May 4, 2021

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

SUBJECT: Federal Fiscal Year 2021 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).

Dear Board Members,

RECOMMENDATIONS:

1. Hold a public hearing on May 4, 2021, for comment on:
   A. Marin County’s housing and community development needs and performance addressing these needs.
   B. 2021 Annual Action Plan amending the 2020-24 Consolidated Plan, including local Policies and Procedures, proposed activities, and budget recommendations for Federal Fiscal Year 2021 funding from CDBG and HOME.
   C. Proposed reprogramming of past years’ CDBG and HOME funds to new activities and the proposed use of CDBG and HOME program income included in the 2021 Annual Action Plan amending the 2020-24 Consolidated Plan.

2. Following public testimony, approve:
   A. 2021 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 2021 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 2021 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.
SUMMARY:

The 2021 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 of HUD provide resources for housing, community facilities, and services for low-income households.

The 2021 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, 2021 is the beginning of the second year covered by the 2020-24 Consolidated Plan. The attached proposed 2021 Annual Action Plan updates the policy section and adds budgets for federal fiscal year 2021 entitlement funds of $1,597,998 in CDBG funds and $800,856 in HOME. In order to meet HUD’s strict time limits on spending, the budget also includes CDBG and HOME funds from prior years which are recommended for reprogramming (rereallocation) to new projects, and allocations of CDBG and HOME program income.

Marin’s entitlement 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, such as the percent of low income households and the number of households living in overcrowded situations. This year’s CDBG funding is projected to increase slightly and HOME funding is projected to decrease modestly from the prior fiscal year funding level.

The attached 2021 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 classes and elected representatives from city, town, and County jurisdictions.

The CDBG and HOME budget expenditures identified in the 2021 Annual Action Plan were developed following three public hearings held in the Planning Areas—one hearing held by the Novato City Council on March 23, 2021; one hearing held by the San Rafael City Council on March 15, 2021; and one hearing held by the PSC on April 1, 2021.

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 funding renewal based on accomplishing goals and subject to available CDBG funds, whereas Capital and Housing projects apply for funding using a 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 only received every two years, funding allocations must be approved annually based on the past performance of the project and expected funding allocated by HUD. In addition staff reserve the ability to open mid-cycle applications as deemed necessary.

The County has adopted a 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 plan. At the December 5, 2019 meeting, the Priority Setting Committee (PSC) established local funding priorities and reaffirmed requirements for the funding cycle. These priorities and requirements are used by staff in evaluating applications. As required by HUD, staff also focus on project monitoring and measurable outcomes.

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

National Objectives Thresholds:
- Benefit low- and moderate-income persons,
- Prevent or eliminate blight, or
- Meet other community development needs for low- and moderate-income persons.

PSC Enhanced Thresholds:
- Support projects that Affirmatively Further Fair Housing 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?
- Prioritize greatest impact.

In addition to HUD's criteria, through both the Consolidated Plan and Analysis of Impediments to Fair Housing Choice process, the Countywide Priority Setting Committee established additional priorities for funding CDBG and HOME housing projects:
- Family Housing
• Land trust model in eastern Marin that provides home ownership opportunities. (Eastern Marin in this case is defined as all of the areas of Marin, except for West Marin)

The PSC also established the following priorities for CDBG funds allocated to public service projects during Fiscal Year 2021:

• **Basic Health Services** - includes services that prevent or treat medical conditions for individuals who are un-insured, 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-childcare 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.

• **Children, Youth, and Parent Support Services** - includes services that address disparities in access to early childhood education and high costs of child care countywide by targeting low-income families. Programs and services include but are not limited to supporting child care scholarships, student extracurricular activities, parent engagement and training, therapeutic services, teacher salaries, transportation, and home visitations.

• **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, down payment, and rental assistance.

Additional detail regarding application evaluation criteria can be found in Attachment 4.

**Annual Action Plan Process**

The application, review, and approval process for CDBG and HOME funding is designed to encourage community participation. As the 2nd year of the two-year application cycle, the 2021 Annual Action Plan process required fewer public meetings—four versus the typical seven. While a full application process was not conducted, staff chose to open a limited CDBG Housing application for affordable housing rehabilitation and acquisition projects. This was done to ensure an adequate pool of viable projects after many year one projects suffered delays caused by COVID-19.

CDBG and HOME funding requests for Fiscal Year 2021-22 exceeded the anticipated funding available from HUD. The expected entitlement from HUD for Marin County is estimated to be just under $2.4 million as compared to over $3.4 million in funding requests received from 28 applications covering both CDBG and HOME programs. Unfortunately, due to the gap in resources, difficult choices were made, and many valuable projects did not receive funding or received less funding than requested for this cycle.

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 of organizations and individuals advocating for projects and providing input on the 2021 Annual Action Plan.

Recommended Funding

Following the PSC meeting staff received a request from San Rafael Rotary Manor to change the scope of their project which received a funding recommendation from the San Rafael Planning Area. Due to elevated health and safety concerns, San Rafael Rotary Manor determined it necessary to begin the proposed project earlier than funds could be made available. Given the many rehabilitation needs at the senior affordable housing project, and to honor the recommendation made, staff request your Board approve these recommended funds be applied to another CDBG eligible project at the San Rafael Rotary Manor, to be determined in consultation with the project sponsor.

Included in this year’s recommendations is a considerably large amount of program income received from the sale of a CDBG funded property in San Quentin Village totalling $476,896. Whenever possible, staff prioritize reallocating program income in the planning area the funds originated from to ensure continuity and equity across planning areas. To this end, the PSC has recommended these funds be allocated to a project placeholder identified as the San Quentin Surplus Public Land Project. The San Quentin Surplus Public Land Project is development of affordable and market rate housing under consideration on surplus state-owned land across from San Quentin Prison. Given this rare occasion that a housing project comes up in the San Quentin area, staff recommend holding these funds in the placeholder project until the 2022-24 application cycle opens and the nonprofit developer can apply for 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 2021-22 funding period, the PSC recommends a funding package that includes administration and support for 24 CDBG projects with $2,103,054 in combined new entitlement funds, reprogrammed funds, and program income; and administration and support for two HOME projects with $981,109 in combined new entitlement funds, reprogrammed funds, and program income.

FISCAL/STAFFING IMPACT:

The 2021 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 2021-22 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 2021 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.
REVIEWED BY:

☒ County Administrator ☐ N/A
☐ Department of Finance ☒ N/A
☐ County Counsel ☒ N/A
☐ Human Resources ☒ N/A

Respectfully submitted,

Molly Kron
Planner

Leelee Thomas
Planning Manager

ATTACHMENTS:

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.