



COMMUNITY DEVELOPMENT AGENCY  
**FEDERAL GRANTS DIVISION**

## STAFF REPORT

TO: Countywide Priority Setting Committee

FROM: Roy Bateman, Community Development Manager  
Shelly Ingram, Planner

SUBJECT: Staff Report for September 11, 2014 Meeting

DATE: September 4, 2014

This staff report provides background information for the Countywide Priority Setting Committee public hearing on **Thursday, September 11, 2014, at 7:00 p.m., at the Marin Health & Wellness Campus, 3240 Kerner Boulevard, Room 110, San Rafael.**

*Please note the location of this meeting.*

### **General Updates**

#### **City-County 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 set by an established formula.

The cooperation agreements have three-year terms and were due for renewal in 2014. In spring 2014, all the cities and towns in Marin signed new CDBG Cooperation Agreements, enabling us to continue to obtain formula funds as a joint program for the next three fiscal years. The Cities of Novato and San Rafael notified HUD that they would forego becoming independent CDBG recipients, and instead remain part of the CDBG urban county for the next three years.

*Analysis of Impediments to Fair Housing Choice*

HUD requires communities receiving CDBG funds to periodically prepare an “Analysis of Impediments to Fair Housing Choice.” After an extended series of hearings, Marin adopted its “Analysis of Impediments to Fair Housing Choice” and an Implementation Plan on October 11, 2011. The Implementation Plan called for an update of the “Analysis of Impediments to Fair Housing Choice” every two to five years, or as necessary to reflect new Census data. In July 2013, HUD published for comment a proposed new regulation that would clarify local governments’ responsibilities to affirmatively further fair housing. The proposed regulation would also replace the “Analysis of Impediments to Fair Housing Choice” with an “Assessment of Fair Housing.” HUD received over 1,000 comments and is in the process of revising the regulations. The new regulations are not expected to be published in final form before the end of this year.

**Request for Public Comment on the Consolidated Plan, Housing and Non-Housing Community Development Needs of Lower Income People, and the Past Performance of the County’s CDBG, HOME, and Housing Opportunities for Persons with AIDS (HOPWA) Programs**

This agenda item is an opportunity for the public to comment on community needs and general issues related to the CDBG, HOME, and HOPWA Programs. The County provides at least two opportunities a year for the public to comment on community needs related to these programs.

**Selection of Priority Setting Committee Members to Represent the Interests of Racial and Ethnic Minorities and People with Disabilities**

Community residents have been invited to apply to be members of the Countywide Priority Setting Committee and its Local Area Committees. These committees oversee the distribution of CDBG and HOME Program funds in Marin County. The local governments in Marin have expanded the CDBG and HOME committees with the goal of increasing the diversity of these committees, and therefore this recruitment is specifically for individuals who represent the interests of racial and ethnic minorities and/or people with disabilities. The purpose of the expansion of the committees is to bring greater diversity to the group that:

- 1) advises the Board of Supervisors on the CDBG and HOME funding allocation process, and
- 2) provides input on the County’s implementation of the Analysis of Impediments to Fair Housing Choice.

On September 30, 2013, the Priority Setting Committee designated the community members to join the committee, some to serve one-year terms and others to serve two-year terms, so

that all the community members' terms would not expire at the same time. Future terms for community members were planned to be two years, which would retain the pattern of staggered terms.

This year, there are three openings on the Priority Setting Committee for community members representing the interests of racial and ethnic minorities and/or people with disabilities. The openings are for community members from the Lower Ross Valley Planning Area, from the Richardson Bay Planning Area, and from anywhere in Marin County for a Countywide position. Upon selection, community members will serve for a two year term from September 2014 through September 2016.

The current membership of the Priority Setting Committee is as follows:

Current Local Government Representatives (designated by City/Town Councils and the Board of Supervisors with terms set by their local governments):

Planning Area	City/Town	Local Government Representative
Lower Ross Valley	Corte Madera	Carla Condon
	Larkspur	Ann Morrison
Novato	Novato	Denise Athas
Richardson Bay	Belvedere	James Campbell
	Mill Valley	John McCauley
	Sausalito	Herb Weiner
	Tiburon	Frank Doyle
San Rafael	San Rafael	Andrew McCullough
Upper Ross Valley	Fairfax	Barbara Coler
	San Anselmo	Kay Coleman
West Marin	[no cities]	
Marin County Board of Supervisors		Judy Arnold

Current Community Members (with terms as indicated):

Planning Area	Community Member	Term
<b>Lower Ross Valley</b>	Maruja Gornall	<b>1-year term ending 9/30/14</b>
Novato	Kim Stafford	2-year term ending 9/30/15
<b>Richardson Bay</b>	Cathy Cortez	<b>1-year term ending 9/30/14</b>
San Rafael	Raphael Durr	2-year term ending 9/30/15
Upper Ross Valley	Andrew Marshall	2-year term ending 9/30/15
West Marin	Rosemary Barry	2-year term ending 9/30/15
<b>Countywide</b>	Nancy Johnson	<b>1-year term ending 9/30/14</b>

The following applications were received for the three openings on the Committee:

Planning Area	Applicant
Lower Ross Valley or Countywide	David Coury
Richardson Bay or Countywide	Cathy Cortez (incumbent)
Countywide only	Nancy Johnson (incumbent)

Copies of the applications are attached to this report.

**Request from Buckelew Programs to Waive Repayment of CDBG Share of Proceeds from Sale of Two Buckelew Programs Group Homes**

Buckelew Programs is the primary provider of housing with services for people with chronic mental illness in Marin. During the last six years, Buckelew merged with the Family Service Agency and the Helen Vine Center (a substance abuse detoxification program). Buckelew also opened the Casa Rene crisis home as an alternative to emergency psychiatric hospitalization, and expanded its employment programs. Some of these changes created financial strains, resulting in the shrinkage of Buckelew's financial reserves to an unacceptably low level. In 2008, Buckelew's reserves were \$1.2 million, equal to a minimal level of 1½ months of operating expenses. By early 2014, Buckelew's reserves had dropped to a dangerously low level of only ½ month of operating expenses. Buckelew, now under new staff management, is pursuing a strategy to rebuild its financial reserves. That strategy is still evolving, but it began with shrinking its employment programs, and will almost certainly involve selling one or two of its group homes.

Most of Buckelew's group homes have received CDBG assistance in the past and have CDBG lien agreements in place that require a share of sales proceeds to be paid to the CDBG program. (When CDBG funds are used towards acquisition or major rehabilitation of real estate, we usually record a CDBG lien agreement on the property. CDBG lien agreements are triggered if the property is ever sold or if its use is ever changed, but don't require any payments if the property remains in the same ownership and use. The standard CDBG lien agreement is for a stated percentage of the value of the property, set at the percentage of the project cost contributed by CDBG. If the lien is triggered, the stated percentage is applied to current market value. So the implicit interest rate on the CDBG funds is the rate at which the property has appreciated.)

In order to rebuild its reserves, Buckelew Programs is currently planning to sell these two group homes:

Group Home	CDBG Funding	CDBG Liens	Approximate Current House Value	Approximate Value of CDBG Liens
Lakeside House, 7 Washington Avenue, Santa Venetia	\$47,536	19.7% of current value	\$625,000	\$123,125
Horizon House, 108 Spring Grove Avenue, San Rafael	\$32,524	13.2% of current value	\$745,000	\$98,340

Buckelew has asked that the County reduce or waive the payments that would otherwise be required by the lien agreements, so that more of the sales proceeds could be used to increase its financial reserves.

Buckelew's plans are still evolving, so it is possible that different houses might be chosen for sale. It is also possible that a conventional lender or philanthropist might be located who would be willing to give Buckelew a line of credit secured by one or more of the houses. (Our practice has been to allow project sponsors to take out loans without triggering CDBG lien agreements, although any subordination agreements require approval from the Board of Supervisors.)

Any amounts paid to the County to satisfy the CDBG lien agreements would be kept within the CDBG program for future CDBG program expenses and would therefore expand the amount of funds available for projects in the next program year. Under the CDBG regulations, the limit on CDBG funds that may be spent on administration increases by 20% of any lien payments received by the County.

The CDBG and HOME Programs have supported various Buckelew housing projects for many years. CDBG staff have been impressed with the dedication of Buckelew staff and the efforts they make to improve quality of life for people with severe chronic mental illness. Buckelew's current need is for funds to rebuild its financial reserves, which is not directly eligible for CDBG grants. In theory, CDBG could provide operating support for Buckelew's service programs, but any grants in that category would have to fit within the 15% limit set by federal CDBG regulations for public services, and would be in direct competition with longstanding CDBG-funded public service programs. CDBG could fund purchase or renovation of housing, but Buckelew is not currently in an expansion mode.

CDBG staff sees rebuilding Buckelew's financial reserves as a high priority for the community, and essential to enabling Buckelew to continue to provide services and housing to people with severe psychiatric disabilities.

HUD's consent would be required to waive repayment. Unfortunately, the federal CDBG regulations governing program income are unclear in several places and have recently been interpreted by HUD in ways that restrict local discretion. Based on the outcome of related issues, staff is not optimistic that HUD will consent to a waiver.

Staff recommends that the CDBG Program waive repayment of the amounts that would otherwise be due under the terms of the lien agreements recorded against one or two Buckelew group homes. Procedurally, this would require the consent of HUD, the Priority Setting Committee, and the Board of Supervisors.

Does the Priority Setting Committee recommend reducing or waiving the repayment requirement?

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**APPLICATION FOR APPOINTMENT TO  
MARIN COUNTYWIDE PRIORITY SETTING COMMITTEE AND/OR LOCAL AREA COMMITTEE**

Name CATHY CORTEZ Email CATHYC CORTEZ@LIVE.COM

Home Address 101 ESPERANZA STREET #4  
Street  
TIBURON Zip 94920 Telephone: 415-435-4669  
City

Employer's Name \_\_\_\_\_ Telephone: \_\_\_\_\_  
& Address \_\_\_\_\_

Present Occupation DISABLED Are You Over 18 Years of Age? YES

Committee(s) Applied for  Countywide Priority Setting Committee only  
 Both Local Area Committee and Countywide Priority Setting Committee

If you represent an organization, please list it \_\_\_\_\_

Reasons for Applying I AM A CURRENT MEMBER OF THE PRIORITY  
SETTING COMMITTEE AND I WOULD LIKE TO CONTINUE  
TO SERVE.

Relevant Experience CDBG PRIORITY SETTING COMMITTEE (2014)  
FORMER HOUSING COMMISSIONER  
MARIN ACTION COALITION FOR EQUITY  
MEMBER OF THE NATIONAL LOW INCOME HOUSING COALITION

Additional pages and information may be attached.

List any organizations of which you are an officer or an employee that are funded by, or may request funding from, the Community Development Block Grant or HOME programs: I AM NOT CURRENTLY AN  
OFFICER OR EMPLOYEE OF ANY SUCH ORGANIZATION.

Date August 7, 2014 Signature Cathy Cortez

Please return to: Federal Grants Division  
Marin County Community Development Agency  
3501 Civic Center Drive, Room 308  
San Rafael, CA 94903-4157  
Phone: (415) 473-6279  
Fax: (415) 473-7880  
Email: [asbrown@marincounty.org](mailto:asbrown@marincounty.org)

APPLICATION FOR APPOINTMENT TO  
MARIN COUNTYWIDE PRIORITY SETTING COMMITTEE AND/OR LOCAL AREA COMMITTEE

Name DAVID COORY Email DAVE.coory@YAHOO.COM

Home Address 301 COTTA MAPLE AVE  
CORNER Street  
MARINA Zip 94925 Telephone: 415 717 7770  
City

Employer's Name & Address SELF Telephone: \_\_\_\_\_

Present Occupation ADVOCATE Are You Over 18 Years of Age? YES

Committee(s) Applied for Countywide Priority Setting Committee only

Both Local Area Committee and Countywide Priority Setting Committee

If you represent an organization, please list it BRIGHT CORNERS (FORMERLY WEST BAY  
HOUSING, INC.) SERVING PEOPLE w/ DEVELOPMENTAL DISABILITIES  
Reasons for Applying TO BRING MY EDUCATION, EXPERIENCE AND  
PASSION FOR A LIVABLE MARIN TO THE DBG/HOME  
DEVELOPMENT PROCESS

Relevant Experience INVESTMENT BANKING, MASTERS IN CITY PLANNING,  
PROJECT MANAGEMENT, MASTERS IN PUBLIC PRIVATE PARTNERSHIP (FINANCE)  
ED.D. OF MARIN PARTNERSHIP TO END  
HOMELESSNESS, HOUSING CRISIS OR ACE.

Additional pages and information may be attached.

List any organizations of which you are an officer or an employee that are funded by, or may request funding from, the Community Development Block Grant or HOME programs: YOUR

Date 9/4/14 Signature ✓

Please return to: Federal Grants Division  
Marin County Community Development Agency  
3501 Civic Center Drive, Room 308  
San Rafael, CA 94903-4157  
Phone: (415) 473-6279  
Fax: (415) 473-7880  
Email: asbrown@marincounty.org

APPLICATION FOR APPOINTMENT TO  
MARIN COUNTYWIDE PRIORITY SETTING COMMITTEE AND/OR LOCAL AREA COMMITTEE

Name Nancy Johnson Email JON ANGRI@COMCAST.NET

Home Address 26 Flemings Court Street  
MARIN City, CA 94965 Zip Telephone: (415) 339-1318  
City Zip

Employer's Name N/A Telephone: \_\_\_\_\_  
& Address \_\_\_\_\_

Present Occupation Retired Are You Over 18 Years of Age? YES

Committee(s) Applied for  Countywide Priority Setting Committee only  
 Both Local Area Committee and Countywide Priority Setting Committee

If you represent an organization, please list it \_\_\_\_\_

Reasons for Applying Very CONCERNED WITH FAIR AND AFFORDABLE  
HOUSING ALONG WITH ACCESS AND SERVICES ASSOCIATED  
WITH HOUSING

Relevant Experience Retired housing SPEAKER SPECIALIST  
\_\_\_\_\_  
\_\_\_\_\_

Additional pages and information may be attached.

List any organizations of which you are an officer or an employee that are funded by, or may request funding from, the Community Development Block Grant or HOME programs: MARIN CROSSROOT

Date 9/4/14 Signature Nancy Johnson

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