\$ 15,000					\$ 15,000
NS 20	North Bay Children's Center, Inc.	Child Care Scholarships	\$ 20,000	\$ 20,000	\$ -	\$ 15,000	\$ -	\$ 15,000					\$ 15,000
NS 21	North Marin Community Services	NMCS Teacher Workforce Stabilization	\$ 20,000	\$ 20,000	\$ -	\$ 15,000	\$ -	\$ 15,000					\$ 15,000
SS 22	City of San Rafael/Pickleweed Preschool	Preschool/Pickleweed Preschool	\$ 44,424	\$ 45,624	\$ -	\$ -	\$ 23,000	\$ 23,000					\$ 23,000
Public Services Subtotal			\$ 759,246	\$ 764,946	\$ 65,500	\$ 42,000	\$ 70,000	\$ 242,500					\$ 242,500

ADMINISTRATION

	CDBG Administration	County of Marin						\$ 324,000					\$ 324,000
	HOME Administration	County of Marin										\$ 90,000	\$ 90,000
TOTALS								\$ 1,986,500				\$ 903,000	\$ 2,889,500



Attachment 2 — Additional Guiding Principles for Funding Recommendations

Program Spending Deadlines

Community Development Block Grants (CDBG) –

HUD regulations stipulate the timely expenditure of project funds and that unspent funds should be reallocated and used in communities that can meet timely spending guidelines. HUD takes sanctions if, on the annual test date in late April, an entitlement community has unspent CDBG funds that exceed 1.5 times its annual CDBG grant amount. If a community’s unspent CDBG balance exceeds the 1.5 standard on the test date, HUD will designate the community as a “high-risk” grantee and may also take funds away. The reduction of grant awards is done through an automated process, so there is no opportunity to request a waiver or extension. If the CDBG grant declines, the amount of unspent funds permitted also declines. Therefore, we must take care to prioritize CDBG funds for projects that are ready to proceed.

Current HUD regulations and policy trends suggest increased scrutiny on entitlement communities and the administration of their federal dollars. Funding should therefore be prioritized for projects that can meet timely spending requirements, avoiding funding agencies with unspent balances or agencies lacking the administrative capacity to execute their spending in a timely manner.

HOME Investment Partnerships Program –

In January 2019, HOME spending deadlines were modified by the passage of the Consolidated Appropriations Act. This legislation suspends the 24-month commitment requirement for Community Housing Development Organization (CHDO)¹ set-aside funds, as well as continues the suspension of the 24-month commitment requirement for regular HOME Investment Partnerships Program (HOME) funds. Both deadline requirements are suspended through December 31, 2023. In addition, per authority provided to HUD through the CARES Act, there is a waiver available for the four-year project completion requirement, among others.

Prior to the passage of these bills, the County was required to enter into a contract with a CHDO project sponsor, committing the HOME funds to a specific project within 2 years of the HUD allocation. The requirement that HOME funds be placed under

¹ A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves.

contract within two years is extremely difficult to implement in Marin County. This change combined with the increased time for project completion will ease some burden and risk of losing funds due to projects involved in prolonged entitlement, funding obtainment, and construction processes. The County is not permitted to enter into a contract to provide a project sponsor with HOME funds unless all other necessary financing has been secured, and there is a reasonable expectation that the project can start construction or rehabilitation within 1 year of the contract date. If the project involves acquisition, there must be a reasonable expectation that acquisition will occur within six months. In practice, the sponsor needs to have secured all local planning approvals before they can obtain the funding commitments for the entire cost of the project.

Although the 24-month commitment has been suspended and the four-year project completion requirement is available to be waived, there remains a 9-year expiration on funds. If this deadline is not met, HUD can cancel that portion of the community's HOME grant. HUD can also require repayment of funds, even if the County has already spent the money on a project, regardless of whether the project is eventually completed.

The most challenging aspect of HOME funds is the requirement that all other financing must be secured prior to the County entering into a contract to provide a project with HOME funds. Most sponsors of affordable housing find that they need a significant commitment of HOME funds in order to leverage commitments from other sources of funding, particularly if those sources are not local. For example, in order for an affordable housing development project to successfully compete for low-income housing tax credits, it needs a substantial commitment of local funding, which often includes HOME funds.

Priorities

Affirmatively Furthering Fair Housing –

Marin County has received criticism for its lack of affordable housing, particularly for members of the protected classes. The 2020 County Analysis of Impediments to Fair Housing Choice (AI) identifies four (4) broad categories of barriers to fair housing choice. Federal grant funding will be used in a manner consistent with supporting the goals of furthering fair housing choice in Marin County. To do this, fair housing and affirmative marketing criteria have been elevated as a comprehensive part of the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) project selection process. All CDBG and HOME applications are assessed for capacity and compliance with those criteria.

Projects in alignment with the Fair Housing goals laid out in the Consolidated Plan and the AI will be prioritized. Addressing the fair housing concerns in Marin County will require a concerted effort on behalf of County staff, the Board of Supervisors, cities and towns, and Countywide Priority Setting Committee members.

Supporting Projects That Serve Members Of The Protected Classes –

The PSC has opted to prioritize projects that serve members of the protected classes. The funding application collects data that specifically identifies which members of the protected classes are being served and how. This data aids in making funding recommendations and evaluating whether projects predominantly serve members of protected classes.

All funded projects will be required to affirmatively market their services. In this context, project applicants must market services and give special assistance to historically disadvantaged groups. It is insufficient to simply not discriminate; assertive steps aimed at reversing historical trends and discriminatory patterns must be taken. The affirmative marketing plans are one part of that effort, with the purpose of promoting a condition in which individuals of similar income levels in the same area have available to them a 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 grantee indicates what special efforts they will make to reach out to potential clients 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 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.

To better support organizations in conducting affirmative marketing, County staff have updated affirmative marketing planning templates and continue to provide technical assistance to encourage successful planning. In addition, Fair Housing Advocates of Northern California recently offered a training for public service providers to increase capacity around conducting affirmative marketing.

Prioritizing Fewer Applications –

HUD requested that Marin reconsider the numerous small allocations that have been made in favor of funding fewer, larger projects that address priorities established by the Priority Setting Committee, “larger projects” being identified by HUD as \$10,000 per project. This recommendation was based on multiple conversations with the HUD office on ways to utilize funds more efficiently and effectively, most recently with comments on the 2016 Consolidated Plan Amendments.

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 also assist housing projects with meeting a timelier completion schedule. However, this may not always be feasible due to Marin's commonly lengthy approval processes and HUD's strict timely spending requirements.

Attachment 3 — CDBG Reprogrammed Funding

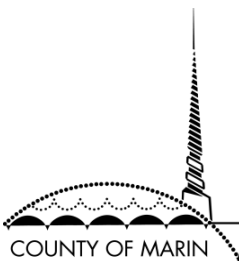
Community Development Block Grant Recommended Reprogramming

Amount	Project Sponsor	Project Name	Reprogrammed Amount	Project Sponsor	2022-23 Project Name
20,000.00	Administration/Marin City Community Services Distric	Administrative funds exchanged for expiring funds	20,000.00	Petaluma Health Center	Point Reyes Station Clinic Laboratory and Accessibility Renovations
163,893.00	Marin City Community Development Corperation	Empowerment Clubhouse	162,000.00	Petaluma Health Center	Point Reyes Station Clinic Laboratory and Accessibility Renovations
8,747.07	Shoreline Acres	Home Visitation Program	8,747.07	Shoreline Unified School District	Inverness School Play Structure
25,000.00	Galilee Harbor	Electrical Upgrade	25,000.00	Episcopal Community Services Homekey 1251 S. Eliseo	Homekey 1251 S. Eliseo
150,000.00	The Redwoods	Independent Living Apartments (ILA) Revitalization	150,000.00	Episcopal Community Services Homekey 1251 S. Eliseo	Homekey 1251 S. Eliseo
5,000.00	RotaCare Bay Area	RotaCare Clinic San Rafael COVID-19 PPE	5,000.00	Community Action Marin	Renovation of the De Colores Children's Center & Safety Net Services Hub to Increase Childcare for Families of Low Income
			372,640.07		

Attachment 4 - HOME Program Income

HOME Investment Partnerships Program Program Income

Amount	Program Income	Program Income Amount	PROJECT
104,118.00	2020-21 Program Income - \$75,792 (Toussin) \$28,326 (Fireside)	10,412.00	Administration
		93,706.00	Bolin Community Land Trust <i>31 Wharf Road</i>
		104,118.00	



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

Attachment 5 — CDBG & HOME Project Summaries

Housing Funding Requests

Countywide Projects

CH 01 Bolinas Community Land Trust – 31 Wharf Road

Bolinas Community Land Trust, a nonprofit community land trust committed to creation and preservation of affordable housing for low-income residents, requests \$800,000 of HOME funding for Year 1 to support construction of a mixed-use project providing nine (9) two- and three-bedroom affordable apartments and one small commercial space at 31 Wharf Road in Bolinas. The request would go toward general development, environmental review, and operating reserve expenses. Staff recommend \$550,000 of HOME funds for Year 1.

CH 02 Eden Housing, Inc. – Point Reyes Coast Guard

Eden Housing, Inc., a nonprofit affordable housing developer committed to developing, acquiring, or rehabilitating affordable homes, requests \$546,000 in CDBG funding across Year 1 and Year 2, and \$500,000 in HOME funding for Year 2 to support the rehabilitation of homes at the former Coast Guard site. The request is for predevelopment, general development, and construction expenses. Eden has withdrawn its funding application as they work through site design challenges and may apply again in the future.

CH 03 Eden Housing, Inc. – Oak Hill Apartments

Eden Housing, Inc., a nonprofit affordable housing developer committed to developing, acquiring, or rehabilitating affordable homes, requests \$600,000 of HOME funding for Year 2 to support the development of 115 affordable units on State owned surplus land near San Quentin. The request would go toward general development and construction expenses. Staff will consider funding during Year 2.

CH 04 Episcopal Community Services – 1251 S. Eliseo

Episcopal Community Services, a nonprofit homeless housing and service provider committed to ending homelessness, requests \$1,000,000 of CDBG funding across Year 1 and Year 2 to support the Homekey renovation of the facility at 1251 S. Eliseo Drive into 43 units of permanent supportive housing for chronically homeless adults. The request would go toward predevelopment, general development, and construction expenses. Staff recommend \$407,500 of CDBG funds for Year 1. Staff will consider additional funding during Year 2.

CH 05 Habitat for Humanity Greater San Francisco – Habitat Redwood Blvd
Habitat for Humanity Greater San Francisco, a nonprofit affordable housing developer committed to building quality homes for homeownership, requests \$1,600,000 of HOME funding across Year 1 and Year 2 to support development of 80 affordable single-family homes on a surplus land site in Northern Novato. The request would go directly toward general development and construction expenses. Staff recommend \$263,000 of HOME funds for Year 1. Staff will consider additional funding during Year 2.

CH 06 Homeward Bound of Marin - Novato Veterans & Workforce Housing
Homeward Bound of Marin, a nonprofit homeless housing and service provider committed to ending homelessness, requests \$250,000 of CDBG funding for Year 1 and \$1,000,000 of HOME funding across Year 1 and Year 2 to support construction and site improvements for 50 veterans and workforce rental housing units in Novato. The request would go toward various acquisition, predevelopment, construction, and utility connection expenses. Staff recommend \$250,000 of CDBG funds. No recommendation is made for HOME funds in Year 1. Staff will consider funding for HOME during Year 2.

CH 07 Marin Center for Independent Living – Residential Access Modification Program
Marin Center for Independent Living, a nonprofit service provider committed to helping seniors and persons with disabilities achieve independence, requests \$18,000 of CDBG funding for Year 2 to support home access modifications to improve housing accessibility for people with disabilities. The request would go toward materials and labor expenses for home modifications. Staff will consider funding during Year 2.

CH 08 Residential Rehab Loan Program
The County is currently seeking a provider to administer the County's Residential Rehab Loan Program. By way of the previous project sponsor, the project has requested \$550,000 of CDBG funding across Year 1 and Year 2 to support low and differed interest home loans for low-income homeowners to make home repairs. The request would go toward personnel and administrative expenses to transition the program to a new provider and administer new loans. Staff recommend \$250,000 of CDBG funds for Year 1. Staff will consider additional funding during Year 2.

County Other Projects

OH 09 San Geronimo Valley Affordable Housing Association – Sage Lane Units 11 & 15 Exterior Painting
San Geronimo Valley Affordable Housing Association, a nonprofit affordable housing provider and advocacy organization committed to creating and

preserving permanently affordable homes in the San Geronimo Valley, requests \$17,000 of CDBG funding for Year 1 to support external painting, patching, and repair for Sage Lane Units 11 and 15. The request would go directly toward painting services and project oversight. Staff recommend \$17,000 of CDBG funds for Year 1.

San Rafael Projects

SH 10 Canal Alliance – Affordable Housing Rehab

Canal Alliance, a nonprofit organization service provider committed to serving the low-income Latinx immigrant community in San Rafael and throughout Marin, requests \$300,000 of CDBG funding for Year 2 to support rehabilitation of an existing apartment building that is rented to low- and moderate-income residents. The request would go toward general development and construction expenses. Staff will consider funding during Year 2.

Capital Funding Requests

County Other Projects

OC 01 Fairfax San-Anselmo Children’s Center – Kitchen Health & Safety Repair

Fairfax San-Anselmo Children’s Center, a nonprofit childcare provider committed to providing quality early childcare and education, requests \$104,238 of CDBG funding for Year 1 to support replacement of the facility’s water heater and flooring. The request would go toward hiring a project manager, contractor fees for asbestos abatement, plumbing, and permitting. Staff recommend \$30,000 of CDBG funds for Year 1 to address the urgent hot water heater and asbestos abatement. Staff will consider additional funding during Year 2.

OC 02 Petaluma Health Center – Pt. Reyes Station Clinic Laboratory & Accessibility Renovations

Petaluma Health Center, formerly the Coastal Health Alliance, a Federally Qualified Health Center (FQHC) committed to meeting the health care needs of Marin County’s coastal residents, requests \$182,270 of CDBG funding for Year 1 to support critical renovations to the facility’s laboratory and sterilization area, as well as ensuring all facilities are safe and ADA accessible. The request would go toward predevelopment engineering and various construction and contractor expenses. Staff recommend \$182,000 of CDBG funds for Year 1.

OC 03 Shoreline Unified School District – Inverness School Play Structure

Shoreline Unified School District, a Marin County school district committed to serving communities from Point Reyes, Inverness, and Tomales, requests \$30,000 of CDBG funding for Year 1 to support replacement of the existing

play structure and wood chips on the Inverness school campus. The request would go toward the purchase price of these items. Staff recommend \$30,000 of CDBG funds for Year 1.

Novato Projects

NC 04 Buckelew Programs – Novato Residential Support

Buckelew Programs, a nonprofit housing and services provided committed to promoting recovery, resilience, and hope through behavioral health services for individuals and families, requests \$137,250 of CDBG funding across Year 1 and Year 2 to support remodeling and upgrading its Residential Support Services facility in Novato for adults with serious mental illness. The request would go toward various construction-related expenses including lead testing and remediation, electrical upgrades, and bathroom remodels. Staff recommend \$103,500 of CDBG funds for Year 1. Staff will consider additional funding during Year 2.

NC 05 North Bay Children’s Center – Redevelopment of North Bay Children's Center

North Bay Children’s Center, a nonprofit childcare provider committed to providing quality early childcare and education, requests \$200,000 of CDBG funding across Year 1 and Year 2 to support the redevelopment of its headquarters and childcare facility in Novato. The request would go toward predevelopment, general development, and construction expenses. NBCC has withdrawn its CDBG funding application due to timing constraints.

NC 06 North Marin Community Services – Building Security

North Marin Community Services, a nonprofit safety-net service and childcare provider committed to providing quality early childcare, education, and integrated services, requests \$183,163 of CDBG funding for Year 2 to support building security enhancements for its two buildings. The request would go toward the purchase of security cameras and key card locking systems. Staff will consider funding during Year 2.

San Rafael Projects

SC 07 City of San Rafael – Canal Area Pathway Projects

The City of San Rafael’s Public Works Department, a local government body committed to improving and maintaining public property and infrastructure, requests \$350,000 of CDBG funding for Year 2 to support three walkway improvement projects in the Canal neighborhood of San Rafael. The request would go toward general development and construction expenses. Staff will consider funding during Year 2.

SC 08 Community Action Marin – Renovation of De Colores Children’s Center & Safety Net

Community Action Marin, a nonprofit safety-net service and childcare provided committed to eliminating poverty, requests \$200,000 of CDBG funding across Year 1 and Year 2 to support renovation of the De Colores Children’s Center and Safety Net Services Hub. The request would go toward predevelopment, general development, and construction expenses. Staff recommend \$150,000 of CDBG funds for Year 1. Staff will consider additional funding during Year 2.

Public Services Funding Requests

Countywide Projects

CS 01 Marin County Cooperation Team/Bambini Yoga Project – Food Distribution Center

Marin County Cooperation Team, a fiscally sponsored project committed to providing free comprehensive support services to Marin County’s most vulnerable communities to improve health, wellness, and educational outcomes, requests \$17,674 of CDBG funding in Year 1 and Year 2 to support its Wednesday Food Distribution Center in Marin City. The request would go toward employee salaries and administrative costs. Staff do not recommend funding.

CS 02 Center for Employment Opportunities – Services for Formerly Incarcerated Residents

Center for Employment Opportunities, a nonprofit service provider committed to creating opportunities for formerly incarcerated individuals, requests \$15,000 of CDBG funding in Year 1 and Year 2 to support expansion of their employment training program for Marin residents on parole or probation. The request would go toward vehicle expenses. Staff do not recommend funding.

CS 03 Community Action Marin – Driving to Thriving Project

Community Action Marin, a nonprofit safety-net service and childcare provider committed to eliminating poverty, requests \$65,000 of CDBG funding in Year 1 and Year 2 to support its commercial driver's license workforce development project. The request would go toward the employee salaries and administrative expenses. Staff do not recommend funding.

CS 04 Covia Foundation – Home Match Marin

Covia Foundation, a nonprofit housing and service provider committed to improving the lives of older adults, requests \$15,000 of CDBG funding in Year 1 and Year 2 to support its Home Match program, which creates shared affordable housing by matching over-housed older adults with low-income service workers in Marin. The request would go toward employee salaries. Staff recommend \$15,000 in CDBG funding for Year 1.

- CS 05 ExtraFood.org – Equitable & Sustainable Food Safety Net**
ExtraFood.org, a nonprofit organization committed preventing food waste and eliminating food insecurity, requests \$25,000 of CDBG funding in Year 1 and Year 2 to support expansion of its food safety-net and food recovery program. The request would go toward the employee salaries, administrative expenses, and contribute to the acquisition a new refrigerated truck. Staff recommend \$15,000 in CDBG funding for Year 1.
- CS 06 Fair Housing Advocates of Northern California – Fair Housing Counseling and Education**
Fair Housing Advocates of Northern California, a nonprofit fair housing organization committed to ensuring equal housing opportunity, requests \$75,000 and \$79,500 of CDBG funding in Years 1 and 2 respectively to support its fair housing counseling and education programs. The request would go toward the employee salaries and administrative expenses. Staff recommend \$65,000 in CDBG funding for Year 1.
- CS 07 Family & Children’s Law Center – Domestic Violence Legal Services**
Family & Children’s Law Center, a nonprofit legal service provider committed to providing high-quality, low-cost legal services to children and families, requests \$30,000 of CDBG funding in Year 1 and Year 2 to provide domestic violence legal services. The request would go toward employee salaries and administrative expenses. Staff recommend \$15,000 in CDBG funding for Year 1.
- CS 08 In Spirit – Food Stipend & Caregiver Financial Aid Expansion**
In Spirit, a nonprofit support and advocacy organization committed to serving the needs of Marin County residents with quadriplegia, requests \$48,800 of CDBG funding in Year 1 and Year 2 to increase the monthly stipend given to clients for caregiving costs and provide each client with a monthly gift card for groceries. The request would go directly toward those two endeavors, in addition to marketing activities. Staff do not recommend funding.
- CS 09 Legal Aid of Marin – Keeping Marin Residents in their Homes**
Legal Aid of Marin, a nonprofit legal aid provider committed to empowering the Marin community through legal representation, advocacy, and education, requests \$40,000 of CDBG funding in Year 1 and Year 2 to support expansion of its housing support legal assistance program to keep residents in their homes. The request would go toward employee salaries and administrative expenses. Staff recommend \$34,500 in CDBG funding for Year 1.
- CS 10 Marin County Dental Care Foundation – Helping Children Smile**
Marin County Dental Care Foundation, a nonprofit membership organization committed to preventing dental disease in underserved children, requests \$50,000 of CDBG funding in Year 1 and Year 2 to support comprehensive

dental treatment for qualifying applicants. The request would go toward employee salaries, administration expenses, and direct dental services. Staff do not recommend funding.

- CS 11 Multicultural Center of Marin – Equity in Access for Self-Sufficiency**
Multicultural Center of Marin, a nonprofit cultural and safety-net organization committed to providing culturally appropriate resources and opportunities to build an inclusive and equitable Marin County, requests \$65,000 of CDBG funding in Year 1 and Year 2 to hire a staff person to provide drop-in information and referral, system navigation, and light case management services. The request would go toward employee salary and benefits. Staff do not recommend funding.
- CS 12 Vivalon – Nourish Program**
Vivalon, a nonprofit service provider committed to meeting the needs of Marin County’s older adults and people living with disabilities, requests \$65,000 of CDBG funding in Year 1 and Year 2 to support its Nourish program, which provides nutritious, ready-made meals to homebound older adults and people living with life-threatening or chronic conditions in Marin County. The request would go toward employee salaries, food costs, and administrative expenses. Staff do not recommend funding.

County Other Projects

- OS 13 Belvedere-Tiburon Joint Recreation Committee – Scholarships for Recreation Programming**
Belvedere-Tiburon Joint Recreation Committee, a joint powers authority committed to providing community recreational programming for all ages, requests \$15,000 and \$5,000 of CDBG funding in Years 1 and 2 respectively to support scholarships for program participation. BTJRC has withdrawn its CDBG funding application.
- OS 14 Evening After-School Transportation – Bridge the Gap College Prep**
Bridge the Gap College Prep, a nonprofit education organization committed to providing comprehensive academic, social, and emotional support to Marin City students, requests \$15,000 of CDBG funding in Year 1 and Year 2 to support evening transportation from Sausalito Marin City Elementary Campus in Sausalito to Marin City, allowing for after-school program participation. The request would go toward travel/gas costs, employee salaries, and professional fees. Staff do not recommend funding.
- OS 15 Fairfax-San Anselmo Children’s Center – School-Age Transportation Program**
Fairfax San-Anselmo Children’s Center, a nonprofit childcare provider committed to providing quality early childcare and education, requests, requests \$17,250 of CDBG funding in Year 1 and Year 2 to support

afterschool transportation for school aged children. The request would go toward employee salaries and maintenance of four vans. Staff recommend \$15,000 in CDBG funding for Year 1.

OS 16 First Missionary Baptist Church – Marin City Fatherhood Council & Mentoring Group

First Missionary Baptist Church, a religious nonprofit organization committed to leading and serving the general Marin City community, requests \$25,000 of CDBG funding in Year 1 and Year 2 to support services for fathers and underserved youth in the areas of job readiness, basic life skills, and community awareness. The request would go toward the church's bereavement fund, education fund, transportation fund, and marketing. Staff do not recommend funding.

OS 17 Multicultural Center of Marin – Wise Choices for Girls

Wise Choices for Girls, a fiscally sponsored project committed to providing girls and young women with support around education and social and cultural competency, requests \$30,000 of CDBG funding in Year 1 and Year 2 to support provision of physical health, nutrition, and mental health services. The request would go toward the employee salaries, guest speakers, therapy services, supplies, and administration expenses. Staff do not recommend funding.

OS 18 Performing Stars of Marin – Social Services for Southern Marin Residents

Performing Stars of Marin, a nonprofit arts and safety-net organization committed to providing children in Marin City opportunities to participate in the arts, requests \$15,000 of CDBG funding to support the continuation of afterschool and summer arts and enrichment program for children and youth. The request would go toward employee salaries, meals, transportation, and administrative expenses. Staff recommend \$15,000 in CDBG funding for Year 1.

OS 19 San Geronimo Valley Community Center – Human Services Program

San Geronimo Valley Community Center, a nonprofit safety-net provider and community center committed to fostering healthy communities in the San Geronimo Valley and Nicasio, requests \$61,098 of CDBG funding in Year 1 and Year 2 to support its weekly food bank. The request would go toward employee salaries. Staff recommend \$15,000 in CDBG funding for Year 1.

Novato Projects

NS 20 North Bay Children's Center – Child Care Scholarships

North Bay Children's Center, nonprofit childcare provider committed to providing quality early childcare and education, requests \$20,000 of CDBG funding to support scholarships for its child development programs. The

request would go toward monthly childcare scholarships for qualifying families. Staff recommend \$15,000 in CDBG funding for Year 1.

NS 21 North Marin Community Services – NMCS Teacher Workforce Stabilization

North Marin Community Services, a nonprofit safety-net service and childcare provider committed to providing quality early childcare, education, and integrated services, requests \$20,000 of CDBG funding to support stabilization of its teacher workforce so that low-income working families can remain in essential jobs, and children can receive high-quality care. The request would go toward teacher salaries. Staff recommend \$15,000 in CDBG funding for Year 1.

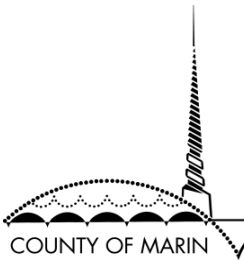
San Rafael Projects

SS 22 City of San Rafael – Pickleweed Preschool

The City of San Rafael’s Library and Recreation Department, a local government body committed to providing State-licensed childcare programming for school-age and preschool-age children, requests \$44,424 and \$45,624 of CDBG funding in Years 1 and 2 respectively to support Pickleweed Preschool programming in the Canal neighborhood of San Rafael. The request would go toward employee salaries. Staff recommend \$23,000 in CDBG funding for Year 1.

Attachment 6 — PLHA Applications and Recommendations for CY 2022

PROJECT SPONSOR	PROJECT NAME	Proposed Units	PLHA Request	County Other PLHA Recommendation	Novato PLHA Recommendation	San Rafael PLHA Recommendation	Total PLHA Contribution	Marin Housing Fund Match	Local Planning Area Match	TOTAL Project Funding
Bolinas Community Land Trust (BLCT)	31 Wharf Rd	9	\$900,000	\$54,477	-	-	\$54,477	\$54,477	-	\$108,954
EAH	1 Hamilton Dr	45	\$1,000,000	-	-	-	-	-	-	-
Eden Housing, Inc.	Point Reyes Coast Guard Housing Project	50	\$1,000,000	\$302,648	-	-	\$302,648	\$302,648	-	\$605,296
Eden Housing, Inc.	Oak Hill Apartments – Lower Income	115	\$1,000,000	-	-	-	-	-	-	-
Habitat for Humanity Greater San Francisco	Habitat Redwood Blvd.	80	\$1,000,000	-	\$160,902	-	\$160,902	\$160,902	\$160,902	\$482,706
Homeward Bound of Marin	Novato Veterans and Workforce Housing	50	\$1,000,000	-	\$196,223	-	\$196,223	\$196,223	\$196,223	\$588,669
Canal Alliance	0 Belvedere	32	\$400,000	-	-	-	-	-	-	-
Eden Housing, Inc.	Homekey 3301 Kerner	40	\$1,025,000	-	-	\$357,125	\$357,125	\$357,125	\$357,125	\$1,071,375
	Total		\$7,325,000	\$357,125	\$357,125	\$357,125	\$1,071,375	\$1,071,375	\$357,125	\$2,857,000



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

Attachment 7 — PLHA Project Summaries

County Other Projects

Bolinas Community Land Trust – 31 Wharf Road

Bolinas Community Land Trust, a nonprofit community land trust committed to creation and preservation of affordable housing for low-income residents, requests \$500,000 in County Affordable Housing Funds and \$900,000 in Permanent Local Housing Allocation (PLHA) funding to support construction of a mixed-use project providing nine (9) two- and three-bedroom affordable apartments and one small commercial space at 31 Wharf Road. The request would go toward general development expenses. Staff recommend \$54,477 in County Housing Funds and \$54,477 in PLHA funds for 2022.

EAH – 1 Hamilton Dr

EAH, a nonprofit affordable housing organization committed to expanding the range of opportunities for all by developing and managing quality affordable housing, requests \$1,000,000 in County Affordable Housing Funds and \$1,000,000 in Permanent Local Housing Allocation (PLHA) funding to support the development of a 45-unit affordable residential complex on land owned by the City of Mill Valley. The request would go toward predevelopment expenses (architecture/engineering, feasibility analysis). Staff do not recommend funding at this time.

Eden Housing, Inc. – Point Reyes Coast Guard

Eden Housing, a nonprofit affordable housing developer committed to developing, acquiring, or rehabilitating affordable homes, requests \$1,000,000 in County Affordable Housing Funds and \$1,000,000 in Permanent Local Housing Allocation (PLHA) funding to support the rehabilitation of 50 units of affordable housing in Point Reyes Station, located on the former Point Reyes Station Coast Guard housing site. Eden Housing is partnering with the Community Land Trust Association of West Marin (CLAM) on this project. The request would go toward predevelopment expenses (architecture/engineering, site due diligence). Staff recommend \$302,648 in County Housing Funds and \$302,648 in PLHA funds for 2022.

Eden Housing – Oak Hill Apartments

Eden Housing, a nonprofit affordable housing developer committed to developing, acquiring, or rehabilitating affordable homes, requests \$1,000,000 in County Affordable Housing Funds and \$1,000,000 in Permanent Local Housing Allocation (PLHA) funding to support the development of 115 affordable units on State-owned surplus land near San Quentin. The request would go toward predevelopment architecture/engineering expenses. Staff do not recommend funding at this time.

Novato Projects

Habitat for Humanity Greater San Francisco – Habitat Redwood Blvd

Habitat for Humanity Greater San Francisco, a nonprofit affordable housing developer committed to building quality homes for homeownership, requests \$1,000,000 in County Affordable Housing Funds and \$1,000,000 in Permanent Local Housing Allocation (PLHA) funding to support development of 80 affordable single-family homes on a surplus land site. The request would go toward predevelopment expenses (architecture engineering, permit and fees, taxes and insurance). Staff recommend \$160,902 in County Housing Funds and \$160,902 in PLHA funds for 2022.

Homeward Bound of Marin - Novato Veterans & Workforce Housing

Homeward Bound of Marin, a nonprofit homeless housing and service provider committed to ending homelessness, requests \$1,000,000 in County Affordable Housing Funds and \$1,000,000 in Permanent Local Housing Allocation (PLHA) funding to support construction and site improvements for 50 veterans and workforce rental housing units in Novato. The request would go toward directly toward construction costs. Staff recommend \$196,223 in County Housing Funds and \$196,223 in PLHA funds for 2022.

San Rafael Projects

Canal Alliance – 0 Belvedere

Canal Alliance, a nonprofit organization service provider committed to serving the low-income Latinx immigrant community in San Rafael and throughout Marin, requests \$400,000 in County Affordable Housing Funds and \$400,000 in Permanent Local Housing Allocation (PLHA) funding for the acquisition of a 32-unit market-rate multi-family property in San Rafael's Canal neighborhood to convert to affordable housing. The request would go toward the acquisition of the property. Staff do not recommend funding at this time due to lack of documented site control, a requirement of PLHA's guidelines.

Eden Housing – 3301 Kerner

Eden Housing, a nonprofit affordable housing developer committed to developing, acquiring, or rehabilitating affordable homes, requests \$1,025,000 in County Affordable Housing Funds and \$1,025,000 in Permanent Local Housing Allocation (PLHA) funding to support the adaptive reuse of a three-story office building to permanent supportive housing for those experiencing homelessness through Project Homekey. The request would be applied as gap financing. Staff recommend \$357,125 in County Housing Funds and \$357,125 in PLHA funds for 2022.

Permanent Local Housing Allocation Final Guidelines



**Gavin Newsom, Governor
State of California**

**Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director
California Department of Housing and Community Development**

2020 West El Camino Avenue, Suite 150
Sacramento, CA 95833

October 2019

The matters set forth herein are regulatory mandates, and are adopted in accordance with the authorities set forth below:

Quasi-legislative regulations ... have the dignity of statutes ... [and]... delegation of legislative authority includes the power to elaborate the meaning of key statutory terms...

Ramirez v. Yosemite Water Co., 20 Cal. 4th 785, 800 (1999)

In consultation with stakeholders, the California Department of Housing and Community Development (Department) may adopt Guidelines to implement this Section, including determining allocation methodologies. Any guideline, rule, policy, or standard of general application employed by the Department in implementing this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Title 2 Government Code, Part 1 of Division 3).

NOTE: Authority Cited: Health and Safety Code Section 50470, subdivision (d).

The Department reserves the right, at its sole discretion, to suspend or amend the provisions of these Guidelines, including, but not limited to, grant award amounts.

INTRODUCTION

Chapter 364, Statutes of 2017 (SB 2, Atkins) was part of a 15-bill housing package aimed at addressing the state's housing shortage and high housing costs. Specifically, it establishes a permanent source of funding intended to increase the affordable housing stock in California. The revenue from SB 2 will vary from year to year, as revenue is dependent on real estate transactions with fluctuating activity. The legislation directs the California Department of Housing and Community Development (Department) to use 70 percent of the revenue collected, beginning in calendar year 2019, to provide financial assistance to local governments for eligible housing-related projects and programs to assist in addressing the unmet housing needs of their local communities. This program is hereafter referred to as the Permanent Local Housing Allocation (PLHA) program.

Guidelines for the PLHA program are organized into five Articles as follows:

Article I. General provisions: This article includes information on the purpose of the Guidelines, program objectives, and definitions used throughout the document.

Article II. Program funding: This article describes allocation formulas and methodologies, and award amounts.

Article III. Formula allocation component: This article describes the requirements for Applicants to apply for funds under the formula allocation of the PLHA program.

Article IV. Competitive allocation component: This article describes requirements and uses for PLHA competitive allocation funds.

Article V. Administration: This article describes administrative functions such as terms, non-performance remedies, and reporting and monitoring requirements.

Permanent Local Housing Allocation (PLHA) Program: 2019 Guidelines

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ARTICLE I. GENERAL PROVISIONS

Section 100. Purpose and Scope

- (a) These Guidelines (hereinafter “Guidelines”) implement, interpret, and make specific Chapter 364, Statutes of 2017 (SB 2, Atkins - hereinafter “SB 2”) as authorized by Health and Safety Code (HSC) Section 50470, which created the Building Homes and Jobs Trust Fund and the PLHA program. The principal goal of this program is to make funding available to eligible local governments in California for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities. Twenty percent of the funding in the Building Homes and Jobs Trust Fund is required to be expended for Affordable Owner-Occupied Workforce Housing, and the program prioritizes investments that increase the supply of housing to households that are at or below 60 percent of the Area Median Income (AMI), adjusted for household size.
- (b) These Guidelines establish terms, conditions, and procedures for local governments to submit applications to the Department for funds from the PLHA program’s three components, as listed below:
 - (1) Entitlement formula component per HSC 50470(b)(2)(B)(i)(I)
 - (2) Non-entitlement formula component per HSC 50470(b)(2)(B)(i)(II)
 - (3) Non-entitlement competitive grant program component per HSC 50470(b)(2)(B)(i)(I) (eligible Applicants are the same as for component 2 above)
- (c) The non-entitlement competitive grant program component prioritizes assistance to persons experiencing or At risk of homelessness.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(A), subdivision (b)(2)(B)(i) and subdivision (b)(2)(B)(ii)(I-V).

Section 101. Definitions

All terms not defined below shall, unless their context suggests otherwise, be interpreted in accordance with the meanings of terms described in HSC Section 50470.

- (a) “Accessory dwelling unit” (ADU) means a dwelling unit which is attached, detached or located within the living area of the existing dwelling or residential dwelling unit and which provides complete independent living facilities for one or more persons pursuant to Government Code (GC) Section 65852.2 and 65852.22. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling. An Accessory dwelling unit also includes the following: an efficiency unit, as defined in Section 17958.1 of the HSC, or a manufactured home, as

defined in Section 18007 of the HSC.

(b) "Activity" means any single eligible undertaking carried out as part of an Applicant's allocation(s) under the Program.

(c) "Affordable" means a housing unit that satisfies at least one of the following criteria:

1. If the unit is being rented to low-income, Very low-income or Extremely low-income households, it complies with the Multifamily Housing Program guidelines Section 7312 and the Section 7301 definition of "Affordable Rent"; or
2. If the unit is being sold, it is offered at an "Affordable housing cost", as published in the Fannie Mae Selling Guide, Part B, Debt to Income Ratios, as updated annually (<https://www.fanniemae.com/content/guide/selling/b3/6/02.html#DTI.20Ratios>), and it complies with the income limits stated in the definitions of Moderate-Income and Lower-Income in this section; or
3. If the unit is being rented to Moderate-Income households, it is available at a gross rent, including a utility allowance, that does not exceed 30 percent of the applicable income eligibility level, and complies with the definition of Moderate-Income in these guidelines

(d) "Affordable Owner-Occupied Workforce Housing" (AOWH) means owner-occupied housing per HSC Section 50092.1 that is affordable to persons and families of low or moderate income, as that term is defined in HSC Section 50093, except in High-cost areas where Moderate-income shall include households earning up to 150 percent of AMI.

(e) "Annual Progress Report" (APR) means the Housing Element APR required by GC Section 65400 on the prior year's activities and due to the Department April 1 of each year.

(f) "Annual Report" means a form issued by the Department and completed by a Local government awarded PLHA funds on which the Local government documents the uses and expenditures of any allocated funds and outcomes achieved.

(g) "Applicant" means an eligible Local government applying for the program to administer one or more eligible activities. Applicant also means a Local or Regional Housing Trust Fund delegated by an eligible Local government to apply for the program and administer its allocation in accordance with all program rules.

- (h) “Area Median Income” or “AMI” means the most recent applicable county median family income published by the Department, available at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>
- (i) “At risk of homelessness” means the same as defined in Title 24 Section 578.3 of the Code of Federal Regulations and also includes any household receiving rental assistance funded by the California Emergency Solutions and Housing (CESH) program or the California Homeless Emergency Aid Program (HEAP).
- (j) “Capitalized Reserve for Services” means the reserve funded by the Local government pursuant to Section 301(a)(5) to address project supportive service budget deficits attributable to shortfalls in service funding sources.
- (k) “Comprehensive Housing Affordability Strategy” or “CHAS” means annual data compiled by the United States Census Bureau for the U.S. Department of Housing and Urban Development (HUD) to document the extent of housing problems and housing needs, particularly for low-income households.
- (l) “Community Development Block Grant” or “CDBG” means the program created pursuant to Title I of the Housing and Community Development Act of 1974, 42 U.S.C. 5301 et seq., as amended.
- (m) “Department” means the California Department of Housing and Community Development.
- (n) “Extremely Low Income” has the meaning set forth in HSC Section 50106, which is a maximum of 30 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (o) “Fund” means the Building Homes and Jobs Trust Fund pursuant to HSC Section 50470.
- (p) “High-cost area” means those counties defined as high cost by the Federal Housing Finance Agency (at: <https://www.fhfa.gov/DataTools/>) and those counties for which HUD adjusted the Very low income and low-income rents due to high costs (at: https://www.huduser.gov/portal/pdrdatas_landing.html), as published by the Department in the annual PLHA Notice of Funding Availability.
- (q) “Local government” means any city, including a charter city, any county, including a charter county, or a city and county, including a charter city and county.

- (r) “Local Housing Trust Fund” or “Regional Housing Trust Fund” means a public, joint public and private fund or charitable nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code, which was established by legislation, ordinance, resolution (including nonprofit articles of incorporation), or a public-private partnership organized to receive specific revenue to address local or regional housing needs.
- (s) “Low or Lower Income” has the meaning set forth in HSC Section 50079.5, which is a maximum of 80 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (t) “Moderate-Income” has the meaning set forth in HSC Section 50093, which is a maximum of 120 percent AMI, or in High-cost areas, 150 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.
- (u) “Non-entitlement local government” means a Local government in an area which is not a metropolitan city or part of an urban county, a Local government that, as of September 1, 2017, was an incorporated city with a population of less than 50,000 or a county with an unincorporated area population of less than 200,000 persons which had not entered into a three-year Urban County Cooperation Agreement, or a Local government that was not otherwise entitled to receive CDBG funds directly from HUD.
- (v) “Operating subsidies” means payments to owners of affordable housing developments that make the housing more affordable by covering a portion of the ongoing costs of operating the development. Such payments would have the same effect as rental assistance.
- (w) “Owner-occupied” means a dwelling which is occupied by the owner and includes a single family dwelling or a dwelling unit in a stock cooperative, as defined by Business and Professions Code (BPC), Section 11003.2, a community apartment project, as defined by BPC Section 11004, or a condominium project, as defined by subdivision (c) of BPC Section 11004. 5.
- (x) "Plan" means the document submitted by the Applicant to the Department as part of a complete application in which the Applicant proposes to use allocated funds for at least one eligible Activity. The Plan shall have a term of five years. In succeeding years, the Local government is required to obtain the approval of the Department for any amendments made to the Plan, as set forth in Section 302(c)(5).
- (y) “Permanent Local Housing Allocation Program”, “Program”, or “PLHA” means the program developed to annually allocate 70 percent of the moneys deposited into the Fund pursuant to HSC Section 50470(b)(2)(B)(i).

(z) "Permanent supportive housing" has the same meaning as in HSC Section 50675.14, that is, housing with no limit on the length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. Permanent supportive housing may include associated facilities if used to provide services to housing residents. Permanent supportive housing does not include "health facility" as defined by HSC Section 1250 or any "alcoholism or drug abuse recovery or treatment facility" as defined by HSC Section 11834.02 or "Community care facility" as defined in HSC Section 1502, "Mental health rehabilitation centers" as defined in Section 5675 of the Welfare and Institutions Code (WIC), or other residential treatment programs.

(aa) "Regional Housing Needs Allocation" or "RHNA" means the share of the regional housing need represented by persons at all income levels within the area significantly affected by the general plan of the city or county allocated to an Applicant Local government pursuant to GC Section 65584(b).

(bb) "Sponsor" means the legal entity or combination of legal entities with continuing control of a Rental Housing Development. Where the borrowing entity is or will be organized as a limited partnership, Sponsor includes the general partner or general partners who have effective control over the operation of the partnership, or, if the general partner is controlled by another entity, the controlling entity. Sponsor does not include the seller of the property to be developed as the rental housing Project, unless the seller will retain control of the Project for the period necessary to ensure Project feasibility as determined by the Department.

(cc) "Very Low Income" has the meaning set forth in HSC Section 50105, which is a maximum of 50 percent of AMI. Grantees shall utilize income limits issued by the Department at the following link:
<http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470.5 and 50470, subdivision (b)(2).

ARTICLE II. PROGRAM FUNDING

Section 200. Allocations

(a) SB 2 created a dedicated revenue source for affordable housing and directed the Department to make available 70 percent of the moneys in the Building Homes and Jobs Trust Fund, collected on and after January 1, 2019, to Local governments through the following allocations:

(1) Ninety percent of the moneys available shall be allocated based on the formula used under Federal law to allocate CDBG funds within California. This is the formula specified in Title 42 United States Code (USC), Section 5306.

(A) The amount of funds awarded to each Local government eligible for the entitlement formula component shall be determined by the 90 percent of PLHA funds available pursuant to this paragraph (1) and the percentage of funds received by the entitlement Local government in the CDBG federal fiscal year 2017 allocation process performed by HUD.

(B) Through the formula specified in paragraph (1), the percentage of funds allocated to Non-entitlement local governments shall be distributed to Non-entitlement local governments through a competitive grant program.

(2) Ten percent of the moneys available shall be allocated equitably among Non-entitlement local governments. The equitable allocation awarded to each Local government eligible for the Non-entitlement formula component shall be based on the sum of: (1) 50 percent of the funding available for the Non-entitlement formula component divided by the number of local governments eligible for the Non-entitlement formula component and (2) 50 percent of the funding allocated in proportion to each Non-entitlement local government's share of the total most severe housing need in California's Non-entitlement local governments, based upon the most recent HUD Comprehensive Housing Affordability Strategy.

(b) After funds are appropriated by the Legislature as part of the budget act, the Department will issue one or more Notices of Funding Availability (NOFA). Local governments shall submit an application under the NOFA pertaining to the specific allocation for which the Local government is eligible.

(c) It is recommended that Local governments that were urban counties in accordance with the distribution of funds pursuant to the formula specified in 42 USC, Section 5306 for the federal fiscal year 2017 provide a proportional share of their allocations to Local governments within their county with which they had a three-year Urban County Cooperation Agreement as of September 1, 2017, provided that these Local governments meet the threshold requirements of the PLHA and expend sub-allocated funds for eligible activities within the deadlines of the Standard Agreement governing the sub-allocation.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

Section 201. Award Amounts

(a) The formula allocation amounts derived pursuant to the formulas in Section 200 will be announced in the NOFA.

- (b) The maximum application amount and the minimum application amount for the competitive allocation will be stated in the NOFA.
- (c) An Applicant may apply for its formula allocation from the current and two prior NOFAs for which it did not receive an award, provided that the award meets the requirements of Section 304(a).

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

ARTICLE III. FORMULA ALLOCATION COMPONENT

Section 300. Eligible Applicants

- (a) Eligible Applicants for the entitlement formula component described in Section 100(b)(1) are limited to the metropolitan cities and urban counties allocated a grant for the federal fiscal year 2017 pursuant to the federal CDBG formula specified in 42 USC, Section 5306.
- (b) Eligible Applicants for the non-entitlement formula component described in Section 100(b)(2) and the competitive grant program component described in Section 100(b)(3) are limited to the Non-entitlement local governments.
- (c) A Local government may delegate another Local government to submit an application and administer on its behalf its formula allocation of Program funds, provided that the Local governments enter into a legally binding agreement and the funds are expended for eligible Activities and consistent with Program requirements. The delegating Local government shall be identified in the application. The administering Local government shall be responsible for all Program requirements.
- (d) A Local government may delegate a Local or Regional Housing Trust Fund to submit an application and administer on its behalf its formula allocation of Program funds, provided that the Local government enters into a legally binding agreement with the Local or Regional Housing Trust Fund and the funds are expended for eligible Activities and consistent with Program requirements. The delegating Local government shall be identified in the application. The Local or Regional Housing Trust Fund shall be responsible for all Program requirements.
- (e) An Applicant shall not be eligible to receive a new allocation of PLHA funds if it has an uncommitted amount of formula PLHA funds greater than the following:
 - (1) Four times the pending annual allocation if the pending annual allocation is \$125,000 or less;
 - (2) \$500,000 if the pending annual allocation is greater than \$125,000 and less than \$500,000;

- (3) The amount of the pending annual allocation if the pending allocation is \$500,000 or more.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B).

Section 301. Eligible Activities

(a) Eligible Activities are limited to one or more of the following:

- (1) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is Affordable to Extremely low-, Very low-, Low-, or Moderate-income households, including necessary Operating subsidies.
- (2) The predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory dwelling units (ADUs), that meets the needs of a growing workforce earning up to 120 percent of AMI, or 150 percent of AMI in high-cost areas. ADUs shall be available for occupancy for a term of no less than 30 days.
- (3) Matching portions of funds placed into Local or Regional Housing Trust Funds.
- (4) Matching portions of funds available through the Low- and Moderate-Income Housing Asset Fund pursuant to subdivision (d) of HSC Section 34176.
- (5) Capitalized Reserves for Services connected to the preservation and creation of new Permanent supportive housing.
- (6) Assisting persons who are experiencing or At risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers and emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.
 - (A) This Activity may include subawards to Administrative Entities as defined in HSC Section 50490(a)(1-3) that were awarded CESH program or HEAP funds for rental assistance to continue assistance to these households.
 - (B) Applicants must provide rapid rehousing, rental assistance, navigation centers, emergency shelter, and transitional housing activities in a manner consistent with the Housing First practices described in 25 CCR, Section 8409, subdivision (b)(1)-(6) and in compliance with WIC Section 8255(b)(8). An Applicant allocated funds for the new construction, rehabilitation, and preservation of Permanent supportive housing shall incorporate the core

components of Housing First, as provided in WIC Section 8255, subdivision (b).

- (7) Accessibility modifications in Lower-income Owner-occupied housing.
 - (8) Efforts to acquire and rehabilitate foreclosed or vacant homes and apartments.
 - (9) Homeownership opportunities, including, but not limited to, down payment assistance.
 - (10) Fiscal incentives made by a county to a city within the county to incentivize approval of one or more Affordable housing Projects, or matching funds invested by a county in an Affordable housing development Project in a city within the county, provided that the city has made an equal or greater investment in the Project. The county fiscal incentives shall be in the form of a grant or low-interest loan to an Affordable housing Project. Matching funds investments by both the county and the city also shall be a grant or low-interest deferred loan to the Affordable housing Project.
- (b) A Local government that receives an allocation shall use no more than 5 percent of the allocation for costs related to the administration of the Activity(ies) for which the allocation was made. Staff and overhead costs directly related to carrying out the eligible activities described in Section 301 are “activity costs” and not subject to the cap on “administrative costs.” A Local government may share any funds available for administrative costs with entities that are administering its allocation.
 - (c) Two or more Local governments that receive PLHA allocations may expend those moneys on an eligible jointly funded project as provided for in Section 50470 (b)(2)(B)(ii)(IV). An eligible jointly funded project must be an eligible Activity pursuant to Section 301(a) and be located within the boundaries of one of the Local governments.
 - (d) Entitlement Local governments may use the flow of PLHA funds to incentivize private lender loans and to guarantee payments for some or all public agency bond financings for activities consistent with the uses identified in Section 301 “Eligible Activities”. This loan guarantee Activity must be identified and fully explained in the Applicant’s “Plan”.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivisions (b)(2)(B)(ii)(IV), (b)(2)(D)(i-x), and (b)(3).

Section 302. Threshold Requirements

Applicants must meet all the following threshold requirements for participation in the formula allocation:

- (a) **Housing Element compliance:** The Applicant and any delegating Local government, if applicable, must have a Housing Element that has been adopted by the Local

government's governing body by the application deadline and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585. A Local government's current Housing Element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/community-development/housing-element>.

- (b) **APR on the Housing Element submitted to the Department:** The Applicant and any delegating Local government, if applicable, must submit to the Department the APR required by GC Section 65400 for the current or prior year by the application deadline date.
 - (1) Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a Local government, please contact the Department for more information.
- (c) Submit, by the deadline specified in the NOFA, on a form made available by the Department, a complete application which shall meet the following minimum requirements:
 - (1) Application requests an allocation pursuant to Section 200 in order to carry out one or more of the eligible activities described in Section 301. Except for a jointly funded project as described in Section 301(c), any activities must be carried out within the jurisdiction of the Applicant Local government.
 - (2) Submission of the application is authorized by the governing boards of the Applicant.
 - (3) Certification in the resolution that, if the Local government proposes allocation of funds for any Activity to another entity, the Local government's selection process shall avoid conflicts of interest and shall be accessible to the public. For the purposes of this paragraph, "entity" means a housing developer or program operator; "entity" does not mean an administering Local government to whom a Local government delegates its PLHA formula allocation, pursuant to Section 300(d).
 - (4) A Plan detailing:
 - (A) The manner in which allocated funds will be used for eligible Activities.
 - (B) A description of the way the Local government will prioritize investments that increase the supply of housing for households with incomes at or below 60 percent of AMI. Programs targeted at households at or below 60 percent of AMI will be deemed to meet this requirement.

- (C) A description of how the Plan is consistent with the programs set forth in the Local government's Housing Element.
- (D) Evidence that the Plan was authorized and adopted by resolution by the Local government and that the public had an adequate opportunity to review and comment on its content.
- (E) The following for each proposed Activity:
 - (i) A description of each proposed Activity, pursuant to Section 301, and the percentage of funding allocated to it. The description shall specifically include the percentage of funds, if any, directed to AOWH.
 - (ii) The projected number of households to be served at each income level and a comparison to the unmet share of the RHNA at each income level.
 - (iii) A description of major steps/actions and a proposed schedule required for the implementation and completion of the Activity.
 - (iv) The period of affordability and level of affordability for each Activity. Rental Projects are required to have affordability periods of at least 55 years.
- (5) The Plan submitted in response to the NOFA shall be for a term of five years. Local governments shall obtain approval of the Department for amendments made to the Plan in each succeeding year of the term of the Plan. Reallocations of more than 10 percent of funds among Activities require amendment of the Plan, with approval granted by the governing body at a publicly noticed public meeting.
- (6) A certification that, if funds are used for the acquisition, construction, or rehabilitation of for-sale housing projects or units within for-sale housing projects, the grantee shall record a deed restriction against the property that will ensure compliance with one of the following requirements if the property is no longer the primary residence of the homeowner due to sale, transfer or lease, unless it is in conflict with the requirements of another public funding source or law:
 - (A) The PLHA loan and any interest thereon shall be repaid to the Local government's PLHA account. The Local government shall reuse the repayments consistent with Section 301; or
 - (B) The initial owner and any subsequent owner shall sell the home at an Affordable housing cost to a qualified Lower-Income or Moderate-Income household; or
 - (C) The homeowner and the Local government shall share the equity in the unit pursuant to an equity-sharing agreement. The grantee shall reuse the proceeds

of the equity-sharing agreement consistent with this section.

- (7) A certification that, if funds are used for the development of an Affordable Rental Housing Development, the Local government shall make the PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the Project. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Local government-approved underwriting of the Project for a term of at least 55 years.
- (8) A Program income reuse plan describing how repaid loans will be reused for eligible activities specified in Section 301.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 303. Application Review

- (a) Applicants must submit a complete application by the deadline stated in the NOFA in order to be eligible for funding. Application forms provided by the Department will be available upon release of the NOFA and will require Applicants to submit the forms and other documents to demonstrate that the Local government has met threshold requirements.
- (b) The Department may request additional information to complete its review.
- (c) Applications recommended for funding are subject to conditions specified by the Department. Applicants will receive an official letter of award after the Department approves funding recommendations.
- (d) The Department may issue an Over-the-Counter formula allocation NOFA after completing the NOFA process so that Local governments who were not able to submit formula allocation applications by the application deadline will have another opportunity to do so.
- (e) If funding proposed in Local government Plans for AOWH activities is lower than 20 percent of the moneys available in the Fund, the Department may require Local governments to use a specific percentage of their annual formula allocations in some future year for AOWH activities as part of the annual funding process.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(A).

Section 304. Deadlines and Funding Requirements

- (a) The initial PLHA application, including the Plan, must be submitted within 48 months of the budget appropriation (for example, the budget appropriation for 2019 is July 1, 2019, so the application deadline is June 30, 2023).
- (b) Funds allocated to Local governments that do not submit a complete application by the deadline stated in subsection (a) will revert to the Housing Rehabilitation Loan Fund for the Multifamily Housing Program or for Department-administered technical assistance to Local governments.
- (c) A Local government may petition the Department to return any funds allocated to it to be used for the Multifamily Housing Program.
- (d) Except for predevelopment expenses for construction projects funded by PLHA and costs to develop and prepare the Plan and the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from PLHA funds. Reimbursement of expenses to prepare the Plan and the PLHA application are subject to the cap on administrative fees.
- (e) After the Standard Agreement and attachments have been finalized, the Local government will follow provided instructions for signing all required documents. The Local government must submit all supporting materials and a signed Standard Agreement within the timeline provided in the instruction.
- (f) After the Standard Agreement has been executed by the state, the Local government may submit a request for 100 percent of the funds allocated to be used for eligible expenditures for the Activity(ies) that received the award, and subject to the terms and conditions of the Standard Agreement.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i) and subdivision (b)(2)(B)(ii)(VI).

ARTICLE IV. COMPETITIVE ALLOCATION COMPONENT

Section 400. Eligible Applicants

- (a) Eligible Applicants for the non-entitlement competitive allocation described in Section 100(b)(3) are limited to Non-entitlement local governments. For development of Rental Housing Projects, the Sponsor must be a co-Applicant.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I).

Section 401. Eligible Activities

- (a) Eligible Activities are limited to the following and must take place within the jurisdiction of the Applicant Local government:
- (1) Development of new multifamily rental housing that is Affordable to households at or below 60 percent of AMI or substantial rehabilitation of multifamily rental housing that will be Affordable to households at or below 60 percent of AMI, but which is not currently restricted as Affordable housing; or
 - (2) Assistance to persons who are experiencing or At risk of homelessness, including, but not limited to, through rapid rehousing, or rental assistance, supportive services and case management services that allow people to obtain and retain housing, operating and capital costs for navigation centers, or new construction, rehabilitation, or preservation of permanent or transitional rental housing.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I)(ia), (b)(2)(B)(i)(I)(ib) and subdivision (b)(2)(B)(ii)(V).

Section 402. Threshold Requirements

Applicants must meet all the following threshold requirements for participation in the competitive allocation:

- (a) **Housing Element compliance:** The Applicant must have a Housing Element that has been adopted by the jurisdiction's governing body by the application deadline date and subsequently determined to be in substantial compliance with state Housing Element Law pursuant to GC Section 65585. A Local government's current Housing Element compliance status can be obtained by referencing the Department's website at <http://www.hcd.ca.gov/community-development/housing-element>.
- (b) **APR on the Housing Element submitted to the Department:** The Applicant must submit to the Department the APR required by GC Section 65400 for the current or prior year by the application deadline date.
- (1) Please be advised that the Department will not accept other reports in lieu of the APR. Housing Authority Financial Reports, Redevelopment Reports, and other similar reports will not be accepted as meeting this requirement. If uncertain of the status of the report submittal for a Local government, please contact the Department for more information.
- (c) Submit by the deadline specified in the NOFA, on a form made available by the Department, a complete application which shall meet the following minimum requirements:
- (1) Application requests a grant pursuant to Section 100(b)(3) in order to carry out one

or both of the eligible Activities set forth in Section 401.

- (2) Submission of the application is authorized by the governing board of the Applicant and by the developer co-applicant, if any.
- (3) Certification in the resolution that, if the Local government proposes allocation of funds for any Activity to another entity, the selection process shall avoid conflicts of interest, and shall be accessible to the public.
- (4) Demonstration of readiness, including site control for development Projects, land use entitlements, environmental review and commitments of other funding and resources required, as further set forth in the NOFA;
- (5) Underwriting requirements:
 - (A) Uniform Multifamily Regulations Subchapter 19 of Title 25, Division 1, Chapter 7 (commencing with Section 8300), as amended from time to time, and the Multifamily Housing Program Guidelines (commencing with Section 7300), as amended from time to time, are hereby incorporated by reference into this subchapter and shall apply to Rental Housing Developments receiving assistance under the PLHA competitive allocation. In the event of a conflict between the provisions of Subchapter 19 and these Guidelines, the provisions of these Guidelines shall prevail.
 - (i) Section 8312(c) of the Uniform Multifamily Regulations is hereby amended to read:
 - (c) For Projects utilizing 4 percent tax credits, Developer Fee payments shall not exceed the amount that may be included in Project costs pursuant to 4 CCR, Section 10327. In addition, the Developer Fee paid from development funding sources shall not exceed the following:
 - (1) For acquisition and/or rehabilitation Projects, or adaptive reuse Projects, the lesser of the amount of Developer Fee in Project costs or \$2,000,000.
 - (2) For new construction Projects, the base limit shall be the lesser of the amount that may be included in Project costs or \$2,200,000. To arrive at the final limit on Developer Fee paid from development funding sources, the base limit shall then be multiplied by a ratio that is the average of (i) the difference between 2 and the Project's high-cost ratio, as calculated pursuant to 4 CCR, Section 10317(i)(6) or successor language and (ii) 100 percent.
 - (ii) Section 8312(d) of the Uniform Multifamily Regulations shall not apply.
 - (iii) Section 8314(a)(1)(A) of the Uniform Multifamily Regulations is amended to read:
 - (A) Approved deferred Developer Fee, pursuant to Section 8312, provided that the aggregate of the Developer Fee paid from sources and paid as deferred shall not exceed \$3,500,000.

(B) Period of affordability: All assisted rental units shall be restricted for not less than 55 years.

(C) All development Projects shall demonstrate fiscal integrity.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 403. Selection Criteria

(a) Applications submitted within a competitive funding round shall be evaluated using the following criteria. Total available points shall equal 100.

1. Priority Points – 25 points

A. Population - 5 points

(i) If the Applicant is a county that has a population of 200,000 or less within the unincorporated areas of the county, the Applicant shall receive all points.

B. Prior Award – 5 points

(i) If the Applicant did not receive an award based on the formula specified in 42 USC, Section 5306 in 2016, the Applicant shall receive all points.

And either C (i) or C (ii) or C (iii) below:

C. Activity

(i) Assistance for Homeless Persons through Program Activities – 15 points

(a) Applications to assist persons experiencing or At risk of homelessness, including, but not limited to, through programs providing rapid rehousing, or rental assistance, or operating assistance to navigation centers shall receive all points.

Or

(ii) Assistance to Homeless Persons through Development of Navigation Centers– 15 points

(a) Applications for construction of navigation centers shall receive all points.

Or

(iii) Assistance for Homeless Persons through Rental Projects – 15 points

- (a) Applications for the new construction, rehabilitation, or preservation of permanent or transitional rental housing in which all or at least 10 percent of the units are restricted to occupancy by tenants who are homeless or At risk of homelessness shall receive all points.

2. Evaluation Criteria – 75 points

Precise scoring for these factors will be set forth in the NOFA.

A. Community Need – 30 points

- (i) Applicants will receive up to a maximum of 30 points based on the rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset in the Applicant Local government. Applicants will receive points in proportion to this percentage.

B. Applicant Administrative Experience – 15 points

- (i) Applicants with prior experience administering local, state or federal affordable housing or community development programs or who have entered into a contract with an entity with prior experience in the implementation of local, state or federal affordable housing or community development programs will receive up to 15 points.

C. Demonstrated Capacity – 30 points

- (i) Capacity points will be based on:

- (a) Sponsor experience in Affordable Rental Housing Development and ownership (Up to 30 points) or
- (b) Navigation center development experience (for development of these facilities) (Up to 30 points) or
- (c) Program Operator experience (for non-development Activities) (Up to 30 points)

- (b) Where applications requesting funds for more than one eligible Activity pursuant to Section 401 are permitted by the NOFA, each Activity will receive a separate score for each rating factor, and have an individual Activity total. It is possible that one Activity may score highly enough to receive an award, and the other Activity does not.

- (c) In the event of tied point scores and insufficient funding for both applications, the Department shall rank the tied applications as follows:

- (1) If one of the tied applications is for an Affordable Rental Housing Development and the other is for a program Activity or development of a navigation center, the

- Affordable Rental Housing Development application will be selected for funding;
- (2) If one of the tied applications is for a navigation center and the other is for a program Activity, the navigation center will be selected for funding;
 - (3) If both of the tied applications are for Affordable Rental Housing Developments, the Project with the lowest weighted average affordability of Restricted Units will be selected;
 - (4) If both of the tied applications are for navigation centers, the facility that provides overnight shelter to the greatest number of people will be selected;
 - (5) If both of the tied applications are for programs, the Local government with the highest rate of households experiencing the most severe housing need according to the most recent HUD CHAS dataset will be selected.
- (d) In the event there are insufficient funds to fulfill the entire funding request for the next highest scored application (Application A), the Department will determine whether Application A is feasible without the full funding request. If Application A is not feasible without full funding, the Department may offer the remaining funds to the application whose score is immediately below Application A. If the remaining funds are insufficient to fulfill the funding request for that application (Application B), the Department will again determine whether this application is feasible without the full funding request. If Application B is not feasible without the full funding request, the Department will perform the same analysis for the application whose score is immediately below Application B.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(i)(I)(ia) and subdivision (b)(2)(B)(ii)(V).

Section 404. Application Review

- (a) Applicants must submit a complete application by the deadline stated in the NOFA in order to be eligible for funding. Application forms provided by the Department will be available upon release of the NOFA and will require Applicants to submit the forms and other documents to demonstrate that the Local government has met threshold requirements. The application will require submission of documentation adequate to demonstrate that the application has earned the appropriate number of points.
- (b) The Department may request additional information to complete its review, provided that the new information would not affect scoring.
- (c) Applications recommended for funding are subject to conditions specified by the Department. Applicants will receive an official letter of award after the Department approves funding recommendations.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii).

Section 405. Deadlines and Funding Requirements

- (a) Applicants will be required to enter into a state Standard Agreement (Standard Agreement) that will set forth conditions for funding and milestones that are required to be met.
- (b) After the Standard Agreement and attachments have been finalized, the Local government will follow provided instructions for signing all required documents. The Local government must submit all supporting materials and a signed Standard Agreement within the timeline provided in the instructions or risk forfeiting the grant award.
- (c) Except for predevelopment expenses for construction projects funded by PLHA and the costs to develop and prepare the PLHA application, no costs incurred more than one year prior to commitment by the Local government may be paid from PLHA funds. Reimbursement of expenses to prepare the PLHA application is subject to the cap on administrative fees.
- (d) Grant funds shall not be disbursed until:
 - (1) the Department authorizes loan closing, in the case of development projects; or
 - (2) all general and special conditions have been complied with, in the case of other Activities.
- (e) If funds are used for the development of an Affordable Rental Housing Development, the Local government shall make the PLHA assistance in the form of a low-interest, deferred loan to the Sponsor of the project. The loan shall be evidenced through a Promissory Note secured by a Deed of Trust, and a Regulatory Agreement shall restrict occupancy and rents in accordance with the Department-approved underwriting of the project for at least 55 years.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(VI).

ARTICLE V. ADMINISTRATION

Section 500. Accounting Records

- (a) The grantee shall establish a separate ledger account for receipts and expenditures of grant funds and maintain expenditure details in accordance with the approved work plan, budget, and schedule. Separate bank accounts are not required.
- (b) The grantee shall maintain documentation of its financial records for expenditures incurred during the course of the PLHA Activity in accordance with generally accepted accounting principles. Such records shall be kept for at least five years after the close-out report is submitted to the Department.

- (c) The Department or its designated representative shall have the right to review and copy any records and supporting documentation pertaining to the PLHA grant.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(III) and subdivision (b)(2)(B)(IV) and subdivision (b)(3).

Section 501. Audits/Monitoring of Project Files

- (a) Grantee shall maintain PLHA files which, at a minimum, should include the following information and reports:
 - 1) Project/Activity description
 - 2) Land/site Information
 - 3) Planning & zoning history (as appropriate)
 - 4) Records of public hearings and public comments
 - 5) Relocation needs (as appropriate)
 - 6) Contracts, loan and grant agreements, Standard Agreement
 - 7) Environmental records & reports/findings (as appropriate)
 - 8) Design/engineering reports & plans (as appropriate)
 - 9) Description of targeted beneficiaries, services to be provided, household incomes, special needs
 - 10) PLHA Activity costs, invoices, purchase orders, sources and uses of funds for PLHA Activities, terms & conditions of financings, draws and all supporting documentation, change orders (as appropriate)
 - 11) Activity schedule and amendments
 - 12) History of Plan amendments
 - 13) Procurement policy used for PLHA Activity(ies)
- (b) The grantee shall maintain such records for possible audit for a minimum of three years after the close-out report is submitted, unless a longer period of records retention is stipulated in the Standard Agreement.
- (c) The grantee shall be responsible for monitoring Rental Housing Developments that received PLHA funds for the term of the loan, including, but not limited to, the Projects' compliance with the occupancy and rent requirements set forth in the Regulatory Agreement, compliance with reserve requirements, and the compliance with habitability standards.
- (d) The grantee shall be responsible for monitoring AOWH loans to assure that the homes remain Owner-occupied.
- (e) If requested by the Department, the grantee shall obtain a report from a qualified,

licensed third party that certifies to the amounts of disbursement and identifies the specific Activities for which the disbursements were made. Such a report is permitted to be a component of the A-133 audit.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(IV) and subdivision (b)(3).

Section 502. Cancellation and Termination

- (a) In the event that it is determined, at the sole discretion of the Department, that the grantee is not meeting the terms and conditions of the Standard Agreement, the Department shall issue a notice to stop work. Immediately upon receiving the written notice to stop work, the grantee shall cease all work under the Standard Agreement. The Department has the sole discretion to determine the grantee's compliance with the terms and conditions after issuance of a stop work order, and to deliver a written notice to the grantee to resume work under this Standard Agreement.
- (b) The Department shall terminate the Standard Agreement if the grantee is not in compliance with the Guidelines or the terms and conditions of the Standard Agreement. At least 30 days prior to the effective date of the termination of the Standard Agreement, the Department shall provide written notice to the grantee of its intent to cancel the funding allocation. The notice shall specify the reason for early termination and may permit the grantee or the Department to cure any deficiency(ies) prior to the early termination date. The grantee will submit requested documents to the Department within 30 days of the early termination notice.
- (c) Failure to meet reporting requirements will result in notice to the grantee that it must satisfactorily cure any deficiencies within three months of the notice or it will forfeit the following year's PLHA formula allocation and be ineligible for a competitive award. The Local government will forfeit subsequent PLHA formula allocations and be ineligible for a competitive award until the Department determines that the Local government has met reporting requirements.
- (d) The Department may, as it deems appropriate or necessary, request the repayment of funds from a Local government or offset future years' funds, or pursue any other remedies available to it by law for failure to comply with the Guidelines and/or the terms and conditions of the Standard Agreement.
- (e) Co-Applicants may be adversely impacted by a notice to stop work and/or termination if one grantee is deemed by the Department to not meet the terms and conditions of the Standard Agreement, or fails to meet the reporting requirements outlined in Section 503.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(IV) and subdivision (b)(3).

Section 503. Reporting

- (a) The Department shall provide grantees with reporting formats and instructions.
- (b) Annual Reports are required from all grantees pursuant to HSC Section 50470(b)(2)(B)(ii)(III) each year by July 31 for the term of the Standard Agreement. The Annual Report shall document the uses and expenditures of all awarded allocations and outcomes achieved. This report must be signed by both the Local government's PLHA administrator and the Local government's City Manager (or his/her designee), or Chief Executive Officer (or his/her designee) or Chief Financial Officer (or his/her designee). The Annual Report must describe any proposed amendment(s) to the approved Activity and schedule.
- (c) Upon expenditure of all allocated funds and completion of the Activities funded by PLHA, the grantee shall submit a close-out report, which will be part of the Annual Report.
- (d) The Department may request additional information as needed to meet other applicable reporting or audit requirements.

NOTE: Authority cited: HSC Section 50470, subdivision (d). Reference cited: HSC Section 50470, subdivision (b)(2)(B)(ii)(III) and subdivision (b)(2)(B)(ii)(IV).