



SAN RAFAEL
 THE CITY WITH A MISSION

Agenda Item No: _____

Meeting Date: **March 18, 2019**

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Economic Development

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

City Manager Approval: _____

SUBJECT: Community Development Block Grant (CDBG) Funding Recommendations for fiscal year 2019-20.

RECOMMENDATION: Adopt a resolution recommending CDBG funding for fiscal year 2019-20 to the 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. In San Rafael, examples of CDBG funded projects have included development of affordable housing, ADA sidewalk accessibility improvements, 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 San Rafael's grant. The Council could choose to allocate 0% of the CDBG allocation to 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 (race, color, national origin, religion, sex, familial status, or disability) under fair housing laws. Due to the fact that San Rafael 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 San Rafael Planning Area (consisting of the City and the surrounding unincorporated areas) to the Countywide Priority Setting Committee. 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 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.

FOR CITY CLERK ONLY

File No.: _____

Council Meeting: _____

Disposition: _____

CDBG Funding Update - Federal

Funds for Marin's 2019-20 CDBG program come from the federal budget for Fiscal Year 2020, 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, San Rafael's allocation would be \$415,063. From the total allocation a maximum of 15% or \$109,245 can be used for public services, a minimum 40% or \$166,025 must be spent on Housing, and the remaining 35% or \$139,792 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, prioritization is given to 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 1999, guidelines were adopted giving greater preference to projects that:

- (a) Are City of San Rafael initiated or are joint partnerships with the City.
- (b) Fulfill the requirements of the Housing and Community Development Act of 1974 (HUD Regulations).
- (c) Are affordable housing projects or community facility related activities within the San Rafael Planning Area.
- (d) Are projects that will move forward quickly, have the greatest impact, and can be completed within a reasonable time frame.

In addition to the criteria set forth by both HUD and the San Rafael 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

ANALYSIS:

HOUSING PROJECTS

Three housing projects submitted applications for funding from the San Rafael Planning Area. Two of the three projects assist the entire County, with a subset of their services earmarked for San Rafael. These Countywide projects have a total funding request of \$530,000. The combined requests for both the San Rafael specific project and the San Rafael portion of the Countywide projects is \$553,000; which is based on the share of San Rafael residents served.

Recommended for Funding

Staff recommend all three housing applications, totaling \$246,420 in available CDBG grant funds, including \$42,000 in reprogrammed CDBG funds from previous years.

Rehabilitation Loan Program (Marin Housing Authority) \$85,000

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 funding 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 6-8 people have been served yearly in the San Rafael Planning Area. Staff recommend funding of \$85,000, from the San Rafael Planning Area. This amount represents 17% of the total project request, which is the percentage of projects MHA expects to complete in San Rafael.

Residential Access Modification Program (Marin Center for Independent Living) \$18,000

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 funding 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 \$18,000, the full share allocated to the San Rafael Planning Area. An average of 14-18 people have been served yearly in the San Rafael Planning Area. This amount represents 30% of the total project request, which is the percentage of projects MCIL expects to complete in San Rafael.

AWD Affordable Housing Electrical Upgrade (Artworks Downtown) \$143,420

Artworks Downtown (AWD), an organization whose mission seeks to broaden Marin County's community engagement with art, connects artists and the public by providing affordable studios, housing and exhibit space as well as professional support for artists and art organizations. AWD is requesting \$450,000 in CDBG funding to upgrade their building's electrical system that is over sixty years old, and under today's standards, would be adequate to serve a small restaurant. The upgrade would support 17 units of housing, as well as retail and studio space. Twenty-two people are currently housed in

AWD's units, all of whom are very low-income. Staff recommends funding \$143,420 including \$42,000 of reprogrammed monies from previous years.

CAPITAL PROJECTS

Two applications for capital projects were received—one Countywide project and one serving San Rafael only. The project serving the entire County has a total funding request of \$150,000, with \$28,500 earmarked for San Rafael programming based on San Rafael's share of the project's users. The combined requests for both the San Rafael specific project and the San Rafael portion of the Countywide project is \$166,500.

Recommended for Funding

Staff recommend both of the funding requests for capital projects totaling \$101,398 in CDBG monies.

Canal Neighborhood Park and Playground Improvements (City of San Rafael, Department of Public Works) \$72,899

City of San Rafael, Department of Public Works (DPW), a division of San Rafael City government dedicated to ensuring infrastructure meets the needs of the vibrant and growing city, requests \$138,000 in CDBG funding to expand and rehabilitate one park in the Canal neighborhood. The request would fund construction of the new park facilities, following a comprehensive assessment of current needs, community engagement and design processes already completed. Through this process DPW plans to expand, enclose, and replace play equipment in one park designed to serve children ages 2 to 5. The Canal neighborhood is San Rafael's most densely populated community. The neighborhood is home to more than 12,000 residents with most households being low-income and 55% of households having children. The proposed project will provide physical and visual improvements to a key public space that will enhance safety, reduce blight, and encourage increased park usage. This investment in the Canal neighborhood will bolster the quality of life of citizen's who are often marginalized in the broader community and provide facilities comparable to higher income neighborhood's. Staff recommend funding of \$72,899 to complete the project. This year's recommendation contributes to the \$200,000 committed to the project from previous years.

New Marin City Mixed-Use Health Hub (Marin City Health and Wellness Center) \$28,500

Marin City Health and Wellness Center (the Center) a non-profit, federally qualified health center, requests \$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 \$28,500, the full share allocated to the San Rafael Planning Area. In past years, an average of 128 San Rafael residents have been served , representing 29% of the clinics clients. This funding amount denotes 29% of the total project request, which reflects the percentage of residents the Center currently serves from San Rafael.

PUBLIC SERVICE PROJECTS

As stated previously, based on County estimates, the City is expected to receive an allocation of approximately \$415,063 for 2019-2020. A maximum of 15% of available CDBG funds may be applied to public services. San Rafael’s share of the amount the entire Marin County CDBG program can spend on public services is \$109,245. A total of six applications for public service funding were submitted—four Countywide projects and two serving San Rafael only. The four projects serving the entire County have a total funding request of \$150,850, with \$65,800 of that earmarked for San Rafael programming, based on the percentage of residents served who live in San Rafael. The combined requests for both the San Rafael specific projects and the San Rafael portion of the Countywide projects is \$114,299.

Recommended for Funding

Staff recommend allocating the full amount allowable for public service to support funding for all of the public service projects. Through these recommendations the San Rafael Planning Area will contribute to providing 300 residents with fair housing services including counseling, discrimination investigation, and legal representation; 1000 residents with eviction defense services; 70 individuals and their children will access domestic violence services and legal support; 6 vulnerable older adults will receive supports allowing them to remain at home; 28 middle and high school students work towards completing college degrees; 68 low and extremely low-income children will access vital preschool services to prepare them for Elementary school.

Organization	Countywide Request	FY 19-20 Recommendation	FY 18-19 Funded Amount
Fair Housing Services * <i>Fair Housing Advocates of Northern CA</i>	\$75,000	\$31,833	\$19,800**
Domestic Violence Legal Services * <i>Family & Children's Law Center</i>	\$12,500	\$6,100	\$4,500**
Legal Aid of Marin* <i>Eviction Defense Program</i>	\$30,000	\$23,202	N/A
Seniors at Home, A Division of Jewish* Family Services (Formerly Senior Access) <i>Skyview Day Club Scholarships</i>	\$33,350	\$8,000	\$15,000**
University Prep (UP!) <i>Canal Alliance</i>	\$15,000	\$10,110	N/A
Pickleweed Preschool <i>City of San Rafael</i>	\$33,499	\$30,000	\$20,000**
Public Services Subtotal		\$109,245	

* Countywide request

** Has a balance of unspent public service funds from previous year(s), but has a plan in place to spend them down.

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. The applications

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 6

for the San Rafael Planning Area and the Countywide funds can be accessed in Attachments 5 and 6 and online via these links:

CDBG San Rafael Planning Area applications:

<https://www.marincounty.org/-/media/files/departments/cd/federal-grants/2019-applications/cdbg-20192020-san-rafael-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>

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. 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 \$109,245.)
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 2019-20 CDBG program to the Marin County Board of Supervisors.

ATTACHMENTS

Attachment 1	Resolution Recommending CDBG Project Funding for FY 2019-20 City of San Rafael CDBG Priorities
Attachment 2	2019-20 CDBG Project Allocations
Attachment 3	2019-20 CDBG Conformance with Priorities Matrix
Attachment 4	2019-20 CDBG Public Service Request Project Summaries
Attachment 5	2019-20 CDBG Countywide Project Applications
Attachment 6	2019-20 CDBG San Rafael Project Applications

RESOLUTION NO. _____

RESOLUTION RECOMMENDING COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROJECT FUNDING FOR THE YEAR 2017-18 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 on March 18, 2019, 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 \$415,063 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 EXHIBIT A 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, Interim 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 18th day of March 2019, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Lindsay Lara, Interim City Clerk

EXHIBIT A -- FY 2019-20 CDBG PROJECT ALLOCATIONS

TYPE	PROJECT #	PROJECT SPONSER	PROJECT NAME	FUNDING REQUEST	SAN RAFAEL RECOMMENDED FUNDS
Housing	CH - 1	Housing Authority County of Marin	Rehabilitation Loan Program	\$500,000	\$85,000
	CH - 2	Marin Center for Independent Living	Residential Accessibility Modification Program	\$30,000	\$18,000
	SH - 1	AWD Affordable Housing Electrical Upgrade	Artworks Downtown, Inc.	\$450,000	\$143,500*
				\$530,000	\$245,420
Capital	CC - 1	New Marin City Mixed Use Health Hub	Marin City Health and Wellness Center	\$150,000	\$28,500
	SC - 1	Pickleweed Park and Playground Improvements	City of San Rafael DPW	\$138,000	\$72,899
					\$101,399
Public Services	CS - 1	Fair Housing Counseling and Education	Fair Housing Advocates of Northern California	\$75,000	\$31,833
	CS - 2	Domestic Violence Legal Services for Low Income Families	Family & Children's Law Center	\$12,500	\$6,100
	CS - 3	Legal Aid of Marin Eviction Defense Program	Legal Aid of Marin	\$30,000	\$23,202
	CS - 4	Skyview Day Club	Seniors at Home, A Division of Jewish Family and Children's Services	\$33,350	\$8,000
	SS - 1	University Prep (UP!)	Canal Alliance	\$15,000	\$10,110
	SS - 2	Pickleweed Preschool	City of San Rafael	\$33,499	\$30,000
				\$385,500	\$109,245

ESTIMATED FUNDS 2019-20	
Total new funds available for SR Planning Area	\$415,063
Minimum funds available for Housing	\$166,025
Maximum funds available for Public Services	\$109,245

**Recommendation includes reprogrammed funding from past years*

ATTACHMENT 3– FY 2019-20 CDBG PROJECT CONFORMANCE WITH CITY PRIORITIES

Housing	City/ Agency Project	HUD regs	Housing, Community Facility	Quick Impact, Complete
Housing Authority County of Marin - Rehabilitation Loan Program		●	H	●
Marin Center for Independent Living - Residential Accessibility Modification Program		●	H	●
Artworks Downtown- Affordable Housing Electrical Upgrade		●	H	
Capital	City/ Agency Project	HUD regs	Housing, Comm Facility	Quick Impact, Complete
City of San Rafael, Department of Public Works - Canal Neighborhood Park and Playground Improvements	●	●	C	●
Marin City Health and Wellness Center- Marin City Health and Wellness Center		●	C	
Public Services	City/ Agency Project	HUD regs	Public Services	Quick Impact, Complete
Fair Housing Advocates of Northern California - Fair Housing Counseling and Education		●	●	●
Family and Children's Law Center - Domestic Violence Legal Services for Low Income Families		●	●	●
Legal Aid of Marin - Legal Aid of Marin Eviction Defense Program		●	●	●
Senior Access - Senior Access Financial Aid		●	●	●
Canal Alliance - University Prep (UP!)		●	●	●
City of San Rafael - Pickleweed Preschool	●	●	●	●

KEY

H = Affordable Housing Project

C = Community Facility Project

● = Conforms

1. Fair Housing Counseling and Education- Fair Housing Advocates of Northern California

Fair Housing Advocates of Northern California (FHANC), a provider of fair housing services, requests \$75,000 in CDBG funding to support administration and operations of their Marin programs. FHANC operates 10 core programs serving over 900 low, very low, and extremely low-income individuals in Marin. FHANC is the only HUD-certified Housing Counseling Agency in Marin County, as well the only fair housing agency with a testing program in the County. Their services include counseling victims of housing discrimination, investigating potential complaints, mediating settlements where appropriate, referring cases to federal and state enforcement agencies, monitoring filed complaints, helping people with disabilities request reasonable accommodations, conducting training seminars for the housing industry, and providing community education on fair housing rights. Given Marin County's history of discrimination and segregation, FHANC's services have been particularly beneficial to African-Americans, Latinos, people with disabilities, immigrants, families with children, female-headed households, senior citizens, and LGBT individuals; with approximately 90% of clients being lower-income. Staff recommend funding of \$31,833, which represents 49% of the full recommendation across all planning areas. This percentage is determined based on the proportion of clients FHANC serves from San Rafael and the anticipated needs for this fiscal year.

2. Domestic Violence Legal Services for Low Income Families- Family & Children's Law Center

Family & Children's Law Center (FCLC), a provider of high-quality, low-cost legal services to children and families, requests \$10,000 in CDBG funding to expand their domestic violence legal services program. FCLC serves an average 100 domestic violence victims and their children annually. Last year, FCLC saw an increase in domestic violence cases and served an additional 50 very low-income clients. They expect to maintain that increased service level. The organization provides full legal representation and assists victims of domestic violence obtain restraining orders, by preparing paper work and accompanying clients to court. If and when clients are ready, FCLC also assists with divorce proceedings. FCLC has a 98% success rate in garnering protective orders for clients. All services are free of charge to domestic violence victims. Fees for these services typically cost \$400 per hour. In addition to legal support, the organization provides warm referrals to partner organizations providing emergency shelter services, food assistance, down payment assistance, and other community services. Staff recommend funding of \$6,100, which represents 51% of the full recommendation across all planning areas. This percentage is determined based on the proportion of clients FCLC serves from San Rafael.

3. Legal Aid of Marin Eviction Defense Program- Legal Aid of Marin

Legal Aid of Marin (LAM), a provider of a provider of high-quality, low-cost legal services to low-income individuals, requests \$30,000 in CDBG funding to support the increased demand for eviction defense services. Formed in 1958, LAM provides low-income, vulnerable and otherwise underserved residents of Marin County with direct representation, pro per assistance, pro bono services, outreach, policy advocacy and serves their interests through impact litigation. In 2018, LAM closed over 1,000 cases representing over 2,000 household members. As Marin County's rental crisis has continued to escalate in recent years, housing cases, several of them involving landlord-tenant disputes represent approximately 35% of the case work LAM staff members handle. The housing crisis in Marin and the need to keep families in their homes continues to be a high priority. In 2019, LAM will handle approximately 350 clients through their walk-in clinics and 95 individuals through their Mandatory Settlement

Conference clinics. Staff recommend \$23,202 in funding which represents 77% of the full recommendation across all planning areas. This percentage is determined based on the proportion of clients LAM serves from San Rafael and the anticipated needs for this fiscal year.

4. Skyview Day Club – Seniors at Home, A Division of Jewish Family and Children’s Services (Formerly Senior Access)

Seniors at Home (SH) formerly known as Senior Access, a provider of services to persons dealing with Alzheimer’s, Dementia, and memory loss, requests \$33,350 in CDBG funding to provide adult day program scholarships to clients participating in The Club day program. The Club engages clients in art and music programs, stimulating brain games, group exercise, and lunch. The program provides caregivers valuable respite where they can work, care for themselves, and allow them to maintain their loved ones at home for as long as possible. The adult day program serves approximately 135 individuals annually with 65 being low, very low, and extremely low-income. In addition to the day program, SH provides free memory wellness classes, memory screenings, and caregiver support groups reaching approximately 550 people throughout the County. Staff recommend funding of \$8,000, which represents 24% of the total request. Given most Sky View Day Club’s clients are San Rafael residents, the recommendation directly supports a portion of clients from San Rafael.

5. University Prep (UP!)- Canal Alliance

Canal Alliance’s University Prep Program supports youth academically, emotionally, and socially. UP! addresses the academic achievement gap in Marin County for youth of color by supporting low-income Latino youth to complete four-year college degrees. The program provides tutoring in core subjects, advice on the college admissions process, counseling to create a financial plan for college, and mentoring in problem-solving and social-emotional skills in high school and college. Family engagement is an important component of the program. Staff recommend funding of \$10,110 to support this program.

6. Pickleweed Preschool- City of San Rafael Department of Community Services

City of San Rafael, Department of Community Services, a division of San Rafael City government dedicated to promoting health & wellness, increasing cultural unity, and facilitating community participation and interaction, requests \$33,499 in CDBG funding to support preschool programming. The request will contribute to financing the salary of one full-time childcare instructor at the Pickleweed Preschool (PP) in the Canal neighborhood. PP serves 68, very low and extremely low-income children ages three and four to prepare for elementary school. The program operates from August to June, with morning and afternoon sessions offered. The preschool provides developmental and age-appropriate curriculum to build cognitive, social emotional, physical, and linguistic skills. With most children entering the preschool as Spanish speakers, the program is fully bilingual. Teachers begin the year speaking primarily Spanish and add English incrementally with the goal of children speaking English by the end of the school year. PP coordinates with the nearby Bahia Vista School to ensure program quality improvement and alignment with curriculum. In addition, the preschool offers ongoing parent education events to provide tools to effectively advocate for their child in the Elementary School system. Staff recommend funding of \$30,000 to support the provision of preschool programming.