



COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

May 10, 2022

Thomas K. Lai
DIRECTOR

Marin County Board of Supervisors
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SUBJECT: Federal Fiscal Year 2022 Annual Action Plan amending the 2020-24 Consolidated Plan, including budgets for the Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships Program (HOME).

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

Dear Board Members,

RECOMMENDATIONS:

1. Hold a public hearing on May 10, 2022 for comment on:
 - A. Marin County's housing and community development needs and performance addressing these needs.
 - B. 2022 Annual Action Plan amending the 2020-24 Consolidated Plan, including local Policies and Procedures, proposed activities, and budget recommendations for Federal Fiscal Year 2022 funding from CDBG and HOME.
 - C. Proposed reprogramming of past years' CDBG funds to new activities and the proposed use of HOME program income included in the 2022 Annual Action Plan amending the 2020-24 Consolidated Plan.

2. Following public testimony, approve:
 - A. 2022 Annual Action Plan amending the 2020-24 Consolidated Plan and related documents, in substantially the form attached, including the items listed above, and authorize any budget changes necessary to implement these actions.
 - B. Resolution authorizing staff to submit the 2022 Annual Action Plan amending the 2020-24 Consolidated Plan to the U.S. Department of Housing and Urban Development (HUD), and authorize staff to act in connection with the submission to provide such corrections or additional information as HUD may require.

3. Announce that copies of the 2022 Annual Action Plan amending the 2020-24 Consolidated Plan and related documents, records regarding past use of CDBG and HOME funds, and local Policies and Procedures are available for inspection at the Community Development Agency.

www.marincounty.org/cda

SUMMARY:

The 2022 Annual Action Plan amending the 2020-24 Consolidated Plan guides the distribution of funding and serves as the grant application to HUD for formula funding from the CDBG and HOME programs. These federally funded programs provide resources for housing, community facilities, and services for low-income households.

The 2022 Annual Action Plan is prepared in HUD's Integrated Disbursements & Information System, using their required format. Attachment 2 summarizes the required information in a more accessible format.

DISCUSSION:

On May 12, 2020, your Board approved the 2020-24 Consolidated Plan. This five-year 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 period. In the second, third, fourth, and fifth years, the Consolidated Plan must be amended with an "Annual Action Plan" to add each year's CDBG and HOME project budgets.

July 1, 2022 is the beginning of Marin County's fiscal year and the start of the third year covered by the 2020-24 Consolidated Plan. The attached proposed 2022 Annual Action Plan updates the policy section and adds budgets for federal fiscal year 2022 entitlement funds. This 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 including population, poverty, and overcrowding.

Proposed funding recommendations for the use of federal Fiscal Year 2022 CDBG funds and HOME funds are available in Attachment 3. In order to meet HUD's time limits on spending when projects are delayed, the budget also includes CDBG funds from prior years that are recommended for reprogramming (reallocation) to new projects, and allocations from HOME program income.

The attached 2022 Annual Action Plan recommendations have been reviewed and recommended by the Novato and San Rafael Planning Area Subcommittees, comprised of their respective City Councils, and the Countywide Priority Setting Committee (PSC), which is made up of

community members representing protected classes¹ and elected representatives from city, town, and County jurisdictions.

The CDBG and HOME budget expenditures identified in the 2022 Annual Action Plan were developed following three public hearings held in the Planning Areas—one hearing held by the San Rafael City Council on March 21, 2022; one hearing held by the Novato City Council on March 22, 2022; and one hearing held by the PSC on April 7, 2022.

Program Enhancements, Threshold Requirements, and Priorities:

In 2020, the PSC recommended, and your Board approved two program enhancements including a minimum grant size of \$15,000 and a two-year application cycle. Under the two-year application cycle structure, which began in 2020, Public Service projects are eligible for annual funding renewal based on accomplishment of goals and subject to available CDBG funds, whereas Capital and Housing projects apply for funding using the two-year project timeline and budget.

These two enhancements increase impact of funded organizations and enables nonprofit partners to better plan their programs. While applications are received every two years, funding allocations must be approved annually based on the project’s past performance and expected funding allocation. In addition, staff reserve the ability to open mid-cycle applications as deemed necessary.

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 plan².

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

National Objectives:

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

¹ Under federal laws protected classes include race, color, national origin, religion, sex (including sexual orientation and gender identity), familial status, and disability.

² Methods of advertising and community outreach that are designed to reach persons who are least likely to know about or apply for the program, including marketing in formats that are accessible for persons with disabilities and in languages other than English.

PSC Thresholds:

- Support projects that Affirmatively Further Fair Housing³ 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) processes, 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 uninsured, 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.

³ Taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics, which are: race, color, national origin, religion, sex (including sexual orientation and gender identity), familial status, and disability.

- **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.

Attachment 4 contains additional details regarding application evaluation criteria.

Annual Action Plan Process

As the first year of the two-year application cycle, a full application process was conducted in early 2022. The application, review, and approval process for CDBG and HOME funding is designed to encourage community participation, and as a result, nine public meetings have been conducted regarding the 2022 Annual Action Plan.

CDBG and HOME funding requests for Fiscal Year 2022-23 exceeded the anticipated funding available from HUD. The expected entitlement from HUD for Marin County is approximately \$2.4 million as compared to over \$4.9 million in funding requests received from 45 applications covering both CDBG and HOME programs. Unfortunately, due to the gap in resources, difficult choices had to be made, and many valuable projects did not receive funding or received less funding than requested.

The local Planning Area and PSC meetings provide an opportunity for community members, funding applicants, and decision makers to hear from each other and discuss the merits of specific proposals. Due to COVID-19 these meetings were held virtually in order to facilitate public comment from organizations and individuals advocating for projects and providing input on the 2022 Annual Action Plan.

Recommended Funding

The funding recommendations before your Board are consistent with the considerations and direction from the Novato and San Rafael City councils as well as the PSC.

For the 2022-23 funding period, the PSC recommends a funding package that includes administration and support for 20 CDBG projects with \$1,985,300 in combined new entitlement funds, reprogrammed funds, and administration. The PSC recommends support for two HOME projects with \$903,417 in combined new entitlement funds, and program income and administration.

If Marin's grant amount from HUD differs from the proposed 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 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.

Funding Alternatives

Community Development Block Grant – Staff were recently informed that Episcopal Community Services may need to proceed without this round of CDBG funds due to timing of HUD approvals and Homekey project completion deadlines. In the event this happens, the PSC requests that the Board of Supervisors approve 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 additional financing needs for the development of this new permanent supportive housing project.

HOME Investment Partnerships Program – The Bolinas Community Land Trust (BCLT) applied to be a Community Housing Development Organization (CHDO) for the 2022-23 Fiscal Year, however, they are 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 BCLT not meet the requirements for certification in the time required, the PSC requests that the Board of Supervisors approve redirecting those funds toward Eden Housing's Oak Hill Apartments project. 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.

In addition, staff recently became aware of a project funding gap for the Bolinas Community Land Trust's 31 Wharf project. In the event the project is unable to fill this gap, staff requests the Board of Supervisors approve redirecting the bulk of those funds toward Habitat for Humanity Greater San Francisco's Redwood Boulevard family housing project, with the CHDO set

aside going to Eden Housing’s Oak Hill Apartments project. Both projects meet the family housing priority established by the PSC.

FISCAL/STAFFING IMPACT:

The 2022 Annual Action Plan has no impact on the General Fund and net County costs. CDBG and HOME grants will be held in HUD Fund 2970 and Fund 2770, respectively, Program 5130 CDA Federal Grants until the 2022-23 fiscal year begins, at which time the funds will be transferred to Org Code 29755132 (HUD CDBG Program), and Org Code 27755133 (HUD HOME Program).

For all funding recommendations approved as part of the 2022 Annual Action Plan public hearing, contract approval for commitments of \$50,000 or less, shall be delegated to the County Administrator, or their designee. This is consistent with approval authority for Professional Services as described in the Countywide Procurement Manual, effective February 2018.

EQUITY IMPACT:

Established in 1974 by Title I of the Housing and Community Development Act, the Community Development Block Grant funding program is designed to address critical and unmet community needs including those for housing rehabilitation, public facilities, infrastructure, job creation, public services, and more. Established in 1990 by the Cranston-Gonzalez National Affordable Housing Act, the HOME Investment Partnerships Program is the largest federal funding stream for the creation of new affordable housing for low-income households. The Marin County Federal Grants program prioritizes CDBG and HOME funding for projects that Affirmatively Further Fair Housing, engage in Affirmative Marketing, serve low-income persons, and serve members of the protected classes as defined by HUD.

REVIEWED BY:

- | | |
|--|---|
| <input type="checkbox"/> Department of Finance | <input checked="" type="checkbox"/> N/A |
| <input type="checkbox"/> County Administrator’s Office | <input checked="" type="checkbox"/> N/A |
| <input checked="" type="checkbox"/> County Counsel | <input type="checkbox"/> N/A |
| <input type="checkbox"/> Human Resources | <input checked="" type="checkbox"/> N/A |

Respectfully submitted,



Molly Kron
Senior Planner



Leelee Thomas
Deputy Director

ATTACHMENTS:

1. Resolution approving the 2022 Annual Action Plan amending the 2020-24 Consolidated Plan.

2. Draft 2022 Annual Action Plan.
3. CDBG and HOME Requests and Recommendations for all Planning Areas.
4. Additional guiding principles for funding recommendations.
5. Local Policies and Procedures:
 - i. The Local Standard for Affordable Rents.
 - ii. The Civil Rights Policy.
 - iii. The Residential Antidisplacement and Relocation Assistance Plan.
 - iv. Notice of Nondiscrimination Policy.