

TO: City Council Housing and Homelessness Subcommittee
FROM: Alexis Cappitanian, Housing Manager
DATE: May 12, 2025
SUBJECT: Award Recommendations – Affordable Housing Trust Fund

Background

On January 22, 2025, the County of Marin issued a [Notice of Funding Availability](#) (NOFA), including \$500,000 available through the City of San Rafael (City) Affordable Housing Trust Fund for the preservation or development of affordable housing. The application deadline for this Notice of Funding Availability was February 19, 2025.

The City received three responses to the Notice of Funding Availability totaling \$950,000.

Table 1: Summary of Funding Requests – 2025 Affordable Housing NOFA

Address	Project Type	Units	Applicant	Estimated Project Cost	2025 NOFA Request
519 4 th St	New Construction (Predevelopment)	56	Abode Housing	\$54,048,539 (\$3,231,096)	\$200,000
455 Canal St	Rehabilitation	28	EAH Housing	\$1,958,649	\$500,000
158-166A Park St	Acquisition	6	Marin Foster Care	\$2,165,000	\$250,000
Totals		90			
				\$950,000	

In March 2025, a panel of City staff evaluated the responses using the criteria listed in Section 5 of City Council [Resolution No. 14760](#), *Guidelines for the Administration of the Affordable Housing Trust Fund*. The panel developed preliminary funding recommendations that were presented to the Housing and Homelessness Subcommittee for feedback on April 1.

Recommendations Presented to Subcommittee on April 1

On [April 1](#), staff presented the following funding recommendations to the Housing and Homelessness Subcommittee:

- \$60,000 for the acquisition of 158-166A Park St
- \$200,000 for predevelopment activities supporting construction of affordable housing at 519 4th St

Funding was not recommended for the rehabilitation at 455 Canal St because the estimated construction cost exceeded 50 percent of the property's overall market value. Due to the property's location in the Canal floodplain area, exceeding this 50 percent threshold would trigger multiple requirements, including raising the elevation of the first-

floor residential units. These requirements uncovered during the review process significantly impact the project scope and increase the cost of the rehabilitation.

The Housing and Homelessness Subcommittee supported the recommendations related to 519 4th St and 455 Canal St but wished to increase funding for the 158-166A Park St acquisition.

Changes Since April 1st Subcommittee Meeting

Following the Subcommittee Meeting, EAH Housing contacted City staff in April to ask if they could submit a revised proposal for consideration.

The NOFA published in January allows the City “to suspend, amend or modify the provisions of this NOFA, to extend the submission deadline, reject all proposals, to negotiate modifications of proposals, or to award less than the full amount of funding available.”

All applicants were invited to submit updated materials for City consideration by April 25th. The City received a revised proposal from EAH Housing. The City did not receive additional materials from the other two applicants. The panel met again on April 30th after reviewing all materials and made the following revisions to the funding recommendations:

- Increased funding for the acquisition of 158-166A Park St to \$150,000
- Added an award of \$150,000 for the rehabilitation of 455 Canal St

The recommendation for 519 4th St remained unchanged at \$200,000.

Table 2: Recommended Funding – Affordable Housing Trust Fund

Address	Request	Applicant	Total Cost	2025 Request	Recommendation	Per Unit City Subsidy
519 4 th St	Pre-Dev	Abode Housing	\$54,048,539 (\$3,231,096)	\$200,000	\$200,000	\$3,571
455 Canal St	Rehab	EAH Housing	\$1,958,649	\$500,000	\$150,000	\$5,357
158-166A Park St	Acquisition	Marin Foster Care	\$2,165,000	\$250,000	\$150,000	\$25,000
Total					\$500,000	

Rationale for Adjusted Recommendations

- **Acquisition of 158-166A Park St** – Marin Foster Care acquired the six one-bedroom units on Park St in January 2025 to provide housing for transition age youth (TAY) transitioning out of the Marin County foster care system. In reviewing the application initially, staff noted that only one unit was occupied by a TAY at the time of application, with the remaining five units occupied by moderate-income tenants who already resided at the property at the time of acquisition. Marin Foster Care explained during the Subcommittee meeting that two more units will turn over in 2025, so that 50% of the units will be occupied by transition age youth by the end of the year. The applicant also shared that the 10-unit property that they acquired in Novato in 2023 already has six units occupied by TAY, with a seventh anticipated soon, demonstrating how studios and one-bedroom rentals can turn over quickly.

In allocating the limited funding available, Staff recommend a substantially higher subsidy per unit for this acquisition compared to the other two projects given the special population served. Increasing the award amount aligns with feedback received from the Housing and Homelessness Subcommittee on April 1.

The recommendation is less than the full amount requested because of the merits of the other two projects that applied, both of which also serve very low income households. Additionally, this recommendation was developed with the understanding that the existing over-income tenants have a right to remain in their units, and there is no guarantee as to when the units will turn over. From that perspective, the recommended award results in a current subsidy level of \$50,000 per unit for three units that will house the intended beneficiaries by the end of 2025.

- **Rehabilitation of 455 Canal St** – EAH Housing seeks to rehabilitate an existing 28-unit complex that serves very low income tenants in the Canal neighborhood. On April 25, EAH Housing submitted a reduced scope of work that addresses immediate seismic, electrical safety, and waterproofing needs at the property. Instead of the original \$16.2 million renovation project utilizing Low Income Housing Tax Credits, EAH will pursue a limited renovation scope of \$2 million that no longer triggers elevation of the first-floor residential units, which rendered the project infeasible. This strategy allows the applicant to analyze additional pathways for the property's other needs, while not deferring the most needed repairs. The revised proposal resolves the issue of readiness that caused staff not to recommend the original project for funding.

Next Steps

Staff anticipate presenting funding recommendations for City Council consideration during the June 2nd meeting. Given that one of the applications has been revised since the original Housing and Homelessness Subcommittee Meeting, resulting in a significant change in staff recommendations, staff are sharing the updated recommendations with the Housing and Homelessness Subcommittee in advance before presenting to the full City Council on June 2nd.