

**WEST MARIN PLANNING AREA**

**PUBLIC HEARING**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

Wednesday, March 20, 2013

7:00 p.m.

Dance Palace Community Center, Board Room  
503 B Street, Point Reyes Station

**A G E N D A**

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

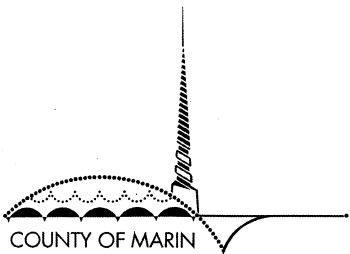
Future Hearings

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: WEST MARIN LOCAL AREA COMMITTEE

FROM: Roy Bateman *RoyBateman*

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

DATE: March 13, 2013

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The recommendations from Community Development Block Grant staff for funding projects in the West Marin Planning Area are listed below. These recommendations will be presented and considered at the West Marin Area public hearing on Wednesday, March 20, 2013, at 7:00 p.m., at the Dance Palace Community Center, Board Room, 503 B Street, Point Reyes Station.

**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 promising 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 West Marin**

The staff recommendations for the use of CDBG West Marin Planning Area funds are shown in the table on page 7.

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 West Marin CDBG allocation. To avoid the need for an additional hearing, staff recommends that the grant amounts set at the West Marin 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 West Marin 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.

**Reprogramming of Previously Allocated Funds**

At its January 1992 meeting, the CDBG Priority Setting Committee decided that unspent CDBG balances allocated to projects over two years ago should be considered for reallocation (“reprogramming”) to other projects which may be in greater need of the funds. In compliance with this policy, CDBG staff has sent the required 30-day notices to all project sponsors with CDBG funds which were allocated two years ago or earlier, as well as to newer projects which have been moving slowly, so that the Committee would have the option of reprogramming these funds. This year, notices were sent to three projects in the West Marin Planning Area.

Bolinas Garage Affordable Housing (Bolinas Community Land Trust)  
(2011-12) \$23,200

In 2011, CDBG funds were allocated to repair leaks in tiled outdoor roof decks on the second floor of the Bolinas Garage Affordable Housing. The Land Trust is proceeding with the repair work. CDBG staff recommends that the funding allocation be maintained for this project.

Mesa Park--Irrigation Project (Mesa Park)  
(2010-11) \$13,000

In 2010, CDBG funds were budgeted for installation of irrigation for the baseball and soccer fields at Mesa Park in Bolinas. The project sponsor plans to proceed with this project. CDBG staff are preparing the environmental review which HUD requires before the project can proceed. Staff recommends that the CDBG allocation for this project be maintained.

Tomales Town Hall  
(2011-12) \$6,611  
(2012-13) 10,653  
TOTAL \$17,264

CDBG funds have been budgeted for improvements at the Tomales Town Hall community center. Local volunteers do all the construction work, and the CDBG funds are used solely for materials. The Tomales Town Hall has submitted an invoice, not yet processed, for the construction of a wall of storage closets in the basement, electrical and lighting improvements, and construction of a small office. Because of the donated labor, the cost to the CDBG program for these improvements is less than \$6,500. Staff recommends that the CDBG allocation for this project be maintained so that Town Hall volunteers can repair the rear exterior wall.

**WEST MARIN PLANNING AREA**

TYPE	PROJECT #	PROJECT NAME	If previously funded project, data reported:		Quality of Affirmative Marketing Plan	REQUEST	Recommended New Funds
			% Racial Minorities	% Hispanic			
Housing	WH - 1	73 Inverness Way	New	New	B	\$150,000	
	WH - 2	Bolinas Garage (Housing)	0%	0%	B	\$21,670	\$11,738
	WH - 3	Gibson House-Rehabilitation	14%	29%	B	\$18,890	
	WH - 4	Rehabilitation Loan Program	11%	22%	A	\$15,000	
	WH - 5	Stockstill House	0%	0%	A	\$7,500	\$6,800
							<b>\$213,060</b>
Capital	WC - 1	Bolinas Community Center-Rehabilitation	New	New	C	\$19,499	
	WC - 2	San Geronimo Valley Community Center-Rehabilitation	9%	46%	A	\$11,689	
	WC - 3	Tomales Town Hall-Rehabilitation	N/A	N/A	C	\$28,950	
						<b>\$60,139</b>	<b>\$0</b>
Public Service	WS - 1	Home Care Assistance for the Elderly	0%	1%	A	\$7,000	\$3,479
	WS - 2	Human Services Program	9%	60%	A	\$18,000	\$4,500
	WS - 3	Marin Brain Injury Network Services	9%	3%	A	\$1,500	
						<b>\$26,500</b>	<b>\$7,979</b>
Marin County, 2010 Census			14%	16%	<b>TOTAL</b>	<b>\$299,699</b>	<b>\$26,517</b>
<b>Total funds Available for Planning Area</b>							<b>\$26,517</b>
<b>Maximum funds available for Public Services</b>							<b>\$7,979</b>
<b>Minimum funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)</b>							<b>\$7,955</b>



## HOUSING PROJECTS

1. Bolinas Garage (Bolinas Community Land Trust)

With CDBG and HOME Program assistance, the Bolinas Community Land Trust purchased the Bolinas Garage property for use as a mixed-use project, retaining the existing gas station, the retail spaces, and the three single-room occupancy apartments on the second floor of the original garage building. The Land Trust converted the auto repair garage on the first floor into three studio apartments, and built two townhouse units at the rear of the property. The Land Trust staff are managing the property with care and sensitivity, keeping rents below the limits allowed by the CDBG and HOME Programs so that tenants affected by the recession can afford to remain in place. The Bolinas Garage provides affordable housing to single people and small families, creating a mini-community within this downtown Bolinas property.

The townhouse unit at the rear of the property has developed a mold problem in an exterior wall which gets very little sunlight. It is difficult to predict the extent of the problem without breaking into the wall. The mold may affect only a small area, or it may have spread inside the wall. Correction of the problem might require replacement of insulation, installation of an additional moisture barrier, or improved interior ventilation. In the parking lot, paint that defines the boundaries of the fire lane and the handicapped parking spaces has faded and needs to be restored. A railing intended to protect the building from cars using the gas station is loose and is sometimes used by children as a play structure. To eliminate this hazard, the Land Trust proposes to replace the railing with thick concrete posts. Staff is recommending CDBG funds towards these improvements.

Equal Opportunity Analysis: The Bolinas Community Land Trust owns and manages two small rental properties in downtown Bolinas, the Bolinas Garage and the Gibson House. Racial minorities and Hispanics are under-represented at the Bolinas Garage, but are well-represented in the Gibson House. The sponsor's affirmative marketing proposal is responsive (rated B).

2. Stockstill House (West Marin Senior Services)

West Marin Senior Services owns the Stockstill House, a four-bedroom house in Point Reyes Station which it operates as an assisted living facility. The Stockstill House provides seniors with care services in a home-like setting. With past assistance from CDBG and from the Rehabilitation Loan Program, West Marin Senior Services improved the septic system, renovated a bathroom to give it full handicapped accessibility, made kitchen improvements, and improved the outdoor garden. Recently, the roof has developed a leak in one spot. Because of the unusual design of the house, most standard window coverings do not fit. Some windows are odd-shaped, and others are slanted, so they need window blinds with vertical tracks on both sides. Staff is recommending

funding towards roof repairs, re-coating the roof surface with a white elastomeric coating, and purchase of built-in window blinds.

Equal Opportunity Analysis: Racial minorities and Hispanics are under-represented among the residents of Stockstill House, partly because racial minorities and Hispanics are under-represented among the elderly. The sponsor's affirmative marketing proposal is excellent (rated A).

Because the CDBG allocation for West Marin is so small, only two housing projects were recommended for funding from West Marin CDBG funds.

Three housing proposals were not recommended for West Marin funding. Given the limited funding this year in West Marin, staff gave priority to rehabilitation and preservation of the existing affordable housing stock.

The Bolinas Community Land Trust had two proposals for rehabilitation of its rental housing projects. Staff felt that the mold issue at the Bolinas Garage was more urgent than the renovations proposed for the Gibson House, so the Gibson House was not recommended for funding.

Staff did not recommend the 73 Inverness Way homeownership project for funding. With the exception of the Rehabilitation Loan Program, in recent years the Marin CDBG program has given higher priority to rental housing serving households significantly below the CDBG income limits than to homeownership projects that serve people close to the CDBG income limits. With the decline in the County's CDBG and HOME grants, we no longer have sufficient funds to adequately support all the sound rental housing proposals that have been submitted in the various planning areas.

In view of the limited amount of funding in West Marin, staff did not recommend funding for the Rehabilitation Loan Program, a countywide program operated by the Marin Housing Authority. Staff is recommending that operating expenses for the Rehabilitation Loan Program be funded by (1) liquidating a CDBG reserve for relocation benefits that is no longer needed, and (2) transferring funds from the Rehabilitation Loan Program's Revolving Loan Fund to its operating expense account. These strategies do not involve West Marin Planning Area funding.

## CAPITAL PROJECTS

Staff is not recommending any capital projects for funding in West Marin this year.

All three capital project proposals are for improvements to community center facilities.

The San Geronimo Valley Community Center capital proposal is for replacement of exterior doors. Any use of CDBG funds that affect the exterior appearance of this building, which dates from 1924, would require review by the State Historic Preservation Office. Use of most non-federal funds would not trigger that requirement.

Tomales Town Hall has an amazing cadre of volunteers who have done extensive renovation of this community center facility. This project has received CDBG allocations in three of the last four years. The current unspent balance should be sufficient to repair the rear exterior wall, which is the highest priority.

The Bolinas Community Center has energetic new staff, is more heavily utilized than in the past, and is seeking funding for kitchen improvements. However, staff feel that the two housing rehabilitation projects recommended for funding meet a more urgent need of asset preservation.

## PUBLIC SERVICE PROJECTS

1. Home Care Assistance for the Elderly (West Marin Senior Services)

West Marin Senior Services provides frail elderly and younger disabled people with home care referrals, assistance with care management, transportation, counseling, case management, home-delivered meals, loans of homecare equipment, and other assistance to enable them to continue living in their homes independently. West Marin Senior Services also sponsors a weekly meal site for seniors at the Dance Palace Community Center in Point Reyes Station. Last year, West Marin Senior Services had 284 active clients receiving direct care management services. The recommended funds would pay for a small portion of the salaries of staff members who help clients make arrangements for home care services.

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 excellent (rated A).

2. Human Services Coordinator (San Geronimo Valley Community Center)

The San Geronimo Valley Community Center provides a variety of social service, recreational, day care, emergency food, and educational programs for residents of the San Geronimo Valley. The recommended allocation would pay for a portion of the human services coordinator's salary.

Equal Opportunity Analysis: Racial minorities are under-represented among the beneficiaries of this program, but Hispanics are very well represented among the beneficiaries. 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).

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?

In addition to the above questions, staff considered the ongoing need for locally-based services that are accessible to residents of the geographically large area of rural West Marin.