

COMMUNITY DEVELOPMENT AGENCY

HOUSING AND FEDERAL GRANTS DIVISION

Brian C. Crawford  
DIRECTOR

September 10, 2019

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

**SUBJECT:** Grant from the Marin County Affordable Housing Fund to Marin City Health and Wellness Center for an affordable housing development at 100 Phillips Drive in Marin City.

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

Dear Supervisors:

**RECOMMENDATIONS:**

- 1) Approve a grant in the amount of \$500,000 from Marin County's Affordable Housing Fund to Marin City Health and Wellness Center for predevelopment or construction funds for 24 permanently affordable homes on the property located at 100 Phillips Drive in Marin City.
- 2) Authorize President, subject to County Counsel approval, to execute (a) County Housing grant document; (b) Regulatory Agreement; and (c) related documents (including Subordination Agreements) that may be required by other sources of financing for this project.

[www.marincounty.org/cda](http://www.marincounty.org/cda)

**SUMMARY:**

The Marin City Health and Wellness Center is undertaking the replacement of the existing Marin City Health Facility with a new facility that would include a new clinic, housing units and residential amenities. The new building would include 24 units of housing affordable to very-low and extremely-low income households and a healthcare clinic offering ambulatory and preventative medical, dental, behavioral and recovery services. The Center is the project sponsor and developer, working with a team of consultants with experience in developing affordable housing. Funding from the Affordable Housing Fund will be allocated only to the residential portion of the project, which is all affordable housing.

**DISCUSSION:**

Marin City Health and Wellness Center requested funding from the Affordable Housing Fund to leverage up to \$3 million in pending funding proposals from the Marin Community Foundation, Tamalpais Pacific and Kresge Foundation. The early funding commitment from the County would be critical in securing remaining capital funding from new sources for this project. Funds would support predevelopment costs for the housing portion of this project. The Affordable Housing includes:

- 24 rental units with a mix of bedroom sizes.
- Each floor will have a shared lounge and kitchen space to encourage social connection. Residents will enter their homes through a private entrance and will have access to a large classroom space on the ground level for workshops, meetings and events.

- All units will have affordability restrictions in-perpetuity.

The site is located at 100 Phillips Drive in Marin City and is owned by the Center. The proposed project would entail the demolition of an existing approximately 4,000-square-foot, one-story building and construction of a four-story, 34,099-square-foot mixed-use building with 24 residential units.

The Center requested \$600,000 from the County's Housing Fund, which is approximately 5% of the total projected estimate of \$5,663,100 in predevelopment funds needed for the project. Predevelopment is considered funding for costs incurred in the early stages of a project, such as feasibility studies, environmental studies or appraisals. Early predevelopment funds are typically the most difficult to identify and secure because the project is riskier as there is less guarantee that it will move forward. However, the County has invested in predevelopment funding in the past funds, with the goal of encouraging the development of affordable homes. The predevelopment budget for the project is attached (Attachment A).

Staff is recommending \$500,000 in predevelopment funds which would be paid based on meeting milestones established by staff. The total development budget of the project is currently estimated at about \$20 million, approximately 30% of which the Center anticipates would be funded through New Market Tax Credits<sup>1</sup>. Possible funds identified for additional phases of the project include private foundations, and public funding through the California Department of Housing and Community Development's (HCD) Affordable Housing Program, Affordable Housing and Sustainable Communities Program, California Emergency Solutions and Housing, Housing for a Healthy California Program and No Place Like Home Program. In addition, the Center will also seek other funding for the Health Care Center, including from Marin County's Community Development Block Grant Program<sup>2</sup>, Cal Wellness, USDA, the Kresge Foundation and other sources.

The Center is pursuing the project under the State Density Bonus Law, the County's Density Bonus Regulations and Government Code Section 65943.4 (commonly known as SB 35). This project would be Marin County's first development under California's Senate Bill 35, which streamlines housing construction in California counties and cities that have not met state mandated housing construction requirements. SB 35 creates a streamlined, ministerial approval process for certain multifamily housing developments if they meet the requirements of Government Code Section 65913.4. While design review standards may be applied, they must be objective. Projects that elect to take advantage of this process must submit a request with the proposed applications and the project's eligibility under SB 35. The County will determine whether the project is eligible for streamlining within 60 days of application submittal for projects with 150 or fewer units, and 90 days for projects with more than 150 units. Thereafter, project design review and consideration of any information requested of the applicant must be completed in 90 days from project application submittal for projects with 150 or fewer units and 180 days from project submittal for projects with more than 150 units.

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<sup>1</sup> The New Markets Tax Credit Program was established as part of the Community Renewal Tax Relief Act of 2000. The goal of the program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories.

<sup>2</sup> \$132,243 in CDBG funds committed were by your Board on 5/9/2019

The Marin County Affordable Housing Fund was created to increase the stock of permanently affordable homes in the County. The Affordable Housing Fund provides a local funding source for financial and technical assistance to help affordable housing developers create and preserve affordable housing for low and very low-income households. Monies from the Affordable Housing Fund can be used anywhere in the County, with a priority for projects in the unincorporated areas.

Housing Fund monies are intended to advance the values of a balanced community, by providing support for a variety of housing types available for households at a range of income levels. The proposed grant for the development meets the guidelines for the County's Housing and furthers a number of Countywide Plan goals including the following:

**HS-3.1 House Local Workers.** Strive to provide an adequate supply and variety of housing opportunities to meet the needs of Marin County's workforce and their families, striving to match housing types and affordability with household income.

**HS-3.5 Maintain Population Diversity.** Maintain a diversity of age, social, and economic backgrounds among residents throughout Marin County by matching housing size, types, tenure, and affordability to household needs.

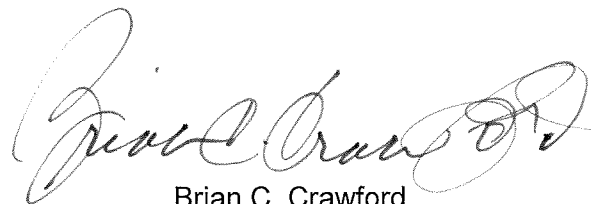
**FISCAL IMPACT:** There is no impact to General Fund net county cost as a result of this recommendation. There is sufficient budget in the current fiscal year in Fund 2070 to cover the \$500,000 grant with no impact to the fund balance. The current available balance in Fund 2070 is \$7,962,842.

<b>REVIEWED BY:</b>	<input type="checkbox"/> Auditor Controller	<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,



Leelee Thomas  
Planning Manager



Brian C. Crawford  
Director

Attachments:

1. Affordable Housing Fund Application