



DATE: April 2, 2024

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Community Agency Funding: Fiscal Year 2025 Community Agency Funding Recommendations for Services, Arts & Music, and Economic Development and Infrastructure and Overview of the FY 2025 Annual Action Plan

RECOMMENDATION

That the Council:

1. Conducts a work session regarding the FY 2025 Community Agency Funding recommendations prepared by the Community Services Commission;
2. Reviews and comments on the draft funding recommendations; and
3. Reviews and comments on the overview of the FY 2025 Annual Action Plan

SUMMARY

This report provides an overview of the FY 2025 Community Agency Funding (CAF) process, the Application Review Committees' (ARCs) proposed funding recommendations for consideration by the Community Services Commission (CSC), and next steps. Funding is allocated from two sources: Hayward's Community Development Block Grant (CDBG) annual entitlement and the City's General Fund. CDBG entitlement amounts will ideally be received by late March.

During this year's CAF process, applicants requested close to \$3.7 million dollars in program funding. The magnitude of requests shows that this continues to be a highly competitive process given that the City only has an estimated \$1.8 million in available funds for FY 2025. Consequently, the ARCs were challenged to appropriately allocate funds with consideration for the CSC and City's goals to provide resources and services for those most vulnerable. A summary of the funding recommendations by category is shown in Table 1 and in detail in Attachment II.

This report summarizes the funding recommendations for the City's annual entitlement of CDBG funds (estimated \$1,300,000) for economic development, infrastructure, and public services,¹ and \$686,950 in General Funds for social services, and arts and music programs. The report concludes with a high-level overview of the Department of Housing

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).

and Urban Development's (HUD) required FY 2025 Annual Action Plan, which specifies the City's priority needs and goals for using CDBG entitlement funds in FY 2025.

Table 1. Summary of Recommended Funding Allocation by Category

Funding Source	Category	Amount
General Fund	Arts & Music	\$132,000
General Fund*	Social Services	\$554,950
CDBG	Public Services	\$346,756
CDBG	Economic Development/Infrastructure	\$508,245
<i>Total ARC Recommended Grants</i>		<i>\$1,518,996</i>
CDBG	HUD-Required Fair Housing Services	\$25,475
CDBG	Home Rehabilitation & Infrastructure Project Management	\$325,000
<i>Total Non-Competitive Grants</i>		<i>\$350,475</i>
GRAND TOTAL FY 2025 RECOMMENDED FUNDING (ALL SOURCES)		\$1,869,471

*For FY25, General Fund includes Opioid Settlement funds, appropriated by Council on March 5, 2024

BACKGROUND

The 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 FY 2025 Community Agency Funding Process

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 to 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. Several broadcast email reminders were also sent in advance of the Mandatory Bidder's Conference held on November 1, 2023.

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 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 Special Events funding recommendations to Council this year. Moving forward, 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.

CAF Modifications Introduced in FY 2024

The CAF process is reviewed both internally with the CSC and with Council on an ongoing basis. Following the FY 2021-2022 funding process, a subcommittee of CSC and Councilmembers 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 2023-2024 funding process, which Council affirmed on June 28, 2022.² Below are the approved FY 2024 modifications in Table 2.

Table 2. Community Agency Funding Modifications

Services Funding Caps (per program)	Up to \$100,000 for housing and homelessness related project and up to \$50,000 for other services
Funding Allocation for New and Innovative Programs	Include a priority for funding 20-30% of applications for new and innovative programs
Funding for Safety Net Programs	While no single agency should receive guaranteed funding, staff will identify programs that support safety net services during the CAF process
Arts and Music Funding Guidelines	New Agencies: May receive up to \$30,000 in financial support for one year Signature Agencies (programs funded 1-5 years): May receive up to \$25,000 Classic Agencies (programs funded 5+ years): May receive up to \$20,000 in grant funding, not

² June 28, 2022, Council Meeting Staff Report
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5709697&GUID=A6B2DFF3-6937-49D4-8EE0-C7C35628FDEF&Options=&Search=>

	to exceed 60% of the total estimated program budget
Audit Requirements	Increase audit requirement threshold from \$15,000 to \$20,000

CSC Funding Discussion and Recommendations

On February 21, 2024³, the CSC met and reviewed the preliminary draft recommendations made by each ARC. ARC Chairs and committee members summarized the discussion and rationale behind ARC decision-making. Additionally, the CSC heard public comments and initiated a 30-day public comment period from February 21, 2024, through March 20, 2024, for community members to submit feedback on the recommendations to the City and CSC. On March 20, 2024, the CSC received public comment, received individual Commissioner feedback, and closed the public comment period for the draft recommendations.⁴ They took action on the CAF funding allocation recommendations and voted to recommend Council approve the funding allocations outlined in Attachment II.

DISCUSSION

FY 2025 Community Agency Funding Process

Each year, the City receives applications from community agencies requesting funding through the competitive CAF process. The CSC is responsible for reviewing the applications, interviewing applicants, and making recommendations to the Council for how a portion of the City's General Fund and the City's CDBG entitlement award should be allocated. As part of the Community Agency Funding process, the CSC Chair appoints three ARCs to conduct applicant interviews and make preliminary recommendations for full CSC consideration.

Available Funding and Funding Requests

The majority of applications are reviewed through a competitive process to allocate \$586,950 from the General Fund and approximately \$1,200,000 from the City's CDBG entitlement, after the costs of administration and planning are set aside⁵. 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, bringing the total amount of available General Fund to \$686,950. Three projects will be funded through a non-competitive process in FY 2025, including City-sponsored home rehabilitation programs, infrastructure project management, and HUD-mandated fair housing services.

The City received 51 applications for FY 2025 funding by the application deadline. Of those applications, there were 13 new proposed programs/events and 10 new applicants. The ARCs interviewed a total of 45 unique applicants. Three out of the 51 applications were non-competing, and the remaining were duplicates.

³February 21, 2024, Community Services Commission Meeting Staff Report
<https://hayward.legistar.com/MeetingDetail.aspx?ID=1169199&GUID=5365DD29-1D0D-4973-B500-B29CC30AC147&Options=info|&Search=>

⁴ March 20, 2024, Community Services Commission Staff Report and Attachment
<https://hayward.legistar.com/MeetingDetail.aspx?ID=1183267&GUID=B749BA3B-BC2C-4E48-80F7-DDAF98DD4FC5&Options=info|&Search=>

⁵ Staff estimate this allocation based on previous years' entitlement awards. The actual award is expected by late March 2023.

The ARCs reviewed FY 2024-2025 funding applications in December 2023 and conducted interviews in January 2024. Subsequently, the ARCs deliberated and made allocation recommendations using estimates made by staff based on assumed funding from the Department of Housing and Urban Development (HUD) and the City.

In total, applicants requested close to \$3.7 million dollars compared to the approximately \$1.8 million in available competitive funding for FY 2025. Figure 1 below compares the funding requests and available funding amounts from year to year since FY 2017. Table 3 also shows the number of applicants, funding requests, and available funds broken down by each funding category.

Figure 1. Funding Requests and Availability since FY 2017 in Millions⁶

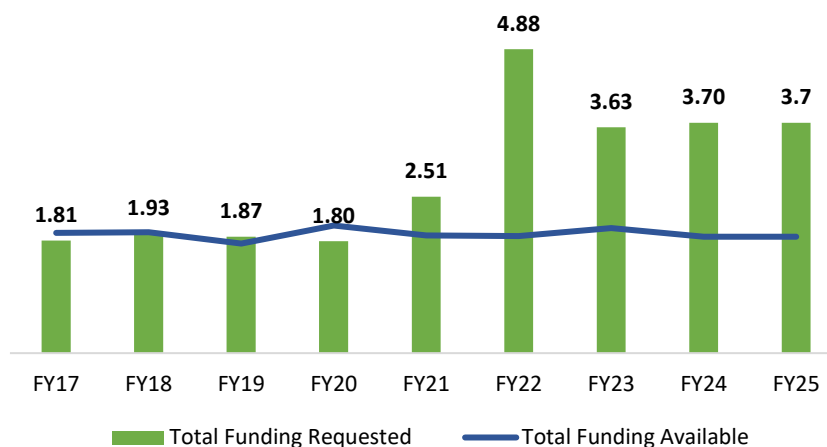


Table 3. Number of Applications and Amounts Requested and Available, by Category

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED**	AMOUNT AVAILABLE**
Competitive				
Arts and Music	Gen. Fund	9	\$183,790	\$132,000
Social Services*	Gen. Fund	22	\$1,176,880	\$554,950
Public Services	CDBG	8	\$554,642	\$346,756
Economic Development	CDBG	5	\$923,988	\$508,245
Infrastructure	CDBG	3	\$529,975	
Totals		45	\$3,369,275	\$1,541,950

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

**Amount requested and available columns have been adjusted to remove the non-competing requests and with corrections identified during and after the February 21, 2024 CSC Meeting

Non-Competitive	FUNDING SOURCE	AWARD AMOUNT
HUD Required Fair Housing Services	CDBG	\$25,475

⁶ The significant increase in funding requests for FY 2022 are partially driven by \$2.3M in requests from three agencies for capital or property acquisition projects.

Home Rehabilitation & Infrastructure Project Management	CDBG	\$325,000
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Non-Competitive Applications

Three projects will be funded with a total of \$325,475 allocated through the non-competitive process in FY 2025, which include City-sponsored home rehabilitation program, infrastructure project management, and HUD-mandated fair housing services. Staff were recently notified that Rebuilding Together Oakland, one of the vendors for the home rehabilitation program, will be closing at the end of March and will no longer be operating its small home repair program for the City of Hayward. Staff will work with other potential vendors, including other regional Rebuilding Together operators, to allocate the \$150,000 for home rehabilitation and repair as part of the non-competitive funding process.

Competitive Application Review

After allocating the non-competitive projects, the remaining funds are made available to eligible applicants. Each application is reviewed by staff and the CSC between December 2023 and January 2024. The ARCs review eligible applications using a Scoring Rubric and develop agency specific questions which are shared with applicants prior to their interviews. During interviews, agencies are given ten minutes to present their projects, then an additional ten minutes to answer questions from the committee. All interviews were held virtually.

Following the interviews, each ARC engaged in extensive deliberation, weighing criteria that included agencies' capacity and implementation plans, leveraging of other funds, history providing equitable and quality services, alignment with City priorities, and the community's need for the service. Additional consideration was taken in evaluating the number of applications a single agency submitted and the overall impact that any one agency's recommended funding would have on the total available funds. Attachment II details the initial funding recommendations from each ARC.

Funding Approach

The CSC approaches the CAF process with the intent to use available funds for the greatest impact by providing needed services for the City's most vulnerable residents. The CSC is committed to refining this process and continually makes changes to ensure that funding recommendations are in alignment with Council priorities and are responsive to emerging needs. As a result of the FY 2023 CAF review process, modifications were made to better align recommendations to Council priorities, streamline funding opportunities, create a more systematic way to evaluate applications and promote a more equitable distribution of funding amongst community organizations serving different Hayward populations. These modifications can be found at the beginning of this report in Table 2.

Prioritization of Additional and Unallocated Funds

In some circumstances, additional funding may become available for FY 2025 after the ARCs complete their deliberations and CSC makes its recommendations to Council. If there are additional funds available, the ARCs provided general guidance for how additional funds should be allocated. The ARCs recommended allocating additional funds as depicted in Table 4.

Table 4. Methodology of Recommended Allocations for Additional Funding by Category

CATEGORY	GUIDING PRINCIPLES
Economic Development/ Infrastructure	<ul style="list-style-type: none">• Fund three designated agencies to receive additional funding in specified amounts
Public/Social Services	<ul style="list-style-type: none">• For general fund, designate additional funding to be allocated equally across six agencies not to exceed their original requested amounts• For CDBG, designate additional funding to be allocated equally across three agencies not to exceed their original requested amounts

Should additional funding become available, the adjusted funding recommendations will be based on the ARC's recommended allocations for additional funds shown in Table 4.

Recommended Allocations

Each ARC's deliberations resulted in preliminary recommendations, which were reviewed by the CSC at the February 21, 2024, meeting.⁷ The CSC heard public comments, then the Chairs of each ARC summarized the discussion and decision-making of their ARC during the CSC meeting. As part of their discussion, Commissioners asked for some additional information about the funding process, which staff presented at the March 20, 2024, CSC meeting.⁸ At this meeting, the CSC received an updated presentation from staff, heard in-person comment, reviewed written public comment, and reviewed the allocations. After discussion, they made some changes to the funding recommendations from February:

- They recommended allocating the balance of unspent Arts & Music ARC funding to Arts & Music applicants that had not exceeded applicable funding caps.
- They recommended adopting the Economic Development/Infrastructure funding allocations as proposed, with an amendment to allow staff to allocate the funding intended for Rebuilding Together Oakland to another appropriate vendor.

They made no changes to the recommendations for the Services ARC. The CSC's final recommendations are presented for Council discussion in this Work Session in Attachment II.

The Annual Action Plan

Overview

⁷ February 21, 2024, Community Services Commission Staff Report and Attachment
<https://hayward.legistar.com/MeetingDetail.aspx?ID=1169199&GUID=5365DD29-1D0D-4973-B500-B29CC30AC147&Options=info|&Search=>

⁸ March 20, 2024, Community Services Commission Staff Report and Attachment
<https://hayward.legistar.com/MeetingDetail.aspx?ID=1183267&GUID=B749BA3B-BC2C-4E48-80F7-DDAF98DD4FC5&Options=info|&Search=>

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, 2020.⁹ 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 2025 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2025 to address the priority needs and goals identified in the 2021-2025 Consolidated Plan. Community input gathered during the Consolidated Planning process informed the development of these priority needs and goals. To achieve the City's goals for its use of CDBG funds, the FY 2025 Annual Action Plan includes the projects listed in Table 5.

Table 5. FY 2025 Annual Action Plan Projects

Project	Description	Sample Activities
Public Facilities and Infrastructure	Improve and expand access to public infrastructure through development activities. Public facilities may include neighborhood facilities, non-profit agencies' facilities, community centers, and parks and recreation facilities.	<ul style="list-style-type: none"> • Repairs for non-profit facilities and shelters • Development to improve ADA compliance for public facilities • Acquisition of real property to improve capacity of public facilities
Public Services	Provide supportive services for low-income and special needs populations, including services to address homelessness.	<ul style="list-style-type: none"> • Homelessness outreach services • Youth and adult education programming • Employment training programs • Legal services
Housing Programs	Provide rehabilitation resources for low-income homeowners to reduce risk of displacement and homelessness.	<ul style="list-style-type: none"> • Minor and substantial home repair grants • Acquisition or rehabilitation of real property to increase affordable housing opportunities
Economic Development	Provide economic development support to small businesses	<ul style="list-style-type: none"> • Technical assistance to small businesses • Grants or loans to small businesses
Administration	Citywide administration of the CDBG program for FY 2024	<ul style="list-style-type: none"> • Staffing costs for administering the grant

⁹ June 23, 2020 Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4576644&GUID=7D9A237D-8934-4D4A-94FA-CFF24B9589CA&Options=&Search=>

Project	Description	Sample Activities
		<ul style="list-style-type: none"> • Planning projects for future programs or development projects • Fair housing activities

Timeline

Staff will publish a draft of the FY 2025 Annual Action Plan for public comment on April 1, 2024, with a Public Hearing for comment and Council recommendation for approval on April 23, 2024. The City's public comment period will end on May 2, 2024, and staff will submit the report to HUD no later than Wednesday, May 15, 2024.

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.

ECONOMIC IMPACT

The proposed programs funded through CDBG and the General Fund 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 and provide training for local small business; and provide needed infrastructure support to local community-based non-profits.

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. 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 and Arts and Music programs funded through the General Fund and subject to Council discretion. If competing General Fund obligations require reductions to this 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. Additionally, as part of the FY 2023 Annual Operating Budget, Council authorized an additional \$50,000 to support Arts and Music programs and first implemented this change in FY 2024. Council also accepted and appropriated funding from the national opioid use settlement agreement, which will be paid to

the City in installments through 2038.¹⁰ Staff recommended allocating \$100,000 of the initial installment for the General Fund – Services projects for FY 2025.

PUBLIC CONTACT

The Public Comment period for the FY 2025 recommended funding allocations and the FY 2025 Annual Plan is in place from April 2, 2024, through May 2, 2024. Public comment on the Community Agency Funding Process and Annual Action Plan will be heard at the Public Hearing on April 23, 2024. Additionally, prior to this Work Session 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 21, 2024 and March 20, 2024, meetings, all public comments can be found in Attachment III.

The following individuals made public comments at those CSC meetings and through written comment during the public comment period:

- Julie Pineda, in support of 05 Sikh Seva
- Edgar Chávez, in support of 05 Sikh Seva
- Robin Galas, in support of 05 Sikh Seva
- Kris Kingsbury, in support of Plethos Productions
- Robert at Club Anywhere, in support of Plethos Productions
- Amber Magdael, in support of Plethos Productions
- Abbygail Maglaya, in support of Plethos Productions
- Valera Robertson, in support of Plethos Productions
- Jay Krohnengold, in support of Plethos Productions
- Kathleen King, in support of Plethos Productions
- Jessica Stark, in support of Plethos Productions
- Shubbie Aishida, in support of Peacehaven Corporation
- Erika Cospin, in support of Plethos Productions
- Elizabeth Hayes, in support of Plethos Productions
- Jamil Blackwell, in support of Plethos Productions
- Karin Richey, in support of Plethos Productions
- Felicia Medrano, in support of Love Never Fails – Healing Arts Program
- Velda Goe, in support of Fayeth Gardens, The Kwanzaa Project
- Nicole Britton-Snyder, in support of Family Violence Law Center
- Katherine Fuentes, in support of WeeCare. Inc dba Upwards
- Beth Quirarte, in support of Ruby's Place
- Kina Evans, in support of Bully Talk Inc.
- Jagdeep Singh, in support of 05 Sikh Seva
- Erica Johnson, commented in support of affordable childcare
- Ashley Nunes, commented in support of affordable and high-quality childcare
- Angelica Torres, commented in support of affordable and high-quality childcare
- Michelle Martinez, in support of WeeCare, Inc./Upwards
- Linda Timmons, in support of WeeCare, Inc./Upwards

¹⁰ March 5, 2024 City Council Meeting:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561052&GUID=355597DF-7504-4108-A4BC-C67A50248439&Options=&Search=>

- Jeannette Montross, in support of Plethos Productions
- Jamari McGee, in support of Plethos Productions
- Rob Hughes, in support of Plethos Productions
- Yinxing Xie, in support of Plethos Productions
- Yuyu Li, in support of Plethos Productions
- Iona Childers, in support of Plethos Productions
- Cindy Carbonetti, in support of Plethos Productions
- David J Patino, in support of Plethos Productions
- Reg Clay, in support of Plethos Productions
- Melani Facundo, in support of Plethos Productions
- Ben Stevens, in support of Plethos Productions
- Cory Ervin-Stewart, in support of East Bay Agency for Children
- Laura Mattos, in support of Sun Gallery
- Kamal Anandpuri, in support of 05 Sikh Seva
- Chien Wu-Fernandez, in support of 05 Sikh Seva
- Adilene Martinez, in support of Be A Mentor Program
- Esther Moran, in support of Be A Mentor Program
- Julia Wright, in support of Plethos Productions
- Shyanna Bryan, in support of Plethos Productions
- Carol Morgan, in support of East Bay Youth Orchestra
- Bob Goetsch, in support of Be A Mentor Program
- Duke Hwang, in support of Spectrum Community Services

NEXT STEPS

Next steps include the following:

- On Tuesday, April 23, 2024, a Public Hearing will be held regarding the FY 2025 funding recommendations and FY 2025 Annual Action Plan at the City Council Meeting.
- On Thursday, May 2, 2024, the City's public comment period will close.
- Staff will compile public comment and will submit the final draft of the FY 2025 Annual Action Plan to HUD on May 15, 2024.

Prepared by: Emily Hwang, Management Analyst

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

Approved by:



Kelly McAdoo, City Manager