

**UPPER ROSS VALLEY PLANNING AREA**

**PUBLIC HEARING**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

Monday, March 14, 2011  
7:00 p.m.

San Anselmo Town Hall, Council Chambers  
525 San Anselmo Avenue  
San Anselmo

**AGENDA**

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

**Future Hearings**

March 29	Countywide Priority Setting Committee (CDBG Countywide Housing Projects, HOME Program Projects, and Ratification of CDBG Planning Area Recommendations) Council Chambers, San Rafael City Hall 1400 Fifth Avenue, San Rafael	7:00 p.m.
May 10	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 hearings, please call Reid Thaler, 499-6695, or Roy Bateman, 499-6698, at the Marin County Community Development Agency. People using TDD devices may reach us at 499-6172 (TDD) 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. Please call our office at 499-6698, at least three days in advance of the public hearing you want to attend, if you need a sign language interpreter, other language interpretation, or an assistive listening device. Call Golden Gate Transit (455-2000, 257-4554 TDD) for transit information.



The Consolidated Plan, Annual Action Plans, Consolidated Annual Performance and Evaluation Reports, records regarding past use of CDBG, HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS Program funds, the Civil Rights Policy, the Residential Antidisplacement and Relocation Assistance Plan, the Nondiscrimination Policy, and program files are available for inspection at the Marin County Community Development Agency, 899 Northgate Drive, Room 408, San Rafael, California. Copies of documents are available in accessible formats upon request.

## MEMORANDUM

### MARIN COUNTY COMMUNITY DEVELOPMENT AGENCY

TO: UPPER ROSS VALLEY LOCAL AREA COMMITTEE

FROM: Roy Bateman  
Reid Thaler

SUBJECT: Recommendations for Funding Year 37 (2011-12)  
Community Development Block Grant (CDBG) Proposals

DATE: March 8, 2011

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The recommendations from Community Development Block Grant staff for funding projects in the Upper Ross Valley Planning Area are listed below. These recommendations will be presented and considered at the Upper Ross Valley Planning Area public hearing on Monday, March 14, 2011, at 7:00 p.m., at the Council Chambers, San Anselmo Town Hall, 525 San Anselmo Avenue, San Anselmo.

#### **A NOTE ON THE CDBG FUNDING LEVEL**

Last year, Marin County's CDBG allocation was \$1,727,272, and our HOME Program allocation was \$1,231,666.

Our funding agency, the U.S. Department of Housing and Urban Development (HUD), has not yet announced our CDBG grant allocation for the 2011-12 program year. Funds for Marin's 2011-12 program year come from the federal budget for federal Fiscal Year 2011, which runs from October 1, 2010 to September 30, 2011. Although we are almost halfway through the federal fiscal year, Congress has not yet come to agreement on the federal budget for the current fiscal year. The budget situation in Washington is acrimonious and volatile. The House Republican Study Committee, a group of 175 Representatives, has proposed completely eliminating CDBG. The House Appropriations Committee proposed a 13% cut in CDBG funding, but then announced that it would abandon its initial budget proposal and seek deeper cuts in federal spending. Before leaving for the Presidents' Day recess, **the House of Representatives approved a Fiscal Year 2011 budget bill which would cut CDBG by 66% and cut the HOME Program by 10%. The next step will be Senate consideration of the budget bill.**

The United States Conference of Mayors has designated continued funding for CDBG as its highest priority. Although the Obama Administration had originally proposed continued funding for CDBG at the same level as last year, it recently proposed a 7.5% cut in the program for federal Fiscal Year 2012, which would fund Marin's 2012-13 program year.

Meanwhile, the National Low Income Housing Coalition has reported that the House Financial Services Committee plans to scrutinize the CDBG Program and consider whether to end CDBG funding for the nation’s wealthiest communities.

Because there is such a wide range of possible CDBG funding amounts, we have assumed in this report that Marin County’s 2011-12 CDBG grant will be the same as last year’s grant. The staff recommendations in this report are based on the San Rafael share of our estimated 2011-12 CDBG allocation. However, the actual amount available for public service projects in the San Rafael Planning Area is likely to be different from the amount listed in this report because the County’s CDBG allocation could be higher or lower than our estimate, depending on the outcome of the federal budget process.

**To avoid the need for an additional hearing, staff recommends that the grant amounts set for public service projects at the Upper Ross Valley Local Area Hearing be subject to revision once HUD announces our CDBG formula allocation. At that time, staff would recalculate the amounts available for each planning area and for the public service component of the program. Staff recommends that public services be funded from the Upper Ross Valley Planning Area allocation at the maximum amount permitted by the CDBG regulations, in the following order, until the public service funds are exhausted:**

<b>\$7,500 to the After-School Transportation Program (Fairfax-San Anselmo Children’s Center)</b>
<b>Any additional funds to be divided among the other recommended public service projects in the same proportion as the funding recommended for those projects in this report.</b>

**and that any remaining Upper Ross Valley funds be allocated in the following order until the funds are exhausted:**

<b>Rehabilitation Loan Program</b>	<b>\$14,000</b>	
<b>Lifeshouse San Anselmo House</b>	<b>\$19,600</b>	
<b>Lifeshouse Fairfax House</b>	<b>\$10,085</b>	
<b>Rehabilitation Loan Program</b>	<b>\$5,000</b>	

**Staff would then round numbers to the nearest hundred dollars. However, no project could receive more than the amount the sponsor requested.**

**RECOMMENDED COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING  
ALLOCATIONS FOR THE UPPER ROSS VALLEY PLANNING AREA**

**HOUSING**

1) Lifehouse Fairfax House (Lifehouse, Inc.) 16 Porteous Avenue, Fairfax Rehabilitation of group home for developmentally disabled people	\$10,085
2) Lifehouse San Anselmo House (Lifehouse, Inc.) 1032 Sir Francis Drake Boulevard, San Anselmo Rehabilitation of group home for developmentally disabled people	\$19,600
3) Rehabilitation Loan Program (Marin Housing Authority) Housing rehabilitation loans for low income homeowners, group homes, and liveaboard homes Upper Ross Valley Area	<u>\$16,623</u>
<b>Housing Subtotal</b>	<b>\$46,308</b>

**PUBLIC SERVICE**

1) After-School Transportation Program (Fairfax-San Anselmo Children's Center) Transportation for before- and after-school day care program 199 Porteous Avenue, Fairfax	\$7,500
2) Family Law Legal Services (Family and Children's Law Center) Legal assistance for low income persons 30 North San Pedro Road, San Rafael	\$3,000
3) Housing Search Specialist (Marin Housing Authority) Housing search assistance and advocacy with landlords for low-income families and individuals with disabilities 4020 Civic Center Drive, San Rafael	\$1,600

4) Marin Brain Injury Network	\$5,000
Staff salaries for services for head injury survivors 1132 Magnolia Avenue, Larkspur	
5) Senior Access	<u>\$1,664</u>
Scholarships, elderly day care 70 Skyview Terrace, Building B, San Rafael	
<b>Public Service Subtotal</b>	<b>\$18,764</b>

<b>Total Funds Available for Upper Ross Valley Planning Area</b>	<b>\$65,072</b>
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Maximum Upper Ross Valley Planning Area funds available for Public Services	\$18,764
Minimum Upper Ross Valley Planning Area funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)	\$19,521

**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 have 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. In the Upper Ross Valley Planning Area, a 30-day notice was sent to one project. A detailed analysis of that project is presented below:

<u>Deer Park School Rehabilitation (Fairfax-San Anselmo Children’s Center)</u>	
(2007-08)	\$2,622.69
(2008-09)	7,000.00
(2009-10)	<u>20,000.00</u>
TOTAL	\$29,622.69

In 2007, 2008, and 2009, CDBG funds were allocated for rehabilitation of Deer Park School, a former school which the Fairfax-San Anselmo Children’s Center leases from the Ross Valley School District for use as a child care center. The school district’s enrollment has increased, creating significant overcrowding, and the school district had been considering different options for increasing the number of classrooms. One option would have been to re-open Deer Park School or to construct a new school on the Deer Park site. To allow for these options, the school district rescinded the Children’s Center’s lease last fall. The school district has now decided not to pursue re-using the Deer Park site as a school, and is currently in talks with the Children’s Center on the terms of a new lease. Since the Children’s Center may be able to continue using the Deer Park site, staff recommends that the CDBG funds be held for this project.

## HOUSING PROJECTS

1. Lifehouse Fairfax House (Lifehouse, Inc.)

Fairfax House is a group home, owned and operated by Lifehouse, which serves six developmentally disabled men. The house blends well into the neighborhood, and achieves the goal of integrating the residents into the community. Lifehouse provides the residents with independent living skills training. In the past, Lifehouse has used CDBG funds to replace windows, replace flooring, repaint the house, and remove a deteriorated exterior chimney. The residents are aging, and one has a physical disability that makes it difficult for him to use the bathtub. Lifehouse proposes to remodel one of the bathrooms, replacing the bathtub with a shower, installing floor drains, and adding grab bars. The recommended funding should be sufficient to complete this project.

2. Lifehouse San Anselmo House (Lifehouse, Inc.)

San Anselmo House is a group home, owned and operated by Lifehouse, which serves six developmentally disabled adults in an independent living setting. The house has a large rear addition that is covered with siding that is rotting. The siding, a composite wood product, has deteriorated to such an extent that the underlying tar paper is the only water protection for a portion of the exterior walls. Lifehouse proposes to replace the siding on the rear addition with a fiber cement siding product. If this improvement is not made, the house would be at risk of moisture intrusion and mold damage. The recommended funding should be sufficient to replace all of the deteriorated siding.

3. Rehabilitation Loan Program (Marin Housing Authority)

There is an ongoing need for rehabilitation loans for lower income homeowners in the Upper Ross Valley area. Over the past thirty-five years, the Housing Authority has made 117 rehabilitation loans totaling over \$2.1 million in the Upper Ross Valley area. The program operates on a countywide basis. Loans are made available to owners of single-family homes to correct substandard housing conditions, to eliminate health and safety hazards, to create second units within an existing house where permitted by local ordinance, for rehabilitation of houseboats docked at approved berths, and for mobile homes located within a mobile home park. New loans range from \$5,000 to a usual limit of \$35,000, with an average of \$25,000. Loan terms are set according to the borrower's situation. Typical terms are an amortized loan at 4% interest, or a deferred payment loan, with no payments due until the property is transferred, at 6% interest. The program also makes some interest-only loans at 4% interest.

Sixteen years ago, in response to the new local policy limiting the number of CDBG projects, the Housing Authority expanded the scope of this program to include non-profit-operated group homes serving special populations. The

program offers group homes deferred payment loans at 3% interest, with no payments due until the use or ownership of the house changes. This has enabled the CDBG program to continue to assist the rehabilitation of group homes while reducing the administrative burden on the CDBG office. Involvement of the Housing Authority as intermediary also gives group homes the benefit of the knowledge of the rehabilitation experts on the staff of the Housing Authority.

The Gates Cooperative is a liveaboard houseboat community within Waldo Point Harbor. After Waldo Point Harbor receives County permits, staff recommends that the Rehabilitation Loan Program help Gates Cooperative members upgrade their boats to meet code standards so that they can qualify for berths in the new Waldo Point Harbor. Staff of the Rehabilitation Loan Program have been working closely with the Gates Cooperative and EAH, Inc. (formerly known as Ecumenical Association for Housing) to carefully plan the details of houseboat rehabilitation for the Gates Cooperative. Once permits have been obtained for the Gates Cooperative, CDBG staff recommends that the Rehabilitation Loan Program make a major shift in its activities so that it can devote most of its efforts to the rehabilitation of Gates houseboats. During the period of Gates rehabilitation, the Program's activity with single-family houses and group homes would be limited.

The recommended funding would be used towards the cost of staff and other operating expenses of the Rehabilitation Loan Program. The program's loans are funded from a revolving loan fund. Revenue from monthly loan payments and repaid loans is expected to total \$350,000 in program income for the 2011-12 program year, and will be added to the revolving loan fund and used to make additional loans.

Staff did not recommend funding for the Uniting Nationalities Institutionalized group home, which would be located in Novato and has some unresolved site availability issues.



## **CAPITAL PROJECTS**

There were no capital project proposals in the Upper Ross Valley this year.

## **PUBLIC SERVICE PROJECTS**

### 1. After-School Transportation Program (Fairfax-San Anselmo Children's Center)

The Fairfax-San Anselmo Children's Center transportation service brings children of low income households to and from school so they can participate in the Center's before- and after-school programs. The Center serves 135 children in the Upper Ross Valley, all of whom are from low income families. The proposed funds would be used for salaries for part-time drivers and for van maintenance expenses. Before school, this project provides breakfast and transportation to school for children of low income working parents. After school, this program also helps working parents by picking up 70 children at school and transporting them to after-school care at the Center. This program allows low income parents to leave for work before school begins in the morning, and to continue working after the end of the school day.

### 2. 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.

### 3. Housing Search Specialist (Marin Housing Authority)

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

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

included helping clients search for available apartments, coaching on presentation skills, advising on how to overcome a poor credit or rental history, and advocacy with landlords.

4. Marin Brain Injury Network

The Marin Brain Injury Network provides therapeutic, educational, and resource referral services to individuals and families affected by Acquired Brain Injury (ABI) and Traumatic Brain Injury (TBI). Services include a structured day treatment program, supportive group and individual therapy, neuropsychological assessment and therapy, expressive art therapy, educational courses, computer lab access, caregiver support groups, and community education presentations about the causes and effects of these disabilities. It is estimated that there are over 65,000 Bay Area residents living with an acquired brain injury and the Marin Brain Injury Network offers the only day program for ABI and TBI in Marin County. All services are offered free of charge or on a sliding scale.

Since 1985, the Marin Brain Injury Network has helped brain injury survivors regain important life and social skills such as re-integrating into the community, improving cognitive function, adapting to the challenges of living with a brain injury, and healing from the trauma of a changed life. A part-time program director supervises the provision of all services offered by the Marin Brain Injury Network. CDBG funds are recommended towards staff salaries.

5. Senior Access

Senior Access benefits frail elderly people and handicapped adults, who, because of their memory loss, are unable to gain access to and utilize existing community resources designed for the more independent elderly. Services include physical therapy, nursing and social work services, recreational activities, a hot noon meal, and transportation to and from the center. 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.

Overall, when including all the planning areas, we are recommending fewer public service projects for funding than last year. We're making this recommendation because we've had to reduce staffing to keep our administrative costs within the limits set by the CDBG regulations. The portion of the grant that we can spend on administration is set by the CDBG regulations. Administrative, monitoring, and regulatory requirements from the federal government have been increasing. Marin is under increased scrutiny from HUD on equal opportunity issues, and we are now operating under a Voluntary Compliance Agreement (VCA) with the Fair Housing and Equal Opportunity Division of HUD. Among the impacts of the VCA are increased CDBG and HOME recordkeeping, paperwork, and data analysis requirements.

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 will need to contribute our share of the cost to create a County reserve for retiree health benefits, which is expected to bring our total 2011-12 pension and retiree health benefit charges to \$64,000.

It is becoming more of a challenge to operate the CDBG program within the administrative allowance set by the regulations. CDBG regulations limit administrative expenses to 20% of available funds. The largest administrative cost is salaries and benefits. In the 1999-2000 fiscal year, we spent 12.97% of our grant for administration. More recently, the number was 19.50% in 2007-08, 16.74% in 2008-09, and 19.87% in 2009-10.

The CDBG Program has cut staff hours, reducing staff from 3 to 2.5 FTE, but we have not made a corresponding reduction in 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.

Public service projects, limited by the CDBG regulations to only 15% of available funding, are our smallest and most competitive funding category. If we devote too much time and attention to public service funding, there's a risk that we will neglect important issues affecting our larger funding categories, housing and capital projects.

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 would not diminish the amount of public service funding, and would actually result in a higher average grant in the public service category.

In formulating our recommendations for which public services might be cut, staff considered two primary questions:

- Does CDBG represent a significant percentage of the project sponsor's total budget?
- At an emotional level, informed by our experience, can we bring ourselves to eliminate CDBG funding for this project?

We also considered two secondary questions:

- Which projects have difficulty fundraising because the nature of their service is upsetting to some potential donors?
- In the context of other available resources, which projects can have the most lasting impact with a small amount of CDBG funds?

All four considerations led us to the same conclusion, that we should recommend continued funding for the After-School Transportation Program, Marin Brain Injury Network, Senior Access, the Housing Search Specialist, and the Family and Children's Law Center, and that we should recommend eliminating CDBG funding for the Food Bank and the Marin Community Clinic. (Last year, the Housing Search Specialist and Senior Access were funded in some planning areas, but not the Upper Ross Valley.) Staff also considered the other requests for public service funding (Foreclosure Workshops and Home Connection of Marin) but did not find either to be sufficiently compelling to recommend for funding in a year when we seek to shrink the number of projects.

The Brain Injury Network and Senior Access both have an inherent limitation on their fundraising potential because some people fear becoming disabled. A small amount of assistance from the Housing Search Specialist or the Family Law Center at a crucial time can have a long-term impact on a family's financial status.

It seems counter-intuitive to cut funding to basic needs like health care and food in the midst of a recession, but we see financial stress hitting the full range of service providers. When CDBG began funding both the Marin Community Clinic and the Food Bank, they were much smaller organizations than they are today.

If we make this change, we would reinforce the role of CDBG as a source of funds for public services which meet important needs, have limited access to other funding, and are generally provided by small nonprofits. Given the small amount of funds we have available and the flexibility of the CDBG regulations in the public service category, this would seem to be an appropriate niche for CDBG.

The total amount of CDBG funding provided in the public service category would be unchanged, so we would be spending the same amount for public services, but with a higher average grant amount per project. (This assumes flat CDBG funding, but if our grant declines, that's all the more reason to reduce the number of projects.)

Four of the five recommended public services in the Upper Ross Valley Planning Area are multi-area projects that staff is also recommending for funding in at least one other planning area.

Because we don't yet know our actual grant amount, the allocations for these projects are almost certain to change. (See page 2 for the recommended formulas for determining the revised allocations after HUD has announced our grant amount.)

*In our recommendations for the Lower Ross Valley, staff did not recommend funding for the Food Bank. At its meeting on March 3, 2011, the Lower Ross Valley Local Area Committee voted to allocate \$3,771 for the Food Bank, contingent upon at least one other planning area funding the Food Bank. We are including this information in the staff reports for subsequent planning area hearings, so that other local area committees would be aware of this decision and could consider the implications for their deliberations.*

## Upper Ross Valley Planning Area

	CODE	PROJECT NAME	Requested	Recommended New Funds
<b>Housing</b>	UH-1	Lifehouse-Fairfax House	\$10,085	\$10,085
	UH-2	Lifehouse-San Anselmo House	19,600	19,600
	UH-3	Rehabilitation Loan Program	35,000	16,623
	UH-4	Uniting Nationalities Institutionalized	27,338	
			<b>\$92,023</b>	<b>\$46,308</b>
<b>Public Service</b>	US-1	After-School Transportation (F-SA Child.Center)	\$17,750	\$7,500
	US-2	Community Health Services	10,000	
	US-3	Family Law Legal Services	9,000	3,000
	US-4	Foreclosure Workshops	1,000	
	US-5	Home Connection of Marin	2,400	
	US-6	Housing Search Specialist	2,500	1,600
	US-7	Marin Brain Injury Network Services	11,000	5,000
	US-8	Marin Community Food Bank	8,847	
	US-9	Senior Access Scholarships	6,000	1,664
				<b>\$68,497</b>
		<b>TOTAL</b>	<b>\$160,520</b>	<b>\$65,072</b>
		Total Funds Available	\$65,072	
		Maximum Funds Available for Public Services	\$18,764	
		Minimum Amount for Housing	\$19,521	
NOTE: We are awaiting notification of this year's grant amount. In making the recommendations in this report, we have used an estimate of the grant amount. Therefore, all recommended funding amounts listed above are subject to change.				