



**DATE:** February 21, 2024

**TO:** Community Services Commission

**FROM:** Community Services Manager

**SUBJECT** FY 2025 Application Review Committee Preliminary Draft Funding Recommendations

## **RECOMMENDATION**

That the Commission reviews and comments on this report regarding the FY 2025 Application Review Committee preliminary draft funding recommendations.

## **SUMMARY**

This report provides a review of the Application Review Committee (ARC) funding deliberation process, recommendations, and next steps.

## **BACKGROUND**

The Community Services Commission (CSC) serves as an advisory body to the Hayward City Council. Through the annual Community Agency Funding (CAF) process, the CSC makes recommendations to Council for the distribution of Community Development Block Grant (CDBG) and General Fund allocations to programs in the following categories: Infrastructure and Economic Development (CDBG), Public/Social Services (CDBG/General Fund), and Arts and Music (General Fund).

The CAF process is reviewed both internally with the CSC and with Council on an ongoing basis. Following the FY 2021-2022 funding process, the CSC and a subgroup of Council engaged in an extensive review of the CAF process resulting in modifications intended to improve the CAF process and better align funding recommendations with Council priorities. Staff began to implement the CSC's recommended modifications during the FY 2023-FY2024 funding process, which Council affirmed on June 28, 2022<sup>1</sup>. As a reminder, below are modifications from FY 2024 in Table 1.

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<sup>1</sup> June 28, 2022, Council Meeting Staff Report  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5709697&GUID=A6B2DFF3-6937-49D4-8EE0-C7C35628FDEF&Options=&Search=>

**Table 1. FY 2024 Community Agency Funding Modifications**

<b>Services Funding Caps (per program)</b>	Up to \$100,000 for housing and homelessness-related projects and up to \$50,000 for other services
<b>Funding Allocation for New and Innovative Programs</b>	Include a priority for funding 20-30% of applications for new and innovative programs
<b>Funding for Safety Net Programs</b>	While no single agency should receive guaranteed funding, staff will identify programs that support safety net services during the CAF process
<b>Arts and Music Funding Guidelines</b>	<p><b>New Agencies</b> may receive up to \$30,000 in financial support for one year</p> <p><b>Signature Agencies</b>, up to \$25,000 for programs that have been funded 1-5 year(s)</p> <p><b>Classic Agencies</b>, (+5 years) up to \$20,000 in grant funding, not to exceed 60% of the total estimated program budget</p>
<b>Audit Requirements</b>	Increase audit requirement threshold from \$15,000 to \$20,000

The CAF process opened with the publication of a Notice of Funding Availability (NOFA) on September 29, 2023. The announcement was published in English and Spanish in the Daily Review, posted to the City’s website, emailed the Community Services Division’s interested parties mailing list, and shared on the City’s social media channels. Hayward City Council and Commissioners were also encouraged to share the NOFA with their networks.

The CSC reviews all eligible applications, and the CSC Chairperson appoints three Application Review Committees (ARC) by funding category to conduct applicant interviews prior to drafting funding recommendations for Council review and approval. The three funding categories are:

**1. Economic Development and Infrastructure (CDBG):** Affordable housing (not including new construction); housing rehabilitation; nonprofit facility improvements; job creation; and micro-enterprise support. Funds must meet one of three national objectives: benefit low- and moderate-income Hayward residents (i.e., those making less than 80% of the area median income); prevent or eliminate slum blight; or meet an urgent need (i.e., disaster).

**2. Arts & Music (General Fund):** Arts and music programs that benefit Hayward residents to support art, music, or cultural programs or activities including but not limited to educational assemblies, curriculum development and distribution, and art galleries.

**3. Public/Social Services (CDBG/General Fund):** Benefit low- and moderate-income Hayward residents through programs to provide food security, health services,

homelessness and anti-displacement services, legal services, and youth and education services.

Due to the nature of special events planning and after receiving feedback from agencies, the CSC will not make recommendations to Council this year regarding the distribution of Special Event funds through the Community Agency Funding process. Instead, the Special Events funding process will be administered by the City Manager's Office. Details around procedures and guidelines will be emailed in March 2024 to currently funded agencies, previously funded agencies, applicants from previous years and all other interested parties on the CSC mailing list.

## **DISCUSSION**

Annually, the City funds approximately \$1.7 million in programs that provide free or low-cost services to the Hayward community, including highly vulnerable populations within the City, through a combination of federally awarded CDBG funds and allocations from the City's General Fund. The City makes this funding available to community agencies through the competitive CAF process.

### ***FY 2025 Community Agency Funding Process***

The FY 2025 CAF process commenced with the publishing of a NOFA on September 29, 2023. The virtual bidders' conference hosted by staff on November 1, 2023, had 62 different agencies in attendance. By the December 1, 2023, deadline, the City received 51 applications for FY 2025 funding, with 13 new proposed programs/events and 10 new applicants.

The majority of applications are reviewed through a competitive process to allocate \$586,950 from the General Fund and approximately \$1,300,000 from the City's estimated CDBG entitlement, after the costs of administration and planning are set aside.<sup>2</sup> This year, there was an additional \$100,000 in funding available through the City's opioid distributor settlement allocation which increased the total available for General Fund services programs from \$454,950 to \$554,950. The amount of funding requested for FY 2025 continued to increase compared to previous years, resulting in a highly competitive funding allocation process for the FY 2025 cycle. Three projects will be funded through non-competitive direct allocations, including City-sponsored home rehabilitation programs, infrastructure project management, and fair housing testing services. Further discussion is provided in the following section.

In total, the ARCs interviewed 45 unique applicants requesting over \$3.7 million dollars for FY 2025. Table 2 below shows the number of applicants and funding requests by category.

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<sup>2</sup> Staff estimate this allocation based on previous years' entitlement awards. The actual award is expected to be announced by the end of March, pending delays in the federal legislature.

**Table 2. Applications and Funding Request by Category**

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
<b>Competitive</b>				
Arts and Music	Gen. Fund	9	\$183,790	\$132,000
Social Services	Gen. Fund	22	\$1,289,380	\$554,950*
Public Services	CDBG	8	\$442,142	\$246,755
Economic Development	CDBG	5	\$523,988	\$833,245
Infrastructure	CDBG	3	\$1,254,975	
<b>Totals</b>		<b>45</b>	<b>\$3,694,275</b>	<b>\$1,766,950</b>

\* This total includes the \$100,000 from the opioid distributor settlement

Non-Competitive	FUNDING SOURCE	AWARD AMOUNT
HUD Required Fair Housing Services <sup>3</sup>	CDBG	\$25,475
Home Rehabilitation & Infrastructure Project Management	CDBG	\$325,000

### ***Non-Competitive Applications***

Per the City of Hayward Compliance Policy Manual adopted by Council in 2014, in each CDBG program year the cost of administration and HUD-related fair housing activities are subtracted from the annual entitlement award amount. In 2019, staff conducted a competitive RFP process for HUD-mandated fair housing services and Eden Council for Hope and Opportunity (ECHO) was selected. For FY 2025, \$25,475 from the City's CDBG administration and planning set aside will be allocated to ECHO to provide fair housing services to Hayward residents. This award is required by HUD and separate from the CDBG Public Services funds available in the competitive process. Additionally, through the Alameda County analysis of impediments to fair housing completed in 2020, the City committed \$300,000 to funding home rehabilitation programs to prevent displacement of low-income households. Finally, the City allocates an additional \$25,000 to Habitat for Humanity to support project management of the CDBG infrastructure grants, ensuring the City maintains compliance with federal regulations.

Based on guidance from Council at the April 17, 2018 meeting, Eden Information and Referral (EIR) was removed from the competitive pool of CAF applicants up until FY 2024. Last fiscal year, Council approved doing a separate allocation in the annual budget cycle, outside of the CAF process, for this contribution.<sup>4</sup> EIR is the sole provider of 211 in Alameda County. The agency has contractually provided critical information and referral services for 45 years and serves as the county-wide call center for Alameda County's Coordinated Entry System. Funds are provided through a consortium of 14 cities and several County agencies and departments.

<sup>3</sup> These funds are allocated from the City's administration and planning set-aside, so they do not impact the HUD-mandated 15% cap on CDBG funds for public services.

<sup>4</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=6179362&GUID=65916587-0043-40D6-8BA8-CF8407DDA041&Options=&Search=>

With Council's direction, Staff will request EIR's additional allocation as part of the Community Services Division's FY 2025 operating budget.

### ***Competitive Application Review***

After allocating the non-competitive projects, the remaining funds are made available to eligible applicants through the CAF process. Each application is reviewed by staff and the CSC, and agency specific questions are compiled and shared with applicants prior to their interview. During this process, agencies are given ten minutes to present their projects to their respective ARC, and an additional ten minutes to answer questions from the committee. All interviews were held virtually via Microsoft Teams.

Following the interviews, each ARC engaged in extensive deliberation, weighing criteria that included agencies' capacity, leveraging of other funds, history providing equitable and quality services, alignment with City priorities, and the community's need for the service. They also took into consideration caps outlined in Table 1.

### ***Preliminary Recommendations***

Each ARC's deliberations resulted in preliminary recommendations, which will be reviewed during the February 21, 2024, CSC meeting. The preliminary funding allocation recommendations are included in Attachment II.

### **Economic Development and Infrastructure Category**

The Economic Development/Infrastructure ARC recommended full funding to five agencies, including those administering the City's non-competitive home rehabilitation program. Three agencies were awarded partial funding, with specific recommendations made for allocating potential additional funding should the CDBG entitlement award exceed staff's estimates.

They did not recommend funding for two programs:

- WeeCare, Inc.'s BOOST program: ARC members were not in favor of utilizing public funds to support a for-profit organization. Additionally, due to WeeCare, Inc.'s for-profit status, the agency omitted a program budget due to confidentiality concerns and submitted an incomplete application.
- St. Rose Hospital Foundation's Sub-Acute Facility project: ARC members were not in favor of funding the agency until it fully expends existing awards for FY 2021 through FY 2023 and the ARC would like to see the agency demonstrate its ability to spend those funds first before awarding any additional funding.

### **Arts and Music Category**

A total of nine agencies applied for funding, three of which were new agencies. The Arts & Music ARC recommended full funding to six returning agencies up to their respective funding caps. Among the new Arts and Music agencies, two new agencies were partially awarded funding and one new agency was not recommended funding. The ARC identified a need for the partially funded agencies to see more established partnerships with local organizations and further show more services provided to the Hayward community specifically. The ARC did not recommend funding the Marina's Harmony Community Meditation project as the ARC believed the agency required more experience and technical assistance before requesting funding and operating independently.

Across all new agencies, the ARC had concerns about outreach and partnerships with other Hayward-based organizations for technical support, collaboration to reach wider audiences,

and data collection procedures to prevent duplication. As a result, the Arts & Music ARC did not allocate the remaining \$22,955 amounts in funding. The ARC directed staff to evaluate several options for re-allocating the balance of funds. Staff recommend moving the balance of unallocated Arts & Music funding to the Services ARC.

### **Services Category**

The ARC recommended fully or partially funding 28 of the 30 programs.

Among the agencies being recommended for funding, there were six new applicants that had never applied through the CAF process prior to this year. The ARC identified a need for some new and returning agencies (05 Sikh Seva, Daily Bowl, and the Peace Haven Corporation) to receive additional technical assistance and improved data tracking mechanisms. Additionally, the ARC expressed desire to see more established partnerships and representative leadership from San Lorenzo Family Help Center as they formalize their services in North Hayward. They also identified a need for a clearer project scope, plan for sustainability, and more formalized partnerships with local businesses or organizations for Park Place Refuge's Laundry Services program.

Should actual available funds exceed staff estimates, the ARC is recommending allocating the funds evenly among Be a Mentor, Daily Bowl, EYFC Clubhouse, Kina Evanas, San Lorenzo Family Help Center, and Immigrant Institute of the Bay Area, in an amount not to exceed their original request.

The ARC recommended not funding two projects this year:

- Eden Youth and Family Center Empowering Entrepreneurs program: ARC members prioritized funding this agency's other application in an attempt to distribute funding across more agencies.
- Big Brothers Big Sisters of the Bay Area Community Based Mentoring for Low Income Hayward Youth program: ARC members determined that there were multiple mentorship applicants and prioritized funding more local agencies doing mentorship work.

Table 3 below depicts the allocation of all eligible funds by services category and the percent of funding request being recommended within each category. Housing and Homelessness services represents the highest funding recommendation in both dollars and percent of funding request within a given category. Roughly 42% of the total services funding is recommended for funding Housing and Homelessness services, which is in alignment with the [City's Strategic Road Map](#) and [The Let's House Hayward! Strategic Plan](#).

**Table 3. Funding Recommendations by Services Category**

CATEGORY	Total FUNDING REQUESTS	Total FUNDING RECOMMEN-DATIONS	% OF REQUEST RECOMMENDED FOR FUNDING	% OF TOTAL SERVICES FUNDING
Legal Services	\$70,000	\$65,000	93%	7.0%
Health	\$117,325	\$71,163	61%	7.7%
Food Security	\$632,666	\$147,500	23%	15.9%
Youth & Education	\$210,000	\$177,309	84%	19.1%
Information & Referral	\$254,696	\$77,000	30%	8.3%
Housing and Homelessness	\$446,835	\$389,209	87%	42.0%

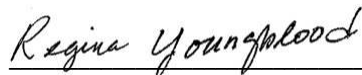
### **NEXT STEPS**

The public comment period for the proposed FY 2025 CDBG, Social Services, and Arts and Music allocations for City of Hayward community agency funding grants will commence on February 21, 2024. At the March 20, 2024, CSC meeting, the Public Comment Period will close, and the CSC will vote on their final recommendations to Council. The final funding recommendations are scheduled for Council review on April 2, 2024, and the subsequent Public Hearing is scheduled for April 23, 2024.

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*Approved by:*



Regina Youngblood, Assistant City Manager