

SAN RAFAEL PLANNING AREA

PUBLIC HEARING

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

Tuesday, March 12, 2013
7:00 p.m.

Maria B. Freitas Senior Community
Community Room
455 Manuel T. Freitas Parkway
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

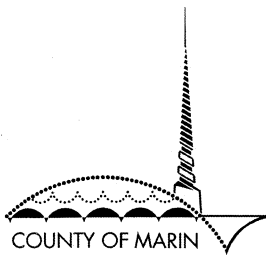
Future Hearings

March 21	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 7	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, 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, 899 Northgate Drive, Room 408, San Rafael, California. Copies of documents are available in accessible formats upon request.



STAFF REPORT

TO: SAN RAFAEL LOCAL AREA COMMITTEE

FROM: Roy Bateman *RoyBateman*

SUBJECT: Recommendations for Funding 2013-14
Community Development Block Grant (CDBG) Public Service Proposals

DATE: March 6, 2013

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 Tuesday, March 12, 2013, at 7:00 p.m., at the Maria B. Freitas Senior Community, Community Room, 455 Manuel T. Freitas Parkway, San Rafael. Please note the location of the hearing. (From downtown San Rafael, take U.S. 101 north, take the Freitas Parkway/Terra Linda exit, go past the Safeway, make a U-turn at Las Pavadas, and then turn right at Trinity Way (the driveway to St. Isabella's Catholic Church).)

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 18. San Rafael city staff will make recommendations for that hearing. Their recommendations will be posted at <http://www.cityofsanrafael.org/meetings/>.

Federal Sequestration

The Budget Control Act of 2011 requires across-the-board cuts in federal discretionary programs unless Congress is able to agree on an alternative plan. If Congress did nothing, sequestration of funding for federal discretionary programs was expected to result in an 8% cut in CDBG and HOME as of January 1, 2013. H.R. 8, approved by the House of Representatives on January 1, delayed the sequestration until March 1, giving Congress more time to agree on an alternative to the pre-determined "fiscal cliff."

Because of the federal budget impasse, HUD has not been able to provide us with estimates of our grant amounts for the 2013-14 program year. However, automatic sequestration was triggered on March 1, so we expect an 8% reduction in funding for CDBG and HOME. If Congress is able to agree on an alternative to sequestration, the impact on CDBG and HOME might be positive or negative, depending on which programs Congress decides to shield from

cuts, whether additional revenues are planned, and how much the deficit is allowed to grow. This could result in no cuts to CDBG and HOME, or cuts below or above 8%. For example, Congress might agree to exempt the military from budget cuts, but make deeper cuts in “non-defense discretionary programs,” such as CDBG and HOME, in order to balance the budget. Last year, Marin received a \$1,166,041 CDBG allocation and a \$595,350 HOME allocation. Our best estimate is that Marin County’s CDBG and HOME grant allocations for the 2013-14 program year will be 8% lower than last year, resulting in an estimated CDBG grant of \$1,072,758 and an estimated HOME grant of \$547,722. Recommendations in this staff report are based on these estimates.

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 great new idea.

Locally, there has been an increasing emphasis on the extent to which racial and ethnic minorities are served by potential 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.

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%

*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.

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 2.4 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 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.

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 30 CDBG projects.

This did not shrink administrative expenses to the point where they could 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 may have to reduce the number of projects again.

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 6. (Note that the San Rafael City Council will hold a public hearing on March 18, 2013 on the use of CDBG San Rafael Planning Area capital and housing funds. City staff will make recommendations for the use of those funds.)

Because of the uncertainty about the federal budget, 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 for public service projects 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 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 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 6 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	Reprogrammed Funds
			% Racial Minorities	% Hispanic				
Public Service	SS - 1	Family Law Legal Services	14%	39%	A	\$7,500	\$6,000	
	SS - 2	High Risk Youth Mentoring Program	New	New	A	\$12,500	\$0	
	SS - 3	Marin Brain Injury Network	9%	3%	A	\$10,500	\$6,000	
	SS - 4	Marin Women of Color Leadership Summit	New	New	C	\$1,000	\$0	
	SS - 5	Middle School Program	3%	98%	B	\$15,000	\$13,500	
	SS - 6	Performing Stars	53%	40%	B	\$10,000	\$2,171	
	SS - 7	Pickleweed Children's Center	53%	47%	C	\$39,579	\$13,500	
	SS - 8	San Francisco and Marin Food Banks	11%	63%	A	\$16,448	\$0	
	SS - 9	Senior Access Scholarships	5%	0%	A	\$19,000	\$6,000	
	SS - 10	Small Business Technical Assistance	New	New	B	\$16,200	\$0	
	SS - 11	Transitional Housing Programs-gap funding	New	New	A	\$3,292	\$0	
Marin County, 2010 Census			14%	16%	TOTAL	\$151,019	\$47,171	\$0
Funds available for Public Services based on 15% of Planning Area allocation							\$47,171	\$0

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 well-represented among the beneficiaries of this program, and Hispanic clients are very well-represented. 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 non-profit rehabilitative center in Marin offering services and support groups for people who have experienced traumatic head injuries and stroke. The Network offers day treatment services, including cognitive and vocational rehabilitation, computer-based cognitive therapy, art therapy, and life skills training, 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. Typically, insurance coverage for rehabilitation ends at an arbitrary point, when the patient is deemed to have stopped improving. The Network provides long-term care in the post-acute period, which can help patients reach and maintain a higher level of functioning. 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 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 of Marin County 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 3-year olds and 4-year olds. The program currently serves 42 children. Staff recommends that CDBG funds be used for salaries for preschool staff.

Equal Opportunity Analysis: Racial minorities and 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 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 six public service projects for funding this year, one less than was funded last year. Four 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:

- 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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