

**WEST MARIN PLANNING AREA**

**PUBLIC HEARING**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

Monday, March 3, 2014  
7:00 p.m.

Dance Palace Community Center, Board Room  
503 B Street, Point Reyes Station

**AGENDA**

1. Community Development Block Grant (CDBG) Staff Report: Recommendations for Project Funding
2. Public Comments on CDBG Project Proposals
  - A. Housing Projects
  - B. Capital Projects
  - C. Public Service Projects
3. Action by West Marin Local Area Committee: Recommendations to Countywide Priority Setting Committee for Planning Area Projects
  - A. Housing Projects
  - B. Capital Projects
  - C. Public Service Projects
4. Open Time for Public Comment on Matters Not on the Agenda

**Future Hearings**

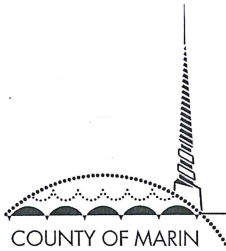
March 24	Countywide Priority Setting Committee (CDBG Countywide Housing Projects, HOME Program Projects, and Ratification of CDBG Planning Area Recommendations) San Rafael B Street Community Center 618 B Street, San Rafael	7:00 p.m.
May 6	Marin County Board of Supervisors Board of Supervisors Chambers Marin County Civic Center, Room 330 3501 Civic Center Drive, San Rafael	(time to be determined)

If you have questions about the public hearing, please call Roy Bateman at (415) 473-6698 at the Marin County Community Development Agency. People using TTY devices may reach us at (415) 473-3232 (TTY) or through the California Relay Service at 711. All public meetings and events sponsored or conducted by the County of Marin are held in accessible sites. Requests for accommodations may be made by calling (415) 473-6279 (voice-Amy Brown), (415) 473-3232 (TTY), or by e-mail: [asbrown@marincounty.org](mailto:asbrown@marincounty.org), at least five business days in advance of the event. Copies of documents are available in alternative formats, upon request. Sign language interpretation and translation into languages other than English are available upon request. Please call our office at (415) 473-6279, at least five business days in advance of the public hearing you want to attend, if you need language translation, a sign language interpreter, an assistive listening device, or other reasonable accommodation. In consideration of persons with environmental sensitivities, please do not wear perfume or other fragrances. Call Golden Gate Transit (415-455-2000, 711 TDD) for transit information.



The Consolidated Plan, Annual Action Plans, Consolidated Annual Performance and Evaluation Reports, records regarding past use of Community Development Block Grant, HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS Program funds, the Civil Rights Policy, the Residential Antidisplacement and Relocation Assistance Plan, the Nondiscrimination Policy, and program files are available for inspection at the Marin County Community Development Agency, 3501 Civic Center Drive, Room 308, San Rafael, California. Copies of documents are available in accessible formats upon request.

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COMMUNITY DEVELOPMENT AGENCY  
FEDERAL GRANTS DIVISION

**STAFF REPORT**

TO: WEST MARIN LOCAL AREA COMMITTEE

FROM: Roy Bateman, Community Development Manager *Roy Bateman*

SUBJECT: Recommendations for Funding 2014-15  
Community Development Block Grant (CDBG) Proposals

DATE: February 24, 2014

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The recommendations from Community Development Block Grant staff for funding projects in the West Marin Planning Area are listed below. These recommendations will be presented and considered at the West Marin Area public hearing on Monday, March 3, 2014, at 7:00 p.m., at the Dance Palace Community Center, Board Room, 503 B Street, Point Reyes Station.

**Update on Federal Budget and Expected CDBG and HOME Grant Amounts**

Delays in setting the federal budget have become so routine that HUD recently issued formal guidelines for localities on how to prepare CDBG and HOME Investment Partnerships Program (HOME) grant applications when their funding allocations are not known before the deadline for filing the applications.

In January 2014, Congress approved an omnibus appropriations bill for federal fiscal year 2014, and the President signed the bill. As a result, we might know our CDBG and HOME formula funding amounts for the 2014-15 program year in about a month. Nationally, funding for CDBG will be 1.5% less than last year, and funding for HOME will be 5% greater than last year. Marin's actual grant amounts will also be affected by any changes in how Marin ranks on demographic factors (population, poverty, overcrowded housing, etc.) in comparison with other grantees. For planning purposes, staff recommends that we assume a 3.5% reduction in CDBG and a 3% increase in HOME.

**Trends in the CDBG and HOME Programs**

Nationally, the most important trend in the CDBG and HOME Programs is the decline in funding. Less money means less impact, and unless other funding sources fill the gap, it

means fewer and/or smaller projects. Along with the decline in grant allocations, the amount that HUD allows for administrative expenses has also been shrinking. The amount HUD allows for administration is no longer enough to cover the County's CDBG administrative costs.

Meanwhile, HUD is requiring increased documentation for our projects, partly because Congress is divided on whether CDBG and HOME are worthy of support, and partly because it's easy to add additional data fields to HUD's computer system. HUD is increasingly using its computer system as a management and monitoring tool, making it increasingly risky to fund projects that might not quickly generate beneficiary statistics. The increased emphasis on accountability creates disincentives for risk-taking. In a system where HUD demands repayment of funds advanced for projects that fail, it becomes riskier to fund an inexperienced project sponsor or to provide the first dollars for a promising new idea.

Locally, there has been an increasing emphasis on the extent to which racial and ethnic minorities are served by CDBG and HOME projects, and the quality of each project sponsor's affirmative marketing plan. (Affirmative marketing is a process by which an organization determines which racial and ethnic groups are least likely to apply for its services, followed by targeted marketing efforts to reach those "least likely to apply" groups.)

### **Spending Deadlines**

The ability to spend funds quickly has become increasingly important. Under pressure from Congress, HUD is becoming more aggressive about taking CDBG funds away from communities that can't spend them fast enough. HUD takes sanctions if, on the annual test date in late April, a community has unspent CDBG funds that exceed 1.5 times its annual CDBG grant amount. We are typically very close to the allowable limit of unspent funds. As our CDBG grant declines, the amount of unspent funds we are permitted to hold also declines. Therefore, we should be careful to target CDBG funds to projects that are ready to proceed.

### **CDBG Administrative Expenses Likely to Exceed Limit**

It is becoming more of a challenge to operate the Marin CDBG program within the administrative allowance set by the regulations. CDBG regulations limit administrative expenses to 20% of available funds.

The list below shows the trend in the percentage of Marin CDBG funds spent for administration in recent years:

Fiscal Year	Percentage of Marin CDBG Funds Spent for Administration
1999-2000	12.97%
2000-01	15.86%
2001-02	17.57%
2002-03	13.21%
2003-04	11.09%
2004-05	13.09%
2005-06	15.13%
2006-07	16.62%
2007-08	19.50%
2008-09	16.74%
2009-10	19.87%
2010-11	20.00%*
2011-12	18.74%
2012-13	22.69%**

\*The 2010-11 entry includes \$65,500 booked as an unliquidated obligation for accrued liability for future retiree health benefits, which will have the effect of reducing our administrative percentage at some point in the future.

\*\*For 2012-13, because the amount we could bill HUD was limited to 20%, the County general fund absorbed the remaining 2.69% (\$39,116).

Administrative, monitoring, and regulatory requirements from the federal government have been increasing. Congress wants greater accountability and more recordkeeping, and as HUD enhances its computer system, we are asked to feed that system more information. Changes in government accounting standards and local accounting systems require more complex work to assure that transactions are posted correctly. We need to contribute our share of the cost to build a reserve for retiree health benefits. The CDBG Program has cut staff hours, reducing staff from 3 to 2.5 FTE, which has reduced costs but did not affect workload. One way to reduce the administrative workload to match the reduction in staff hours would be to reduce the number of projects we have to administer. If we reduce the number of projects, we will reduce the volume of project contracts, project monitoring reports, invoice processing, and accounting so that our workload can better match our reduced staffing level.

There are certain fixed costs of basic HUD compliance, reporting, and monitoring of past projects. There are no indications that Congress or HUD will reduce the administrative requirements they impose on localities. There are also variable costs for contract

administration, reporting, invoice processing, and accounting, which are largely dependent on the number and complexity of projects we fund.

The CDBG program regulations allow us to spend 20% of available grant funds on administrative costs (including staff, rent, overhead, and office expenses). In that formula, available grant funds also include revenue (“program income”) received from past projects, such as repayments of loans made by the Rehabilitation Loan Program and payments in conjunction with the sale of properties that were purchased or improved with CDBG funds.

We expect that the CDBG grant’s allowance for administration will not cover the full cost of CDBG administration this year. Because the program income component of the formula varies from year to year, it is difficult to predict the administrative shortfall. We expect that the 2013-14 shortfall will be approximately \$7,000. However, that amount is artificially low because our half-time Planner position has been vacant for more than half of this fiscal year. That vacancy was filled earlier this month, and the cost of that position will increase the administrative shortfall in the 2014-15 fiscal year. Because the CDBG program is operated by the County, the County is solely responsible for this financial exposure and would have to absorb any excess expenses.

### **Reducing the Overall Number of Projects**

Over the last 13 years, the number of CDBG projects funded each year has fluctuated between 30 and 52 projects per year. In the 2011-12 program year, Marin funded 37 CDBG projects, consisting of 14 housing projects, 5 capital projects, and 18 public service projects. Last year, Marin funded 32 CDBG projects, consisting of 12 housing projects, 4 capital projects, and 16 public service projects.

In order to bring actual CDBG administrative costs closer to balance with the administrative allowance provided by the CDBG grant, staff recommends that we fund fewer projects in the 2014-15 program year. Administrative costs are not strictly proportional to the number of projects, partly because there is a fixed cost for meeting HUD planning and reporting requirements. Staff has recommended a goal of reducing the number of CDBG projects to a range between 27 and 30 projects.

### **Renewal of City-County CDBG Cooperation Agreements**

The Community Development Block Grant Program (CDBG) provides grants from the U.S. Department of Housing and Urban Development (HUD) to local governments for housing, community facility, and human service programs serving lower-income people. The HOME Investment Partnerships Program (HOME) provides additional assistance for housing activities. Marin County qualifies for both the CDBG and HOME programs because the cities have signed cooperation agreements to participate with the County

government in a single joint countywide program. This qualifies Marin County as a HUD “urban county,” enabling Marin to receive annual CDBG and HOME grant allocations established by formula.

In 2011, all of the cities in Marin entered into three-year CDBG Cooperation Agreements enabling us to continue to obtain formula funds as an urban county. Renewal of the Cooperation Agreements by June 30, 2014 is required for Marin County to remain eligible to receive funds for the next three fiscal years.

We expect that the 2014 Cooperation Agreement will be very similar to the 2011 version, with only minor revisions. Most of the provisions are mandated by HUD, and the others describe existing local processes. Early this spring, staff will send the 2014 Cooperation Agreements to city/town managers for Council approval.

Staff hopes that the Councilmembers on the Priority Setting Committee will help facilitate the local renewal process. If Priority Setting Committee members have any questions about the Cooperation Agreement, they are invited to contact Roy Bateman at the Marin County Community Development Agency at 473-6698.

### **Recommendations for West Marin**

The staff recommendations for the use of CDBG West Marin Planning Area funds are shown in the table on page 8.

It has become routine for HUD to announce our actual formula grant amount during or after our annual public hearing process. (See page 1 of this report.) As a result, we should expect that the final Marin County grant amount will vary from our estimate, and that would impact the West Marin CDBG allocation. To avoid the need for an additional hearing, staff recommends that the grant amounts set at the West Marin Local Area Hearing be subject to revision when HUD announces the County’s CDBG allocation. At that time, staff would recalculate the amounts available for each planning area, and for each activity category. To the extent that cuts are needed or additional funds are available, staff would adjust the preliminary project grant amounts, so that the final funding amounts will be proportional to the amounts approved at the West Marin hearing. Where feasible, staff would then round numbers to the nearest hundred dollars. If additional funds are available, the adjustment would be limited so that no project receives more than the amount the sponsor requested, with the exception of the Stockstill House, as explained on page 10. Rather than designating an additional project to absorb a small amount of unencumbered funds, staff recommends that if there is a modest surplus, it be added to the Stockstill House grant.

The table on page 8 lists all the applications received and the amount staff recommends for each project, as well as some additional information about the equal opportunity impact of each proposal. In view of the commitments the County has made in the

Implementation Plan for its Analysis of Impediments to Fair Housing Choice, we are including information about the extent to which racial and ethnic minorities are being served by potential projects, and ratings of each applicant's affirmative marketing plans. Affirmative marketing is a process by which an organization analyzes which racial and ethnic groups are least likely to apply for its services, followed by targeted marketing efforts to reach those "least likely to apply" groups. (Please note that federal guidelines recognize Hispanic status as an ethnicity, not as a race.)

For projects which have previously received CDBG funding, we have included the percentage of clients who are racial minorities and the percentage of clients who are Hispanic, based on reports that have been previously filed by the sponsors. For new proposals, not previously funded by CDBG, we did not report this information, and have noted "new" in the data columns.

For all proposals, we have included a staff evaluation of the sponsor's answer to the affirmative marketing question on the CDBG application. An "A" grade indicates that the applicant analyzed which racial and ethnic groups are least likely to apply for its project, and clearly stated how they would market their project specifically to the "least likely to apply" groups. A "B" grade indicates that the applicant was responsive to the question, but was not specific enough in its analysis of which racial and ethnic groups are least likely to apply, was too general in its proposed affirmative marketing activities, or proposed weak affirmative marketing actions. A "C" grade indicates that the applicant was not responsive to the question. In some cases, the quality of an applicant's response to the affirmative marketing question is very different from its actual affirmative marketing performance. It is also possible for a project to be very effective in serving a particular minority group but to be less effective in affirmatively marketing its services to other demographic groups.



**Reprogramming of Previously Allocated Funds**

At its January 1992 meeting, the CDBG Priority Setting Committee decided that unspent CDBG balances allocated to projects over two years ago should be considered for reallocation (“reprogramming”) to other projects which may be in greater need of the funds. In compliance with this policy, CDBG staff has sent the required 30-day notices to most project sponsors with CDBG funds which were allocated two years ago or earlier, as well as to newer projects which have been moving slowly, so that the Committee would have the option of reprogramming these funds. In cases where a project sponsor was ready to proceed but awaiting a contract from the County, notices were not sent. This year, a notice was sent to one project in the West Marin Planning Area.

Mesa Park--Irrigation Project (Mesa Park)  
(2010-11)

\$13,000

In 2010, CDBG funds were budgeted for installation of irrigation for the baseball and soccer fields at Mesa Park in Bolinas. The project sponsor plans to proceed with the irrigation project, renovation of fields, and installation of a prefabricated restroom. Mesa Park has filed an application for the required coastal permit. After the coastal permit has been issued, CDBG staff will be able to complete the environmental review which HUD requires before the project can proceed. Staff recommends that the CDBG allocation for this project be maintained.

**WEST MARIN PLANNING AREA**

TYPE	PROJECT #	PROJECT NAME	If previously funded project, data reported:		Quality of Affirmative Marketing Plan	REQUEST	Recommended New Funds			
			% Racial Minorities	% Hispanic						
Housing	WH - 1	Gibson House-Rehabilitation	14%	28%	B	\$7,400	\$7,400			
	WH - 2	Mesa Apartments-Rehabilitation	0%	0%	C	\$11,500				
	WH - 3	Rehabilitation Loan Program	8%	8%	A	\$15,000				
	WH - 4	Stockstill House	0%	0%	A	\$13,000	\$13,118*			
						<b>\$46,900</b>	<b>\$20,518</b>			
Capital	WC - 1	Tomales Town Hall-Rehabilitation	N/A	N/A	C	\$24,635	\$0			
						<b>\$24,635</b>				
Public Service	WS - 1	Home Care Assistance for the Elderly	1%	1%	A	\$10,000	\$4,000			
	WS - 2	Human Services Program	8%	68%	A	\$18,000	\$5,248			
	WS - 3	Marin Brain Injury Network Services	5%	4%	A	\$1,500				
	WS - 4	Portuguese Social Referral Project (PSRP)	NEW	NEW	B	\$2,500				
						<b>\$32,000</b>	<b>\$9,248</b>			
Marin County, 2010 Census						14%	16%	<b>TOTAL</b>	<b>\$103,535</b>	<b>\$29,766</b>
<b>Total funds available for Planning Area</b>								<b>\$29,766</b>		
<b>Maximum funds available for Public Services</b>								<b>\$9,248</b>		
<b>Minimum funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)</b>								<b>\$8,930</b>		

\* This is slightly in excess of requested amount. See page 10.

## HOUSING PROJECTS

1. Gibson House (Bolin Community Land Trust)

In November 2000, the Bolinas Community Land Trust purchased the Gibson House, a two story building in downtown Bolinas, part of which was the site of the former Bolinas Bay Bakery. With CDBG and HOME Program assistance, the Land Trust has purchased and rehabilitated the buildings on the site for use as seven affordable single-room occupancy apartments. The Land Trust has applied for additional CDBG funds for two roof repair projects.

The roof above the deck at the front of the building is covered with moss in many places, and the moss has also grown between the asphalt shingles. The Land Trust proposes to use CDBG funds to replace this part of the roof.

At a small flat roof area on the side of the building, water tends to pool, which could eventually lead to leakage. The Land Trust proposes to replace this area of the roof and to install a drain to prevent water from pooling.

The recommended funding should cover the cost of the requested roofing improvements.

Equal Opportunity Analysis: Hispanics are well-represented in the Gibson House. The sponsor's affirmative marketing proposal is responsive (rated B).

2. Stockstill House (West Marin Senior Services)

West Marin Senior Services owns the Stockstill House, a four-bedroom house in Point Reyes Station which it operates as an assisted living facility. The Stockstill House provides seniors with care services in a home-like setting. With past assistance from CDBG and from the Rehabilitation Loan Program, West Marin Senior Services improved the septic system, renovated a bathroom to give it full handicapped accessibility, made kitchen improvements, improved the outdoor garden, repaired a roof leak, and installed new vinyl flooring in the kitchen, dining room, and foyer.

West Marin Senior Services seeks funding to install an emergency generator, replace window coverings, and make other improvements to the house. Although it was not included in their CDBG application, some areas of the exterior plywood are warped and show signs of dry rot. Staff is recommending funding towards these proposed improvements, with priority for work that improves safety or protects the building envelope. Because some of the proposed items would be in

the category of furnishings (which are ineligible for CDBG) rather than built-in improvements (which are eligible for CDBG), staff requests that the project sponsor consult with CDBG staff to select the work to be funded by CDBG. For example, a built-in emergency generator would be eligible, freestanding storage racks are not eligible, custom-fit blinds are eligible, standard curtains are not eligible, and replacement of deteriorated exterior siding would be eligible.

Staff generally does not recommend projects for more than the requested amount. However, if we budget both of the recommended housing projects at the requested amounts, a balance of \$118 remains unallocated. Rather than designating a new project for a small amount, staff is recommending that the \$118 remainder be allocated to the Stockstill House, even though it would increase the Stockstill House grant to slightly more than their grant request. Considering the extent of the exterior plywood warping and deterioration, all indications are that the Stockstill House will need the additional funding.

Equal Opportunity Analysis: Racial minorities and Hispanics are under-represented among the residents of Stockstill House, partly because racial minorities and Hispanics are under-represented among the elderly. The sponsor's affirmative marketing proposal is excellent (rated A).

Because the CDBG allocation for West Marin is so small, only two housing projects were recommended for funding from West Marin CDBG funds.

Two housing proposals were not recommended for West Marin funding.

While the replacement of water heaters at the Mesa Apartments would be worthwhile, staff gave priority to housing proposals that address preservation or safety issues.

In view of the limited amount of funding in West Marin, staff did not recommend funding for the Rehabilitation Loan Program, a countywide program operated by the Marin Housing Authority. Staff will recommend the Rehabilitation Loan Program for funding from other Planning Areas.

**CAPITAL PROJECTS**

Because of limited funding and the urgency of two of the housing proposals, staff is not recommending any capital project funding in West Marin this year.

Tomales Town Hall has an amazing cadre of volunteers who have done extensive renovation of this community center facility. This project has received CDBG allocations in recent years, has performed well, and has completed the most crucial work.

**PUBLIC SERVICE PROJECTS**

1. Home Care Assistance for the Elderly (West Marin Senior Services)

West Marin Senior Services provides frail elderly and younger disabled people with home care referrals, assistance with care management, transportation, counseling, case management, home-delivered meals, loans of homecare equipment, and other assistance to enable them to continue living in their homes independently. West Marin Senior Services also sponsors a weekly congregate meal site for seniors at the Dance Palace Community Center in Point Reyes Station. Last year, West Marin Senior Services had 285 active clients receiving direct care management services. The recommended funds would pay for a small portion of the salaries of staff members who help clients make arrangements for home care services.

Equal Opportunity Analysis: Racial and ethnic minorities are under-represented among the beneficiaries of this program, partly because racial and ethnic minorities are under-represented among the elderly. The sponsor's affirmative marketing proposal is excellent (rated A).

2. Human Services Program (San Geronimo Valley Community Center)

The San Geronimo Valley Community Center provides a variety of social service, recreational, day care, emergency food, and educational programs for residents of the San Geronimo Valley. The recommended allocation would pay for a portion of the human services manager's salary.

Equal Opportunity Analysis: Hispanics are very well-represented among the beneficiaries. The sponsor's affirmative marketing proposal is excellent (rated A).

Staff recommends that we continue to fund public services at the maximum level permitted by the CDBG regulations (15% of the grant, plus 15% of any income returned to the program).

In formulating our recommendations for which public services should be funded, staff considered:

- To what extent does the program serve racial and ethnic minorities and people with disabilities, and does the sponsor have a reasonable affirmative marketing plan?
- How needy is the project sponsor, considering its size and financial strength?

- In the context of other available resources, which projects can have the most lasting impact with a small amount of CDBG funds?

In addition to the above questions, staff considered the ongoing need for locally-based services that are accessible to residents of the geographically large area of rural West Marin.

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