

COMMUNITY DEVELOPMENT AGENCY  
**HOUSING AND GRANTS DIVISION**

Sarah Bernstein Jones  
DIRECTOR

Leelee Thomas  
DEPUTY DIRECTOR

Marin County Civic Center  
3501 Civic Center Drive  
Suite 308  
San Rafael, CA 94903  
415 473 6269 T  
415 473 7880 F  
415 473 2255 TTY  
[www.marincounty.org/housing](http://www.marincounty.org/housing)

June 4, 2024

Marin County Board of Supervisors  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT:** Community Development Block Grant Program (CDBG), HOME Investment Partnerships Program (HOME), and Marin Affordable Housing Fund with matching State Permanent Local Housing Allocation (PLHA) funding and related budget adjustment.

Dear Board Members,

**RECOMMENDATIONS:**

1. Hold a public hearing on:
  - A. Marin County's housing and community development needs and performance in addressing these needs.
  - B. 2024 Annual Action Plan amending the 2020-24 Consolidated Plan, including local Policies and Procedures, proposed activities, budget recommendations for Federal Fiscal Year 2024 funding from CDBG and HOME,
  - C. Proposed amendment to the 2021 Annual Action Plan allocating previously approved HOME funds provided through the American Rescue Act (HOME-ARP).
  - D. Proposed 2024 Marin Affordable Housing Fund and matching PLHA funding allocations for affordable housing developments.
  - E. Related budget adjustment as detailed in the Fiscal Impact section below.
  
2. Following public testimony, approve:
  - A. 2024 Annual Action Plan amending the 2020-24 Consolidated Plan and related documents, in substantially in 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 2024 Annual Action Plan amending the 2020-24 Consolidated Plan and an amendment to the 2021 Annual Action 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.

- C. Resolution a) approving funding allocations of Marin County’s Affordable Housing Fund matched with Permanent Local Housing Allocation Funds to two projects and administrative expenses; and b) authorizing President to execute, substantially in the form attached and subject to County Counsel approval, (i) Marin County Affordable Housing Trust Fund and Permanent Housing Allocation Fund Loan documents; (ii) Regulatory Agreement; and (iii) related documents (including Subordination Agreements) that may be required in the future by other sources of financing for each of the projects awarded Marin County Affordable Housing Trust Fund and Permanent Local Housing Allocation funds.
- D. 2024 PLHA funding and related budget adjustments as detailed in the Fiscal Impact section

**SUMMARY:**

The Board of Supervisors annually reviews and approves funding allocations recommended by the Countywide Priority Setting Committee for Federal funding through Community Development Block Grant program (CDBG) and HOME Investment Partnerships Program (HOME), as well as local funding from the Marin County Affordable Housing Fund matched with State funding from the Permanent Local Housing Allocation program (PLHA funding). These funding programs provide resources for housing, community facilities, and services for lower-income households throughout the county, including within cities and towns.

The Federal funding programs are detailed in the attached Annual Action Plan which guides the distribution of funding and serves as the grant application to U.S. Department of Housing and Urban Development (HUD) for formula funding from the CDBG and HOME programs. The proposed 2024 Annual Action Plan allocates over \$2.2 million to projects providing affordable housing, community facility and infrastructure improvements, and services for Marin’s most vulnerable lower-income communities throughout Marin County. The PLHA funding proposed in this staff report allocates over \$1.2 million to affordable housing projects.

A total of 35 CDBG, HOME, and PLHA applications were received, totaling nearly \$15 million in requests, far exceeding the funding available. 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.

**BACKGROUND:**

**Federal Funding (CDBG, HOME)**

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The CDBG program and HOME program are federally funded programs of HUD that provide funding to benefit low- and moderate-income households. Examples of projects funded by CDBG and HOME throughout the County include site acquisition, development, and rehabilitation of affordable housing; rehabilitation of group homes, community centers, and childcare centers; and a wide range of services including childcare, legal services, and food access. HOME funds must be used for affordable

housing projects, while CDBG funds are divided into three activity categories: 1) Housing, 2) Community Facilities (“Capital”) projects, and 3) Public Services. Federal regulation stipulates that at least 85% of CDBG funds must be spent on administration, Housing projects, and Capital projects, and up to 15% may be spent on Public Services.

On May 12, 2020, your Board approved the 2020-24 Consolidated Plan. This five-year plan approved by HUD includes an analysis of affordable housing and community development needs and policy statements 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. The County’s current Consolidated Plan covers the period from July 1, 2020 to June 30, 2025.

Occasionally, amendments must be made to previous years’ Annual Action Plans to reallocate funds to new activities or to accommodate new resources made available by HUD. Attachment 3 summarizes the funding recommendations.

**State Funding (PLHA)**

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The PLHA program 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 a direct recipient of CDBG and because it has an approved Housing Element in compliance with State Housing Law. Funding recommendations must be in accordance with PLHA guidelines.

In August 2020, the Board of Supervisors approved a five-year expenditure plan for PLHA funds. This plan was developed in consultation with the Board of Supervisors Housing Subcommittee and in alignment with the 2020-24 Consolidated Plan and 2020 Assessment of Impediments to Fair Housing Choice (AI). Under the five-year plan, PLHA funds are matched dollar for dollar with the Marin Affordable Housing Fund. Attachment 3 summarizes the funding recommendations.

**DISCUSSION:**

**CDBG and HOME**

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July 1, 2024 is the beginning of Marin County’s fiscal year and the start of the fifth and final year covered by the 2020-24 Consolidated Plan. The attached proposed 2024 Annual Action Plan (Attachment 4) updates the policy section and adds budgets for Federal Fiscal Year 2024 entitlement funds. This year, Marin County’s CDBG allocation is \$1,559,706, approximately 1.9% less than the 2022-23 funding received and a decrease of over 4.3% over the past 2 years. The HOME allocation is \$713,595, which represents a 15.7% reduction from last year and a 16.5% reduction over the past two years. HUD determines funding based on its own programmatic budget and a demographic comparison of Marin with other grantees. The project funding

recommendations in this staff report are subject to change in accordance with the final grant agreement received from HUD.

Three public hearings were held to approve the recommendations before your Board today. The CDBG funding recommendations have been reviewed and recommended by the Novato City Council on April 23, 2024, the San Rafael City Council on May 6, 2024, and the Countywide Priority Setting Committee (PSC) on May 16, 2024. The PSC, is made up of community members representing protected classes<sup>1</sup> and elected representatives from city, town, and County jurisdictions. The PSC is tasked with reviewing and approving final recommendations for both CDBG and HOME.

Detailed information about the program structure, application evaluation criteria, funding priorities, and spending deadlines can be found in Attachment 5.

32 CDBG and HOME applications were received, totaling nearly \$8.5 million in requests, far exceeding the funding available from HUD. The application, review, and approval process are designed to encourage community participation, and as a result, seven (7) public meetings have been conducted regarding the 2024 Annual Action Plan and 2021 Amendment. 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.

#### Recommended Funding

For the 2024-25 funding period, the PSC recommends a funding package that includes administration and support for 18 CDBG projects with \$1,643,508 in combined new entitlement funds, program income, reprogrammed funds, and administration. The PSC recommends support for one HOME project with \$780,009 in combined new entitlement funds, program income, and administration.

### **HOME-ARP AMENDMENT**

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On June 13, 2023 your Board approved \$2,902,549 of HOME-ARP Program funding. The approval included a funding alternative in the event one of the approved projects, Homeward Bound of Marin's Veteran and Workforce Housing, received State Homekey funds. In February 2024, the State announced a \$14.4 million Homekey award to Homeward Bound of Marin to support the Veterans and Workforce Housing. While both Homekey and HOME-ARP aim to serve similar populations, they have different requirements that conflict with one another.

Per the previously approved funding alternative, staff are amending the 2021 Annual Action Plan that contains the HOME-ARP allocation. This amendment will pivot funding to support the remaining two projects with \$300k going to Eden Housing, Inc.'s Oak Hill Apartments and \$290K going to Eden Housing, Inc.'s Coast Guard project as outlined in Attachment 6.

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

PLHA funds come from a \$75 recording fee on real estate documents. Because PLHA funding is based on real estate activity, the funding levels change from year to year. This year, Marin's PLHA allocation is \$636,907, which is nearly a 49% reduction from 2023 funding levels. Along with a match from the Marin County Affordable Housing Fund, \$1,210,124 is available to projects<sup>2</sup>.

Seven project applications were received through the NOFA process totaling over \$7 million in requests. Applications are evaluated on their ability to meet PLHA criteria developed by HCD and the PSC's approved program goals. Detailed information about the program structure, application evaluation criteria, funding priorities, and spending deadlines can be found in Attachment 5.

### Recommended Funding

For the 2024 funding period, the PSC recommends splitting the \$1,210,124 in available funding between two (2) affordable housing projects.

### **EQUITY IMPACT:**

The Marin County Grants program prioritizes CDBG, HOME, and PLHA 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. These funding programs encourage community participation and are overseen by an 18-member committee composed of seven community members representing protected classes and 11 elected representatives from city, town, and County jurisdictions.

The recommendations are aligned with the County's goals to foster inclusive communities free from barriers that restrict access to opportunity and are intended to address specific needs in the community resulting from past policies that created segregated patterns of living, prevented whole communities from homeownership and generational wealth building, and limited the development of diverse housing stock available to residents of all income levels.

### **FISCAL/STAFFING IMPACT:**

There is no increase to the General Fund Net County Costs as a result of your Board's approval. CDBG and HOME 2024-25 grants are budgeted in HUD Funds 2970 and Fund 2770, respectively, Program 5130 CDA Federal Grants, Org Code 29755132 (HUD CDBG Program), and Org Code 27755133 (HUD HOME Program).

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<sup>2</sup> This figure represents the total amount available to disperse after accounting for the allowable administrative set-aside of 5% from the State PLHA allocation.

HOME-ARP were previously approved on June 13, 2023 and will not alter revenue and expenditure budgets for 2024-25. Expenditures will mostly consist of pass-throughs to subrecipients, and program administration in salary reimbursement and miscellaneous office expenses.

The total PLHA grant request of \$636,907 includes \$31,845 for program administration, the allowed 5% of the total award and will be accounted for in the 40PLHA project. Increased Community Development Agency Miscellaneous Projects Fund (1010) expenditure appropriations of \$31,845 for program administration grant award costs in the 40PLHA project, fully offset by increased PLHA grant revenue. Administrative expenditures will include salary reimbursement, which may result in a reduction of the salary expense in General Fund 1000 and Fund 2100; and miscellaneous office expenses.

The Marin Affordable Housing Fund contribution of \$636,907 will come from Fund 2070. The current available cash balance is \$12,946,633.

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

**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 type="checkbox"/> County Counsel                | <input checked="" type="checkbox"/> N/A |
| <input type="checkbox"/> Human Resources               | <input checked="" type="checkbox"/> N/A |

Respectfully submitted,



Molly Kron  
Senior Planner



Sarah B. Jones  
Director

**ATTACHMENTS:**

1. Resolution approving amending the 2020-24 Consolidated Plan with the 2024 Annual Action Plan and an amendment to the 2021 Annual Action Plan.
2. Resolution to approving 2024 PLHA funding allocations.
3. CDBG, HOME, and PLHA Requests and Recommendations.
4. Draft 2024 Annual Action Plan.
5. Additional guiding principles for funding recommendations.
6. Draft Amendment 2021 Annual Action Plan.
7. Local Policies and Procedures for CDBG and HOME:
  - 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
8. PLHA Form Agreements.






# 06042024 CDBG HOME PLHA Staff Report vFinal

Final Audit Report

2024-05-29

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