



THE CITY OF
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CALIFORNIA

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STAFF REPORT

DATE: March 12, 2019
TO: City Council
FROM: Hans Grunt, Senior Planner
PRESENTER: Hans Grunt, Senior Planner
SUBJECT: **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
FUNDING RECOMMENDATIONS FOR FY 2019-2020**

REQUEST

Consider adopting a resolution recommending Community Development Block Grant (CDBG) funding for the 2019-20 fiscal year to the Marin County Board of Supervisors for the Novato Planning Area.

RECOMMENDATION

Adopt a resolution recommending CDBG funding for fiscal year 2019-2020 to the Marin County Board of Supervisors for the Novato Planning Area.

DISCUSSION

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. In Novato, examples of CDBG-funded projects have included site acquisition for transitional housing, development of affordable housing, rehabilitation of child care centers, and a wide range of public services. The funds are divided into three activity categories consisting of: 1) housing, 2) capital projects, and 3) public services. By Federal regulation at least 85% of the funds must be spent on housing and capital projects, and up to 15% may be sent on public services. The Council has the option to adjust the public service percentage on an annual basis, however it cannot exceed 15% of Novato’s grant. The Council could choose to allocate 0% of the CDBG allocation to public services. Historically, the maximum of 15% has been allocated towards public services.

In 2017, the City signed a Cooperation Agreement with Marin County 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 made up of City and Town Council members, a County Supervisor, and community members representing members of the protected classes under fair housing laws. Due to the fact that Novato

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has a population of over 50,000 residents, under the Cooperation Agreement, the City may choose to assume responsibilities for making its own recommendations for funding projects in the Novato Planning Area (consisting of the City and the surrounding unincorporated areas) to the Countywide Priority Setting Committee. On September 22, 2009 the City Council elected to assume responsibility for making funding recommendations for all CDBG applications in the Novato Planning Area. After the City Council makes its recommendations they are considered by the Countywide Priority Setting Committee. Next the Countywide Priority Setting Committee makes recommendations to the Board of Supervisors which has final approval authority prior to sending the recommendations to HUD.

CDBG Funding Update - Federal

Funds for Marin's 2019-2020 CDBG program come from the federal budget for Fiscal Year 2019, which runs from October 1, 2019 to September 30, 2020. Although there is considerable uncertainty about the federal budget, at this time, Marin County's CDBG allocation is estimated at \$1,493,285, the same grant amount as last year's and some program income received by the County. Of this total, Novato's allocation would be \$249,332. From the total allocation a maximum of 15% or \$65,625 can be used for public services, a minimum 40% or \$99,733 must be spent on Housing, and the remaining 35% or \$83,974 can be spent on either housing or capital projects.

Evaluation Guidelines

Consistent with the requirements of the US Department of Housing and Urban Development and CDBG funding, staff consider applicants who:

- (a) Provide benefit to a majority of low and moderate-income persons.
- (b) Affirmatively further fair housing.
- (c) Serve protected classes under federal fair housing law.
- (d) Engage in affirmative marketing.

Over the years the City Council has adopted further evaluation criteria. In 2007 guidelines for housing and capital projects were adopted giving greater preference to projects that:

- (a) Are more "project ready" such as obtaining site control, land use entitlements or secured financing.
- (b) Are City of Novato initiated.
- (c) Have shown a history of acceptable performance of past grants.
- (d) Can expend the funds in a timely fashion.

The additional guidelines for public service projects were adopted following September 22, 2009, when the Council was presented with a set of draft public service application review guidelines that gave primary preference to City sponsored senior services. Councilmembers stated during the Council meeting that the draft guidelines were too restrictive and that youth, families, and those with economic needs should also be included.

The City Council adopted guidelines to give greater consideration to public service applicants that:

- (a) Are City of Novato programs or are City sponsored.
- (b) Provide services to Novato residents, youth, families and older adults, emphasizing economic needs.

- (c) Have a history of successfully managing past grants.
- (d) Can expend the funds in a timely fashion.

In addition to the criteria set forth by both HUD and the Novato City Council, the Countywide Priority Setting Committee established four priorities for funding public service projects:

- (a) Basic health services
- (b) Senior services
- (c) Fair housing and legal services
- (d) Child care and parenting services

HOUSING PROJECTS

There were no applications for Novato Planning Area projects and two applications for Countywide housing projects. The Novato portion of these Countywide projects is \$144,000; which is based on the share of Novato residents served.

Recommended for Funding

Staff recommend funding all of the housing applications, totaling \$116,209 in CDBG grant funding.

Rehabilitation Loan Program - Marin Housing Authority \$107,209
 Marin Housing Authority (MHA), a public corporation created to provide decent, safe and sanitary housing for low and moderate-income people, requests \$500,000 in CDBG funds to provide rehabilitation loans to low, very low, and extremely low-income homeowners in Marin County. The request includes funds to administer the program and provide additional capital to increase the number of loans. The program is available to owner-occupants of single family homes, condominiums, floating homes docked in approved berths, mobile homes located within a mobile home park, and non-profit group homes serving special populations. These funds are specifically designated for urgent home repairs, correcting substandard housing conditions, eliminating health and safety hazards, and legalizing and/or creating second units within an existing house where permitted by local ordinance. New loans range from \$5,000 to \$35,000, with the average being \$25,000. The program offers different loan structures based on a borrower's ability to pay including amortized loans, interest-only loans, and deferred payment loans. Borrowers with very low and extremely low-incomes benefit most from deferred loans where principal and accrued interest are due upon sale of the property. MHA's long-standing role administering this loan program has resulted in over \$5 million in capital investments to improve living conditions for lower income homeowners in Marin County. An average of 7-10 people have been served yearly in the Novato planning area. Staff recommend funding of \$107,209, from the Novato planning area. This amount represents 35% of the total project request, which is the percentage of projects completed in Novato.

Residential Accessibility Modification Program - Marin Center for Independent Living \$9,000
 Marin Center for Independent Living (MCIL), a provider of services to assist persons with all types of disabilities achieve their maximum level of sustainable independence, requests \$30,000 in CDBG funds to provide home modifications to increase accessibility for clients. The request would provide 10 to 15 home modifications for low, very low, and extremely low-income individuals ranging from grab bars and ramps to stair lifts and kitchen lowering. Through these

enhancements and minor remodeling efforts, individuals who are at risk of losing their independence and being confined in nursing homes can remain in place. Most clients served are renters who do not have the ability to take out loans against the property to finance such improvements. Although landlords are required to make reasonable accommodations for disabled tenants, they are not obligated to finance those modifications. MCIL staff work with clients to garner approval from landlords, determine project specifications, build out workplans, solicit bids, and oversee the work done. MCIL has nearly 30 years of experience providing this critical service in Marin County. Staff recommend funding of \$9,000, the full share allocated to the Novato planning area. This amount represents 30% of the total project request, which is the percentage of projects MCIL completed in Novato.

CAPITAL PROJECTS

One application for a capital project serving the Novato Planning Area was received, totaling \$77,500. There was one application for a Countywide capital project. The Novato portion of the Countywide project is \$7,500.

Recommended for Funding

Staff recommend both of the funding requests for capital projects totaling \$67,500 in CDBG monies:

Elevator Modernization - North Marin Community Services \$60,000
North Marin Community Services (NMCS), is requesting \$77,500 in CDBG funds to renovate the elevator system at their 1907 Novato Blvd facility that is home to their Safety Net and Case Management services. Over 1,100 people utilize the facility directly, all of whom are part of the extremely low- and very low-income population of Novato. The funding would upgrade the elevator motor and address all other necessary modernizations. These improvements would allow people who are disabled to access services located on the second floor of the building including, but not limited to, employment counseling, case management services, Breaking Barriers workshops for newly arrived immigrants, citizenship classes, and services offered by on-site community partners including Canal Alliance, Center for Domestic Peace and Victim witness. Staff recommend \$60,000 towards the completion of the elevator renovation project.

New Marin City Mixed-Use Health Hub – Marin City Health and Wellness Center \$7,500
Marin City Health and Wellness Center (the Center) a non-profit, federally qualified health center, is requesting \$150,000 in CDBG funds for constructing a new clinic that is part of a larger, mixed-use, community-based health hub. The Center offers healthcare services available to the general public with a focus on low-income patients and the growing homeless population. Over 80% of the center’s patients access care using Medi-Cal. The new health hub would provide expanded square footage for exam rooms including primary medical care, dental care, behavioral health and medication-assisted treatment (MAT) services. Health education programs, recovery support groups and “Healthy Eating Active Living” programs for all age groups would also be housed in the health hub. These improvements would expand access to care as the community’s healthcare needs significantly exceed the Center’s ability to provide services in the limited space available at the current clinic site. Staff recommends funding \$7,500, the full share allocated to the Novato planning area. In past years, an average of 140 people have been served who reside in the Novato planning area. This amount represents 8% of the total project request, which represents the

percentage of residents the Center currently serves from Novato.

PUBLIC SERVICE PROJECTS

As stated previously, based on County estimates, the City is expected to receive an allocation of approximately \$249,332 for 2019-2020. A maximum of 15% of available CDBG funds may be applied to public services. Novato’s share of the amount the entire Marin County CDBG program can spend on public services is \$65,625. A total of eight applications for public service funding were submitted—four Countywide projects and four serving Novato only. The four projects serving the entire County have a total funding request of \$150,850, with \$37,170 earmarked for Novato programming based on the percentage of residents served who live in Novato. The combined requests for both the Novato specific projects and the Novato portion of the Countywide projects is \$188,020.

Recommended for Funding

Staff recommend allocating the full amount allowable for public service, \$65,625, to support funding for seven of the eleven public service projects (bolded in the chart below). Through these recommendations the Novato Planning Area will contribute to providing childcare to approximately 140 lower-income children; over 1,700 vulnerable older adults will receive supports allowing them to remain at home; over 700 residents will receive fair housing services and eviction defense services; 17 individuals and their children will access domestic violence services and legal support. Unfortunately, with the limited public service funding available, it will be not be possible to provide needed funding for many important services.

Organization	Request	FY 19-20 Recommendation	FY 18-19 Funded Amount
Fair Housing Services * <i>Fair Housing Advocates of Northern CA</i>	\$20,250	\$7,584	\$15,600***
Domestic Violence Legal Services * <i>Family & Children's Law Center</i>	\$4,250	\$3,541	\$3,300***
Legal Aid of Marin* <i>Eviction Defense Program</i>	\$6,000	\$3,500	N/A
Seniors at Home, A Division of Jewish* Family Services (Formerly Senior Access) <i>Skyview Day Club Scholarships</i>	\$6,670	\$1,000	\$0***
Biotech Partners Biotech Academy at San Marin HS <i>Biotech Partners</i>	\$15,000	\$0	N/A
NIEP/Marin Senior Resources <i>Covia Foundation</i>	\$26,000	\$20,000	\$20,000**
Childcare Scholarships <i>North Marin Community Services</i>	\$15,000	\$15,000	\$15,000***
Childcare Scholarships <i>North Bay Children’s Center</i>	\$20,000	\$15,000	\$12,460***
Public Services Subtotal		\$65,625	

* Countywide request

** Has a balance of unspent public service funds from previous year(s)

**** Previously funded out of other planning areas*

A list of all the applications that were submitted for the Novato Planning Area and Countywide projects serving Novato is attached as Exhibit A in the draft Resolution. Exhibit A also includes staff's recommendations for allocating Novato's CDBG funds. The applications for the Novato Planning Area and the Countywide funds can be accessed online via these links:

CDBG Novato Planning Area applications:

<https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2019-applications/cdbg-20192020-novato-funding-applications.pdf?la=en>

CDBG Countywide applications:

<https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2019-applications/cdbg-20192020-countywide-funding-applications.pdf?la=en>

ALTERNATIVES

1. Make allocations of CDBG funding as recommended by staff.
2. Make different allocations of CDBG funding. (Funds may be shifted between categories, but the Public Service category cannot exceed \$65,625.)
3. Let the Countywide Priority Setting Committee provide a recommendation for Novato Planning Area funding requests.
4. Provide direction to staff.

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.

ATTACHMENTS

1. Resolution (including Exhibit A – FY 2019-2020 CDBG Project Allocations)
2. All Novato CDBG Applications

EXHIBIT A -- FY 2019-20 CDBG PROJECT ALLOCATIONS

TYPE	PROJECT #	PROJECT SPONSER	PROJECT NAME	COUNTYWIDE REQUEST	NOVATO RECOMMENDED FUNDS
Housing	CH - 1	Housing Authority County of Marin	Rehabilitation Loan Program	\$500,000	\$107,209
	CH - 2	Marin Center for Independent Living	Residential Accessibility Modification Program	\$30,000	\$9,000
				\$530,000	\$116,209
Capital	CC - 1	New Marin City Mixed Use Health Hub	Marin City Health and Wellness Center	\$150,000	\$7,500
	NC - 1	Elevator Modernization	North Marin Community Services	\$77,500	\$60,000
				\$227,500	\$67,500
Public Services	CS - 1	Fair Housing Counseling and Education	Fair Housing Advocates of Northern California	\$75,000	\$7,584
	CS - 2	Domestic Violence Legal Services for Low Income Families	Family & Children's Law Center	\$12,500	\$3,541
	CS - 3	Legal Aid of Marin Eviction Defense Program	Legal Aid of Marin	\$30,000	\$3,500
	CS - 4	Senior Access Financial Aid	Senior Access	\$33,350	\$1,000
	NS - 1	Biotech Partners Biotech Academy at San Marin HS	Biotech Partners	\$15,000	\$0
	NS - 2	NIEP/Marin Senior Resources	Covia Foundation	\$26,000	\$20,000
	NS - 3	Childcare Scholarships	North Marin Community Services	\$15,000	\$15,000
	NS - 4	Childcare Scholarships	North Bay Children's Center	\$20,000	\$15,000
				\$226,850	\$65,625
<u>ESTIMATED FUNDS 2019-20</u>					
Total new funds available for Novato Planning Area				\$249,332	
Minimum funds available for Housing				\$99,733	
Maximum funds available for Public Services				\$65,625	