

SAN RAFAEL PLANNING AREA

PUBLIC HEARING

**COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
(PUBLIC SERVICE PROJECT FUNDING ONLY)**

Monday, March 26, 2012
7:00 p.m.

Council Chambers
San Rafael City Hall
1400 Fifth Avenue
San Rafael

A G E N D A

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

Future Hearings

March 29	Countywide Priority Setting Committee (CDBG Countywide Housing Projects, HOME Program Projects, and Ratification of CDBG Planning Area Recommendations) Board of Supervisors Chambers Marin County Civic Center, Room 330 3501 Civic Center Drive, San Rafael	7:00 p.m.
May 8	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 473-6698 at the Marin County Community Development Agency. People using TTY devices may reach us at 473-3232 (TTY) or through the California Relay Service at 711. In consideration of persons with environmental sensitivities, please do not wear perfume or other fragrances. Sign language interpretation and translation into languages other than English are available upon request. Please call our office at 473-6279, at least three 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. Call Golden Gate Transit (455-2000, 257-4554 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, 899 Northgate Drive, Room 408, San Rafael, California. Copies of documents are available in accessible formats upon request.

MEMORANDUM

MARIN COUNTY COMMUNITY DEVELOPMENT AGENCY

TO: SAN RAFAEL LOCAL AREA COMMITTEE

FROM: Roy Bateman
Reid Thaler

SUBJECT: Recommendations for Funding Year 38 (2012-13)
Community Development Block Grant (CDBG) Public Service Proposals

DATE: March 19, 2012

The recommendations from Community Development Block Grant staff for funding public service projects in the San Rafael Planning Area are listed below. These recommendations will be presented and considered at the San Rafael CDBG Local Area Committee public hearing on Monday, March 26, 2012, at 7:00 p.m., Council Chambers, San Rafael City Hall, 1400 Fifth Avenue, San Rafael.

A NOTE ON THE CDBG FUNDING LEVEL

The Basics

Last year, Marin County's CDBG allocation was \$1,440,542, and our HOME Program allocation was \$1,084,869. For the 2012-13 program year, Marin's CDBG allocation is being cut by 19%, with an expected grant amount of \$1,166,041. Marin's HOME allocation is being cut 46%, with an expected grant amount of \$595,350.

To put this in perspective, if we account for inflation, the buying power of the expected 2012-13 CDBG grant is only 17.6% of the \$2,427,000 CDBG allocation that Marin received in 1980.

Spending Deadlines

The ability to spend funds quickly has become increasingly important. Under pressure from Congress, the U.S. Department of Housing and Urban Development (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. As our CDBG grant declines, the amount of unspent funds we can hold also declines.

Administrative Expenses Likely to Exceed Limit

It is becoming more of a challenge to operate the 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 CDBG funds spent for administration in recent years:

Fiscal Year	Percentage of 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%*

*The 2010-2011 entry includes \$65,500 booked as an unliquidated obligation for accrued liability for future retiree health benefits, which has the effect of reducing our administrative percentage in the future.

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, almost doubling our cost of accounting services. 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.

If present trends continue, we may be only a year from the point where the CDBG grant's allowance for administration won't cover the full cost of CDBG administrative expenses, depending on how much program income we receive. We estimate that, for the 2012-13 program year, the CDBG administrative expenses incurred by the County will, for the first time, exceed the grant's administrative allowance. 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 range will be somewhere between \$3,000 and \$49,000, with the most likely value approximately \$33,000. 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.

Implications for Public Service Projects

CDBG public services are limited to 15% of grant funds. Particularly during the recession, staff would be reluctant to suggest eliminating the public service category. There is a strong case for funding public services at the full 15% allowed, but concentrating the funds among a reduced number of projects. If we maintain public services at 15% of the grant, then reducing the number of public service projects would not change the total funds provided for public services, but would result in a higher average grant amount per project.

Reducing the Overall Number of Projects

Over the last 12 years, the number of CDBG projects funded each year has fluctuated between 36 and 52 projects per year. Last year, Marin funded 38 CDBG projects.

If we were to scale down the number of CDBG projects in proportion to the decline in funds, that would mean reducing the number of projects from 38 to 31. That may not be enough to shrink administrative expenses to the point where they will be covered by the administrative allowance provided by the grant. 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. In order to bring actual CDBG administrative costs in balance with the administration allowance provided by the CDBG grant, we might have to reduce the number of projects by 1½ times the grant reduction, or 28.5%. In that scenario, we would need to reduce the number of CDBG projects from 38 to 27.

At its February 16, 2012 meeting, the CDBG Countywide Priority Setting Committee set a goal of reducing the number of CDBG projects from 38 to 27, instructed County staff to make all reasonable efforts in its budget recommendations to achieve that goal, and asked all Planning Areas to join in this difficult process.

Recommendations for San Rafael Public Service Projects

The staff recommendations for the use of CDBG San Rafael Planning Area public service funds are shown in the table on page 5. (Note that the San Rafael City Council will hold a public hearing on March 19, 2012 on the use of CDBG San Rafael Planning Area capital and housing funds. City staff has made recommendations for the use of those funds.)

HUD made a special effort to announce grant allocations early in this funding round, but there is always the possibility that HUD will announce minor changes in the County's grant amount later in the process. To avoid the need for an additional hearing, staff recommends that the grant amounts set at the San Rafael Local Area Hearing be subject to change if HUD revises our CDBG formula allocation, so that the final funding amounts will be proportional to the amounts shown in this report. Where feasible, staff would then round numbers to the nearest hundred dollars. However, no project could receive more than the amount the sponsor requested.

A supplemental table on page 11 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 were not able to 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. Because this is the first year that the answer to this question is receiving increased scrutiny, many applicants are still on a learning curve. 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 others.

**RECOMMENDED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING ALLOCATIONS FOR THE SAN RAFAEL PLANNING AREA
(PUBLIC SERVICES ONLY)**

Public Service	Family Law Legal Services	Family & Children's Law Center	30 North San Pedro Road, Suite 245, San Rafael 94903	Legal assistance for low income families	\$6,000
	Family Outreach Project	Marin Head Start	125 Bahia Way, 21 Front Street, 199 Greenfield, 498 Point San Pedro Road, 35 Marin Street (94901), 96 Pilgrim Way, (94903) San Rafael	Family outreach services	\$6,000
	Housing Search Specialist	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salary for housing search specialist	\$6,000
	Marin Brain Injury Network Services	Marin Brain Injury Network	1132 Magnolia Avenue, Larkspur 94939	Staff salaries for services for head injury survivors	\$6,026
	Middle School Program	Canal Alliance	91 Larkspur Street, San Rafael 94901	Staff salaries for after school and summer academic program	\$10,000
	Pickleweed Children's Center	City of San Rafael	40 Canal Street, San Rafael, CA 94901	Staff salaries for child care	\$10,000
	Senior Access Scholarships	Senior Access	70 Skyview Terrace, Bldg. B, San Rafael 94903	Scholarships, elderly day care	\$6,000
					\$50,026

San Rafael Planning Area funds available for Public Services based on 15% of Planning Area allocation	\$50,026
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PUBLIC SERVICE PROJECTS

1. Family Law Legal Services (Family and Children's Law Center)

The Family and Children's Law Center provides low-cost legal assistance to people who are unable to afford private legal services and need help with family law issues including divorce, domestic violence, spousal and child support, and child custody. Fees are on a sliding scale basis according to income. CDBG funds would be used towards staff salaries. CDBG staff feels that the expenditure of CDBG funds for this program is an extremely cost-effective way of providing substantial long-term emotional and financial benefits to families.

Equal Opportunity Analysis: Racial minorities are under-represented among the beneficiaries of this program, but Hispanic clients are very well-represented. The sponsor's affirmative marketing proposal is excellent (rated A).

2. Family Outreach Program, Marin Head Start (Community Action Marin)

Head Start is a national program that provides comprehensive developmental services for low-income pre-school children (3 to 5 years old) and social services for their families. The family outreach worker provides social and family support services for lower-income San Rafael area families whose children are enrolled in the Head Start program. The outreach worker also helps families with crisis issues and provides a linkage to social services. The program has expanded the number of families in its Early Head Start component. The goal of Head Start is to help children gain the skills to succeed in school and later in life. An integral part of the success of the program is its focus on family and supporting the family to move toward self-sufficiency. The outreach workers develop strong relationships with families, visit each family at home, and are available on a daily basis at the center to meet with families and discuss their concerns. National studies tracking families which have participated in the Head Start program have shown that they are less likely to need additional social services in the future than families which have not participated in the program. Local statistics show that over 60% of the children with special needs who have participated in Early Head Start are exited from special education prior to entering Kindergarten.

Equal Opportunity Analysis: In the countywide Head Start Program, racial minorities are under-represented and Hispanics are very well represented. The sponsor's affirmative marketing proposal is responsive (rated B).

3. Housing Search Specialist (Marin Housing Authority)

The Section 8 program, funded by HUD and administered locally by the Marin Housing Authority, reimburses landlords for the difference between fair market rents, established by HUD, and 30% of a participating household's income.

The Housing Search Specialist helps recipients of Section 8 rent subsidy vouchers to overcome barriers to securing, as well as maintaining, affordable housing. The Housing Search Specialist, working primarily with "hard to house" households, continues to make a significant impact on this population. These households include homeless families, large families with more than three children, elderly people, individuals with language barriers, and people with disabilities. In cases where clients are in jeopardy of losing their housing due to issues related to their disabilities, the Housing Search Specialist can link the clients to extra support services and other resources which enable the clients to avoid losing their apartments. Assistance has included helping clients search for available apartments, coaching on presentation skills, advising on how to overcome a poor credit or rental history, and advocacy with landlords.

Equal Opportunity Analysis: Racial minorities are very well represented among the beneficiaries of this program. Hispanics are under-represented compared to their proportion of the Marin population, but that might be partly explained by the federal policy excluding undocumented immigrants from the Section 8 program. The sponsor's affirmative marketing proposal is excellent (rated A).

4. Marin Brain Injury Network

The Marin Brain Injury Network offers support groups for people with traumatic head injuries. This program is the only service which addresses the needs of this population in Marin County. In 1995, the program expanded to include day treatment services, which provide cognitive and vocational rehabilitation for its brain injured clients. It is extremely difficult to fund services for people affected by traumatic brain injury, since no long-term source of government funding exists to provide rehabilitation and vocational services for people with this disability. In 1997, the Network received certification from the California Department of Rehabilitation, which has reimbursed the Network for some of the services it provides. However, because these funds are available only for specific clients on a short-term basis, they do not provide the Network with a reliable steady stream of funding for long-term clients. The Network is not currently receiving any funding from the Department of Rehabilitation. CDBG funds are recommended for staff salaries.

Equal Opportunity Analysis: Racial and ethnic minorities are under-represented among the beneficiaries of this program. We do not have information about whether racial and ethnic minorities are under-represented among those who survive brain injuries. The sponsor's affirmative marketing proposal is responsive (rated B).

5. Middle School Program (Canal Alliance)

Canal Alliance's Middle School Program is a rigorous program supporting youth academically, emotionally, and socially with the goal of graduating from college. Students chosen for this program agree to attend sessions which meet three hours a day, five days a week, for ten months of the year. The program emphasizes developing academic skills, leadership abilities, and goal setting by working collectively in groups and engaging in community projects. Students in the program are guided by a family case manager who addresses issues which may impede success in the program.

While Marin County has a relatively low poverty rate compared to the state average, it is ranked just above the bottom on income equity, the discrepancy between those with high and low incomes. CDBG staff acknowledges the long-term vision that Canal Alliance has set for improving the quality of Canal residents' lives through academic achievement coupled with family and community support, and recommends funds for staffing this innovative program.

Equal Opportunity Analysis: Racial minorities are under-represented among the beneficiaries of this program, but Hispanic clients are very well-represented. The sponsor's affirmative marketing proposal is responsive (rated B).

6. Pickleweed Children's Center, Child Care Staff (City of San Rafael)

The City of San Rafael operates a child care program at the Pickleweed Children's Center. The Center serves low-income working families in the East San Rafael area. This area has the largest number of low-income families and the highest concentration of children in San Rafael. The program operates 246 days per year, providing child care to the neediest families with the youngest children. The program currently serves 116 children, including 68 children in its preschool component and 48 school-age children (grades K-5) in its after-school component. Staff recommends that CDBG funds be used for child care staff salaries.

Equal Opportunity Analysis: Racial minorities and Hispanics are very well represented. The sponsor's affirmative marketing proposal is responsive (rated B).

7. Senior Access

Senior Access benefits frail elderly people and handicapped adults, who, because of their memory loss, are unable to gain access to and utilize existing community resources designed for the more independent elderly. Services include physical therapy, nursing and social work services, recreational activities, and a hot noon meal. The program also provides respite, support, and counseling for family members who serve as caregivers. CDBG funds will be used for scholarships for clients who have incomes substantially below the CDBG income limits. This project has been funded through the CDBG program since 1982, and staff recommends continued funding for this program.

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 responsive (rated B).

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), but that we fund fewer projects. A reduction in the number of public service projects does not diminish the amount of public service funding, and actually results in a higher average grant in the public service category.

In the San Rafael Planning Area, staff is recommending seven public service projects for funding this year, one less than was funded last year. (The Food Bank was funded last year, but did not file an application this year.) Five of the recommended public services in the San Rafael Planning Area are multi-area projects that staff is also recommending for funding in at least one other planning area.

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

- To what extent does the program serve racial and ethnic minorities or people with disabilities, and does the sponsor have a reasonable affirmative marketing plan?
- Does CDBG represent a significant percentage of the project sponsor's total budget?
- Does the project sponsor have difficulty fundraising because the nature of its service is upsetting to some potential donors?
- In the context of other available resources, which projects can have the most lasting impact with a small amount of CDBG funds?

These four considerations led us to the conclusion that we should recommend continued funding for Family Law Legal Services, Head Start Family Outreach, Housing Search Specialist, Marin Brain Injury Network, Middle School Program, Pickleweed Children's Center, and Senior Access.

The Brain Injury Network and Senior Access both have an inherent limitation on their fundraising potential because some potential donors fear becoming disabled. A small amount of assistance from the Housing Search Specialist or the Family Law Center at a crucial time can have a long-term impact on a family's financial status. The Family Outreach Program, Pickleweed Children's Center, and Middle School Program are youth-focused programs.

Staff also considered the requests for public service funding for Economic Opportunity for Women, Gilead House, Home Connection of Marin, Neighborhood Talk, Second Step, and Venetia Valley K-8 Playworks, but did not find them to be sufficiently compelling to recommend for funding in a year when our grant is 19% less than last year's amount.

Marin Grassroots has withdrawn its Carnival of Cultures Festival proposal.

SAN RAFAEL PLANNING AREA - Public Services

TYPE	PROJECT #	PROJECT NAME	If previously funded, data reported:		Quality of Affirmative Marketing Plan	REQUEST	Recommended New Funds
			% Racial Minorities	% Hispanic			
Public Service	SS - 1	Carnival of Cultures Festival (withdrawn)	New	New	B	\$2,000	
	SS - 2	Economic Opportunity for Women	New	New	A	\$10,000	
	SS - 3	Family Law Legal Services	8%	35%	A	\$20,000	\$6,000
	SS - 4	Family Outreach Project	12%	69%	B	\$26,865	\$6,000
	SS - 5	Gilead House support services	New	New	B	\$12,000	
	SS - 6	Home Connection of Marin	New	New	A	\$10,800	
	SS - 7	Housing Search Specialist	43%	10%	A	\$9,000	\$6,000
	SS - 8	Marin Brain Injury Network Services	3%	3%	B	\$14,000	\$6,026
	SS - 9	Middle School Program	5%	95%	B	\$15,000	\$10,000
	SS - 10	Neighborhood Talk	New	New	B	\$4,000	
	SS - 11	Pickleweed Children's Center	47%	60%	B	\$68,208	\$10,000
	SS - 12	Second Step Transitional Housing	15%	62%	B	\$25,000	
	SS - 13	Senior Access Scholarships	9%	9%	B	\$12,000	\$6,000
	SS - 14	Venetia Valley K-8 Playworks	New	New	B	\$10,000	
Marin County, 2010 Census					TOTAL	\$238,873	\$50,026
San Rafael Planning Area funds available for Public Services based on 15% of Planning Area allocation							\$50,026