



DATE: June 23, 2020

TO: Mayor and City Council

FROM: Deputy City Manager

SUBJECT: Community Development Block Grant (CDBG): Approval of FY 2021 Community Agency Funding Recommendations and FY 2021-2025 Community Development Block Grant Consolidated Plan and FY 2021 Action Plan

RECOMMENDATION

That the Council:

1. Affirms the Community Services Commission’s FY 2021 community agency funding recommendations as outlined in Attachment II, with final Council authorization of the funding allocations of the Social Services and Arts and Music categories made within the context of the Council’s FY 2021 budget to be adopted in June 2020.
2. Adopts a resolution (Attachment III) 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 2020, including the City of Hayward FY 2021-2025 CDBG Consolidated Plan and FY 2021 Annual Action Plan with the FY 2021 CDBG funding allocations.
3. Receives an update on the status of CDBG funds allocated through the CARES Act (CDBG-CV).

SUMMARY

This report asks Council to act on the following elements:

No.	Topic	Recommended Action
1.	FY 2021 Community Agency Funding Process	Approve the funding recommendations made by the Community Services Commission (CSC) and presented at a Council Work Session on May 19, 2020.

No.	Topic	Recommended Action
2.	FY 2021-2025 CDBG Consolidated Plan and FY 2021 Annual Action Plan	Approve the CDBG Consolidated Plan and Annual Action Plan
3.	CDBG-CV COVID-19 Response Funding	Receive an update from staff on progress distributing the CDBG-CV (CARES Act) funds approved by Council on April 28, 2020.

FY 2021 Community Agency Funding Process

The total funding available as part of the FY 2021 Community Agency Funding process is \$1,784,819. Through the Community Agency Funding process, the CSC made recommendations for the allocation of \$1,247,869 in CDBG monies for public services, economic development, and infrastructure activities and \$536,950 in General Fund monies for social services and arts and music activities.

Error! Reference source not found. on the following page summarizes the funding recommendations for both CDBG and the General Fund. Attachment II provides a detailed summary of recommended funding recipients. These funding recommendations were not changed from those presented to Council during the Work Session on May 19, 2020.¹

Table 1. Summary of Recommended Funding Allocation by Category

Funding Source	Category	Recipient	Amount
General Fund	Arts & Music	Community Agencies	\$82,000
General Fund	Social Services	Community Agencies	\$404,950
CDBG	Economic Development/Infrastructure	Community Agencies	\$645,784
CDBG	Public Services	Community Agencies	\$247,085
CDBG	Infrastructure	City-Operated Program	\$300,000
CDBG	COH Infrastructure Admin	Community Agency	\$30,000
<i>Total ARC Recommended Grants</i>			<i>\$1,709,819</i>
General Fund	Referral Services	Eden I&R	\$50,000
CDBG	HUD-Required Fair Housing Services ²	Community Agency	\$25,000
<i>Total Referral Services and HUD Required Fair Housing</i>			<i>\$75,000</i>
GRAND TOTAL FY 2021 RECOMMENDED FUNDING (ALL SOURCES)			\$1,784,819

¹ May 19, 2020, Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=782135&GUID=B6A000E2-C705-4F69-A95B-252DAC021807&Options=info&Search=>

² The City funds the HUD-required fair housing services from administration and planning funds.

FY 2021-2025 CDBG Consolidated Plan and FY 2021 Annual Action Plan

Every five years, HUD requires the City to draft a Consolidated Plan specifying the City's priority needs and goals for using CDBG entitlement funds over the next five years.³ The FY 2021-2025 Consolidated Plan includes the FY 2021 Annual Action Plan. The priority needs for the FY 2021-2025 Consolidated Plan are:

1. Expand & Improve Public Infrastructure & Facilities
2. Preserve, Protect, and Produce Housing Stock
3. Public Services & Quality of Life Improvements
4. Economic Development

Error! Reference source not found. lists the proposed allocation of CDBG funding for the FY 2021 Annual Action Plan. It aligns with the FY 2021 CDBG funding recommendations presented in this report as part of the Community Agency Funding Process.

Table 2. FY 2021 Annual Action Plan Summary Funding by Project Category

No.	Project Category	Program Year 2020 Funding Allocation
1.	Administration & Planning	\$338,531
2.	Public Facilities & Infrastructure	\$495,000
3.	Public Services	\$247,085
4.	Housing Programs	\$390,263
5.	Economic Development	\$480,784
TOTAL		\$1,951,663

CDBG-CV COVID-19 Response Funding Update

On April 28, 2020, Council approved the allocation of \$1.47 million in CDBG funds (\$902,238 from the CARES Act CDBG-CV allocation and \$521,365 in uncommitted CDBG entitlement funds) for COVID-19 response prioritizing the following areas:

- Local food banks to promote food security for low-income and senior residents
- Counseling and financial assistance to renters and homeowners
- Homeless outreach and shelter services
- Childcare services and support for childcare providers to prepare to re-open
- Referral and information services
- Grants to micro-enterprises to promote recovery from COVID-19

Staff submitted a Substantial Amendment to the Program Year 2019 Annual Action Plan to HUD in May 2020. As of June 8, 2020, staff has finalized one agreement for rental assistance and is in the process of entering into agreements with another 11 agencies to deliver services in line with the above priorities.

³ The City of Hayward is also a member of the Alameda County HOME Consortium. The Consolidated Plan described in this report also aligns with the priority needs and goals of the HOME Consortium.

BACKGROUND

FY 2021 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 funds and the General Fund monies for Infrastructure and Economic Development (CDBG), Public/Social Services (CDBG/General Fund), and Arts and Music (General Fund) program funds through the annual Community Agency Funding process.

The Community Agency Funding process for FY 2021 opened with the publication (in English and Spanish) of a Notice of Funding Availability (NOFA) on September 27, 2019. The Bidders' Conference was held on October 29, 2019. Cumulatively, applicants requested \$2,508,384.

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 the funding recommendations presented in this report for Council review and approval. The three funding categories are:

1. **Infrastructure and Economic Development (CDBG):** Affordable housing; housing rehabilitation; nonprofit facility improvements; job creation; and capacity building.
2. **Arts & Music (General Fund):** Arts and music programs that benefit Hayward residents, with an emphasis on activities that support youth education.
3. **Public/Social Services (CDBG/General Fund):** Benefit low-moderate income Hayward residents through programs to provide homelessness and anti-displacement services, food security, health services, legal services, and youth and family 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 19, 2020 ⁴	CSC	The CSC discussed their initial funding recommendations and opened a public comment period.

⁴ February 19, 2020, CSC Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=763056&GUID=915D9BA1-DB7A-4F6B-96CA-3F2E473FEDBA&Options=info&Search=>

Meeting Date	Meeting Body	Description
March 18, 2020 ⁵	CSC	Through a remote meeting, the CSC voted to approve the FY2021 funding recommendations, with some changes that staff implemented prior to presenting the recommendations to Council.
May 19, 2020 ⁶	City Council	During a Work Session, Council heard public comment and discussed the funding recommendations from the CSC. The public comment period on the funding recommendations opened on May 18, 2020 and will close on June 24, 2020.

FY 2021-2025 CDBG Consolidated Plan and FY 2021 Annual Action Plan

The CDBG program provides an annual formula entitlement grant to the City of Hayward. As part of administering the CDBG program, the City must complete a five-year Consolidated Plan to serve as a framework for identifying housing and community development needs and priorities. It was developed based on community input collected over the past two years and guides the City’s decisions for investing federal funds over the next five years.

The FY 2021-2025 Consolidated Plan also includes the FY 2021 Annual Action Plan, which provides a concise summary of how federal resources will be used to address the priority needs and goals identified in the Consolidated Plan for FY 2021. Formula funding is provided annually upon HUD’s approval of Council’s CDBG allocations, which form the substantive portion of the City’s Annual Action Plan. The CDBG funded activities that are allocated through the Community Agency Funding Process are outlined as a portion of the Annual Action Plan.

CDBG-CV COVID-19 Response Funding Update

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), making available \$5 billion in supplemental CDBG funding (CDBG-CV) for grants to prevent, prepare for, and respond to coronavirus. Through the CARES Act funding, the City of Hayward is receiving an additional \$902, 238 to address the COVID-19 crisis locally.

⁵ March 18, 2020, CSC Staff Report and Attachments:

<https://hayward.legistar.com/MeetingDetail.aspx?ID=769058&GUID=27E7F955-2F92-4C1D-A32C-BD460460FA55&Options=&Search=>

⁶ May 19, 2020, City Council Work Session Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4539048&GUID=4A6245A1-030C-4581-AA36-07D04CB5446F&Options=&Search=>

On April 28, 2020,⁷ Council authorized the City Manager to implement a plan to allocate the CDBG-CV funding, as well as \$571,365 in uncommitted CDBG entitlement funds, enabling the City to allocate approximately \$1.47 million to respond to the COVID-19 crisis. Council also approved a Substantial Amendment to the FY 2020 Annual Action Plan, which staff submitted to HUD for review on May 11, 2020.

DISCUSSION

The FY 2021 Community Agency Funding Process

While Council discussed the funding recommendations put forth at the May 19, 2020 meeting, there were no directed modifications made to the CSC FY 2021 funding recommendations. In addition to some clarifying questions, Council discussed interest in seeing agencies collaborate to serve the community, emphasized the need to fund housing and homelessness services, and expressed interest in supporting innovative approaches to recovery with future funding. The funding recommendations for CDBG and General Fund monies for FY 2021 are summarized in **Error! Reference source not found.** at the beginning of this report and presented in detail in Attachment II.

FY 2021-2025 CDBG Consolidated Plan and FY 2021 Annual Action Plan

FY 2021-2025 Consolidated Plan

The City’s FY 2021-2025 Consolidated Plan is developed every five years to serve as a framework for identifying housing and community development needs and priorities through community engagement and guides the City’s federal entitlement investment decisions over the subsequent five-year period. Through the consolidated planning process, the City assesses the housing market, community development needs, and our existing partnerships to make data-driven decisions for investing CDBG funds. Table 4 lists the priority needs and goals included in the FY 2021-2025 Consolidated Plan.

Table 4. FY 2021-2025 Consolidated Plan Priority Needs & Goals

Priority Needs	Goals	Sample Activities
1. Expand & Improve Public Infrastructure & Facilities	1a. Improve access to & capacity of public facilities and infrastructure	Non-profit agency roof replacement; public park renovation
2. Preserve, Protect, and Produce Housing Stock	2a. Preserve existing homeownership housing	Home repairs for older adults
	2b. Develop new affordable housing	Grants to affordable housing developers
3. Public Services & Quality of Life Improvements	3a. Provide supportive services for special needs populations	Public services programs for homeless

⁷ April 28, 2020, City Council Work Session Staff Report and Attachments: <https://hayward.legistar.com/LegislationDetail.aspx?ID=4427306&GUID=C0CAA4D0-EB75-475A-B2B0-A167DB2B2CE9&Options=&Search=>

		individuals or victims of domestic violence
	3b. Provide vital services for low-to-mod income households	Youth programs
4. Economic Development	4a. Provide for small business assistance	Grants to businesses of 5 or fewer employees

During the Council Work Session on May 19, 2020, Council inquired about the Community Needs Assessment, which was one of several sources of community engagement that informed the Consolidated Plan. Attachment IV contains a list of individuals and organizations who participated in the assessment, as well as the interview guide and a summary of focus group findings.

FY 2021 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.

In April 2020, the City was notified of its FY 2021 CDBG entitlement amount of \$1,533,721. Table 5 summarizes all anticipated resources for FY 2021, including the annual entitlement allocation, anticipated program income from revolving loan fund repayments, and prior year resources.

Table 5. CDBG Anticipated Resources

Anticipated Resources	Program Year 2020 Funding Amount
Annual Allocation	\$1,533,721
Program Income	\$99,782
Prior Year Resources	\$318,160
TOTAL	\$1,951,663

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 2021 (i.e., CDBG Program Year 2020) as follows:

Table 6. CDBG FY 2021 Annual Action Plan

No.	Project Category	Program Year 2020 Funding Allocation
<i>Capped Categories (35%)</i>		
1.	Administration & Planning (20%)	\$338,531
2.	Public Services (15%)	\$247,085
<i>Uncapped Categories: Infrastructure and Economic Development (65%)</i>		
3.	Public Facilities and Infrastructure	\$495,000

No.	Project Category	Program Year 2020 Funding Allocation
4.	Housing Programs	\$390,263
5.	Economic Development	\$480,784
TOTAL		\$1,951,663

Staff plans to use a portion of the administration and planning allocation for preparation of a Homelessness Reduction Strategic Plan. Additionally, as discussed at the Council Work Session on May 19, 2020, staff intends to use a proportion of unallocated funds for costs associated with the Housing Navigation Center, as the uncommitted funds from the current program year that were reallocated to COVID-19 response were originally planned for supporting the Navigation Center.

Timeline for FY 2021-2025 Consolidated Plan and FY 2021 Annual Action Plan

Staff published a draft of the Consolidated Plan and Action Plan for public comment on May 18, 2020. Staff will also submit a draft of the Consolidated Plan to the County for publishing in conjunction with the HOME Consortium’s Consolidated Plan comment period on June 10. The City’s public comment period will conclude on June 24 and staff will submit the report to HUD no later than Monday, July 6, 2020.

CDBG-CV COVID-19 Response Funding Update

Since Council approved the allocation of approximately \$1.47 million in CDBG funds to respond to COVID-19, staff have continued discussions with community agencies to receive the funds. Staff have entered into an agreement with Bay Area Community Services (BACS) to administer the Tenant Rental Housing Assistance Program and is working with the agencies listed below to finalize the remaining agreements Table 7 lists the recipients of funds by funding category.

Table 7. CDBG COVID-19 Response Funding Recipients

Funding Category	Recipient	Program	Funded Amount
Local food banks to promote food security for low-income and senior residents	Alameda County Food Bank	Pop-up Food Pantry	\$80,000
	Spectrum Community Services	Meal Program	\$50,000
	First Presbyterian Church	South Hayward Parish Food Pantry	\$50,000
	Alameda County Deputy Sheriff’s Activities League	Restaurant Meal Delivery Program	\$50,000
Counseling and financial assistance to renters and homeowners	Bay Area Community Services	Tenant Rental Housing Relief Program	\$600,000

Funding Category	Recipient	Program	Funded Amount
	A-1 Community Housing Services	Homeowner Counseling	\$75,000
Homeless outreach and shelter services	Family Violence Law Center	Legal Services for Victims of Domestic Violence	\$50,000
	La Familia Counseling Services	FESCO Family Shelter Les Marquis House	\$25,000
	Ruby's Place	Shelter Services	\$25,000
	Love Never Fails	Hotel Kits for Trafficking Victims	\$16,000
	COH Housing Navigation Center	Shelter Services	\$334,000
Childcare services and support for childcare providers to prepare to re-open	Community Child Care Council (4C's) of Alameda County	Family Child Care Re-Opening Support Services	\$40,000
Referral and information services	Eden I&R	211 Line	\$25,000
Grants to micro-enterprises to promote recovery from COVID-19	COH Economic Development	Micro-enterprise Grant Program	\$50,000
TOTAL			\$1,470,000

Staff submitted the Substantial Amendment to the Program Year 2019 Annual Action Plan on May 11, 2020 and is waiting for final approval from HUD to disburse the funds. As with the annual CDBG entitlement allocations, subrecipient agencies will submit quarterly reports so staff may monitor progress and outcomes of the grants.

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; and infuse capital 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. The recommendations are not specifically related to any projects identified in the Strategic Roadmap.

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. Historic reductions to the City's CDBG grant size and diminishing program income have resulted 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 and Arts & Music funds are General Fund-based and subject to Council discretion. If other General Fund obligations require reductions to Social Services or Arts & Music 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.

PUBLIC CONTACT

The Public Comment period for the recommended funding allocations and FY 2021-2025 Consolidated Plan is in place from May 18, 2020, through June 24, 2020. Public comment on both the Consolidated Plan and the Community Agency Funding Process will be heard at the Public Hearing on June 23, 2020. Additionally, public comment on the Community Agency Funding Process was heard by the CSC and can be reviewed in the Attachment I Staff Report from the CSC's March 18, 2020, meeting.⁸

NEXT STEPS

Next steps include the following:

- From June 15 through June 19, 2020, the County will hear public comment on the HOME Consortium's Consolidated Plan.
- On Wednesday, June 24, 2020, the City's public comment period will conclude.
- Staff will address public comment and on Monday, July 6, will submit the FY 2021-2025 Consolidated Plan to HUD.
- Staff will provide another update on the CDBG-CV funding allocation in the fall.

Recommendations for all funding categories will be finalized following the June 23, 2020, Council meeting.

⁸ March 18, 2020 Staff Report and Attachments:

<https://hayward.legistar.com/MeetingDetail.aspx?ID=769058&GUID=27E7F955-2F92-4C1D-A32C-BD460460FA55&Options=info|&Search=>

Prepared by: Amy Cole-Bloom, Management Analyst
Monica Davis, Community Services Manager

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

Kelly McAdoo, City Manager