



**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

**Department: Economic Development**

**Prepared by: Danielle O'Leary**  
**Director of Economic Development & Innovation**

**City Manager Approval:** \_\_\_\_\_

**TOPIC COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**SUBJECT RESOLUTION RECOMMENDING COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROJECT FUNDING FOR FISCAL YEAR 2021-22 TO THE MARIN COUNTY BOARD OF SUPERVISORS**

**RECOMMENDATION**

Adopt a resolution recommending CDBG funding for Fiscal Year 2021-22 to the Countywide Priority Setting Committee and Marin County Board of Supervisors for the San Rafael Planning Area.

**BACKGROUND**

The Community Development Block Grant (CDBG) program is a federally-funded program of the U.S. Department of Housing and Urban Development (HUD) that provides funding for housing, community facilities, and human services.

Federal regulation requires at least 85% of the funds must be spent on housing and capital projects, no more than 15% may be spent on public services. The City Council has the option to adjust the public service percentage on an annual basis. However, it cannot exceed 15% of San Rafael's grant. For example, the City Council could choose to allocate 0% of the CDBG allocation to public services.

In San Rafael, examples of CDBG-funded projects have included development of affordable housing, Pickleweed Park play structure replacement, and a wide range of public services. The funds are divided into three activity categories consisting of:

- 1.) Housing
- 2.) Capital Projects
- 3.) Public Services

Because San Rafael has a population of over 50,000 residents, under HUD regulations and provisions of the cooperation agreement, the City may choose to assume responsibilities for making its own recommendations for funding projects in the San Rafael Planning Area (consisting of the City and the surrounding unincorporated areas) to the Countywide Priority Setting Committee (PSC).

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**FOR CITY CLERK ONLY**

**Council Meeting:**

**Disposition:**

Since 1999, when San Rafael reached 50,000 in population, the City Council has elected to assume responsibility for making funding recommendations for CDBG applications in the San Rafael Planning Area. After the City Council makes its recommendations, the PSC recommends them to the Board of Supervisors (BOS), which has final approval authority prior to sending the recommendations to HUD.

In 2020, the City renewed a cooperation agreement with the County of Marin regarding the management of the CDBG program. Under this agreement, Marin County is divided into three local planning areas. Funding recommendations are overseen by a Countywide Priority Setting Committee (PSC) made up of City and Town Council members, a County Supervisor, and community members representing members of the protected classes (race, color, national origin, religion, sex, familial status, or disability) under fair housing laws.

### **CDBG Funding Update – Federal**

Funds for the County of Marin’s 2021-2022 CDBG program funding cycle comes from the Fiscal Year 2022 federal budget, which runs from October 1, 2021 to September 30, 2022, and allocated on a formula basis to entitled cities and counties. The County of Marin represents the entitled jurisdiction covering the City of San Rafael. The County of Marin has not yet received its CDBG program allocation and is basing recommendations on last year’s allocation of \$1,594,382.

This grant provides San Rafael an allocation of \$502,804 (sum of “San Rafael recommended Funds” in Attachment 2). Per HUD regulation, a maximum of \$94,276 can be used for public services, a minimum of \$201,122 must be spent on housing, and the remaining \$207,406 can be spent on either housing or capital projects.

### **Federal Grant Program**

In 2020 the PSC approved, and the BOS accepted, two program enhancements including a two-year application cycle beginning in 2020. Under this structure Public Service projects are eligible for funding renewal based on accomplishing goals and subject to available CDBG funds. Capital and Housing projects apply for funding using a two-year project timeline and budget. In addition, the PSC enacted a minimum grant size of \$15K per year. Countywide projects may receive funding from each planning area to bring their grant up to \$15K.

These two enhancements increase the impact on 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.

### **Evaluation Guidelines**

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

#### **National Objective 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<sup>1</sup>.
- 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 the 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 the criteria set forth by HUD, three planning and assessment documents submitted to and approved by HUD (Consolidated Plan, Analysis of Impediments to Fair Housing Choice, and Voluntary Compliance Agreement), identify additional priorities. The Countywide Priority Setting committee approved establishing two of these priorities for funding CDBG and HOME housing projects:

- 1.) Family Housing<sup>2</sup>
- 2.) Land trust model in eastern Marin that provides home ownership opportunities (In this context, Eastern Marin is defined as all of the areas in Marin, except West Marin).

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

1. **Basic Health Services**—includes services that prevent or treat medical conditions for individuals who are uninsured, under-insured, or people with low incomes who cannot afford their deductible. Programs and services include preventive health such as immunizations, well-child visits, 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 prescription drugs.
2. **Children, Youth and Parent Support Services**—includes services that address disparities in access to early childhood education and the high costs of childcare, targeting low-income families. Programs and services include supporting childcare

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<sup>1</sup> Affirmative Marketing is targeted outreach about program opportunities to groups of people otherwise least likely to apply for or receive those opportunities. Given Marin's history of segregation, the protected class populations typically included in Affirmative Marketing are Black/African American, Asian/Pacific Islander, and Latinx. Programs that do not conduct broad affirmative marketing are less competitive in the allocation process.

<sup>2</sup> Family Housing has been identified as a need to both the Consolidated Plan and Analysis of Impediments. In addition, HUD is requiring Marin's CDBG and HOME grant funding to contribute to the creation of at least 100 new family housing units by 2022. The only application for a project developing family housing this year is Habitat for Humanity.

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scholarships, student extracurricular activities, parent engagement and training, therapeutic services, teacher's 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.

### **ANALYSIS**

The CDBG funding recommendations for FY21-22 are vetted through the Countywide Priority Setting Committee that consists of one County Supervisor, a representative from each of the City and Town Councils, as well as seven community members representing six regions spanning Marin and an at-large member representing the County.

In early May, the Board of Supervisors will hold a final public hearing on the recommendations from the Countywide (PSC), and in mid-May, the County will send its annual list of projects to the US Department of Housing and Urban Development (HUD).

### **HOUSING PROJECTS**

A minimum of 40% of CDBG funds must be spent on Housing projects. Seven (7) housing projects submitted applications for funding from the San Rafael Planning Area. The seven projects have a funding request of \$2,728,545. Five (5) of the seven projects will benefit the entire County, a subset of services and units will serve San Rafael residents.

There are two (2) projects based in San Rafael with a total funding request of \$548,545, Bridge Housing – Centertown at \$282,000 and San Rafael Rotary Manor at \$266,545 – (See Attachment 2).

### **Funding Recommendations**

Staff recommends the following housing applications, totaling \$308,529 in available CDBG grant funds.

<b>Organization</b>	<b>FY 20-21 San Rafael Allocation</b>	<b>FY 21-22 Countywide Request</b>	<b>FY 21-22 San Rafael Recommendation</b>	<b>Expected Countywide Funding</b>
Eden Housing, Inc. (CHDO) <i>Vivalon Healthy Aging Campus</i>	-	\$500,000	<b>\$88,528</b>	\$448,528 FY21-22 \$396,371 FY20-21
Habitat for Humanity Greater San Francisco, Inc. <i>Redwood Blvd. Homes</i>	\$84,347	\$250,000	-	-
Homeward Bound of Marin <i>Predevelopment and Construction of Veterans and Workforce Housing in Novato</i>	-	\$1,075,000	-	-
Marin Center For Independent Living <i>Residential Access Modification Program</i>	\$9,922	\$30,000	-	-
Marin Housing Authority <i>Residential Rehabilitation Loan Program (RLP)</i>	\$100,000	\$325,000	<b>\$100,000</b>	\$230,000

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Bridge Housing* <i>Centertown Apartments</i>	\$63,732	\$282,000*	\$20,000	\$950,000 FY19-21 HOME Funds
San Rafael Rotary Manor* <i>Rotary Manor Window Rehabilitation</i>	-	\$266,545*	\$100,000	San Rafael Only
<b>Grand Totals</b>	<b>\$258,001</b>	<b>\$3,728,545</b>	<b>\$308,528</b>	

\* San Rafael only request

**CAPITAL PROJECTS**

Two (2) applications for capital projects were received—one (1) Countywide project and one (1) serving San Rafael only. The Countywide projects benefiting the entire County, including services for San Rafael residents, have a funding request of \$150,000. The one (1) project based in San Rafael has a total funding request of \$100,000.

**Funding Recommendations**

Staff recommends funding the full request of the San Rafael project totaling \$100,000 in CDBG monies.

Organization	FY 20-21 San Rafael Allocation	FY 21-22 Countywide Request	FY 21-22 San Rafael Recommendation	Expected Countywide Funding
Marin City Community Services District <i>Manzanita Center Facility Master Plan</i>	-	\$150,000	-	-
City of San Rafael Department of Public Works* <i>Canal Area Pump Station Improvements</i>	\$85,328	\$100,000*	\$100,000	San Rafael Only
<b>Grand Totals</b>	<b>\$85,328</b>	<b>\$100,000</b>	<b>\$100,000</b>	

\* San Rafael only request

**PUBLIC SERVICE PROJECTS**

Based on County estimates, the City is expected to receive an allocation of approximately \$94,276 for public services in 2021-22. This 15% allocation is based on the total funding available including entitlements, program income and any reprogrammed funds, whereas, the overall allocation to each planning area is a percentage of these totals, less the allowed administration allocation. Due to this, the amount available for Public Services is higher than a straight 15% of San Rafael allocation allotment.

There is a total of six (6) projects eligible for public service renewal funding—four (4) Countywide projects with a portion of services going to San Rafael residents and two (2) serving San Rafael only.

**Funding Recommendations**

PSC recommends renewing funding for six (6) public service projects totaling \$94,276 in CDBG monies, the maximum allowed by HUD.

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<b>Organization</b>	<b>FY 20-21 San Rafael Allocation</b>	<b>FY 21-22 Countywide Renewal</b>	<b>FY 21-22 San Rafael Recommendation</b>	<b>Expected Countywide Funding</b>
Covia Foundation <i>Home Match Marin</i>	\$8,000	\$15,000	<b>\$8,000</b>	\$15,000
Fair Housing Advocates of Northern California <i>Fair Housing Counseling and Education</i>	\$25,000	\$64,000	<b>\$25,000</b>	\$64,000
Family & Children's Law Center <i>Domestic Violence Legal Services for Low Income Families</i>	\$6,750	\$15,000	<b>\$6,750</b>	\$15,000
Legal Aid of Marin <i>Keeping Marin Residents in their Homes</i>	\$20,384	\$32,640	<b>\$18,026</b>	\$32,640
RotaCare Bay Area <i>RotaCare Clinic of San Rafael</i>	\$15,000	\$15,000*	<b>\$15,000</b>	San Rafael Only
City of San Rafael, Library and Recreation Department* <i>Pickleweed Preschool</i>	\$21,500	\$15,000*	<b>\$21,500</b>	San Rafael Only
<b>Grand Totals</b>	<b>\$96,634</b>	<b>\$163,140</b>	<b>\$94,276**</b>	

\* San Rafael only

\*\*FY2020-21 had \$2,358 in Program Income that is not available in FY2021-22

A list of all the applications that were submitted for the San Rafael Planning Area and Countywide projects serving San Rafael is provided in Attachment 2. This attachment also includes staff recommendations for allocating all of San Rafael's CDBG funds and the total expected allocations including funding from the other planning areas. The applications for all funding can be accessed online via these links:

Capital Projects – [https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2021\\_22/applications-received/202122-cdbg-c-projects.pdf?la=en](https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2021_22/applications-received/202122-cdbg-c-projects.pdf?la=en)

Housing Projects – [https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2021\\_22/applications-received/202122-cdbg-h-projects.pdf?la=en](https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2021_22/applications-received/202122-cdbg-h-projects.pdf?la=en)

Public Services Projects – [https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2021\\_22/applications-received/202122-cdbg-ps-projects.pdf?la=en](https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2021_22/applications-received/202122-cdbg-ps-projects.pdf?la=en)

**FISCAL IMPACT:**

There is no direct cost or revenue impact generated by the recommended action as the City is directing HUD funds to specific projects. Allocating funds to potential City projects may allow City general and capital funds to be allocated to other priorities.

**OPTIONS:**

1. Adopt Resolution recommending allocations of CDBG funding as recommended by staff.
2. Adopt Resolution recommending different allocations of CDBG funding. (Funds may be shifted within categories, but the Public Service category cannot exceed \$94,278.)
3. Let the Countywide Priority Setting Committee provide a recommendation for the San Rafael Planning Area funding requests.
4. Provide direction to staff.

**ACTION REQUIRED:**

1. Adopt Resolution recommending CDBG project funding for the FY 2021-22 CDBG program to the Marin County Board of Supervisors.

**ATTACHMENTS**

Attachment 1	City of San Rafael Resolution CDBG Project Funding for FY 2021-22
Attachment 2	Attachment to Resolution: 2021-22 CDBG Project Allocations
Attachment 3	PSC 2021-2022 Roster
Attachment 4	2020-2022 CDBG Application Guidelines

**RESOLUTION NO.**

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL RECOMMENDING  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROJECT FUNDING FOR  
FISCAL YEAR 2021-22 TO THE MARIN COUNTY BOARD OF SUPERVISORS**

**BE IT RESOLVED** by the Council of the City of San Rafael as follows:

**WHEREAS** in June 1999, the City Council revised the Cooperation Agreement with the County of Marin for Community Development Block Grant (CDBG) funds whereby the City remained in the County system; and

**WHEREAS** in December 1999, the City devised a project selection process and established allocation priorities for CDBG projects; and

**WHEREAS** in 2020, the City renewed a cooperation agreement with the County of Marin regarding the management of the CDBG program. Under this agreement, Marin County is divided into three local planning areas. Funding recommendations are overseen by a Countywide Priority Setting Committee (PSC) made up of City and Town Council members, a County Supervisor, and community members representing members of the protected classes (race, color, national origin, religion, sex, familial status, or disability) under fair housing laws; and

**WHEREAS** The CDBG funding recommendations for FY21-22 were vetted through the Countywide Priority Setting Committee; and

**WHEREAS** on March 15, 2021, in accordance with the adopted project selection process the City Council reviewed the submitted applications;

**NOW, THEREFORE IT IS HEREBY RESOLVED** that the City Council recommends to the Marin County Board of Supervisors that the \$502,804 in CDBG funds available for allocation by the City of San Rafael be distributed to the projects and in the amounts as shown on the attached Attachment 2 subject to adjustments necessary to accommodate any changes in the final allocation given to the County of Marin by the federal Department of Housing and Urban Development (HUD).

**I, LINDSAY LARA**, City 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 Council of said City held on the 15<sup>th</sup> day of March 2021, by the following vote:

**AYES: COUNCIL MEMBERS:**

**NOES: COUNCIL MEMBERS:**

**ABSENT: COUNCIL MEMBERS:**

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**Lindsay Lara, City Clerk**



Attachment 2

PROJECT #	PROJECT SPONSOR	PROJECT NAME	COUNTYWIDE FUNDING REQUEST	SAN RAFAEL SPECIFIC FUNDING REQUEST	SAN RAFAEL RECOMMENDED FUNDS	EXPECTED COUNTYWIDE FUNDING*
<b>Housing</b>						
CH-1-2021	Eden Housing, Inc. (CHDO)	Vivalon Healthy Aging Campus	\$500,000	\$197,100	<b>\$88,528</b>	\$448,528
CH-2-2021	Habitat for Humanity Greater San Francisco, Inc.	Redwood Blvd. Homes	\$250,000	\$98,550	-	-
CH-3-2021	Homeward Bound of Marin	Predevelopment and Construction of Veterans and Workforce Housing in Novato	\$1,075,000	\$423,765	-	\$579,000
CH-4-2021	Marin Center For Independent Living	Residential Access Modification Program	\$30,000	\$15,000	-	-
CH-5-2021	Marin Housing Authority	Residential Rehabilitation Loan Program (RLP)	\$325,000	\$110,500	<b>\$100,000</b>	\$230,000
SH-1-2021	Bridge Housing	Centertown Apartments	\$282,000	\$282,000	<b>\$20,000</b>	\$20,000
SH-2-2021	San Rafael Rotary Manor	Rotary Manor Window Rehabilitation	\$266,545	\$266,545	<b>\$100,000</b>	\$100,000
<b>San Rafael Housing Subtotal</b>			<b>\$3,728,545</b>	<b>\$1,393,460</b>	<b>\$308,528</b>	<b>\$1,419,904</b>

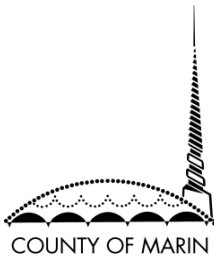
**Capital**

CC-1-2021	Marin City Community Services District	Manzanita Center Facility Master Plan	\$150,000	\$30,000	-	-
SC-1-2021	City of San Rafael Department of Public Works	Canal Area Pump Station Improvements	\$100,000	\$100,000	<b>\$100,000</b>	\$100,000
<b>San Rafael Capital Subtotal</b>			<b>\$250,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>

Attachment 2

PROJECT #	PROJECT SPONSOR	PROJECT NAME	COUNTYWIDE FUNDING REQUEST	SAN RAFAEL SPECIFIC FUNDING REQUEST	SAN RAFAEL RECOMMENDED FUNDS	EXPECTED COUNTYWIDE FUNDING*
<b>Public Services</b>						
CS-1-2021	Covia Foundation	Home Match Marin	\$15,000	\$8,000	<b>\$8,000</b>	\$15,000
CS-2-2021	Fair Housing Advocates of Northern California	Fair Housing Counseling and Education	\$64,000	\$25,000	<b>\$25,000</b>	\$64,000
CS-3-2021	Family & Children's Law Center	Domestic Violence Legal Services for Low Income Families	\$15,000	\$6,750	<b>\$6,750</b>	\$15,000
CS-4-2021	Legal Aid of Marin	Keeping Marin Residents in their Homes	\$32,640	\$20,400	<b>\$18,026</b>	\$32,640
SS-1-2021	RotaCare Bay Area	RotaCare Clinic of San Rafael	\$15,000	\$15,000	<b>\$15,000</b>	\$15,000
SS-2-2021	City of San Rafael, Library And Recreation	Pickleweed Preschool	\$49,440	\$49,440	<b>\$21,500</b>	\$21,500
<b>San Rafael Public Services Subtotal</b>			<b>\$163,140</b>	<b>\$96,634</b>	<b>\$94,276</b>	<b>\$163,140</b>

\* The Expected Countywide Funding includes anticipated recommendations for all Planning Areas and HOME.



COMMUNITY DEVELOPMENT AGENCY  
**HOUSING AND FEDERAL GRANTS DIVISION**

2021-2022 Countywide Priority Setting Committee

<b>Name</b>	<b>Affiliation</b>
Cathy Cortez	At-Large Community Representative
Loni Mahanta	Lower Ross Community Representative
Curtis Aikens Sr.	Novato Community Representative
Darlene Goins	San Rafael Community Representative
Sylvia Bynum	Southern Marin Community Representative
PJ Feffer	Upper Ross Community Representative
Madeline Nieto Hope	West Marin Community Representative
Jim Lynch	City of Belvedere Councilmember
Catherine Way	City of Larkspur Councilmember
Urban Carmel	City of Mill Valley Councilmember
Denise Athas	City of Novato Councilmember
Eli Hill	City of San Rafael Councilmember
Susan Cleveland-Knowles	City of Sausalito Councilmember
Judy Arnold	County of Marin Supervisor
David Kunhardt	Town of Corte Madera Councilmember
Barbara Coler	Town of Fairfax Councilmember
Alexis Fineman	Town of San Anselmo Councilmember
Holli Their	Town of Tiburon Councilmember

## 2020-22 COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME PROGRAM APPLICATION GUIDELINES

### Application logistics:

#### Application Process and Timing

- Applications will be open on **Monday, January 6, 2020**.
- Application Preparation (Bidders Conference): Wednesday, January 15th, 2020 at the Marin County Civic Center, Board of Supervisors Chambers, 3501 Civic Center Drive, Room 330, San Rafael, CA 94903
  - 1:00 P.M. to 2:00 P.M. - Public Service Projects
  - 2:30 P.M. to 3:30 P.M. - Community Infrastructure/Capital and Housing Projects
- Applications will be due on **Thursday, February 6, 2020, no later than 5:00 PM. POSTMARKS WILL NOT BE ACCEPTED.**
- Federal Grants staff will review applications in February and March.
- Public hearings for each of the three Planning Areas to determine recommendations will be held March-April 2020.
- The Board of Supervisors will hold the final public hearing to confer recommendations on all of the applications in May and transmit the recommendations to HUD.

#### Application submittal

Submissions may be made via online, email, mail, or in person to one of the addresses below.

- Emailed applications should be sent to this address **ONLY**: [federalgrants@marincounty.org](mailto:federalgrants@marincounty.org)
- Mailing address/physical address (if dropping off application):  
County of Marin  
3501 Civic Center Drive #308  
San Rafael, CA 94903  
Attn: Federal Grants

#### Application Content

- **\*\*\*NEW\*\*\*** Transitioning from a one (1) year application cycle to a two (2) year application cycle.
- The minimum grant size is \$15,000 per year.
- Organizations may only apply for **one project** in each category of funding. (Ex. An organization may apply for funding under the Public Service category and the Community Infrastructure/Capital category.)
- **Only complete applications submitted on time will be considered for funding.**
- Complete applications include the **application document, project budget, and organization budget.**

#### Average Grant Size

- Public service grants are typically awarded between \$15,000 and \$30,000.
- Community Infrastructure/Capital improvement grants range from \$15,000 to \$150,000, depending on the project scope.
- Housing grants vary from \$30,000 to \$500,000, depending on the project scope.

### **Eligible Applicants and Projects**

- Applicants must either be a nonprofit, government entity, or have a fiscal sponsor that is a nonprofit or government entity. Individuals are not eligible for funding.
- To ensure affordable housing is dispersed through the county, CDBG and HOME funds cannot be used for housing projects in the Canal Neighborhood of San Rafael or Marin City.
- To learn more about eligible and ineligible activities, review these guides to [eligible CDBG activities](#) and [eligible HOME activities](#).

### **Notice of Funding Availability: Community Development Block Grant (“CDBG”) and Home Investment Partnership Program (“HOME”) For 2020-22 funding cycle**

The Marin County Community Development Agency’s Federal Grants Division is pleased to announce the opening of the application period for the CDBG and HOME programs.

#### Overview

Federal funding through the Community Development Block Grant (CDBG) program provides communities with resources to address a wide range of unique community development needs. The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop thriving communities by providing funding to assist in the creation of affordable housing, a suitable living environment, and expanded economic opportunities for low and moderate-income persons. The Home Investment Partnerships Program (HOME) funds the creation, preservation, and rehabilitation of affordable housing for low income households. The programs are managed by the Federal Department of Housing and Urban Development (HUD).

#### National objectives for funding

Each activity funded by CDBG must meet one of the following national objectives for the program. Each application must clearly state which objective the proposed project addresses.

- Benefit low and moderate-income persons.
- Prevention or elimination of slums or blight.
- Address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which no other funding is available.

#### Priority Setting Committee local thresholds for funding

All applications are assessed using the following as thresholds for funding:

- 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 (race, color, religion, national origin, sex, disability, and familial status).
- Prioritize projects that serve low-income persons.

#### Evaluation Criteria:

All projects are assessed on the following baseline 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.

The Countywide Priority Setting Committee has approved funding priorities for CDBG Housing and Public Services dollars that considers projects in the following categories first:

Funding priorities for CDBG Housing funds:

- Family Housing
- Land trust model in eastern Marin<sup>1</sup> that provides home ownership opportunities

Funding priorities for CDBG Public Service funds:

- Basic Health Services – includes services that prevents or treats 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-child care 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 childcare county wide targeting low-income families. Programs and services include but are not limited to supporting childcare scholarships, student extracurricular activities, parent engagement and training, therapeutic services, teacher’s salaries, transportation, and home visitations.
- Housing Support Services – includes services that assists individuals in accessing stable housing, prevent discrimination in housing choice, and aids 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.

While this priority list does not preclude the funding of other types of projects, it provides staff with further direction when evaluating applications that meet both the national and local baseline thresholds.

Project budgets:

Public Services:

Project budgets for all public service project applications should cover a 1-year time period only. Year two funding allocations will be based on the 1-year budget in relation to outcomes achieved and HUD funding levels.

Community Infrastructure/Capital and Housing:

Project budgets for community infrastructure/capital and housing project applications should be developed spanning a two-year time period, with specific outcomes and line items associated with each

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<sup>1</sup> Eastern Marin in this case is defined as all of the areas of Marin, except for West Marin

year. If your project has received planning approvals, has an environmental review on file, and is ready to move forward in a 1-year time frame please indicate so.

#### Income verifying clients:

All applicants are required to income qualify beneficiaries of services provided with CDBG and HOME funds. Under CDBG regulations HUD presumes the following groups to be low-income and income verification is not required: abused children, battered spouses, the elderly, adult persons with serious disabilities, individuals who are homeless, illiterate persons, and migrant farm workers. Removal of architectural barriers to assist seniors and adults with severe disabilities would fall under this category of Presumed Benefit.

#### Key changes for 2020-22 fiscal year

- Transitioning from a one (1) year application cycle to a two (2) year application cycle.<sup>2</sup>
- The minimum grant size is \$15,000 per year.
- CDBG housing funds will first prioritize projects that provide Family Housing and/or Land trust model in eastern Marin that provides home ownership opportunities
- CDBG public service funds will first prioritize projects that provide Basic Health Services; Children, Youth, and Parent Support Services; and Housing Support Services
- Staff will pursue reprogramming of funds for projects that do not make substantial progress in the initial funding year.

### Marin County CDBG Program Overview

All of the eleven cities and towns in Marin County and the County of Marin participate in the CDBG program through a cooperation agreement. The cooperation agreement is renewed every three years. The cooperation agreement allows Marin County to be defined as an “urban county”, having a population of over 200,000, and to receive a direct CDBG funding allocation. Novato and San Rafael are eligible to receive CDBG funding as entitlement cities because their populations exceed 50,000 persons. However, both cities have chosen to continue with the cooperation agreement to assure that Marin meets the population standard for urban counties and continue to receive CDBG funding.

The total CDBG allocation for Marin County has been about \$1.4 Million dollars annually and HOME is about \$700,000. Staff is anticipating the 2020-21 allocation will be similar to 2019-20. Staff will make their funding recommendations based on the 2019-20 allocation.

#### Marin County Allocation Formula:

The program is administered by staff in the Marin County Community Development Agency. Federal regulations limit the amount of administrative costs to 20% of the available grant funds. In addition, public services are limited to 15% of available grant funds. 40% of funds are allocated to housing and the remaining 25% of funding is available for community infrastructure/capital improvement projects and/or housing.

HOME funds are used exclusively for affordable housing serving low and very low-income.

The County is divided into three (3) planning areas: Novato, San Rafael, and County Other. Each planning area receives a portion of the overall allocation based on an analysis of 2010 Census Data looking at population,

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<sup>2</sup> Staff reserve the right to open the application in 2021-22, if deemed necessary.

the extent of poverty, and the extent of housing overcrowding, with the provision that the extent of poverty be counted twice. For fiscal year 2020-21, the Novato planning area will receive 23.68% of funds, the San Rafael planning area will receive 39.42% of funds, and the County Other planning area will receive 36.9% of funds.

#### Selection Process:

The Novato City Council and San Rafael City Council hold public hearings on all applications for their respective planning areas and make a funding recommendation to the Board of Supervisors.

The Countywide Priority Setting Committee makes funding recommendations for the County Other planning area and HOME Program funding to the Board of Supervisors.

#### Requirements for Grant Disbursement:

All recipients will be required to enter into a contract with the County of Marin. This contract will include:

- Scope of service and use of funds.
- Expected outcomes.
- Compliance with certain administrative requirements and accounting records.
- Agreement to affirmatively further fair housing and conduct affirmative marketing.
- Non-discrimination.

All projects will require Federal **environmental review** clearance (NEPA). This is required even for projects that are not subject to CEQA. The Housing and Federal Grants Division is responsible to conduct the environmental review. Awardees should note that project funds may not be spent until the environmental review has been completed.

All community infrastructure/capital projects and some housing projects will be subject to the Federal Davis-Bacon Act regarding prevailing wages for construction workers. Davis Bacon often has standards that differ from California prevailing wage standards.

CDBG will place a lien on all community infrastructure/capital and housing improvement projects. This lien must be repaid if the property is ever sold. The lien amount is not fixed and will be calculated as the amount of CDBG funding to the current value. The lien will increase as the value of the property rises. This lien has no time limit. The lien can be assumed by another nonprofit.

HOME will establish regulatory agreements dictating the affordability of the property and/or HOME units.

### **Commonly Used Terms**

***Affirmatively Furthering Fair Housing:*** Taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. Public service projects can affirmatively further fair housing by providing access to opportunities and by transforming racially and ethnically concentrated areas of poverty into areas of opportunity.



**Affirmative Marketing:** Through an affirmative marketing plan, a housing and service provider indicates what special efforts they will make to reach out to potential tenants or applicants who might not normally seek housing or services in their project and identify those least likely to apply and market to them.

**Community Housing Development Organization (CHDO)**, is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. To qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. At least 15% of HOME funds must be allocated to CHDOs. A minimum requirement to be a CHDO is that at least one-third of the board membership are either low-income, residents of low-income neighborhoods, or are elected as representatives of low-income neighborhood organizations.

**Community Development Block Grant (CDBG):** funds local [community development](#) activities such as [affordable housing](#), [anti-poverty programs](#), and infrastructure development.

**Demographics:** HUD changed the data collection requirements regarding race/ethnicity categories during program year 2002-2003. These changes reflect Office of Management and Budget 1997 standards establishing that “Hispanic” is not a race category, but an ethnic category that cuts across all races. Those who are White, Black, Asian, Pacific Islander, American Indian, or a multi-race may also be counted as being of Hispanic ethnicity. As such, when asking the individual/household to select a race category, the individual/household must also state whether they are of Hispanic ethnicity. For example, an individual/household of Mexican descent would likely state their race as either American Indian or White, and would also fall under the category of “also Hispanic.”

**Federal Grants Division:** Staffed by the Marin County Community Development Agency, Federal Grants provides Marin communities with resources to address a wide range of unique community development needs. Federal funds are awarded to non-profits which provide community development activities, anti-poverty programs and affordable housing for low and moderate households throughout Marin County. Oversight is provided by the Priority Setting Committee, made up of appointed community members as well as elected officials from the County, cities and towns.

**HOME Investment Partnerships Program (HOME):** funds a wide range of activities including building, buying, and/or rehabilitating affordable housing for low-income people. HOME projects must match every dollar of HOME funds used with 25 cents from nonfederal sources, which may include donated materials or labor, the value of donated property, proceeds from bond financing, and other resources.

**HUD:** US Department of Housing and Urban Development

**Protected classes:** Under federal anti-discrimination law, a protected class is a group of people with a common characteristic who are legally protected from discrimination on the basis of that characteristic. The following characteristics are protected by the Federal Fair Housing Act: race, color, religion, national origin, sex, disability, and familial status (This last term refers to the presence of at least one child under 18 years old, and also protects prospects and tenants who are pregnant or in the process of adopting a child).

**Public Services:** CDBG funds can be used for activities that benefit low- and moderate-income people, such as child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, services for senior citizens, services for homeless persons, drug abuse counseling and treatment, energy conservation counseling and testing, and homebuyer down payment assistance. To be eligible for funding public services must be either a new service; or provide a quantifiable increase in the level

of a service. No more than 15% of CDBG funds can be used for public services.

**Rehabilitation:** CDBG funds may be used to finance the costs of rehabilitation as shown below.

*Residential*—Residential property, whether privately or publicly owned. This includes manufactured housing when such housing constitutes part of the community’s housing stock.

*Commercial/industrial*—Commercial or industrial property, but where such property is owned by a for-profit, rehabilitation under this category is limited to exterior improvements of the building and the correction of code violations.

*Other*—Nonprofit-owned, nonresidential buildings and improvements that are not considered to be public facilities or improvements under §570.201(c) of the CDBG program regulations.

**Construction of Housing:** Under this category, CDBG funds may be used in certain specified circumstances to finance the construction of new permanent residential structures. Eligible uses include acquisition of sites, clearance of toxic contaminants of property to be used for the new construction of housing, site improvements to publicly-owned land to enable the property to be used for the new construction of housing, provided the improvements are undertaken while the property is still in public ownership and the cost of disposing of real property, acquired with CDBG funds, which will be used for new construction of housing.

**Davis-Bacon:** The Davis–Bacon Act of 1931 is a United States federal law that establishes the requirement for paying the local prevailing wages on public works projects for laborers and mechanics.

**NEPA:** The National Environmental Policy Act (NEPA) is a United States environmental law that promotes the enhancement of the environment and established the President's Council on Environmental Quality (CEQ). Staff must complete environmental review for all CDBG funded projects.

**Income Limits - 2019 HUD INCOME LIMITS**

Household Size	1	2	3	4	5	6	7	8
Extremely Low (0-30%)	\$33,850	\$38,700	\$43,550	\$48,350	\$52,250	\$56,111	\$60,000	\$63,850
Very Low-Income (30+-50%)	\$56,450	\$64,500	\$72,550	\$80,600	\$87,050	\$93,500	\$99,950	\$106,400
Low-Income (50+-80%)	\$90,450	\$103,350	\$116,250	\$129,150	\$139,500	\$149,850	\$160,150	\$170,500
Moderate-Income (80+-120%)	\$114,900	\$131,350	\$147,750	\$164,150	\$177,300	\$190,450	\$203,550	\$216,700

SOURCE: U.S. Department of Housing and Urban Development