STAFF REPORT

MEETING
DATE: April 14, 2020

TO: City Council

FROM: Vicki Parker, Community Development Director

PRESENTER: Hans Grunt, Senior Planner

SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING RECOMMENDATIONS FOR FISCAL YEAR 2020-21 TO THE MARIN COUNTY BOARD OF SUPERVISORS FOR THE NOVATO PLANNING AREA

REQUEST

Hold a public hearing, consider, and possibly adopt a resolution recommending Community Development Block Grant (CDBG) funding for the 2020-21 fiscal year to the Marin County Board of Supervisors for the Novato Planning Area.

DISCUSSION

The Community Development Block Grant (CDBG) program is a federally funded program of the U.S. Department of Housing and Urban Development (HUD) that provides funding for housing, community facilities, and public services. In Novato, examples of CDBG funded projects have included development of affordable housing, playgrounds, ADA sidewalk accessibility improvements, and a wide range of public services. The funds are divided into three activity categories consisting of: 1) housing, 2) capital projects, and 3) public services. By Federal regulation at least 85% of the funds must be spent on housing and capital projects, and up to 15% may be spent on public services. The Council has the option to adjust the public service percentage on an annual basis, however it cannot exceed the 15% cap.

In 2017, the City signed a Cooperation Agreement with Marin County regarding the management of the CDBG program. Under this Agreement, Marin County is divided into three local planning areas. Funding recommendations are overseen by a Countywide Priority Setting Committee (PSC) made up of City and Town Council members, a County Supervisor, and community members representing members of the protected classes under fair housing laws (race, color, national origin, religion, sex, familial status, or disability). Due to the fact that Novato has a population of over 50,000 residents, under the Cooperation Agreement, the City may choose to assume responsibilities for making its own recommendations for funding projects in the Novato Planning Area (consisting of the City and the surrounding unincorporated areas) to the Countywide Priority Setting Committee. On September 22, 2009 the City Council elected to assume responsibility for making funding recommendations for all CDBG applications in the Novato Planning Area. After the City Council makes its recommendations, the Countywide Priority Setting Committee recommends them to the Board of Supervisors which has final approval authority prior to sending the recommendations to HUD.

CDBG Funding Update - Federal

Funds for Marin’s 2020-2021 CDBG program come from the federal budget for Fiscal Year 2021, which runs from October 1, 2020 to September 30, 2021. Marin County’s CDBG allocation is $1,594,625, slightly
higher than last year. With this grant combined with program income received by the program, Novato’s allocation is $306,340. From the total allocation a maximum of $58,049 can be used for public services, a minimum of $126,197 must be spent on housing, and the remaining $122,094 can be spent on either housing or capital projects.

**Consolidated Plan and Analysis of Impediments to Fair Housing Choice**

HUD requires all Entitlement communities who are administering CDBG programs to conduct periodic assessments of need in the community to inform how CDBG funding is spent. The two (2) primary reports required are the Consolidated Plan (ConPlan) and the Analysis of Impediments to Fair Housing Choice (AI).

**Consolidated Plan**
The ConPlan is a five (5) year strategic plan that identifies goals for federal funding programs provided through HUD, including the Community Development Block grant program (CDBG) and the HOME Investment Partnerships Program (HOME). The ConPlan provides a framework for identifying priorities and programs to address affordable housing, community development needs, and public services for extremely low- up to moderate-income families, persons with disabilities, seniors, and youth.

Understanding the needs of a community is critical to planning the use of federal grant funds. As part of the 2020-24 Consolidated Planning process, County of Marin Housing and Federal Grants staff (County staff) engaged the community using various methods to gather information about housing, community spaces and infrastructure, and public service needs in Marin. In addition, County staff reached out to other jurisdictions implementing federal grant programs to learn smart practices to improve impact and effectiveness of Marin County’s federal grants program.

Over the course of six (6) months County staff engaged the community in four ways: a community survey, service provider survey, community meetings, and interviews. The community survey was available online and in paper form in English, Spanish, and Vietnamese. It was used to gather community input to inform priorities. County staff attended numerous events to disseminate the survey, a total of over 100 hours of engagement including weekly Health Hubs organized through the Marin Community Clinics in both Novato and San Rafael, local food pantry’s, and events put together by local organizations, including Community Action Marin, the Marin Organizing Committee, and Parent Services Project. A total of 322 surveys were collected, with 229 in English, 92 in Spanish, and one (1) in Vietnamese. Twenty-five nonprofit service provider surveys were completed by a wide range of organizations. Survey respondents were asked about their biggest demand for services, funding gaps, and their service population demographic information. In collaboration with Marin Health and Human Services, over the course of four (4) months staff lead seven (7) community meetings and focus groups to gather data. The meetings were held across the County including in Marin City, Kentfield, Novato, San Rafael, West Marin and one meeting in the Canal Neighborhood of San Rafael was held entirely in Spanish. Nearly 300 people participated in these meetings.

County staff conducted 11 interviews with local government entities in Marin to gain insights into client and service trends, funding available, and demand for services. In addition, County staff interviewed nine (9) neighboring jurisdictions that administer federal grant programs similar to Marin’s to identify trends and best practices that could be applied to Marin’s programs.

County staff conducted outreach specifically targeted to the residents of the City of Novato through a community meeting held at the Hamilton Community Center where dinner and childcare were both provided, and low-income participants received stipends for their participation. County staff regularly attended the Novato Health Hub and food pantry, during the months of August and September, where surveys were administered with both English and Spanish speaking staff available to answer questions and provide assistance. In addition, extensive outreach was conducted through community-based organizations including the two local libraries, North Marin Community Services, North Bay Children’s Center, and the Novato Independent Elders Program among others, resulting in over 35% of all survey respondents being Novato residents.
The recommended goals for the 2020-24 ConPlan are informed by the findings of this community engagement process and are reflected in the Evaluation Guidelines section. An overview of the community engagement findings for the 2020-24 Consolidated Plan can be accessed here.

**Analysis of Impediments**

The U.S. Department of Housing and Urban Development (HUD) requires jurisdictions receiving federal grant funds for housing and community development to certify that they are taking actions to affirmatively further fair housing (AFFH). Under both the CDBG and HOME programs, the County is required to certify whether it, and the participating cities and towns, are taking actions and documenting those actions that affirmatively further fair housing. Affirmatively furthering fair housing means, according to HUD, "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics."

From 2016 to 2019, County staff engaged with over 2,700 individual residents, community groups, nonprofits, youth, and County employees, among others, to develop a comprehensive understanding of housing challenges in Marin and to hear recommendations for addressing those housing challenges. The recommendations and findings contained in this report are a direct result of the County’s robust community engagement process and its commitment to setting locally determined fair housing priorities and goals.

A Community Advisory Group and Steering Committee were formed to analyze local, demographic data and engage in comprehensive discussions about race, segregation and integration patterns in Marin, and why where you live matters. The groups reviewed and discussed data on homeowners and renters in Marin, legal and illegal housing advertisement, the cost of housing in Marin, household incomes, the results of the County’s 2015 Rental Housing Survey, and anticipated housing needs as the number of adults age 60 and over in Marin continues to grow.

The full Analysis of Impediments to Fair Housing Choice report can be accessed here.

**Federal Grant Program Enhancements**

Through the ConPlan outreach process County staff interviewed several neighboring jurisdictions that administer federal grant programs and numerous nonprofit service organizations. These interviews were designed to identify practices for increasing impact and effectiveness of funding allocations and address common issues that arise in the implementation of CDBG programs. Two common themes arose from these conversations that informed two (2) program enhancements. Those enhancements approved by the PSC are:

1. Increase minimum grant size to $15K per year.
2. Conduct application cycles every 2 years.

These two (2) enhancements increase impact of funded organizations and enables nonprofit partners to better plan their programs.

While applications are only received every two years, funding allocations must be approved annually based on the past performance of the project and expected funding allocated by HUD.

**Evaluation Guidelines**

All project applications are evaluated based on their ability to meet HUD’s national objective thresholds, the PSC’s enhanced thresholds for evaluating projects, and standard project evaluation criteria as follows:

**National Objectives Thresholds:**
- Benefit low- and moderate-income persons,
- Prevent or eliminate blight, or
- Meet other community development needs for low- and moderate-income persons.
PSC Enhanced Thresholds:

- Support projects that Affirmatively Furthering Fair Housing and have the commitment and capacity to engage in Affirmative Marketing\(^1\).
- Prioritize projects that serve members of the protected classes as defined by HUD.
- Prioritize projects that serve low-income persons.

Additional Project Evaluation Criteria:

- Readiness—can awarded funds be completely expended during the grant year?
- Sustainability—does the organization have capacity to sustain a project or program beyond this federal funding period?
- Effectiveness and Accountability—does the organization have the capacity and track record to effectively conduct the project and administer federal funds?
- Prioritize greatest impact.

In addition to the criteria set forth by both HUD, through the ConPlan and AI process, the Countywide Priority Setting Committee established priorities for funding CDBG and HOME housing projects:

1. Family Housing\(^2\)
2. Land trust model in eastern Marin that provides homeownership opportunities. (Eastern Marin in this case is defined as all of the areas of Marin, except for West Marin)

The PSC also established the following priorities for CDBG funds allocated to public service projects:

1. Basic Health Services - includes services that prevents or treats medical conditions for individuals who are un-insured, under-insured, or people with low-incomes who cannot afford their deductible. Programs and services include but are not limited to preventative health such as immunizations, well-childcare from birth, periodic health evaluations for adults, voluntary family planning services, children’s eye and ear examinations conducted to determine the need for vision and hearing correction, and hygiene services. Services may also include medically necessary emergency health care, inpatient and outpatient treatment, diagnostic laboratory and diagnostic and therapeutic radiologic services, and provision of prescription drugs.
2. Children, Youth, and Parent Support Services - includes services that address disparities in access to early childhood education and high costs of childcare county wide targeting low-income families. Programs and services include but are not limited to supporting childcare scholarships, student extracurricular activities, parent engagement and training, therapeutic services, teacher’s salaries, transportation, and home visitations.
3. Housing Support Services - includes services that assists individuals in accessing stable housing, prevent discrimination in housing choice, and aids renters in maintaining stable housing. Programs and services include but are not limited to fair housing counseling, legal support, housing locators, down payment and rental assistance.

**HOUSING PROJECTS**

Five (5) housing projects submitted applications for funding from the Novato Planning Area. All five (5) are projects that will benefit the entire County, with a subset of their services and units serving Novato residents. These five (5) Countywide projects have a total funding request of $2,360,000. The Novato portion of these Countywide projects is $578,000.

**Recommended for Funding**

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\(^1\) Affirmative Marketing is targeted outreach about program opportunities to groups of people otherwise least likely to apply for or receive those opportunities. Given Marin’s history of segregation, the protected class populations typically included in Affirmative Marketing are Black/African American, Asian/Pacific Islander, and Latinx. Programs that do not conduct broad affirmative marketing are less competitive in the allocation process.

\(^2\) Family Housing has been identified as a need in both the AI and ConPlan. In addition, HUD is requiring Marin’s CDBG and HOME grant funding to contribute to the creation of at least 100 new family housing units by 2022. Applications for projects not creating family housing are less competitive in the allocation process.
Staff recommends funding three of the housing applications, totaling $128,291 in available CDBG grant funds.

<table>
<thead>
<tr>
<th>Organization</th>
<th>FY 20-21 Novato Recommendation</th>
<th>Countywide Request</th>
<th>Expected Countywide Funding **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eden Housing, Inc. (CHDO)*</td>
<td>-</td>
<td>$1,500,000</td>
<td>$442,612</td>
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<tr>
<td><em>Whistletop Healthy Aging Campus</em></td>
<td>-</td>
<td>$250,000</td>
<td>$216,275</td>
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<tr>
<td>Habitat for Humanity Greater San Francisco, Inc.*</td>
<td>$59,200</td>
<td>-</td>
<td>$0***</td>
</tr>
<tr>
<td><em>Pre-development Redwood Blvd. Homes</em></td>
<td>-</td>
<td>$125,000</td>
<td>$0***</td>
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<tr>
<td>Homeward Bound of Marin*</td>
<td>$15,000</td>
<td>-</td>
<td>$30,922</td>
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<tr>
<td><em>Predevelopment and Construction of Veterans and Workforce Housing in Novato</em></td>
<td>-</td>
<td>-</td>
<td>-***</td>
</tr>
<tr>
<td>Marin Center For Independent Living*</td>
<td>$15,000</td>
<td>-</td>
<td>$60,000</td>
</tr>
<tr>
<td><em>Residential Access Modification Program</em></td>
<td>-</td>
<td>-</td>
<td>-***</td>
</tr>
<tr>
<td>Marin Housing Authority*</td>
<td>$54,091</td>
<td>-</td>
<td>$425,000</td>
</tr>
<tr>
<td><em>Residential Rehabilitation Loan Program (RLP)</em></td>
<td>-</td>
<td>-</td>
<td>$230,095</td>
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</tbody>
</table>

* Countywide request
** The Expected Countywide Funding includes anticipated recommendations from other Planning Areas and HOME.
*** This project will be considered for a higher allocation in FY 2021-22

** CAPITAL PROJECTS **

Six (6) applications for capital projects were received—three (3) Countywide projects and three (3) serving Novato only. The Countywide projects benefiting the entire County, including services for Novato residents, have a funding request of $528,355. The three (3) projects based in Novato have a total funding request of $262,345. The combined requests for both the Novato specific project and the Novato portion of the Countywide projects is $334,872.

**Recommended for Funding**

Staff recommend funding requests for capital projects totaling $120,000 in CDBG monies.

<table>
<thead>
<tr>
<th>Organization</th>
<th>FY 20-21 Novato Recommendation</th>
<th>Countywide Request</th>
<th>Expected Countywide Funding **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Action Marin*</td>
<td>$20,000</td>
<td>$98,455</td>
<td>$35,000</td>
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<tr>
<td><em>CAM Community Intake &amp; Welcome Center</em></td>
<td>-</td>
<td>-</td>
<td>-***</td>
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<tr>
<td>Marin City Community Development Corporation*</td>
<td>$25,000</td>
<td>$279,900</td>
<td>$151,041</td>
</tr>
<tr>
<td><em>Empowerment Clubhouse Pre-Construction and Development</em></td>
<td>-</td>
<td>-</td>
<td>-***</td>
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<tr>
<td>Marin City Community Services District*</td>
<td>-</td>
<td>$150,000</td>
<td>-***</td>
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<tr>
<td><em>Manzanita Center Facility Master Plan</em></td>
<td>-</td>
<td>-</td>
<td>-***</td>
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<tr>
<td>Homeward Bound of Marin</td>
<td>-</td>
<td>$35,000</td>
<td>Application Withdrawn</td>
</tr>
<tr>
<td>Building a Gender-Neutral Bathroom at the New Beginnings Center Shelter</td>
<td>-</td>
<td>-</td>
<td>-***</td>
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<tr>
<td>North Bay Children's Center</td>
<td>$20,000</td>
<td>$150,000</td>
<td>$20,000 ***</td>
</tr>
<tr>
<td><em>C Street Campus Renovation/Expansion</em></td>
<td>-</td>
<td>-</td>
<td>-***</td>
</tr>
<tr>
<td>North Marin Community Services</td>
<td>$55,000</td>
<td>$77,345</td>
<td>$55,000</td>
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<tr>
<td><em>680 Wilson Enrichment Project</em></td>
<td>-</td>
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<td>-***</td>
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* Countywide request
** The Expected Countywide Funding includes anticipated recommendations for all Planning Areas.
*** This project will be considered for a higher allocation in FY 2021-22
PUBLIC SERVICE PROJECTS

As stated previously, based on County estimates, the City is expected to receive an allocation of approximately $58,049 for public services in 2020-21. A total of 19 applications for public service funding were submitted—16 Countywide projects with a portion of services going to Novato residents and three (3) serving Novato only. The 16 projects serving the entire County have a funding request of $605,439. The two (2) projects based in Novato have a total funding request of $55,000. The combined requests for both the Novato specific projects and the Novato portion of the Countywide projects is $240,450.

Recommended for Funding

Staff recommend funding requests for public service projects totaling $58,049 in CDBG monies, the maximum allowed by HUD.

<table>
<thead>
<tr>
<th>Organization</th>
<th>FY 20-21 Novato Recommendation</th>
<th>Countywide Request</th>
<th>Expected Countywide Funding **</th>
</tr>
</thead>
</table>
| 10,000 Degrees*  
   Financial Aid Awareness and Completion Campaign | - | $30,000 | - |
| Community Action Marin*  
   CAM Economic Opportunity and Safety Net Services | - | $50,000 | - |
| Covia Foundation*  
   Home Match Marin | $5,000 | $30,000 | $15,000 |
| Early Vibes Inc.*  
   The Turn | - | $25,000 | - |
| Fair Housing Advocates of Northern California*  
   Fair Housing Counseling and Education | $14,000 | $75,000 | $64,000 |
| Family & Children's Law Center*  
   Domestic Violence Legal Services for Low Income Families | $5,100 | $15,000 | $15,000 |
| Hannah Project Partnership for Academic*  
   Achievement  
   Hannah Freedom School | - | $31,300 | $15,000 |
| House of Life Ministries*  
   Family First | - | $22,000 | - |
| Jewish Family and Children's Services*  
   Jewish Family and Children's Services, Skyview Day Club Financial Assistance Program | - | $30,000 | - |
| Legal Aid of Marin*  
   Keeping Marin Residents in their Homes | $3,949 | $40,000 | $32,640 |
| Marin City Community Services District*  
   MCCSD Manzanita Center Free Youth Recreation Programs | - | $30,000 | - |
| Performing Stars of Marin*  
   After School and Summer Enrichment Program of Low-Income Youth | - | $15,000 | $15,000 |
| Project Avary*  
   Support Service for Children of Incarcerated Parents | - | $15,000 | - |
| RotaCare Bay Area*  
   RotaCare Clinic of San Rafael | - | $20,000 | $15,000 |
| Spahr Center*  
   Readiness for Housing Program | - | $162,139 | Application Withdrawn |
| Women's Rights and Peace of Bay Area*  
   Korean Education Project (KEP) | - | $15,000 | - |
### Organization | FY 20-21 Novato Recommendation | Countywide Request | Expected Countywide Funding **
--- | --- | --- | ---
Marin YMCA- YMCA of San Francisco Camp University | - | $20,000 | -
North Bay Children's Center, Inc.  
Childcare Scholarships | $15,000 | $20,000 | $15,000
North Marin Community Services  
Child Care Scholarships | $15,000 | $15,000 | $15,000

* Countywide request  
** The Expected Countywide Funding includes anticipated recommendations for all Planning Areas.  
*** This project will be considered for a higher allocation in FY 2021-22

A list of all the applications that were submitted for the Novato Planning Area and Countywide projects serving Novato is provided in Attachment 2. This attachment also includes staff recommendations for allocating all of Novato’s CDBG funds and the total expected allocations including funding from the other planning areas. The applications for all funding can be accessed online via these links:

Housing project applications:

Community Infrastructure/Capital project applications:

Public Services project applications:

### FISCAL IMPACT

There is no direct cost or revenue impact generated by the recommended action as the City is directing HUD funds to specific projects. Allocating funds to potential City projects may allow City general and capital funds to be allocated to other priorities.

### STRATEGIC PLAN ALIGNMENT

This issue is brought to the City Council as an important priority in partnership with the County of Marin related to allocating funding provided by the U.S. Department of Housing and Urban Development for community infrastructure, housing, and public service projects serving low- to moderate-income resident of Novato. It does not directly relate to the City’s stated Goals and Objectives within the Strategic Plan.

### RECOMMENDATION

Adopt a resolution recommending CDBG funding for fiscal year 2020-21 to the Marin County Board of Supervisors for the Novato Planning Area.

### ALTERNATIVES

1. Make allocations of CDBG funding as recommended by staff.
2. Make different allocations of CDBG funding. (Funds may be shifted within categories, but the Public Service category cannot exceed $58,049.)
3. Let the Countywide Priority Setting Committee provide a recommendation for Novato Planning Area funding requests.
4. Provide direction to staff.
## ATTACHMENTS

<table>
<thead>
<tr>
<th>Attachment</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Attachment 1</td>
<td>Draft Resolution Recommending CDBG Project Funding for FY 2020-21 City of Novato CDBG Priorities</td>
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</tbody>
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