December 7, 2021

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

SUBJECT: Grant of funding awards from the Marin County Affordable Housing Fund and matching funds from the Permanent Local Housing Allocation State Grant to affordable housing developments located at 100 Commodore Webster Drive in Point Reyes Station, 826 State Access Road in Novato, and 190 Mill Street in San Rafael.

Dear Supervisors:

RECOMMENDATION:

1. Approve a loan in the amount of $459,528, with $229,764 from Marin County’s Affordable Housing Fund, matched with $229,764 of Permanent Local Housing Allocation funds, to Eden Housing for affordable housing predevelopment located at 100 Wester Drive, Point Reyes Station.

2. Approve a loan in the amount of $459,528, with $229,764 from Marin County’s Affordable Housing Fund, matched with $229,764 of Permanent Local Housing Allocation funds, to Homeward Bound of Marin for affordable housing construction located at 826 State Access Road, Novato (former Hamilton Army Airfield).

3. Approve a loan in the amount of $459,528, with $229,764 from Marin County’s Affordable Housing Fund, matched with $229,764 of Permanent Local Housing Allocation funds, to Homeward Bound of Marin for affordable housing construction located at 190 Mill Street, San Rafael.

4. Authorize President, subject to County Counsel approval, to execute (a) County Housing Fund and Permanent Housing Allocation Fund Loan documents; (b) Regulatory Agreement; and (c) related documents (including Subordination Agreements) that may be required in the future by other sources of financing for this project.

5. Approve the related budget adjustments as detailed in the Fiscal Impact section.

SUMMARY:

In August 2020, your Board authorized the Community Development Agency to apply for and accept Permanent Local Housing Allocation (PLHA) grant funding from the California Department of Housing and Community Development (HCD). PLHA funds, once awarded and accepted, can be used by the County for predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, affordable rental and ownership housing. Details outlining eligible projects are included in Attachment 1, PLHA Final Guidelines. These funds require a dollar for dollar match.

At that time, your Board also approved a 5-year expenditure plan for the PLHA Program formula to match portions of funds in the Affordable Housing Fund. In
2020-21, the County received $725,571\textsuperscript{1} in PLHA grant funding, and anticipates receiving a total of $4,353,426 over the five-year period.

The Affordable Housing Fund is designated for project funding in all jurisdictions of Marin County, with a priority for projects located in unincorporated areas. Under the 5-year PLHA expenditure plan, a portion of Housing fund dollars will match PLHA awards for predevelopment, development, acquisition and preservation of multi-family projects, with an emphasis on projects that house those that are at or under 60 percent Area Median Income (AMI).

In 2020-21, the County received three applications for the use of Affordable Housing Fund and matching PLHA funds:

- **Coast Guard Site Housing:** The County of Marin purchased real property from the United States Coast Guard (the Coast Guard Property) in Point Reyes Station in December 2019 following comprehensive community engagement and lengthy negotiations with the Coast Guard for acquisition of the property. The site currently includes 36 townhomes, a barracks with 24 rooms, a dining hall and kitchen, and several ancillary buildings. On April 14, 2021, your Board selected the Community Land Trust Association of West Marin (CLAM) and Eden Housing as the project developers. Eden Housing applied for $500,000 for predevelopment expenses (Attachment 2).

- **HUD Parcel Veteran and Workforce Housing:** Homeward Bound of Marin plans to develop veteran and workforce housing on a 2.8-acre site in the former Hamilton Army Airfield in Novato (HUD Parcel). 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 applied for $500,000 for construction of the housing (Attachment 3).

- **Mill Street Housing:** Homeward Bound of Marin has been operating Mill Street as a center for people experiencing homelessness since 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 for construction of the housing portion of the development (Attachment 4).

**DISCUSSION:**

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 an ongoing source of funding intended to increase the affordable housing stock in California. PLHA funds are awarded by HCD to Marin County based on the County's status as an entitlement community\textsuperscript{2} under the federal Community Development Block Grant program.

\textsuperscript{1} $689,292 in PLHA are available to be granted, after accounting for $36,279 in administrative expenses.

\textsuperscript{2} An entitlement community is defined as cities with populations over 50,000 or counties with populations over 200,000 that participate in HUD's CDBG entitlement program.
In order to begin committing funds to projects, the Countywide Priority Setting Committee\(^3\), which is made up of elected representatives of Marin cities and towns and community members representing members of the protected classes under fair housing laws, must approve PLHA Program goals and ensure the proposed projects meet at least one or more of these goals. On September 2, 2021, Staff presented the funding requests received by the County to the Countywide Priority Setting Committee, along with priorities for PLHA projects. These priorities, which are based on goals set forth in the 2020-2024 Consolidated Plan and are informed by the Analysis of Impediments to Fair Housing Choice (AI), include supporting:

- Family Housing – Acquisition, new construction, and rehabilitation of housing that accommodates the needs of families\(^4\)
- Rental Housing – Acquisition, new construction, and rehabilitation
- Homeowner Housing – Acquisition, new construction, and rehabilitation
- Special Needs Housing – Acquisition, new construction, and rehabilitation of housing that accommodates the needs of persons with disabilities
- Land Trusts – Support development of a land trust in eastern Marin that provides home ownership opportunities, with specific inclusion for African Americans

All program goals were approved by the Priority Setting Committee.

**Funding Recommendation:**
The Committee is recommending funding all three proposed projects equally, citing the importance of all three projects for the communities in which each of the projects exist. To address equity goals, the Committee requested that Staff with incorporate an affirmative marketing requirement and prioritize projects that serve members of the protected classes, and that are led by members of the protected classes.

**Priority Setting Committee Funding Recommendation:** Equal Distribution

<table>
<thead>
<tr>
<th>Project</th>
<th>Goal</th>
<th>PLHA Goal Alignment</th>
<th>PLHA Funding Amount</th>
<th>AHF Funding Match</th>
<th>Total Funding</th>
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</thead>
<tbody>
<tr>
<td>Coast Guard Site Housing</td>
<td>Family housing/rental housing</td>
<td>$229,764</td>
<td>$229,764</td>
<td>$459,528</td>
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<tr>
<td>HUD Parcel Veteran and Workforce Housing</td>
<td>Rental housing</td>
<td>$229,764</td>
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<tr>
<td>Mill Street Housing</td>
<td>Rental housing</td>
<td>$229,764</td>
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<td>$459,528</td>
<td></td>
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</table>

In addition to presenting the Priority Setting Committee’s recommendation above, Staff are providing an alternative funding proposal based on your Board’s historical

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\(^3\) The Countywide Priority Setting Committee oversees the distribution of federal funds, including Community Development Block Grants (CDBG) and Home Investment Partnerships Program (HOME), and is composed of members that represent all cities and towns and some members of the protected classes under fair housing laws which includes race, color, national origin, religion, sex, familial status and disability.

\(^4\) HUD defines a family as one or more individuals that live together.
funding allocation metrics for Affordable Housing Fund dollars. This alternative proposal, rather than proposing fixed allocations for each project, designates funding allocations based on the number of units proposed in the project, alignment with Board priorities, and whether the project is located in an unincorporated area.

**Alternative Recommendation: Units Proposed/Board Priority**

<table>
<thead>
<tr>
<th>Project</th>
<th>Number of Units</th>
<th>Priority</th>
<th>PLHA Funding Amount</th>
<th>AHF Funding Match</th>
<th>Total Funding</th>
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<td>Mill Street Housing</td>
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<td>Unhoused</td>
<td>$186,927</td>
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<td>$373,854</td>
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</table>

**CONCLUSION:**
Award of these funds will allow CLAM/Eden Housing and Homeward Bound of Marin to develop important housing projects that will help the community, in line with the priorities and goals of the PLHA, Affordable Housing Fund, and Countywide Priority Setting Committee. The PLHA effectively doubles the impact of the Marin County Affordable Housing Fund. In turn, these local funds will be used to leverage additional state, federal and philanthropic dollars to increase the supply of affordable homes in Marin.

Form agreements for these funds, are included as Attachment 5. These form agreements will be adapted to reflect your Board’s decision on the proposed funding allocations described herein.

**EQUITY IMPACT:**
The Marin County Affordable Housing Fund was created to increase the stock of permanently affordable housing units in the County. The Affordable Housing Fund provides a local funding source for financial and technical assistance to help affordable housing developers produce and preserve affordable housing. The 5-year expenditure plan with matching State PLHA funds increases the impact of these funds in the community.

The projects detailed in the report above were reviewed and approved by the Priority Setting Committee, a group of local elected officials and community members representing members of the protected classes under federal fair housing laws, that oversee the distribution of federal funds in the County. Some members represent the protected classes, and others represent the interest of members of the protected classes.
When presented with the projects, the Committee added an additional recommendation to address equity goals, and tasked Staff with incorporating an affirmative marketing requirement and prioritizing projects that serve members of the protected classes, and that are led by members of the protected classes.

**FISCAL/STAFFING IMPACT:**
Approval of this recommendation will increase the revenue and expenditure budget in the Miscellaneous Fund 1010, project 40PLHA, by $1,414,864, with funding of $725,571 from the PLHA grant and $689,293 transferred in from the Housing Fund 2070. This expenditure amount includes grant funding to reimburse administrative costs by $36,279, which may result in a reduction of the salary expense in General Fund 1000 and Fund 2100.

The current available balance is $11,451,389. Your Board's approval of this action will result in a remaining fund balance of $10,762,097.

**REVIEWED BY:**
- ☐ Department of Finance
- ☑ County Administrator's Office
- ☐ County Counsel
- ☐ Human Resources

**SIGNATURE:**

Aline Tanielian  
Planner

Leelee Thomas  
Deputy Director of Housing & Federal Grants

**ATTACHMENT:**
1. PLHA Guidelines
5. PLHA Contracts

To conserve resources, the following materials are provided to your Board electronically only:

2. CI AM/Eden Coast Guard Housing Site Affordable Housing Fund Application
3. Homeward Bound of Marin HUD Parcel Affordable Housing Fund Application
4. Homeward Bound of Marin Mill Street Affordable Housing Fund Application

The Board letter and all attachments are available online at https://www.marincounty.org/depts/cd/divisions/housing/affordable-housing under the “Affordable Housing Funding” panel.