



**DATE:** April 25, 2023

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT** Community Agency Funding: Approval of Fiscal Year 2024 Community Agency Funding Recommendations and the FY 2024 Annual Action Plan

**RECOMMENDATION**

That the Council:

1. Affirms the Community Services Commission’s FY 2024 Community Agency Funding recommendations as outlined in Attachment II, the Social Services, Arts and Music, and Special Events categories made within the context of the Council’s FY 2024 budget to be adopted in June 2023 (Attachments III, IV, V); and
2. Adopts a resolution (Attachment VI) authorizing the City Manager to submit an application for the Community Development Block Grant (CDBG) Program for U.S. Department of Housing and Urban Development (HUD) Program Year 2023, including the City of Hayward FY 2024 Annual Action Plan with the FY 2024 CDBG funding allocations; and
3. Adopts a resolution (Attachment VII) approving and appropriating a separate allocation of General Fund dollars for 2-1-1 services starting in FY 2025.

**SUMMARY**

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

No.	Topic	Recommended Action
1.	FY 2024 Community Agency Funding Process	Approve the funding recommendations made by the Community Services Commission (CSC) and presented at the Council Work Session on April 11, 2023
2.	FY 2024 Annual Action Plan	Approve the FY 2024 Annual Action Plan
3.	General Fund Allocation for 2-1-1 Services	Approve and appropriate funding recommendation presented at the Council Work Session on April 11, 2023

The estimated funding available as part of the FY 2024 Community Agency Funding process is \$1,957,483. Through the Community Agency Funding process, the Community

Services Commission (CSC) made recommendations for the allocation of \$1,270,533 in CDBG monies for public services, economic development, and infrastructure activities, \$626,959 in General Fund monies for social services, arts and music activities, and special event funding.

The proposed funding is summarized by category in Table 1 below and in detail in Attachment II. These funding recommendations have not changed from those presented to Council during the Work Session on April 11, 2023.<sup>1</sup>

**Table 1. Summary of Recommended Funding Allocation by Category**

Funding Source	Category	Recipient	Amount
General Fund	Arts & Music	Community Agencies	\$105,301
General Fund	Special Events	Community Agencies	\$66,708
General Fund	Social Services	Community Agencies	\$454,950
CDBG	Public Services	Community Agencies	\$267,416
CDBG	Economic Development/Infrastructure	Community Agencies	\$653,120
<b>Total ARC Recommended Grants</b>			<b>\$1,547,492</b>
CDBG	HUD-Required Fair Housing Services	Community Agency	\$25,000
CDBG	Home Rehabilitation & Infrastructure Project Management	Community Agency	\$325,000
<b>Total Non-Competitive Grants</b>			<b>\$350,000</b>
<b>GRAND TOTAL FY 2024 RECOMMENDED FUNDING (ALL SOURCES)</b>			<b>\$1,897,492</b>

**The Annual Action Plan**

The FY 2024 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2024 to address the priority needs and goals identified in the FY 2021-2025 Consolidated Plan. Community input gathered during the Consolidated Planning process informed the development of these priority needs and goals.

Table 2 lists the proposed allocation of CDBG funding for the FY 2024 Annual Action Plan. It aligns with the FY 2024 CDBG funding recommendations presented in this report as part of the Community Agency Funding Process. FY 2024 equates to CDBG Program Year 2023.

**Table 2. 2023 (FY 2024) Estimated Annual Action Plan Summary Funding by Project Category**

No.	Project Category	Program Year 2023 (FY 2024) Funding Allocation
1.	Administration & Planning	\$375,560
2.	Public Facilities & Infrastructure	\$526,448
3.	Public Services	\$279,413
4.	Housing Programs	\$594,476
5.	Economic Development	\$676,147
<b>TOTAL</b>		<b>\$2,452,044</b>

<sup>1</sup> April 11, 2023, Staff Report and Attachments: <https://hayward.legistar.com/LegislationDetail.aspx?ID=6124951&GUID=60B16E82-C7CF-442C-BB5C-2344287F0E24&Options=&Search=>

## BACKGROUND

### The FY 2024 Community Agency Funding Process

Every year, the City funds social programs that serve the most vulnerable populations within the City through a combination of federally awarded CDBG funds and allocations from the City's General Fund. As the advisory body to the Hayward City Council on community service issues, the CSC makes recommendations to Council regarding the distribution of CDBG and General Fund monies for Infrastructure and Economic Development (CDBG), Public/Social Services (CDBG/General Fund), Arts and Music (General Fund) program funds, and Special Event (General Fund) funding through the annual Community Agency Funding process.

The Community Agency Funding process for FY 2024 opened with the publication of a Notice of Funding Availability (NOFA) on September 30, 2022. The Mandatory Bidder's Conference was held on November 1, 2022. Cumulatively, eligible applicants requested \$3,698,052.

The CSC reviewed all eligible applications, and the CSC Chairperson appointed three Application Review Committees (ARCs) by funding category to conduct applicant interviews prior to drafting funding recommendations presented in this report for Council review and approval. The three funding categories are:

1. **Infrastructure and Economic Development (CDBG):** Affordable housing (not including new construction); housing rehabilitation; nonprofit facility improvements; microenterprise business support; and capacity building. Funds must meet one of three national objectives: benefit low-moderate income Hayward residents; prevent or eliminate slum blight; or meet an urgent need (i.e., disaster).
2. **Arts & Music and Special Events (General Fund):** Arts and music programs that benefit Hayward residents, with an emphasis on activities that support youth education, and Special Event funds for eligible community events that encourage inclusion and celebrate diversity in the Hayward community.
3. **Public/Social Services (CDBG/General Fund):** Benefit low-moderate income Hayward residents through programs to provide food security, health services, homelessness and anti-displacement services, including job training; legal services; youth and education services.

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 15, 2023 <sup>2</sup>	CSC	The CSC discussed their initial funding recommendations and opened a public comment period.

<sup>2</sup> February 15, 2023, Community Services Commission Staff Report and Attachment  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6021793&GUID=5EFD5D90-DD28-444C-8E84-3300746EA3BA&Options=&Search=>

March 15, 2023	CSC	While quorum was not met, through a hybrid informal meeting, the CSC received a presentation of the FY2024 funding recommendations, received public comment, and closed the public comment period at the conclusion of the presentation.
April 3, 2023 <sup>3</sup>	CSC	The CSC held a special meeting, heard public comments, and unanimously voted to approve the FY2024 funding recommendations.
April 11, 2023 <sup>4</sup>	City Council	During a Work Session, Council heard public comments and discussed the funding recommendations from the CSC. The public comment period on the funding recommendations opened on April 4, 2023, and will close on May 4, 2023.

### **The FY 2024 Annual Action Plan**

HUD requires that the City update its Annual Action Plan each year. The Annual Action Plan carries out the Consolidated Plan, which is updated every five years. Council approved the current FY 2021-2025 Consolidated Plan on June 23, 2020.<sup>5</sup> The Consolidated Plan identifies: affordable housing, homelessness, housing preservation, and permanent supportive housing; community development of public facilities and public services; elderly, youth, and family education services; and economic development as priority needs for the City.

The FY 2024 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2024 to address the priority needs and goals identified in the 2021-2025 Consolidated Plan. The CDBG funded activities that are allocated through the Community Agency Funding Process are outlined as a portion of the Annual Action Plan. Activities

## **DISCUSSION**

### **The FY 2024 Community Agency Funding Process**

On April 11, 2023, Council received a presentation of the CSC FY 2024 funding recommendations which includes a direct allocation to Eden Information and Referral (EIR) for 2-1-1 services, separate from the CAF process, starting in FY 2025. While Council discussed the funding recommendations, there were no directed modifications made to the recommendations. In addition to some clarifying questions, Council expressed interest in the methodology used in the development of the funding recommendations. Several Councilmembers expressed interest in understanding the reason behind partial funding or no funding being recommended to several agencies and special event applicants. Council generally accepted that limited funding, funding caps as adopted by Council, and timely use of funds largely impacted the funding recommendations. Furthermore, Council expressed

<sup>3</sup>April 3, 2023, Community Services Commission Staff Report and Attachment  
<https://hayward.legistar.com/MeetingDetail.aspx?ID=1089126&GUID=8E017774-4895-4444-8728-317C6F36E55F&Options=info&Search=>

<sup>4</sup> April 11, 2023, City Council Staff Report and Attachment  
<https://hayward.legistar.com/MeetingDetail.aspx?ID=1089126&GUID=8E017774-4895-4444-8728-317C6F36E55F&Options=info&Search=>

<sup>5</sup> June 23, 2020 Staff Report and Attachments:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4576644&GUID=7D9A237D-8934-4D4A-94FA-CFF24B9589CA&Options=&Search=>

concern that Alameda County Community Food Bank (ACCFB), a long-time CAF grant recipient, did not apply for FY 2024 funding. Staff reached out to ACCFB and received confirmation that their decision not to apply for FY 2024 funding will not impact services to partner agencies in Hayward.

Council also expressed a desire to identify additional ways that the City can support applicants outside of the CAF process, such as improving the Special Event coordination across various City departments and making recommendations to agencies regarding capital campaigning.

**The FY 2024 Annual Action Plan**

The City’s Annual Action Plan is developed each year in accordance with the housing and community development goals and objectives articulated in the Consolidated Plan. The Annual Action Plan serves the following purposes:

- Identifies projects and activities to receive CDBG funds,
- Serves as an application for HUD funding, and
- Certifies the City’s compliance with a variety of federal regulations.

Action Plan projects include activities such as expanding affordable housing, housing preservation, and permanent supportive housing; community development of public facilities and public services; homelessness, elderly, youth, and family education services; and economic development by way of small business grants and loans and extending technical assistance to small businesses.

In early March, the City was notified of its FY 2024 CDBG entitlement amount of \$1,527,801. The anticipated resources for FY 2024, including the annual entitlement allocation, anticipated program income from revolving loan fund repayments, and prior year resources, amounts to \$2,452,044.

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

Staff proposes to allocate funding for FY 2024 (i.e., CDBG Program Year 2023):

**Table 7. CDBG 2023 Annual Action Plan**

No.	Project Category	Program Year 2023 Estimated Funding Allocation
<b><i>Capped Categories (35%)</i></b>		
1.	Administration & Planning (20%)	\$375,560
2.	Public Services (15%)	\$279,413
<b><i>Uncapped Categories: Infrastructure and Economic Development (65%)</i></b>		
3.	Public Facilities and Infrastructure	\$526,448
4.	Housing Programs	\$594,476
5.	Economic Development	\$676,147
<b>TOTAL</b>		<b>\$2,452,044</b>

On April 4, 2023, staff published a draft of the FY 2024 Annual Action Plan<sup>6</sup> for public comment, with a Public Hearing for comment and Council recommendation for approval on April 25, 2023. The City's public comment period will conclude on May 4, 2023 and staff will submit the report to HUD no later than Friday, May 12 2023.

## **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.

## **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.

## **FISCAL IMPACT**

The CDBG Program has a neutral 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. 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. The CDBG program remains an administratively complex undertaking requiring enhanced dedication of resources from recipients and subrecipients to meet federal reporting standards.

Social Services, Arts & Music, and Special Event funds are General Fund-based and subject to Council discretion. If other General Fund obligations require reductions to Social Services, Arts & Music, or Special Event funding, individual grants would be adjusted on a percentage basis accordingly. Historically, 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.

A direct allocation to EIR to fund 2-1-1 services, separate from the CAF competitive process funding, would result in a \$50,000 impact on the General Funding starting in FY 2025.

## **PUBLIC CONTACT**

The Public Comment period for the FY 2024 recommended funding allocations, FY 2024 Annual Plan, and the revised Community Participation Plan is in place from April 4, 2023, through May 4, 2023. Public comment on the Community Agency Funding Process, Annual

---

<sup>6</sup> Draft FY 2024 Annual Action Plan

<https://www.hayward-ca.gov/sites/default/files/pdf/COH-CDBG-2022-2023-Action-Plan-Draft.pdf>

Action Plan, and the City of Hayward CDBG Community Participation Plan will be heard at the Public Hearing on April 25, 2023. Additionally, prior to this 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 15, 2023, March 15, 2023, and Special April 3, 2023, meetings. Public comment can be reviewed in Attachment VII.

## **NEXT STEPS**

Next steps include the following:

- On Thursday, May 4, 2023, the City's public comment period will conclude.
- Staff will address public comments and will submit the FY 2024 Annual Action Plan to HUD no later than May 12, 2023.

Recommendations for all funding categories will be finalized following the April 25, 2023, Council meeting.

*Prepared by:* Carol Lee, Management Analyst

*Recommended by:* Jessica Lobedan, Community Services Manager  
Regina Youngblood, Assistant City Manager

Approved by:



---

Kelly McAdoo, City Manager