

## MEMORANDUM

### MARIN COUNTY COMMUNITY DEVELOPMENT AGENCY

TO: LOWER 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: February 25, 2011

---

The recommendations from Community Development Block Grant staff for funding projects in the Lower Ross Valley Planning Area are listed below. These recommendations will be presented and considered at the Lower Ross Valley Area public hearing on Thursday, March 3, 2011, at 7:00 p.m., at the Corte Madera Town Hall Council Chambers, 300 Tamalpais Drive, Corte Madera.

#### **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 Lower Ross Valley share of our estimated 2011-12 CDBG allocation. However, the actual amount available for the Lower Ross Valley 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 at the Lower 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 Lower Ross Valley allocation at the maximum amount permitted by the CDBG regulations, in the following order until the public service funds are exhausted:**

<b>Marin Brain Injury Network</b>	<b>\$4,000</b>	<b>*</b>
<b>Senior Access Scholarships</b>	<b>\$6,000</b>	<b>*</b>
<b>Housing Search Specialist</b>	<b>\$1,800</b>	<b>*</b>
<b>Family Law Legal Services</b>	<b>\$9,000</b>	

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

<b>Rehabilitation Loan Program</b>	<b>\$15,000</b>	
<b>Marin Services for Women</b>	<b>\$24,204</b>	<b>*</b>
<b>Rehabilitation Loan Program</b>	<b>any remaining funds</b>	

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

**\*Dollar amount shown is the amount of the project sponsor’s CDBG application.**

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

**HOUSING**

- |  |                 |
|--|-----------------|
| 1) Marin Services for Women, Rehabilitation of Residential Recovery Center<br>(Marin Services for Women)<br>Rehabilitation of residential treatment center for women recovering from substance abuse<br>1251 South Eliseo Drive, Greenbrae | \$24,204        |
| 2) Rehabilitation Loan Program<br>(Marin Housing Authority)<br>Housing rehabilitation loans for low income homeowners, group homes, and liveaboard homes<br>Lower Ross Valley Area   | <u>\$23,532</u> |

**Housing Subtotal** **\$47,736**

**CAPITAL**

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

**PUBLIC SERVICE**

- |   |         |
|---|---------|
| 1) Family Law Legal Services<br>(Family and Children's Law Center)<br>Legal assistance for low income persons<br>30 North San Pedro Road, San Rafael  | \$7,542 |
| 2) Housing Search Specialist<br>(Marin Housing Authority)<br>Apartment search assistance and advocacy with landlords for low-income families and individuals with disabilities<br>4020 Civic Center Drive, San Rafael | \$1,800 |

3) Marin Brain Injury Network Services for head injury survivors 1132 Magnolia Avenue, Larkspur	\$4,000
4) Senior Access Scholarships for elderly day care 70 Skyview Terrace, Building B, San Rafael	<u>\$6,000</u>
<b>Public Service Subtotal</b>	<b>\$19,342</b>

<b>Total Funds Available for Lower Ross Valley Planning Area</b>	<b>\$67,078</b>
--	-----------------

Maximum Lower Ross Valley Planning Area funds available for Public Services	\$19,342
Minimum Lower Ross Valley Planning Area funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)	\$20,123

**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, there were no projects with unspent balances over two years old in the Lower Ross Valley Planning Area.

## HOUSING PROJECTS

1. Marin Services for Women, Residential Recovery Center (Marin Services for Women)

Marin Services for Women (MSW) provides residential and outpatient substance abuse treatment services for women, including pregnant women and mothers with small children. Its Residential Recovery Center is located in a former nursing home near Marin General Hospital. MSW has a long-term triple-net lease for the building, with an option to buy the building. Under the provisions of a triple-net lease, all repairs and improvements are the responsibility of the tenant.

Carpet throughout the building is badly stained. It is important that women being treated for substance abuse be in surroundings that reinforce the message of encouragement and support during a difficult transition. For the financial health of the program, it is also important that the facility attract some clients who have the means, or the insurance coverage, to choose another program. Replacing the carpet would enhance the program, and would also help to upgrade the building's appearance to a level that would attract more major donors for the proposed purchase. The recommended funding would cover the cost to replace the carpeting with vinyl flooring in the foyer and install new carpet in the rest of the building.

2. Rehabilitation Loan Program (Marin Housing Authority)

There is an ongoing need for rehabilitation loans for lower income homeowners in the Lower Ross Valley area. Over the past thirty-five years, the Housing Authority has made 82 rehabilitation loans totaling over \$1.2 million in the Lower 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.

The Marin Services for Women Residential Recovery Center is being recommended for the amount that the sponsor requested. The Rehabilitation Loan Program is being recommended for less than the requested amount. However, 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.)

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 Lower Ross Valley this year.

## **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.

2. 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.

3. Marin Brain Injury Network

The Marin Brain Injury Network offers support groups for people with traumatic head injuries. This program is the only service which addresses the needs of this population in Marin County. In 1995, the program expanded to include day treatment services, which provide 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. CDBG funds are recommended towards staff salaries.

#### 4. Senior Access

Senior Access benefits frail elderly people and handicapped adults, who, because of their disabilities, 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.

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 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, the Marin Community Clinic, and the Foreclosure Workshops. Staff also considered the other requests for public service funding (Fifty Plus Employment Services 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.)

All of the recommended public services in the Lower 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 amounts after HUD has announced our grant amount.)

## Lower Ross Valley

			Requested	Recommended New Funds	Recommended Reprogrammed Funds
<b>Housing</b>	LH-1	Marin Services for Women Center Rehab	\$24,204	\$24,204	
	LH-2	Rehabilitation Loan Program	35,000	23,532	
	LH-3	Uniting Nationalities Institutionalized	27,338		
			\$86,542	\$47,736	
<b>Public Service</b>	LS-1	Community Health Services	\$10,000		
	LS-2	Family Law Legal Services	25,000	\$7,542	
	LS-3	Fifty Plus Employment Services	1,000		
	LS-4	Foreclosure Workshops	1,000		
	LS-5	Home Connection of Marin	2,400		
	LS-6	Housing Search Specialist	1,800	1,800	
	LS-7	Marin Brain Injury Network Services	4,000	4,000	
	LS-8	Marin Community Food Bank	5,687		
	LS-9	Senior Access Scholarships	6,000	6,000	
			\$56,887	\$19,342	
		<b>TOTAL</b>	<b>\$143,429</b>	<b>\$67,078</b>	
		Total Available	<b>\$67,078</b>		
		Maximum Funds Available for Public Services	<b>\$19,342</b>		
		Minimum Amount for Housing	<b>\$20,123</b>		
<p>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.</p>					