

SAN RAFAEL PLANNING AREA

PUBLIC HEARING

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

Tuesday, March 11, 2014
7:00 p.m.

Albert J. Boro Community Center
(Pickleweed Park Community Center)
Classroom 4
50 Canal Street, San Rafael

AGENDA

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

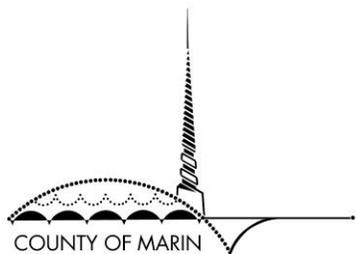
Future Hearings

| | | |
|----------|--|-------------------------|
| March 24 | Countywide Priority Setting Committee (CDBG Countywide Housing Projects, HOME Program Projects, and Ratification of CDBG Planning Area Recommendations) San Rafael B Street Community Center 618 B Street, San Rafael | 7:00 p.m. |
| May 6 | 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 (415) 473-6698 at the Marin County Community Development Agency. People using TTY devices may reach us at (415) 473-3232 (TTY) or through the California Relay Service at 711. All public meetings and events sponsored or conducted by the County of Marin are held in accessible sites. Requests for accommodations may be made by calling (415) 473-6279 (voice-Amy Brown), (415) 473-3232 (TTY), or by e-mail: asbrown@marincounty.org, at least five business days in advance of the event. Copies of documents are available in alternative formats, upon request. Sign language interpretation and translation into languages other than English are available upon request. Please call our office at (415) 473-6279, at least five business 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. In consideration of persons with environmental sensitivities, please do not wear perfume or other fragrances. Call Golden Gate Transit (415-455-2000, 711 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, 3501 Civic Center Drive, Room 308, San Rafael, California. Copies of documents are available in accessible formats upon request.



STAFF REPORT

TO: SAN RAFAEL LOCAL AREA COMMITTEE

FROM: Roy Bateman, Community Development Manager

SUBJECT: Recommendations for Funding 2014-15
Community Development Block Grant (CDBG) Proposals

DATE: March 6, 2014

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 Planning Area public hearing on Tuesday, March 11, 2014, at 7:00 p.m., at the Albert J. Boro Community Center (Pickleweed Park Community Center), Classroom 4, 50 Canal Street, San Rafael.

Please note that the hearing on CDBG housing and capital funding in the San Rafael Planning Area will be held by the San Rafael City Council on Monday, March 17. San Rafael city staff will make recommendations for that hearing. Their recommendations will be posted at <http://www.cityofsanrafael.org/meetings/>.

Update on Federal Budget and Expected CDBG and HOME Grant Amounts

Delays in setting the federal budget have become so routine that HUD recently issued formal guidelines for localities on how to prepare CDBG and HOME Investment Partnerships Program (HOME) grant applications when their funding allocations are not known before the deadline for filing the applications.

In January 2014, Congress approved an omnibus appropriations bill for federal fiscal year 2014, and the President signed the bill. As a result, we might know our CDBG and HOME formula funding amounts for the 2014-15 program year in about a month. Nationally, funding for CDBG will be 1.5% less than last year, and funding for HOME will be 5% greater than last year. Marin's actual grant amounts will also be affected by any changes in how Marin ranks on demographic factors (population, poverty, overcrowded housing, etc.) in comparison with other grantees. For planning purposes, staff recommends that we assume a 3.5% reduction in CDBG and a 3% increase in HOME.

Trends in the CDBG and HOME Programs

Nationally, the most important trend in the CDBG and HOME Programs is the decline in funding. Less money means less impact, and unless other funding sources fill the gap, it means fewer and/or smaller projects. Along with the decline in grant allocations, the amount that HUD allows for administrative expenses has also been shrinking. The amount HUD allows for administration is no longer enough to cover the County's CDBG administrative costs.

Meanwhile, HUD is requiring increased documentation for our projects, partly because Congress is divided on whether CDBG and HOME are worthy of support, and partly because it's easy to add additional data fields to HUD's computer system. HUD is increasingly using its computer system as a management and monitoring tool, making it increasingly risky to fund projects that might not quickly generate beneficiary statistics. The increased emphasis on accountability creates disincentives for risk-taking. In a system where HUD demands repayment of funds advanced for projects that fail, it becomes riskier to fund an inexperienced project sponsor or to provide the first dollars for a promising new idea.

Locally, there has been an increasing emphasis on the extent to which racial and ethnic minorities are served by CDBG and HOME projects, and the quality of each project sponsor's affirmative marketing plan. (Affirmative marketing is a process by which an organization determines 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.)

Spending Deadlines

The ability to spend funds quickly has become increasingly important. Under pressure from Congress, 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. We are typically very close to the allowable limit of unspent funds. As our CDBG grant declines, the amount of unspent funds we are permitted to hold also declines. Therefore, we should be careful to target CDBG funds to projects that are ready to proceed.

CDBG Administrative Expenses Likely to Exceed Limit

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

| Fiscal Year | Percentage of Marin 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%* |
| 2011-12 | 18.74% |
| 2012-13 | 22.69%** |

*The 2010-11 entry includes \$65,500 booked as an unliquidated obligation for accrued liability for future retiree health benefits, which will have the effect of reducing our administrative percentage at some point in the future.

**For 2012-13, because the amount we could bill HUD was limited to 20%, the County general fund absorbed the remaining 2.69% (\$39,116).

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. 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.

We expect that the CDBG grant’s allowance for administration will not cover the full cost of CDBG administration this year. 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 2013-14 shortfall will be approximately \$7,000. However, that amount is artificially low because our half-time Planner position has been vacant for more than half of this fiscal year. That vacancy was filled earlier this month, and the cost of that position will increase the administrative shortfall in the 2014-15 fiscal year. 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.

Reducing the Overall Number of Projects

Over the last 13 years, the number of CDBG projects funded each year has fluctuated between 30 and 52 projects per year. In the 2011-12 program year, Marin funded 37 CDBG projects, consisting of 14 housing projects, 5 capital projects, and 18 public service projects. Last year, Marin funded 32 CDBG projects, consisting of 12 housing projects, 4 capital projects, and 16 public service projects.

In order to bring actual CDBG administrative costs closer to balance with the administrative allowance provided by the CDBG grant, staff recommends that we fund fewer projects in the 2014-15 program year. 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. Staff has recommended a goal of reducing the number of CDBG projects to a range between 27 and 30 projects.

Renewal of City-County CDBG 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 established by formula.

In 2011, all of the cities in Marin entered into three-year CDBG Cooperation Agreements enabling us to continue to obtain formula funds as an urban county. Renewal of the Cooperation Agreements by June 30, 2014 is required for Marin County to remain eligible to receive funds for the next three fiscal years.

We expect that the 2014 Cooperation Agreement will be very similar to the 2011 version, with only minor revisions. Most of the provisions are mandated by HUD, and the others describe existing local processes. Early this spring, staff will send the 2014 Cooperation Agreements to city/town managers for Council approval.

Staff hopes that the Councilmembers on the Priority Setting Committee will help facilitate the local renewal process. If Priority Setting Committee members have any questions about the Cooperation Agreement, they are invited to contact Roy Bateman at the Marin County Community Development Agency at 473-6698.

Recommendations for San Rafael Planning Area 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 7. (Note that the San Rafael City Council will hold a public hearing on March 17, 2014 on the use of CDBG San Rafael Planning Area capital and housing funds. City staff will make recommendations for the use of those funds.)

It has become routine for HUD to announce our actual formula grant amount during or after our annual public hearing process. (See page 1 of this report.) As a result, we should expect that the final Marin County grant amount will vary from our estimate, and that would impact the San Rafael CDBG allocation for public services. 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 revision when HUD announces the County’s CDBG allocation. At that time, staff would recalculate the amounts available for each planning area, and for each activity category. To the extent that cuts are needed or additional funds are available, staff would adjust the preliminary project grant amounts, so that the final funding amounts will be proportional to the amounts approved at the San Rafael Planning Area hearing. Where feasible, staff would then round numbers to the nearest hundred dollars. If additional funds are available, the adjustment would be limited so that no project receives more than the amount the sponsor requested.

The table on page 7 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 did not 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. 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 other demographic groups.

SAN RAFAEL PLANNING AREA - Public Services

| TYPE | PROJECT # | PROJECT NAME | If previously funded project, data reported: | | Quality of Affirmative Marketing Plan | REQUEST | Recommended New Funds |
|---|-----------|---|--|------------|---|------------------|-----------------------|
| | | | % Racial Minorities | % Hispanic | | | |
| | | | | | A-Excellent; B-Responsive; C-Non-Responsive | | |
| Public Service | SS - 1 | Community Ambassadors Program | NEW | NEW | B | \$10,000 | |
| | SS - 2 | Community Health Hub - San Rafael | NEW | NEW | A | \$7,500 | |
| | SS - 3 | Family Law Legal Services | 12% | 40% | A | \$7,000 | \$6,750 |
| | SS - 4 | Homeless Children Mental Health Services | NEW | NEW | B | \$17,715 | |
| | SS - 5 | Marin Brain Injury Network Services | 5% | 4% | A | \$11,000 | \$6,750 |
| | SS - 6 | Middle School Program | 0% | 100% | B | \$15,000 | \$15,000 |
| | SS - 7 | Performing Stars | 49% | 53% | B | \$5,000 | \$2,501 |
| | SS - 8 | Pickleweed Children's Center | 0% | 100% | C | \$51,601 | \$15,200 |
| | SS - 9 | Portuguese Social Referral Project (PSRP) | NEW | NEW | B | \$10,000 | |
| | SS - 10 | San Francisco and Marin Food Bank | 11% | 60% | A | \$23,493 | |
| | SS - 11 | Senior Access Scholarships | 11% | 0% | A | \$19,000 | \$6,750 |
| | SS - 12 | Whistlestop Excursion Vans | NEW | NEW | A | \$41,859 | |
| | SS - 13 | Wise Choices for Girls | NEW | NEW | B | \$1,000 | |
| | | Marin County, 2010 Census | 14% | 16% | TOTAL | \$220,168 | \$52,951 |
| <p align="center">Funds available for Public Services based on 15% of Planning Area allocation</p> | | | | | | | \$52,951 |

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: Hispanic clients are very well-represented among the beneficiaries of this program. The sponsor’s affirmative marketing proposal is excellent (rated A).

2. Marin Brain Injury Network (Brain Injury Network of the Bay Area)

The Brain Injury Network of the Bay Area (formerly known as the Marin Brain Injury Network) is the only rehabilitative non-profit center in Marin offering services and support groups for people with traumatic head injuries. Their services include day treatment, which provides 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. In 2013, the staff produced the Brain Injury Information Handbook, an excellent publication that guides clients and caregivers through a complicated process. CDBG funds are recommended for staff salaries.

Equal Opportunity Analysis: Racial minorities and Hispanics are under-represented among the beneficiaries of this program. The sponsor’s affirmative marketing proposal is excellent (rated A).

3. Middle School Program (Canal Alliance)

Canal Alliance's Middle School Program is a rigorous program supporting youth academically, emotionally, and socially. The program works with middle school youth, including many who are immigrants or children of immigrants, and whose first language is Spanish. The program identifies students who are academic underachievers with C or D averages, and helps to prepare them for higher education. Students chosen for this program agree to attend sessions which meet two hours a day, four days a week, for ten months of the year. The program offers two sections--one class is a combination of 6th and 7th grade students, and the other class is 8th grade students. Students attend daily and receive at least two hours of homework or academic time each day. Those in need of extra support stay an extra hour, often with academic tutors, to receive additional support on Tuesdays, Thursdays, or Fridays, depending on the subject area. 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.

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).

4. Performing Stars of Marin

Performing Stars of Marin is dedicated to building the self-esteem of low income children through activities in the performing, visual, and literary arts, as well as providing access to summer day camp programs and field trips. This program has proven to be a valuable tool for building self-confidence in participating children. Although based in Marin City, this program has a long history of outreach to the Canal neighborhood in San Rafael. Staff recommends funding towards staff for this program.

Equal Opportunity Analysis: Racial minorities are very well represented among the beneficiaries of this program. Hispanics are very well-represented compared to their proportion of the Marin population. In the last year, about half the participants were African-American, and about half were Hispanic. The sponsor's affirmative marketing proposal is responsive (rated B).

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

The City of San Rafael operates a preschool program at the Pickleweed Children's Center, in coordination with the nearby Bahia Vista School. The Center serves low-income 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 from August to June, with morning and afternoon sessions for different groups of preschoolers. The program currently serves 48 four-year-olds and 20 three-year-olds in separate morning and afternoon programs. Staff recommends that CDBG funds be used for salaries for preschool staff.

Equal Opportunity Analysis: Racial minorities are under-represented, but Hispanics are very well represented. The sponsor's affirmative marketing proposal is non-responsive (rated C).

6. 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. This day program includes expressive arts, word games, exercise, and field trips. 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. Stigmatization based on disability is an issue for all racial and ethnic groups, affecting utilization of this service. The sponsor's affirmative marketing proposal is excellent (rated A).

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 continue to limit the number of projects. By limiting the number of projects, we help to limit CDBG administrative expenses without diminishing the amount of public service funding. Limiting the number of public services actually results in a higher average grant in the public service category.

In the San Rafael Planning Area, staff is recommending six public service projects for funding this year, the same number funded last year. Four of the six 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:

- 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?
- How needy is the project sponsor, considering its size and financial strength?
- In the context of other available resources, which projects can have the most lasting impact with a small amount of CDBG funds?

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