



DATE: April 22, 2025

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT Community Agency Funding: Approval of Fiscal Year 2025-2026 Community Agency Funding Recommendations and the FY 2026-2029 Consolidated Plan

RECOMMENDATION

That the City Council affirms the Community Services Commission's FY 2025-2026 Community Agency Funding (CAF) recommendations as outlined in Attachment II and adopts the following resolutions, approving and appropriating funds for the FY 2025-2026 operating budget:

1. Adopt a resolution approving and appropriating the CAF recommendations for programs to be funded through the General Fund for Social Services funding category (Attachment IV);
2. Adopt a resolution approving and appropriating the CAF recommendations for programs to be funded through the General Fund Arts and Music funding category (Attachment V);
3. Adopt a resolution approving and appropriating the CAF recommendations for the Community Development Block Grant (CDBG) Economic Development/Infrastructure funding category (Attachment VI);
4. Adopt a resolution approving and appropriating the CAF recommendations for the Community Development Block Grant (CDBG) Public Services funding category and authorizing the City Manager to submit an application for the CDBG Program for U.S. Department of Housing and Urban Development (HUD) Program Year 2025, including the City of Hayward FY 2026-2029 Consolidated Plan (Attachment VII).

SUMMARY

This report asks City Council to take action on the following elements:

| No. | Topic | Recommended Action |
|-----|---------------------------------------|--|
| 1. | FY 2025-2026 Community Agency Funding | Approve the funding recommendations made by the Community Services Commission (CSC) and presented for City Council Work Session on April 1, 2025 |
| 2. | FY 2026-2029 CDBG Consolidated Plan | Approve the FY 2026-2029 Consolidated Plan |

The estimated funding available as part of the FY 2025-2026 Community Agency Funding process is \$1,733,302.¹ Through the Community Agency Funding process, the Community Services Commission (CSC) made recommendations for the allocation of \$745,000 in competitive CDBG funds for public services, economic development, and infrastructure activities, and \$587,000 in General Fund funding for social services and arts and music activities. The funding allocations for this year's community agency funding process are summarized by category in Table 1 below and in detail in Attachment II. These funding recommendations have not changed from those presented to City Council during the Work Session on April 1, 2025.²

Table 1. Summary of Recommended Funding Allocation by Category

| Funding Source | Category | Amount |
|---|---|--------------------|
| General Fund | Arts & Music | \$132,000 |
| General Fund | Social Services | \$455,000 |
| CDBG | Public Services | \$197,982 |
| CDBG | Economic Development/Infrastructure | \$547,018 |
| <i>Total ARC Recommended Grants</i> | | <i>\$1,332,000</i> |
| CDBG | HUD-Required Fair Housing Services | \$26,302 |
| CDBG | Home Rehabilitation & Infrastructure Project Management | \$375,000 |
| <i>Total Non-Competitive Grants</i> | | <i>\$401,302</i> |
| GRAND TOTAL FY 2025-2026 RECOMMENDED FUNDING (ALL SOURCES) | | \$1,733,302 |

Funding allocations for CDBG funds will be included and submitted as part of the FY 2026-2029 Consolidated Plan which is required by the Department of Housing and Urban Development (HUD) every five years. Along with defining allocations for agency funding for FY 2025-2026, the Consolidated Plan provides a framework for identifying housing and community development needs and priorities and guides the City's CDBG entitlement investment decisions moving forward. Table 2 lists the proposed allocation of CDBG funding for this upcoming fiscal year.

¹ 20% of the annual entitlement is set aside for administration (e.g., staff salaries, fair housing programming) and planning activities (e.g., homelessness point in time count, homelessness reduction strategic plan).

² April 1, 2025, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=7283607&GUID=8A2E244B-5315-4E8A-A762-92082A65BE1D&Options=&Search=>

**Table 2. CDBG Program Year 2025 (City of Hayward FY 2025-2026)
Estimated CDBG Allocation Summary Funding by Project Category**

| No. | Project Category | CDBG Program Year 2025 (FY 2025-2026) Funding Allocation |
|--------------|------------------------------------|--|
| 1. | Administration & Planning | \$280,000 |
| 2. | Public Facilities & Infrastructure | \$100,000 |
| 3. | Public Services | \$438,684 |
| 4. | Housing Programs | \$375,000 |
| 5. | Economic Development | \$472,634 |
| TOTAL | | \$1,666,318 |

*Prior year funds that were made available through reallocation of homelessness prevention funding will be allocated to the Hayward Navigation Center in alignment with the Annual Action Plan.

BACKGROUND

The FY 2025-2026 Community Agency Funding Process and Timeline

Each year, the City receives applications from community agencies requesting funding through the competitive Community Agency Funding (CAF) process. As the advisory body to the Hayward City Council, the CSC makes recommendations to City Council for the distribution of CDBG and General Fund allocations to programs in the following categories: Infrastructure and Economic Development, Public/Social Services and Arts and Music.

The CAF process opened with the publication of a Notice of Funding Availability (NOFA) on September 27, 2024. The announcement was published in English and Spanish in the Daily Review, posted to the City’s website, emailed to the Community Services Division’s interested parties mailing list, and shared on the City’s social media channels. Several broadcast email reminders were also sent in advance of the Mandatory Bidder’s Conference held on October 28, 2024. The Request for Proposals (RFP) and instructions for applications were published immediately after the Bidder’s Conference. All applications were due on December 2, 2024, and the CSC reviewed applications between December and January. In January the CSC conducted applicant interviews and drafted their initial funding recommendations which were discussed and finalized at the February and March CSC meetings.

Figure 1. FY 2025-2026 Community Agency Funding Timeline



Technical Assistance to Agencies

Before the application due date and during the application review process, staff were available to applicants for technical assistance on submitting their application and responding to questions. This is communicated to all applicants who attended the Mandatory Bidder's Conference and through email communications. This year, staff hosted three office hours to support agencies for their interviews with the CSC and answer any questions. 9 agencies in total attended these office hours, most of whom were new applicants.

Application Review Process

The CSC reviews all eligible applications, and the CSC Chairperson appoints three Application Review Committees (ARCs) by funding category to conduct applicant interviews prior to drafting funding recommendations for City Council review and approval. The three funding categories are Infrastructure and Economic Development (CDBG), Public/Social Services (CDBG/General Fund), and Arts and Music (General Fund).

Since the initial ARC interviews, the following public meetings have been held as part of the Community Agency Funding Process:

Table 3. Community Agency Funding Process Public Meetings

| Meeting Date | Meeting Body | Description |
|--------------------------------|--------------|---|
| February 19, 2025 ³ | CSC | The CSC discussed their initial funding recommendations and opened a public comment period. |
| March 19, 2025 ⁴ | CSC | The CSC received a presentation of the FY 2025-2026 funding recommendations, received public comment, voted to approve the FY 2025-2026 funding recommendations, and closed the public comment period at the conclusion of the meeting. |
| April 1, 2025 ⁵ | City Council | During a Work Session, City Council heard public comment and discussed the CSC's funding recommendations. The public comment period on the funding recommendations opened on April 4, 2025, and will close on May 4, 2025. |

³ February 19, 2025, Community Services Commission Staff Report and Attachment
<https://hayward.legistar.com/LegislationDetail.aspx?ID=7138343&GUID=A37B8FA7-12C8-4E49-AF69-BF827EBD7BA2&Options=&Search=>

⁴ March 19, 2025, Community Services Commission Staff Report and Attachment
<https://hayward.legistar.com/LegislationDetail.aspx?ID=7263365&GUID=1E082621-7B5B-415F-8698-ID531A2D01FD&Options=&Search=>

⁵ April 1, 2025, City Council Work Session Staff Report and Attachment
<https://hayward.legistar.com/LegislationDetail.aspx?ID=7283607&GUID=8A2E244B-5315-4E8A-A762-92082A65BE1D&Options=&Search=>

DISCUSSION

Summary of City Council Feedback from April 1 Work Session

On April 1, 2025, City Council received a presentation of the CSC's FY 2025-2026 funding recommendations.⁶ City Council discussed the funding recommendations and did not direct any modifications to the recommendations. The following key topics emerged from City Council's April 1 Work Session discussion:

1. *Community Development Block Grant (CDBG) fund contingency planning*

As in prior years, the CSC made recommendations based on staff estimates for the City's Community Development Block Grant (CDBG) entitlement award. The actual award amount is typically announced by late March; however, potential cuts to the Department of Housing and Urban Development (HUD) staff and budget may result in delays receiving the award amount and executing the FY 2025-2026 awards. There are also concerns that the funds may be drastically reduced or cut all together. City Council asked clarifying questions to understand staff's plan should CDBG funds be cut or reduced. In the event the City's CDBG funds are terminated or significantly reduced, staff would return to City Council with several scenarios for City Council's feedback and direction.

2. *Increasing General Fund allocation to services*

City Council expressed an interest in future budget conversations to explore the possibility of increasing the General Fund allocation to services. City Council also recognized that the City's General Fund has competing priorities and any increases should be made with careful consideration. There was a request for data to compare agencies' funding requests and recommended funding against their agency-wide budgets to understand what portion any potential Hayward funding would be of the organizations' total operating budgets. This data will be prepared for City Council's review during budget conversations in May.

As requests for funding continue to rise, City Council encouraged agencies to explore additional funding opportunities outside of the City and pursue further opportunities for collaboration with other local nonprofits and Hayward businesses. With upcoming improvements to the CAF process, it was suggested that the CSC could search for additional funding prospects to support agencies that need supplemental funding.

City Council also communicated that the City should avoid funding duplicative services and should evaluate if a proposed service need is already being met in the community. Understanding the community needs can better inform future decision-making not only for the CAF process, but also for many of the City's programs and processes. The City conducted its last community needs assessment (CNA) in 2018. A CNA is a tool that identifies essential resources that are already available within the community, identifies essential resources that are missing, and determines the target population in need of these resources. Conducting an up-to-date CNA would support the City to establish clearly defined and data-informed decisions around strategic planning, program implementation, and program outcomes.

⁶ April 1, 2025, City Council Work Session Staff Report and Attachment
<https://hayward.legistar.com/LegislationDetail.aspx?ID=7283607&GUID=8A2E244B-5315-4E8A-A762-92082A65BE1D&Options=&Search=>

3. Data requested on past residents served and anticipated residents services

City Council requested additional data on past residents served to gauge the impact of funding for each agency. This data is provided in Attachment III reflecting the total residents or households served in fiscal year 2023-2024. There were 24 agencies that did not receive funding from the City during that fiscal year, but included their total residents or households served data in their applications for FY 2025-2026 funding.

In addition to data requested on past residents served, there was a request for anticipated residents served for this upcoming fiscal year. Agencies provided this information in their applications; however, their anticipated residents served estimates are based on their full funding request. As 45 out of 55 agencies either received partial funding or did not receive any funding recommendations, the anticipated residents served reported in their applications would misrepresent how many individuals these agencies anticipate to serve because their actual awarded amounts have changed.

It is also important to note that while reviewing the total count of residents or households served is one way to measure impact especially when considering the volume of individuals served, these numbers should be interpreted with caution as there is significant variation in the type, breadth, and depth of services provided. For example, housing and homelessness projects may show different totals of residents served compared to a food security project, or even similar totals depending on the project's scope.

The FY 2026-2029 Consolidated Plan

Every 5 years, HUD requires the City update its Consolidated Plan. City Council approved the previous FY 2021-2025 Consolidated Plan on June 23, 2020 and it is time for the City to submit its FY 2026-2029 plan.⁷ The Consolidated Plan identifies the following priority needs for the City: expanding affordable housing, housing preservation, and permanent supportive housing; community development of public facilities and public services; homelessness, tenant, food for seniors, and legal services; and economic development by way of small business grants and loans and extending technical assistance to small businesses.

The FY 2025-2026 Annual Action Plan is included in the Consolidated Plan and summarizes the actions, activities, and financial resources to be used in FY 2025-2026 to address the priority needs and goals identified in the 2026-2029 Consolidated Plan.⁸ The anticipated resources for FY 2025-2026, including the annual entitlement allocation, anticipated program income from revolving loan fund repayments, and prior year resources, amounts to \$1,666,318.

For the CDBG program, entitlement cities may allocate funds as follows:

- **Administration:** up to 20% of annual allocation
- **Public Services:** up to 15% of the annual allocation plus program income
- **Infrastructure and Economic Development:** all remaining funds

⁷ June 23, 2020 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4576644&GUID=7D9A237D-8934-4D4A-94FA-CFF24B9589CA&Options=&Search=>

⁸ City of Hayward Draft Consolidated Plan: <https://www.hayward-ca.gov/your-government/departments/library-community-services/programs/community-development-block-grant-cdbg>

Table 4 outlines the proposed funding allocation for FY 2025-2026 (i.e., CDBG Program Year 2025).

Table 4. CDBG Program Year 2025 (FY 2025-2026) CDBG Allocation

| No. | Project Category | Program Year 2025 Estimated Funding Allocation |
|--|---------------------------------------|--|
| <i>Capped Categories (35%)</i> | | |
| 1. | Administration & Planning (20%) | \$280,000 |
| 2. | Public Services (15%) | \$438,684 |
| <i>Uncapped Categories: Infrastructure and Economic Development (65%)</i> | | |
| 3. | Public Facilities and Infrastructure* | \$100,000 |
| 4. | Housing Programs | \$375,000 |
| 5. | Economic Development | \$472,634 |
| TOTAL | | \$1,666,318 |

* Prior year funds that were made available through reallocation of homelessness prevention funding will be allocated to the Hayward Navigation Center in alignment with the Annual Action Plan.

On April 1, 2025, staff published a draft of the FY 2026-2029 Consolidated Plan⁹ for public comment, and a Public Hearing for comment and City Council recommendation for approval will take place on April 22, 2025. The City's public comment period will conclude on May 4, 2025, and staff will submit the report to HUD no later than Thursday, May 15, 2025. The report may be submitted after May 15 if there are delays in receiving the annual entitlement award, based on guidance from HUD.

ECONOMIC IMPACT

The proposed programs funded through CDBG and the General Fund's Social Services programs have a collective positive economic impact on the community, as they will increase food security; provide vital support services to help individuals and families maintain and obtain housing, such as legal aid, fair housing services, shelter, and home rehabilitation; infuse capital through grants and loans, and provide training for local small businesses.

FISCAL IMPACT

The CDBG Program has a positive impact on the City's General Fund, as a portion of CDBG funds (up to 20%) may be used to pay for eligible planning and administration of the program, including staff salaries and benefits. The CDBG program remains an administratively complex undertaking requiring enhanced dedication of resources from recipients and subrecipients to meet federal reporting standards. Potential reductions to the City's CDBG grant size and unpredictable program income will result in equivalent reductions to available funds and to the administrative cap.

Additionally, there remains some uncertainty as to the continued availability of CDBG funds given the January 27, 2025, Office of Management and Budget (OMB) memorandum M-25-13

⁹ Draft Consolidated Plan

<https://www.hayward-ca.gov/your-government/departments/library-community-services/programs/community-development-block-grant-cdbg>

directing a temporary pause of activities related to obligation or disbursement of Federal funding. While the memorandum was rescinded and the pause challenged in court, it is unclear if CDBG will be affected by future similar actions. Additionally, proposed staffing cuts to HUD's Community Planning and Development (CPD) program, which administers CDBG grants, may result in delayed execution of the FY 2025-2026 award, review of annual plans, and future payment processing.⁹ At this time, staff have successfully drawn down and received funds from the City's CDBG entitlement grant without issue. Should CDBG funds become unexpectedly unavailable, staff plan to return to City Council for direction.

Social Services and Arts and Music activities are funded through the General Fund and subject to City Council discretion. If other General Fund obligations require reductions to this funding, individual grants would be adjusted on a percentage basis accordingly. Historically, City Council has acknowledged Social Services grants support "safety net" services (i.e. food, housing, support services for low-income people, and information and referral) and has refrained from reducing or eliminating funding based on fiscal impact.

STRATEGIC ROADMAP

These funding allocation recommendations support several of the City's Strategic Roadmap priority areas, including Preserve, Protect, & Produce Housing; Grow the Economy; Improve Infrastructure; and Support Quality of Life.

PUBLIC CONTACT

The Public Comment period for FY 2025-2026 recommended funding allocations and FY 2026-2029 Consolidated Plan is in place from April 4, 2025, through May 4, 2025.¹⁰ Public comment on the FY 2025-2026 Community Agency Funding Recommendations and the Consolidated Plan will be heard at the Public Hearing on April 22, 2025.

Prior to this Public Hearing item, the public had the opportunity to provide public comment on the CAF process during the public comment period and at the CSC's February 19, 2025, and March 19, 2025 meetings.^{11,12} Public comments on the FY 2025-2026 funding recommendations were also received at the April 1 Work Session. All public comments received during this funding cycle are included in Attachment VIII. Public comments received at the April 1 Work Session discussed areas of concern around CDBG funding availability and questions on how funds would be allocated if CDBG became unavailable from Spectrum Community Services. Public comments received at the April 1 Work Session also discussed areas of support for more funding to Centro Legal de la Raza, South Hayward Parish, and Love Never Fails.

¹⁰ Public comment for the Consolidated Plan: <https://www.hayward-ca.gov/your-government/departments/library-community-services/programs/community-development-block-grant-cdbg>

¹¹ February 19, 2025, Community Services Commission Staff Report and Attachment <https://hayward.legistar.com/LegislationDetail.aspx?ID=7138343&GUID=A37B8FA7-12C8-4E49-AF69-BF827EBD7BA2&Options=&Search=>

¹² March 19, 2025, Community Services Commission Staff Report and Attachment <https://hayward.legistar.com/LegislationDetail.aspx?ID=7263365&GUID=1E082621-7B5B-415F-8698-1D531A2D01FD&Options=&Search=>

NEXT STEPS

Next steps include the following:

- On May 4, 2025, the City's public comment period will conclude.
- Staff will address public comments and will submit Consolidated Plan to HUD no later than May 15, 2025, unless directed by HUD otherwise.

Staff will begin the contracting process with funded applicants once City Council approves the FY 2025-2026 budget in June. Given the unpredictable nature of current federal funding, contracts will include language stating that the agreement is contingent on funding availability and should CDBG funding become unavailable, staff will return to Council for direction.

Prepared by: Emily Hwang, Management Analyst

Recommended by: Amy Cole-Bloom, Community Services Manager
Regina Youngblood, Assistant City Manager

Approved by:

A handwritten signature in dark ink, appearing to read 'Dr. Alvarez', written over a horizontal line.

Dr. Ana M. Alvarez, City Manager