



June 27, 2018

The Honorable Judge Paul Haakenson
Marin County Superior Court
P.O. Box 4988
San Rafael, CA 94913-4988

Ron Brown, Foreperson
Marin County Civil Grand Jury
3501 Civic Center Drive, Room #275
San Rafael, CA 94903

Honorable Judge Haakenson
Mr. Brown

Re: Marin County Civil Grand Jury Report Entitled: "Homelessness in Marin – A Progress Report"

We are forwarding to you the following documents:

- A copy of Resolution No. 14524 adopted by the San Rafael City Council on June 18, 2018, approving and authorizing the Mayor to execute the City's response;
- Original of the "Response to Grand Jury Report Form," executed by Mayor Phillips on June 26, 2018;
- Copy of City Council Staff Report dated June 18, 2018.

Should you need further assistance, please contact me at (415) 485-3065.

Sincerely,

LINDSAY LARA
City Clerk

cc: Gary O. Phillips, Mayor of the City of San Rafael
Jim Schutz, City Manager
Robert Epstein, City Attorney
Andrew Henning, Director of Homeless Planning and Outreach

RESOLUTION NO. 14524

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL
APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE CITY'S
RESPONSE TO THE MAY 9, 2018 MARIN COUNTY GRAND JURY REPORT
ENTITLED "HOMELESSNESS IN MARIN: A PROGRESS REPORT"**

WHEREAS, pursuant to Penal Code section 933, a public agency which receives a Grand Jury Report addressing aspects of the public agency's operations must, within ninety (90) days, provide a written response to the Presiding Judge of the Superior Court with a copy to the Foreperson of the Grand Jury, responding to the Report's findings and recommendations; and

WHEREAS, Penal Code section 933 specifically requires that the "governing body" of the public agency provide said response and, in order to lawfully comply, the governing body must consider and adopt the response at a noticed public meeting pursuant to the Brown Act; and

WHEREAS, the City Council of the City of San Rafael has received and reviewed the Marin County Grand Jury Report, dated May 9, 2018, entitled "Homeless in Marin: A Progress Report," and has agendized it at this meeting for a response.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of San Rafael hereby:

1. Approves and authorizes the Mayor to execute the City's response to the Marin County Grand Jury's May 9, 2017 report, entitled "Homeless in Marin: A Progress Report," a copy of which response is attached hereto and incorporated herein by reference.
2. Directs the City Clerk to forward the City's response forthwith to the Presiding Judge of the Marin County Superior Court and to the Foreperson of the Marin County Grand Jury.

I, Lindsay Lara, 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 San Rafael City Council held on the 18th day of June 2018, by the following vote to wit:

AYES: COUNCILMEMBERS: Bushey, McCullough & Vice-Mayor Gamblin

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: Colin & Mayor Phillips



LINDSAY LARA, City Clerk

**DUPLICATE
ORIGINAL**

ATTACHMENT B

FORM FOR RESPONDING TO GRAND JURY REPORT

Report Title: Homelessness in Marin: A Progress Report
Report Date: May 9, 2018
Public Release Date: May 17, 2018
Response by: Mayor Gary Phillips and San Rafael City Council

FINDINGS

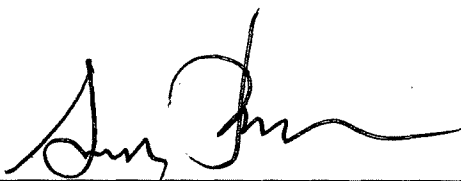
- I (we) agree with the findings numbered: n/a
- I (we) disagree wholly or partially with the findings numbered: n/a

RECOMMENDATIONS

- Recommendation numbered R5 has been implemented.
(See Exhibit 1 attached)
- Recommendations numbered n/a have not yet been implemented, but will be implemented in the future.
- Recommendations numbered n/a require further analysis.
- Recommendations numbered n/a will not be fully implemented because they are not warranted or are not reasonable.

Date: 6/26/18

Signed: _____



Number of pages attached: 2

EXHIBIT 1

RESPONSE OF THE CITY OF SAN RAFAEL TO THE GRAND JURY REPORT "HOMELESSNESS IN MARIN: A PROGRESS REPORT"

R5. The County of Marin and each city and town should actively seek developers to create housing for the homeless within their jurisdiction. *Response: has been implemented*

In the summer of 2017, the City of San Rafael responded to a separate Marin County Grand Jury reported entitled "Overcoming Barriers to Affordable Housing." The City's response at that time outlined many of the steps our communities has taken to facilitate the creation of more units:

- The City has had an inclusionary housing policy since 1987
- The City has adopted a commercial linkage to help fund affordable housing projects
- The City currently has over 100 residential units (including below-market-rate units) approved and fully entitled in Downtown San Rafael. We cannot, however, force developers to build.
- The City offers a residential density bonus for affordable housing
- The City has adopted a Junior Second Unit Ordinance

Of note, since last summer's response, the City has begun its 2040 General Plan process, and the City has also been awarded funding to create a Downtown Precise Plan. Both of these planning efforts should help with future development in San Rafael.

In addition to the policies above, beginning in January of 2017, the City's Director of Homeless Planning & Outreach has played a central role in the creation of a new county-wide working group called "Opening Doors Marin." Opening Doors includes representatives from the County of Marin's Board of Supervisors, County of Marin Department Directors, local real estate experts, nonprofit housing developers, the faith-based community, local homeless service and housing providers, City Councilmembers from jurisdictions throughout Marin, City Managers from jurisdictions throughout Marin, and local philanthropies. The goals of this group are three-fold:

1. Create a community-wide vision and business plan for ending chronic homelessness by 2022.
2. Create a forum where local jurisdictions can have a regional discussion about creating more units. When communities are siloed, a "prisoner's dilemma" mentality can develop around housing. There is a fear that if community X is the first to create housing, then community Y will simply send more people to community X. The goal is to have each community see that everyone is doing their part.
3. Create more operational efficiency for stakeholders. Currently, the housing development process in our region is very disjointed. Opening Doors is an early effort to create more coordination

Despite this progress, however, cities and towns in Marin County face a significant challenge when relying on traditional nonprofit housing developers to create more units. Affordable housing developers

continue to tell us that projects in Marin are simply too small. If they can build a 50-, 100-, or 200-unit project somewhere else in the Bay Area, then that's what they're going to do. Given the historical community opposition to new housing in Marin, as well as the pre-development costs on the front-end of any project, even for firms that got their start in Marin, there simply is not a sufficient return on investment.

To counteract this hesitance to working in Marin, the City of San Rafael has tried to partner with other local "developers," for example, Homeward Bound of Marin. The City has also reached out to nonprofit developers outside of the region like Sacramento-based Mutual Housing. There are potential projects in the pipeline with both groups that could cover San Rafael's share of the new permanent supportive housing creation.

However, even as the City remains proactive with its outreach, another challenge remains. Counties all around us have passed or are planning to vote on significant affordable housing funding mechanisms like bonds and sales tax measures. In 2016 Santa Clara County, for example, passed a \$950 million bond with \$700 million dedicated to permanent supportive housing. Alameda County and San Mateo County have also passed measures, and Napa, Sonoma, and Santa Cruz Counties all have items on the ballot in November. Contra Costa County is planning to do a measure in 2020.

The vast majority of affordable housing developers use Low Income Tax Credits to finance projects. More lucrative 9% Tax Credits become more competitive when there is more "local money" committed. If all of our neighbors have access to increased "local money," it will become even more difficult for developers to finance projects, no matter the size.



SAN RAFAEL
THE CITY WITH A MISSION

Agenda Item No: 7.b

Meeting Date: June 4, 2018

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: City Manager's Office

Prepared by: Andrew Hening,
Director of Homeless
Planning & Outreach

City Manager Approval: _____

TOPIC: RESPONSE TO GRAND JURY REPORT ABOUT HOMELESSNESS

SUBJECT: CONSIDERATION OF A RESOLUTION APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE CITY OF SAN RAFAEL RESPONSE TO THE MAY 9, 2018 MARIN COUNTY GRAND JURY REPORT ENTITLED "HOMELESSNESS IN MARIN: A PROGRESS REPORT"

RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution approving the proposed response to the Grand Jury report and authorizing the Mayor to execute the response.

BACKGROUND:

On May 9, 2018 (public release date May 17, 2018) the Marin County Grand Jury released a report entitled "Homelessness in Marin: A Progress Report" as a follow up to their April 23, 2015 report entitled "Homelessness in Marin: A Call for Leadership." As indicated in the latest report, since 2015 our community has indeed made significant progress addressing homelessness, and the City of San Rafael, through the creation of its Director of Homeless of Planning & Outreach position, as well as its investment in a Mental Health Resource Officer and Downtown Foot Patrol, has played a central role in helping to drive the change.

For this latest report, the Grand Jury:

- Conducted interviews with County and city officials, leaders of nonprofit organizations dedicated to homeless services, and informed members of the public.
- Attended meetings of the Homeless Policy Steering Committee, which serves to coordinate County and nonprofit efforts.

FOR CITY CLERK ONLY

File No.:

Council Meeting:

Disposition:

SAN RAFAEL CITY COUNCIL AGENDA REPORT / Page: 2

- Studied the 2017 Point-in-Time Survey, which identified and categorized the homeless population in Marin.
- Reviewed the Continuum of Care Housing Inventory⁵ to assess the housing and shelter resources available.
- Read articles in the Marin Independent Journal, the San Francisco Chronicle and other publications.
- Researched homeless programs throughout the country.

Through their research, the Grand Jury has found that the City of San Rafael, the County of Marin, and our local nonprofits are now in many ways on the cutting-edge of homeless service provision. Since the original report was released, the City and our local partners have:

- Have visited, vetted, and adopted both regional and national best practices such as the Homeless Outreach Team, Coordinated Entry, and Housing First.
- We have supported our shelter providers in creating a new vision and operational framework for “housing-focused” shelter.
- Through public policy, programming, and community education, we have worked to emphasize the importance and feasibility of ending chronic homelessness.
- We have worked to develop new funding sources like Whole Person Care (administered by the County of Marin), and we have also worked to create more efficient service models (e.g. the Ritter Center has hired Mark Shotwell, a leading expert on Assertive Community Teams who had previously been the Director of Healthcare for the Homeless in Alameda County).

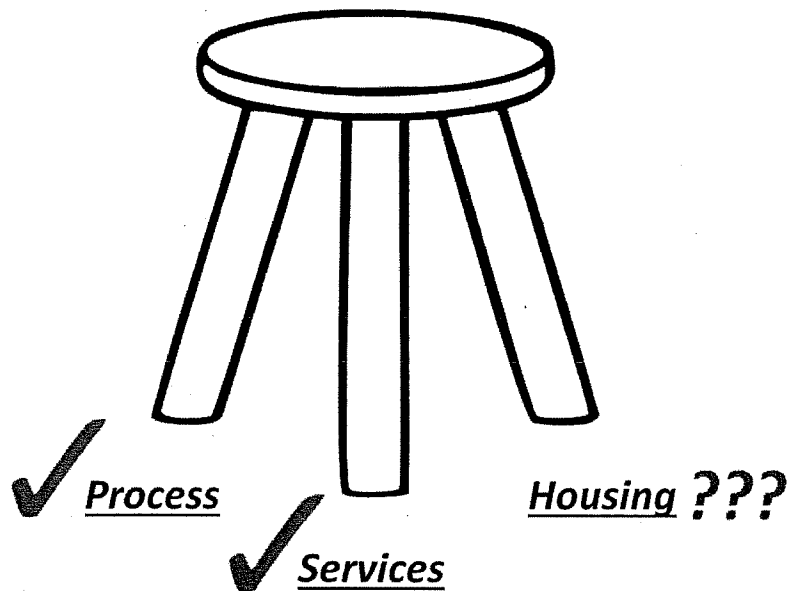
As outlined in the latest report, Marin, by emulating communities like Bergen County, New Jersey who have ended chronic homelessness, is now on a path towards significantly reducing public expenditure, improving quality of life issues for all residents, and sustainably assisting some of the most vulnerable people in our community regain housing.

Despite all of this great progress, however, the Grand Jury also accurately points out that while we have been able to house approximately 60 of the most vulnerable, chronically homeless people in our community over the last two years, if we are going to accelerate this process and actually end chronic homelessness, we have to create more permanent supportive housing units.

Solving chronic homelessness is like a tripod (Figure 1). A community needs a framework for prioritizing the most vulnerable. Marin now has that through Coordinated Entry. A community needs services and case management capacity to support everyone moving into housing. The State of California and the County of Marin are now providing that through Whole Person Care. Lastly, a community needs housing units. The Marin Housing Authority has made significant progress through the “Landlord Partnership Program” recruiting new landlords (e.g. they recruited 82 new landlords in 2017), but in order to create the 400 units the Grand Jury report suggests we need, we cannot solely rely on landlord recruitment.

Given this remaining challenge around housing creation, the Grand Jury has asked every city and town in Marin to describe how they plan to create more units within their jurisdiction.

Figure 1 – The Tripod of Solving Chronic Homelessness



ANALYSIS:

#1 What the City is Already Doing

In the summer of 2017, the City of San Rafael responded to a separate Marin County Grand Jury reported entitled "Overcoming Barriers to Affordable Housing." The City's response at that time outlined many of the steps our communities has taken to facilitate the creation of more units:

- The City has had an inclusionary housing policy since 1987
- The City has adopted a commercial linkage to help fund affordable housing projects
- The City currently has over 100 residential units (including below-market-rate units) approved and fully entitled in Downtown San Rafael. We cannot, however, force developers to build.
- The City offers a residential density bonus for affordable housing
- The City has adopted a Junior Second Unit Ordinance

Of note, in other communities like Montgomery County, Maryland (outside of Washington, D.C.), the local housing authority acquires below-market-rate units at the time of their creation and uses them for permanent supportive housing. That is certainly an option in Marin. Also of note, since last summer's response, the City has begun its 2040 General Plan process, and the City has also been awarded funding to create a Downtown Precise Plan. Both of these planning efforts can help with future development in San Rafael.

#2 A Vision for the Future

In addition to the policies above, beginning in January of 2017, the City’s Director of Homeless Planning & Outreach has played a central role in the creation of a new county-wide working group called “Opening Doors Marin.” Opening Doors includes representatives from the County of Marin’s Board of Supervisors, County of Marin Department Directors, local real estate experts, nonprofit housing developers, the faith-based community, local homeless service and housing providers, City Councilmembers from jurisdictions throughout Marin, City Managers from jurisdictions throughout Marin, and local philanthropies. The goals of this group are three-fold:

1. Create a community-wide vision and business plan for ending chronic homelessness by 2022.
2. Create a forum where local jurisdictions can have a regional discussion about creating more units. When communities are siloed, a “prisoner’s dilemma” mentality can develop around housing. There is a fear that if community X is the first to create housing, then community Y will simply send more people to community X. The goal is to have each community see that everyone is doing their part.
3. Create more operational efficiency for stakeholders. Currently, the housing development process in our region is very disjointed (Figure 2). Opening Doors is an early effort to create more coordination (Figure 3).

Figure 2 – The Status Quo

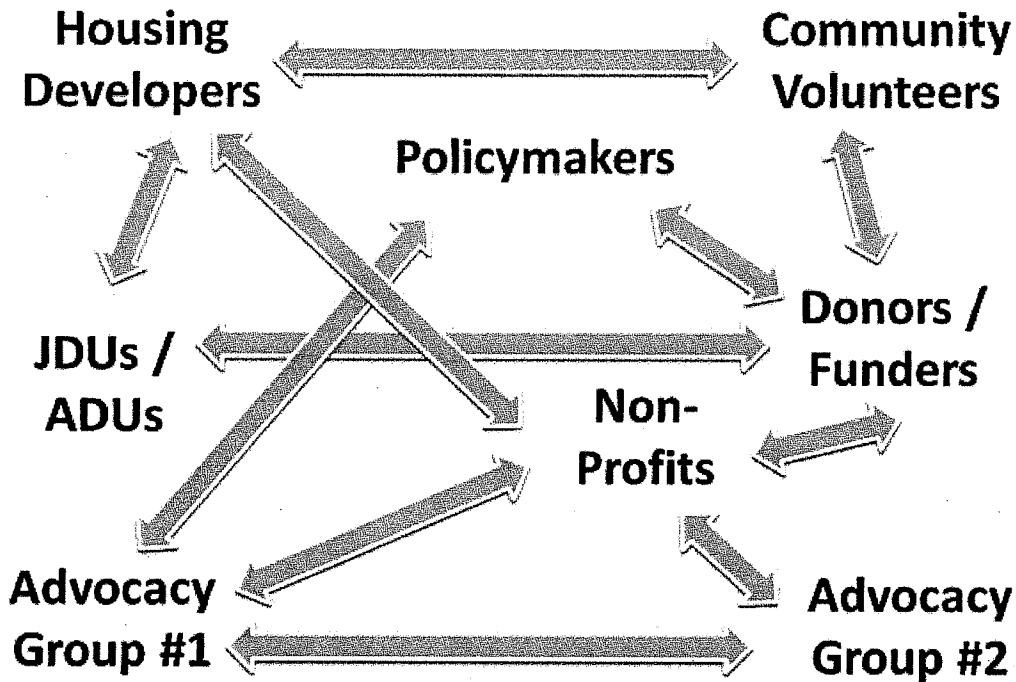
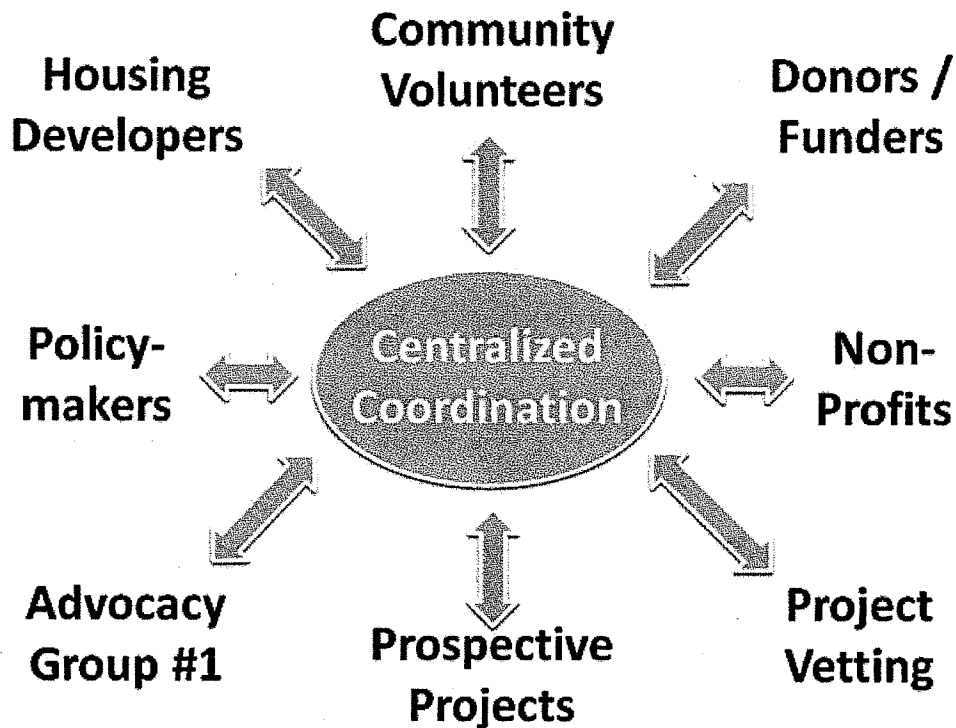


Figure 3 – The Vision



#3 Remaining Challenges

The Grand Jury report recommends that cities and towns work more closely with *developers*, however, there is a barrier to doing so beyond local jurisdictions' control – affordable housing developers continue to tell us that projects in Marin are simply too small. If they can build a 50-, 100-, or 200-unit project somewhere else in the Bay Area, then that's what they're going to do. Given the historical community opposition to new housing in Marin, as well as the pre-development costs on the front-end of any project, even for firms that got their start in Marin, there simply is not a sufficient return on investment.

To counteract this hesitance to working in Marin, the City of San Rafael has tried to partner with other local "developers," for example, Homeward Bound of Marin. The City has also reached out to nonprofit developers outside of the region like Sacramento-based Mutual Housing. There are potential projects in the pipeline with both groups that could cover San Rafael's share of the new permanent supportive housing creation.

However, even as the City remains proactive with its outreach, another challenge remains. Counties all around us have passed or are planning to vote on significant affordable housing funding mechanisms like bonds and sales tax measures. In 2016 Santa Clara County, for example, passed a \$950 million bond with \$700 million dedicated to permanent supportive housing. Alameda County and San Mateo County have also passed measures, and Napa, Sonoma, and Santa Cruz Counties all have items on the ballot in November. Contra Costa County is planning to do a measure in 2020.

The vast majority of affordable housing developers use Low Income Tax Credits to finance projects. More lucrative 9% Tax Credits become more competitive when there is more “local money” committed. If all of our neighbors have access to increased “local money,” it will become even more difficult for developers to finance projects, no matter the size.

FISCAL IMPACT:

There is no direct fiscal impact from the recommended action of this report.

ACTION REQUIRED:

The City is required to respond to the Grand Jury Report. Penal Code section 933(c) states in part:

“No later than 90 days after the Grand Jury submits a final report...the governing body of the public agency shall comment to the presiding Judge of the Superior Court on the findings and recommendations...[contained in the report].”

To comply with this statute, the City’s response to the Grand Jury report is required to be approved by Resolution of the City Council and submitted to the Presiding Judge of the Marin County Superior Court and the Foreperson of the Grand Jury on or before September 26, 2017. A proposed Resolution is included that would approve staff’s recommendation for the City’s response (Attachments A & B).

OPTIONS:

The City is required to respond, however, the City Council has the following options to consider on this matter:

1. Adopt Resolution approving the proposed response;
2. Adopt Resolution with modifications to the proposed response;
3. Direct staff to return with more information.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt the attached Resolution approving the proposed response to the Grand Jury report and authorizing the Mayor to execute the response.

ATTACHMENTS:

- A. Resolution
- B. Proposed Response
- C. Grand Jury Report "Homelessness in Marin: A Progress Report" dated May 17, 2018