



and procedures for the use of the Affordable Housing In-Lieu Fee Fund as San Rafael's primary Housing Trust Fund.

On February 6, 2020, the City conducted a pre-application process to solicit affordable housing proposals from stakeholders that would be interested in requesting funding from the City's Affordable Housing Trust Fund. The pre-application process was intended to inform stakeholders of an upcoming Notice of Funding Availability (NOFA) announcement, and to get a better understanding of the range of potential affordable housing projects that are planned in the San Rafael community that are potentially eligible for trust funds.

During this pre-application phase, the City received six (6) submissions totaling approximately \$6.5 million in potential funding requests. These submissions included:

- One (1) submission for an indivial ADU Loan,
- Two (2) submissions supplement bond re-syndications for existing affordable housing developments,
- Two (2) submissions for new construction projects,
- One (1) submission for acquisition of an existing market rate housing project to make permanently affordable.

On June 5, 2020, [the City issued a Notice of Funding Availability](#) (NOFA) for one million six-hundred thousand dollars (\$1,600,000) of initial funding to spur the creation of affordable family rental housing. The City reserved the right to award funds above or below this amount. The application deadline for this NOFA was June 19, 2020 by 5:00pm. Staff received four applications totaling \$3.25 million in funding requests (Table 1):

**Table 1. NOFA Applications**

Project Name	Applicant	Type	Units	Total Project Costs	Financing Gap	NOFA Request
190 Mill St.	Homeward Bound of Marin	New Construction	32	\$32,866,387	\$2,000,000	\$750,000
Whistlestop	EDEN Housing	New Construction	67	\$48,460,816	\$4,828,452	\$1,000,000
5 F Street	San Francisco Community Land Trust	Acquisition	8	\$2,756,374	\$500,000	\$500,000
Centertown	BRIDGE Housing	Rehabilitation	60	\$32,846,481	\$1,000,000	\$1,000,000
<b>Total</b>			<b>167</b>	<b>\$116,930,058</b>	<b>\$8,328,452</b>	<b>\$3,250,000</b>

\*Note: At the time of the application, the "Whistlestop" project at 999 Third Street was a partnership between Eden Housing and the service provider Whistlestop. Since the application was submitted, the service provider has changed their name from Whistlestop to Vivalon. Staff continues to refer to the project as "Whistlestop."

*Loch Lomond Marina Buyout Update*

Staff issued the NOFA for \$1.6 million to correspond to the Affordable Housing Trust Fund balance at the time of issuance. In the time since the NOFA was issued, Marina Village Associate, LLC (MVA) has made one of two \$1.8 million payments into the housing trust fund as part of the [BMR buyout agreement for Loch Lomond Marina](#).

At the time this buyout agreement was developed and executed, statewide COVID-19 restrictions had just gone into place creating significant uncertainty. As such, the BMR Buyout agreement included a clause setting the effective date of the agreement for 45 days after the statewide COVID-19 emergency order is lifted.

While these orders are still in place, statewide direction on reopening has provided enough certainty for work on Loch Lomond Marina project to continue. As such, Staff and MVA have mutually agreed to a payment timeline and terms & conditions within the scope of the original approved BMR buyout

agreement. These terms and conditions have been outlined in a Memorandum of Understanding (Attachment 3). MVA's willingness to provide a partial payment and agree to an MOU provides a significant benefit to the City.

Under this MOU, MVA has agreed to make a 50% partial payment of \$1,843,200 of the Buyout Amount to the City by September 30, 2020. The remaining 50% balance, \$1,843,200, would be made no later than the end of first quarter of 2021 or by March 31, 2021, irrespective of any future, State of California Executive Orders from the pandemic.

MVA understands and acknowledges that the partial payment does not meet the full requirements of the BMR buyout agreement, and their partial payment will not be paid back by the City to MVA under any circumstance. Recordation of the BMR agreement amendment will only occur once the full BMR Buyout Amount of \$3,686,400 is received by the City.

### Project Homekey

At the beginning of the COVID-19 crisis, the State of California announced Project Roomkey, which was funding to help communities address the public health crisis by leasing hotel and motel rooms to house homeless individuals and families who were particularly vulnerable to the virus (e.g. seniors, people with chronic health issues). In Marin we used the Project Roomkey funding to increase shelter capacity by nearly 60%.

In July, the State announced another program called Project Homekey, which provides an additional round of funding to make these units (or other similar units) available for permanent housing. As discussed at the [September 21, 2020 City Council Meeting](#), The County of Marin, and partners including Opening Doors Marin, the City of San Rafael, and Homeward Bound of Marin, applied for funding for three different sites, but the Board of Supervisors has only authorized further investigation on two sites – 3301 Kerner and a motel in Corte Madera.

Currently, only the Corte Madera project has received a funding reservation. The 3301 Kerner project is on the State's waitlist for Homekey program funds. Staff will continue requesting updates from the State on a weekly basis regarding this funding and will report back to the City Council when a funding determination has been made.

### **ANALYSIS:**

Applications received during the NOFA process were reviewed using the evaluation criteria listed in Section 5 of the *Guidelines for the Administration of the Affordable Housing Trust Fund*. Based upon this evaluation criteria, staff recommends moving forward with the following projects at the listed funding levels:

- 190 Mill Street: Funding Recommendation- \$750,000
- Whistlestop: Funding Recommendation- \$800,000

These two projects are recommended for funding because they are both new construction projects-- which was indicated as a funding priority by City Council. Additionally, both projects are affordable for very low and extremely low-income households and both provide substantial services—190 Mill Street provides permanent support housing and Whistlestop provides senior housing.

Due to upcoming state funding applications being leveraged by both 190 Mill Street and Whistlestop, Staff provided a Conditional Offer letters to the applicants to increase their competitiveness. These offer letters explicitly stated that funding was conditional on City Council approval.

While staff did not recommend funding for the 5 F Street project, their application was considered competitive. Acquisition of these units would immediately increase the City's affordable housing stock, by protecting existing units and their tenants. Additionally, as part of their application for 5 F Street, the San Francisco Community Land Trust indicated they would use this property to establish a Community Land Trust (CLT) serving San Rafael. CLTs are non-profit organizations which create permanently affordable, resident-controlled housing through community ownership of land. Currently, no CLT serves the San Rafael community and 5 F Street would provide an opportunity to build this organizational capacity.

Staff's decision to not recommend funding for this project was due to insufficient Trust Fund funding available after allocations being made to the 190 Mill Street and Whistlestop projects. If additional funding is made available, staff recommends revisiting potential funding for this project.

Staff did not recommend moving forward with funding for the Centertown project as this project does not provide new affordable units, rather the application is funding rehabilitation of existing affordable units. Additionally, staff is currently working with the applicant on restructuring existing redevelopment loans on this property to increase the project's competitiveness for bond financing.

**COMMUNITY OUTREACH:**

Staff conducted broad outreach during both the pre-application and NOFA phases of the housing trust fund allocation process. Several announcements of both phases were emailed to an extensive list of housing developers, housing advocacy groups, neighborhood and homeowners associations, and other interested parties. Additionally, announcements of both phases were published in the City's social media pages included Snapshot, Nextdoor, Twitter, and Facebook.

**FISCAL IMPACT:**

Currently, the City's Affordable Housing Trust Fund (Fund #243) balance is \$3,573,960. City Council approval of these resolutions will result in a remaining Trust Fund balance of \$2,023,960.

Housing Trust Funds would be provided to the 190 Mill Street project as a grant. As a grant, Housing Trust Funds provided to the project would not be paid back.

Housing Trust Funds would be provided to Whistlestop as a residual receipts loan. As a residual receipts loan, payments would be made to the City's Housing Trust Fund only if there is revenue available for the project to make a payment each year. Generally, these loans are provided at a rate of 1%-3% simple interest over 55 years. Upon maturity, these loans are often forgiven or restructured into a new loan agreement. Staff will work with Eden Housing to agree to terms that meet the needs of the project, availability of financing, financing method, development configuration and organizational capacity of the applicant.

**OPTIONS:**

The City Council has the following options to consider on this matter:

1. Adopt resolutions
2. Adopt resolutions with modifications
3. Direct staff to return with more information

4. Take no action

**RECOMMENDED ACTION:**

Adopt the following resolutions authorizing the City Manager to execute housing trust agreements for two (2) affordable housing development projects:

- 1) A Resolution Approving a Housing Trust Grant to Homeward Bound of Marin for the Affordable Housing Development at 190 Mill Street in an Amount Not to Exceed \$750,000, and Authorizing the City Manager to Execute a Grant Agreement and All Related Documents That May Be Required by Other Sources of Financing for the Project
- 2) A Resolution Approving a Housing Trust Loan to Eden Housing for the Affordable Housing Development at 999 Third Street in an Amount Not to Exceed \$800,000, and Authorizing the City Manager to Execute Loan Documents and All Related Documents That May Be Required by Other Sources of Financing for the Project

**ATTACHMENTS:**

- 1) Resolution Approving a Housing Trust Grant to Homeward Bound of Marin for the Affordable Housing Development at 190 Mill Street in an Amount Not to Exceed \$750,000, and Authorizing the City Manager to Execute a Grant Agreement and All Related Documents That May Be Required by Other Sources of Financing for the Project
- 2) Resolution Approving a Housing Trust Loan to Eden Housing for the Affordable Housing Development at 999 Third Street in an Amount Not to Exceed \$800,000, and Authorizing the City Manager to Execute Loan Documents and All Related Documents That May Be Required by Other Sources of Financing for the Project
- 3) Village at Loch Lomond, Below Market Rate (BMR) Memorandum of Understanding Buyout Partial Payment

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL APPROVING A HOUSING TRUST GRANT TO HOMEWARD BOUND OF MARIN FOR THE AFFORDABLE HOUSING DEVELOPMENT AT 190 MILL STREET IN AN AMOUNT NOT TO EXCEED \$750,000, AND AUTHORIZING THE CITY MANAGER TO EXECUTE A GRANT AGREEMENT AND ALL RELATED DOCUMENTS THAT MAY BE REQUIRED BY OTHER SOURCES OF FINANCING FOR THE PROJECT**

**WHEREAS**, on January 21, 2020, the City Council adopted Resolution No. 14760, establishing Guidelines for the Administration of the Affordable Housing Trust Fund; and

**WHEREAS**, on February 6, 2020, the City conducted a pre-application process to solicit affordable housing proposals from stakeholders that would be interested in requesting funding from the City's Affordable Housing Trust Fund with the intention to inform stakeholders of an upcoming Notice of Funding Availability (NOFA) announcement, and to get a better understanding of the range of potential affordable housing projects that are planned in the San Rafael community that are potentially eligible for trust funds; and

**WHEREAS**, during this pre-application phase, the City received six (6) submissions totaling approximately \$6.5 million in potential funding requests; and

**WHEREAS**, on June 5, 2020, the City issued a NOFA for one million six-hundred thousand dollars (\$1,600,000) of initial funding to spur the creation of affordable family rental housing with an application deadline of June 19, 2020 by 5:00pm; and

**WHEREAS**, during this NOFA the City received four applications totaling \$3.25 million in funding requests, including an application from Homeward Bound of Marin for the affordable housing development at 190 Mill Street in San Rafael ("190 Mill Street"); and

**WHEREAS**, applications were reviewed using the evaluation criteria listed in Section 5 of the *Guidelines for the Administration of the Affordable Housing Trust Fund*; and

**WHEREAS**, based upon this evaluation criteria, the 190 Mill Street project was recommended for funding as a grant in an amount up to \$750,000 as result of being a new construction project and providing housing for very low and extremely low-income households and substantial supportive services; and

**WHEREAS**, the City has sufficient funds in the Affordable Housing Trust Fund #243 to be appropriated for FY20/21 to support this grant;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of San Rafael hereby approves a housing trust grant to Homeward Bound of Marin for the affordable housing development at 190 Mill Street in an amount not to exceed \$750,000, and authorizes the City Manager to execute a grant agreement and all related documents that may be required in connection with other sources of financing for the project, in a form to be approved by the City Attorney.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on Monday the 5th day of October 2020, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

\_\_\_\_\_  
LINDSAY LARA, City Clerk

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL APPROVING A HOUSING TRUST LOAN TO EDEN HOUSING FOR THE AFFORDABLE HOUSING DEVELOPMENT AT 999 THIRD STREET IN AN AMOUNT NOT TO EXCEED \$800,000, AND AUTHORIZING THE CITY MANAGER TO EXECUTE LOAN DOCUMENTS AND ALL RELATED DOCUMENTS THAT MAY BE REQUIRED BY OTHER SOURCES OF FINANCING FOR THE PROJECT**

**WHEREAS**, on January 21, 2020, the City Council adopted Resolution No. 14760, establishing Guidelines for the Administration of the Affordable Housing Trust Fund; and

**WHEREAS**, on February 6, 2020, the City conducted a pre-application process to solicit affordable housing proposals from stakeholders that would be interested in requesting funding from the City's Affordable Housing Trust Fund with the intention to inform stakeholders of an upcoming Notice of Funding Availability (NOFA) announcement, and to get a better understanding of the range of potential affordable housing projects that are planned in the San Rafael community that are potentially eligible for trust funds; and

**WHEREAS**, during this pre-application phase, the City received six (6) submissions totaling approximately \$6.5 million in potential funding requests; and

**WHEREAS**, on June 5, 2020, the City issued a NOFA for one million six-hundred thousand dollars (\$1,600,000) of initial funding to spur the creation of affordable family rental housing with an application deadline of June 19, 2020 by 5:00pm; and

**WHEREAS**, during this NOFA the City received four applications totaling \$3.25 million in funding requests, including an application from Eden Housing for the affordable housing development at 999 Third Street in San Rafael ("Whistlestop"); and

**WHEREAS**, applications were reviewed using the evaluation criteria listed in Section 5 of the *Guidelines for the Administration of the Affordable Housing Trust Fund*; and

**WHEREAS**, based upon this evaluation criteria, the Whistlestop project was recommended for funding as a loan in an amount up to \$850,000 as result of being a new construction project and providing housing for very low and extremely low-income households and substantial supportive services; and

**WHEREAS**, the City has sufficient funds in the Affordable Housing Trust Fund #243 to be appropriated for FY20/21 to support this loan;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of San Rafael hereby approves a housing trust loan to Eden Housing for the affordable housing development at 999 Third Street in an amount not to exceed \$800,000, and authorizes the City Manager to execute loan documents and all related documents that may be required in connection with other sources of financing for the project, in a form to be approved by the City Attorney.



I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on Monday the 5th day of October 2020, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

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LINDSAY LARA, City Clerk

**Marina Village Associates, LLC**  
1999 Avenue of the Stars, Suite 2850  
Los Angeles, CA 90067  
(310) 824-7093

**VIA E-MAIL**

August 14, 2020

Mr. Paul Jensen  
Community Development Director  
Ethan Guy Principal Analyst  
City of San Rafael  
1400 Fifth Avenue  
San Rafael, CA 94901

**Re: Village at Loch Lomond, Below Market Rate (BMR) Memorandum Of Understanding Buyout Partial Payment**

Dear Paul and Ethan,

As discussed with Mr. DiPrima from our organization, the payment language in the Memorandum of Understanding (MOU), Article I, Section 1. c. and Section 3 discuss the financial challenges due to the pandemic and COVID-19, which unfortunately **MARINA VILLAGE ASSOCIATES, LLC (MVA)** is currently still feeling those effects. The aforementioned language speaks to timing of the payment as being due 45 days after the lifting of the Stay at Home Order, but does not address a partial or a full lifting of the Executive Order.

MVA also understand the importance of the City being able to start some of their proposed supplemental affordable housing projects and potentially obtaining matching funding for these projects, so as agreed, MVA is agreeing to the following clarification for Article 1, Section 3:

3. The Developer will make a 50% partial payment of \$1,843,200.00 ("First Instalment") of the Buyout Amount to the City within forty-five (45) days following execution by all the Parties of the First Amendment and or by September 30, 2020 The remaining 50% balance and or Final Payment of \$1,843,200.00 would be made no later than the end of first quarter of 2021 or by March 31, 2021, irrespective of any future, State of California Executive Orders from the pandemic.

Along with this agreement, MVA has executed and is enclosing all three documents approved by City Council:

- Final Amendment to BMR Agreement.
- Final MOU Loch Lomond BMR Buyout (with modified Article I, Section 3 language).
- Final Consolidated Subdivision Improvement Agreement.

MVA understands and acknowledges that the Partial payment does not meet the full requirements of the BMR buyout agreement, and their ("First Instalment") partial payment will not be paid back by the City to MVA under any circumstance.

1                      **Re: Village at Loch Lomond, Below Market Rate (BMR) Memorandum Of Understanding Buyout Partial Payment**

**Marina Village Associates, LLC**

1999 Avenue of the Stars, Suite 2850

Los Angeles, CA 90067

(310) 824-7093

Additionally, MVA understand Recordation of the BMR agreement amendment will only occur once the full BMR "Buyout Amount" of \$3,686,400.00 is received by the City.

These revised terms and clarifications for Article 1, Section 3 are acknowledged and accepted by both the City and MVA as executed below.


**IN WITNESS WHEREOF**, the parties have executed this **Village at Loch Lomond, Below Market Rate (BMR) Memorandum of Understanding Buyout Partial Payment Revised MOU** as of the day, month and year first above written.

**CITY OF SAN RAFAEL**


**MARINA VILLAGE ASSOCIATES, LLC**

A Delaware limited liability company

By: \_\_\_\_\_

  
JIM SCHUTZ, City Manager

By: \_\_\_\_\_

  
Name: Michael Rosenfeld

Title: Manager

ATTEST:

*for* B. Nanni  
LINDSAY LARA, City Clerk

APPROVED AS TO FORM:

Lisa A. Goldstein  
ROBERT F. EPSTEIN, City Attorney