

COMMUNITY DEVELOPMENT AGENCY
HOUSING AND FEDERAL GRANTS DIVISION

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DATE: Thursday, September 2, 2021

TO: Countywide Priority Setting Committee

FROM: Molly Kron, Planner
Jillian Zeiger, Planner
Leelee Thomas, Planning Manager

SUBJECT: Public hearing to present the Permanent Local Housing Allocation (PLHA) Program and approve funding priorities, present Fair Housing Work.

MEETING LOCATION: Virtual Hearing via Zoom. Register here:
https://us06web.zoom.us/webinar/register/WN_b4rpYer3THO9DBIU8JXQ-Q

MEETING DATE: Thursday, September 2, 2021 at 6 P.M.

REQUEST:

1. Receive a report out on the recent CDBG and HOME Performance and Compliance Audit.
2. Review and discuss State funding provided through the Permanent Local Housing Allocation (PLHA) and approve the funding priorities for the PLHA Program.
3. Receive a presentation and discuss the Countywide Fair Housing Assessment and Assembly Bill 686.
4. Receive a report and discuss the County's new Racially Restrictive Covenant Project.

DISCUSSION:

CDBG and HOME Performance and Compliance Audit

From May 17, 2021 through May 28, 2021, the U.S. Department of Housing and Urban Development conducted a remote monitoring of Marin County's Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Program, in order to assess the performance and compliance with applicable Federal program requirements. HUD's review of these areas of program performance may result in the identification of Findings or Concerns. The HUD audit resulted in three Findings and no Concerns. Two of the Findings came from the CDBG program and one Finding came from the HOME program. More detail on the specific issues leading to findings are described here:

1. CDBG Overall Management System and Recordkeeping
 - a. Revolving Loan Program Income:
 - i. Loan fund balance report submitted to HUD did not match what was reported in the Consolidated Annual Performance and

- iii. EAH Housing’s Piper Court beneficiary files had a few issues:
 1. Missing signature and date by the EAH Management on the application and the income certification
 2. Beneficiary’s last names were not matched between the application and the tenant income certification form.
 3. One unit’s Tenant Income Certification form listed the Low-Income Housing Tax Credit Limit instead of the HOME Income Limit and it was not corrected at recertification.

Overall, the Findings are administrative in nature and occurred during a time of staffing transition. Staff are committed to addressing the Findings and putting in place process and policy changes to prevent these in the future. To this end staff will be submitting corrective actions to HUD in August.

It is important to note that all of all of the projects reviewed met the programmatic goals of CDBG and HOME to ensure healthy and safe affordable housing and investment in community infrastructure serving communities with high concentrations of poverty and diversity.

Permanent Local Housing Allocation (PLHA) Program

Permanent Local Housing Allocation (PLHA) Program funds are part of State Senate Bill 2 (SB2), a 15-bill housing package adopted in 2017 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.

In February 2020, the California Department of Housing and Community Development (HCD) announced the release of the PLHA Program Notice of Funding Availability (NOFA) for approximately \$195 million in local government funding. This funding is designed to provide grants to entitlement and non-entitlement local governments in California for eligible housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

Marin County is eligible for non-competitive, entitlement funds because (1) the County received Community Development Block Grant (CDBG) funding in federal fiscal year 2017 directly from HUD, and (2) it has an approved Housing Element in compliance with the State Housing Law and submits Annual Progress Reports approved by HCD. The maximum award amount for a CDBG entitlement County is approximately \$725,000 per year in the non-competitive process. This funding is available to be used in all Marin County jurisdictions and is an ongoing source of housing financing provided through real estate fees.

On July 21, 2020, the Marin County Board of Supervisors passed a resolution to apply for PLHA grant funding through the NOFA process. Through consultation with the Board of Supervisors Housing Subcommittee and in alignment with the Countywide Priority Setting Committee’s approved 2020-2024 Consolidated Plan and Assessment of Impediments to Fair Housing Choice (AI), the eligible projects for this funding were determined to be multifamily housing. The PLHA activity approved to support these projects is matching funds with the Marin County Affordable Housing Fund (Housing Trust), which can fund projects in all jurisdictions of Marin County. This activity was

recommended by staff 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 projects that house those that are at or under 60 percent Area Median Income (AMI), as stipulated in the PLHA Final Guidelines.

In order to begin committing funds to projects, the Countywide Priority Setting Committee must approve PLHA Program goals. Staff recommend the Countywide Priority Setting Committee approve funding priorities for PLHA projects based on goals set forth in the 2020-2024 Consolidated Plan and informed by the AI, including supporting:

- 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

Projects

Following Board approval, the County received three multifamily housing project funding applications for the first round of PLHA funding. Once the PSC votes to adopt priorities for PLHA, staff will be able to recommend these projects to the Board of Supervisors for funding through the Housing Trust and PLHA. The three projects ready for recommendation are:

- Community Land Trust Association of West Marin (CLAM) and Eden Housing - Point Reyes Coast Guard Site Housing
- Homeward Bound of Marin - HUD Parcel Veteran and Workforce Housing
- Homeward Bound of Marin - Mill Street Housing

Project descriptions are included in Attachment (1).

Moving forward, staff will present to the PSC yearly to revisit funding priorities and provide updates on projects. If there is a project in your community that could benefit from these funds in the future, this website has application materials for funding through the Housing Trust application:

<https://www.marincounty.org/depts/cd/divisions/housing/affordable-housing>.

Countywide Fair Housing Assessment (AB 686)

Marin County and its jurisdictions, like all other communities in the Bay Area, are initiating a planning process under State law to identify how to meet our housing needs at all income levels. This process involves updating the Housing Element, a required component of every jurisdiction’s General Plan and the Countywide Plan.² According to State housing element legislation, all local governments must adopt land use plans and regulations that provide opportunities for, and do not unduly constrain, housing development.

Assembly Bill 686 Housing discrimination: affirmatively further fair housing (2018), requires that each jurisdiction develop a Housing Element using a fair housing and

² The California Department of Housing and Community Development (HCD) dictates that among the seven mandatory elements of a general plan, one element must address local housing needs.

equity lens. Through this state law the Housing Element is required to include an assessment of fair housing to address barriers to fair housing choice and identify sites and programs that provide housing opportunity for lower income families and individuals near high quality schools, employment opportunities and public transportation.

While the Fair Housing Assessment is necessary for each jurisdiction's Housing Element, the analysis and subsequent policies will be considered at a multi-jurisdictional scale. Therefore, County staff will be assisting jurisdictions in this effort at multiple stages in the process.

Racially Restrictive Covenants Project

On May 25th, 2021, the Marin County Board of Supervisors accepted a staff report about a new [Restrictive Covenants Project](#) that aims to inform and educate Marin County residents of the history and significance of government policies and programs that were intentionally discriminatory and helped create segregated communities in Marin. The use of racially restrictive covenants prohibited the purchase, lease, or occupation of a piece of property to a particular group of people, primarily Black and African Americans. And while those covenants are illegal today, many remain in property deeds throughout Marin.

This project is part of implementation efforts for the County's Analysis of Impediments to Fair Housing Choice to address the history of "redlining," or drawing boundaries to show where people of color were allowed or not allowed to live prior to the Civil Rights Act of 1964. Public discussions about fair housing and restrictive covenants over the past few years marked the first time many Marin residents became aware of local discriminatory housing policies. Property owners began to identify deeds that excluded potential property buyers if they were African American, Asian American, or of Jewish descent, or stated that the property only could be sold to somebody who was White or Caucasian. Such language was commonplace all over America prior to the mid-1960s.

This project is a collaboration of the Community Development Agency, the County's Office of Equity, and the Assessor-Recorder's Office. Through this partnership residents of Marin are offered several ways to participate in the project:

- Residents who own homes built in 1970 or earlier are encouraged to check the Covenants, Conditions & Restrictions (CC&Rs) mentioned in their real estate documents to see if discriminatory language exists. If found, the property owner will have a chance to file a public statement protesting the offensive passages.
- Residents, former residents, and families who currently or formerly lived in Marin are invited to share personal stories about their lived experiences beginning with the Marinship years, to help create a narrative history of our County.
- Homeowners can record a Restrictive Covenant Modification document with the Assessor- Recorder's office.

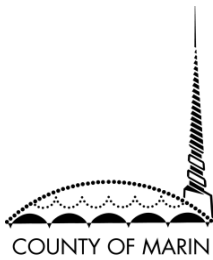
The goal is to educate the public as the County embarks on its Housing Element Update, which shows how Marin plans to accommodate potential growth in the coming years. As part of the Restrictive Covenant Program, organizers hope to create a mapping tool that will fill in blanks about Marin's past practices of redlining.

ACTIONS REQUIRED:

1. Recommend PLHA funding priorities to the Marin County Board of Supervisors.

ATTACHMENTS:

Attachment 1: PLHA Project Descriptions



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PLHA Project Descriptions

Coast Guard Site Housing: The County of Marin purchased the Coast Guard Property in Point Reyes Station in December 2019 following comprehensive community engagement and protracted negotiations with the United States Coast Guard for its acquisition. The site currently includes 36 townhomes, a barracks with 24 rooms, a dining hall and kitchen, and several ancillary buildings. The Community Land Trust Association of West Marin (CLAM) and Eden Housing were selected as the project developers. They are requesting \$500,000 in PLHA and Housing Trust funds for predevelopment.

HUD Parcel Veteran and Workforce Housing: Homeward Bound of Marin plans to develop veteran and workforce housing on the 2.8-acre "HUD Parcel" site in the former Hamilton Army Airfield in Novato. The veteran housing project will provide 24 one-bedroom units of permanent supportive housing (PSH) on two floors. The workforce housing will include 26 one-bedroom units of workforce affordable housing and a job training facility. Homeward Bound is requesting \$500,000 in PLHA and Housing Trust funds for construction of the housing.

Mill Street Housing: Homeward Bound of Marin has been operating Mill Street as a center for people experiencing homelessness since 1986, purchasing the property in 1994. In 2009, Mill Street Center expanded permanently from 40 beds to 55 beds to meet increased demand caused by the 2008 economic crisis. The new Mill Street Center will have four floors, including a parking structure, a 40+-bed, emergency shelter, and two upper floors with 32 studio units of PSH. Homeward Bound is requesting \$500,000 in PLHA and Housing Trust funds for construction of the housing portion of the development.