



DATE: March 18, 2020
TO: Community Services Commission
FROM: Community Services Manager
SUBJECT: FY 2021 Community Services Commission Final Recommendations for Funding

RECOMMENDATION

That the Commission:

1. Reviews and comments on this report,
2. Accepts the Application Review Committees' funding recommendations, and
3. Recommends the funding recommendations to Council for final approval.

SUMMARY

This report provides an overview of the FY 2021 Community Agency Funding process, the Application Review Committees' (ARCs) proposed funding recommendations for consideration by the Community Services Commission, and next steps in the funding process. The proposed funding is summarized by category in Table 1 on the following page and in detail in Attachment II.

Notably, there were significantly more applicants for FY 2021 funding compared to previous years, and no comparable increase in available FY 2021 funds. Therefore, the ARCs were faced with difficult decisions about how to appropriately allocate funds to provide resources and services for those in the community who need it the most.

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	\$354,950
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>\$1,659,819</i>
General Fund	Referral Services	Eden I&R	\$50,000
CDBG	HUD-Required Fair Housing Services	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)			\$1,734,819

BACKGROUND

The Community Services Commission (CSC) serves as an advisory body to the Hayward City Council. The CSC makes recommendations to Council regarding the distribution of Community Development Block Grant (CDBG) funds and the General Fund 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 opened with the publication (in English and Spanish) of a Notice of Funding Availability (NOFA) on September 27, 2019. The announcement was also posted at City Hall; published in the Daily Review; and emailed to currently funded agencies, previously funded agencies, applicants from previous years, and all other interested parties on the Community Agency Funding mailing list. Several broadcast email reminders were also sent in advance of the Mandatory Bidder’s Conference held on October 29, 2019.

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

1. **Infrastructure and Economic Development:** Affordable housing; housing rehabilitation; nonprofit facility improvements; job creation; 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 (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; youth and family services.

On February 19, 2020¹, the CSC met and reviewed the preliminary draft recommendations made by each ARC. ARC Chairs summarized the discussion and rationale behind ARC decision-making. Additionally, the CSC heard public comment and initiated a 30-day public comment period for community members to submit feedback on the recommendations to the City and CSC. This report summarizes the CSC's funding recommendations for final approval and submission to Council.

DISCUSSION

Each year, the City receives applications from community agencies requesting funding through the competitive Community Agency Funding process. The CSC is responsible for reviewing the applications, interviewing applicants, and making recommendations to the City 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.

Funding Approach

Hayward, like other Bay Area cities, is experiencing an acute housing crisis, characterized by severe housing instability among the City's most vulnerable residents, displacement of families, and increasing homelessness. In recognition of this crisis, the CSC approached the FY 2021 Community Agency Funding process with the priority of addressing the needs of the City's unstably housed and homeless. Through this approach, the CSC considered the extent to which applicants' programs and services increase housing stability, such as fair housing and tenant and landlord resources; create or preserve housing, such as infrastructure projects; and provide support for vulnerable unhoused or unstably housed individuals, such as programs to meet basic needs or employment training and support.

Available Funding and Funding Requests

The ARCs reviewed applications on January 25 and February 1 and made allocation recommendations using estimates made by staff based on assumed funding from the Department of Housing and Urban Development (HUD) and Council. Following the ARCs, staff received notification that the City of Hayward would receive \$1,533,721 in CDBG entitlement funding from HUD, which increased the availability of Public Services and Infrastructure/Economic Development funding to the amounts outlined below. Further, due to a calculation error identified after the ARC deliberations and subsequent February 19,

¹ February 19, 2020, Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=763056&GUID=915D9BA1-DB7A-4F6B-96CA-3F2E473FEDBA&Options=info&Search=>

2020, CSC meeting, an additional \$50,000 in General Fund funding is available for social services applicants. As the Public/Social Services ARC made recommendations for how to spend any potential extra funds, staff were able to proportionally allocate the additional \$50,000 based on the ARC's deliberations. All available funding amounts in this report reflect the addition of this \$50,000 for social services applicants. Table 2 below provides a summary of all available FY2021 funding.

Table 2. FY 2021 Available Funding

Funding Source	Category	Amount Available
General Fund	Arts & Music	\$82,000
	Social Services	\$404,950
	Referral Services	\$50,000
CDBG	Economic Development & Infrastructure	\$1,052,036
	Public Services	\$247,085
	HUD Required Fair Housing Services	\$25,000
	COH Infrastructure Admin	\$30,000
TOTAL AVAILABLE FUNDING		\$1,891,071

The City received 49 applications for FY 2021 funding by the December 6, 2019, deadline. Of those applications, 11 were for new proposed programs. The majority of applications are reviewed through a competitive process to allocate \$536,950 from the General Fund and \$1,354,122 from the City's CDBG entitlement, after the costs of administration and planning are set aside.

Notably, there were significantly more FY 2021 applications for both General Fund and CDBG allocations compared to previous years; however, the available funds have not changed at a comparable rate from last year. Historically, the amount of funds available for the Community Agency Funding process has varied, as shown in Figure 1. Further, FY2021 represents the largest disparity between agencies' funding requests and the amount of available funding, as shown in Figure 2 on the following page.

Figure 1. Availability of Community Agency Funding Over Time²

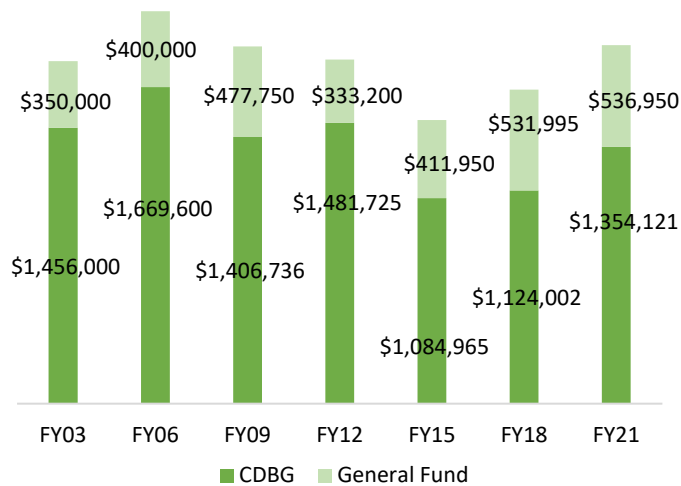
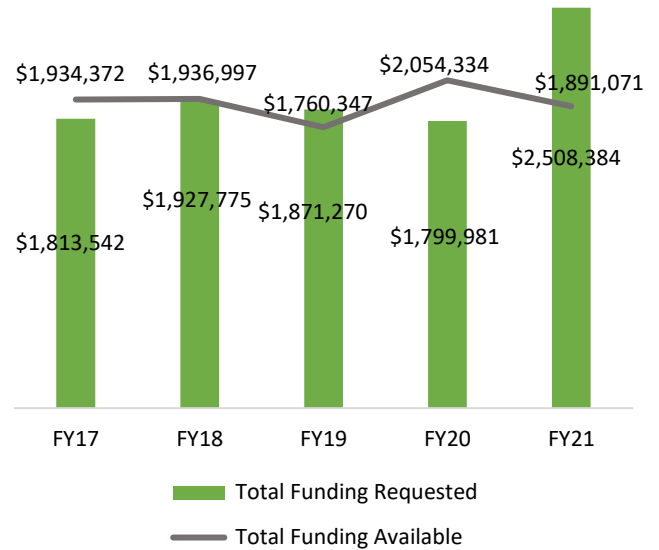


Figure 2. Funding Requests and Availability since FY2017



The increase in application volume without an increase in funds resulted in a much more competitive funding allocation process for FY 2021. As with last year’s funding process, only two programs were funded through a non-competitive process in FY 2021. Additionally, the Infrastructure and Economic Development ARC supported using \$30,000 of entitlement funds for the City’s infrastructure project administration.

In total, the Public/Social Services, Arts and Music, and Infrastructure/Economic Development ARCs interviewed applicants who requested the amounts listed below in Table 3.

Table 3. Requested FY 2021 Funding by Category

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
Competitive				
Arts and Music	General Fund	8	\$159,101	\$82,000 ³
Economic Development	CDBG	4	\$480,784	\$1,052,036
Infrastructure	CDBG	4	\$495,000	
Public Services	CDBG	6	\$300,551	\$247,085
Social Services	General Fund	25	\$997,948	\$404,950 ⁴

² CDBG totals reflect the entitlement minus 20% for administration and planning. Totals for previous years do not include program income, while FY21 includes an estimate for program income to enable the ARCs to allocate as much as possible to CDBG-funded community agencies.

³ The Arts and Music ARC also made recommendations for funding if a potential \$15,000 were available.

⁴ The Social Services ARC also made recommendations for funding if a potential \$35,000 were available.

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
Non-Competitive				
Referral Services	General Fund	1	\$50,000	\$50,000
HUD Required Fair Housing Services	CDBG	1	\$25,000	\$25,000
COH Infrastructure Admin	CDBG	1	\$30,000	\$30,000
TOTALS		49	\$2,538,384	\$1,891,071

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. Last year, staff conducted a competitive RFP process for fair housing services and Eden Council for Hope and Opportunity (ECHO) was selected. For FY 2021, \$25,000 from the CDBG Administrative funds is allocated to ECHO to provide fair housing services to Hayward residents. Additionally, Eden I&R will receive a non-competitive award of \$50,000 from the General Fund to operate the 211 line.

Competitive Applications

After allocating the non-competitive projects, the remaining funds are made available to eligible community partners and social service applicants through the Community Agency Funding process. During this process, agencies are given ten minutes to present their projects to the appropriate ARC, then an additional ten minutes to answer questions from the committee. Following the interviews, each ARC engaged in extensive deliberation, weighing criteria that included agencies’ capacity, leveraging of other funds, history providing quality services, and the community’s need for the service. Their recommendations are reported in detail in Attachment II.

Prioritization of Additional Funds

Given the increased volume of applications, the ARCs deliberated on the distribution of an additional \$100,000 from the General Fund. If made available, the ARCs provided recommendation for how the funding should be allocated. The Arts and Music and Public/Social Services ARCs each engaged in two rounds of recommendations:

- Round One: Based solely on the estimate for funds available.
- Round Two: Based on if there were additional funds available.
 - \$15,000 additional funds to be allocated to five Arts and Music applicants.
 - \$85,000 additional funds to be allocated to seven Social Services applicants.

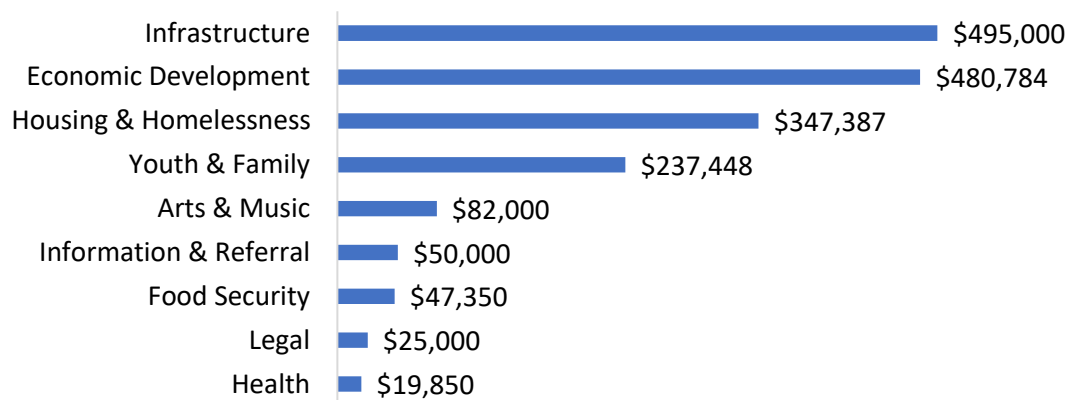
Staff used the prioritization of the potential \$85,000 to allocate the extra \$50,000 that was identified after the February 19, 2020, CSC meeting to Social Services applicants.

The Public/Social Services ARC also made recommendations for how to proportionately distribute CDBG funds across three Public Services applicants if the City of Hayward’s entitlement award for CDBG funds is greater than estimated. The actual entitlement award did exceed the estimate, so the recommended proportional allocation of the extra entitlement was applied to the recommendations detailed in Attachment II. Additionally, the Infrastructure and Economic Development ARC supported allocating \$30,000 of entitlement funds for the City to support administration of infrastructure projects.

Recommended Allocations

Each ARC’s deliberations resulted in preliminary recommendations, which were reviewed by the CSC at the February 19, 2020, meeting.⁵ The CSC heard public comment, then the Chairs of each ARC summarized the discussion and decision-making of their ARC during the CSC meeting. Following this discussion, the CSC came to consensus to move forward with the ARC recommendations, which are presented for final review in this report and Attachment II. Figure 3 presents a summary of their recommendations by the type of service each agency provides.

Figure 3. Recommended Funding Allocation by Service Type



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 a project 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

⁵ February 19, 2020, Staff Report and Attachments: <https://hayward.legistar.com/MeetingDetail.aspx?ID=763056&GUID=915D9BA1-DB7A-4F6B-96CA-3F2E473FEDBA&Options=info&Search=>

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.

As in past years, an additional \$100,000 of funding may be considered to further fund the City's General Fund programs. If made available, the CSC has provided its recommendation for how this funding should be used as detailed in Attachment II. Should only a fraction of additional funding be made available, staff will apply the CSC's recommendation for additional funding on a percentage basis.

PUBLIC CONTACT

The Public Comment period for the recommended funding allocations is in place from the February 19, 2020, meeting through March 20, 2020. Public comments were accepted at the February 19, 2020 CSC meeting and through email, phone, and in-person comment to staff.

The following non-profit providers submitted public comment at the February 19, 2020 CSC meeting:

- Ms. Erin Scott, Family Violence Law Center: Ms. Scott thanked the CSC for their ongoing support of the Family Violence Law Center, acknowledged the challenge of this year's allocation process, requested the CSC focus on funding safety net services, and expressed a willingness and interest in partnering with the CSC to find ways to identify more funding.
- Mr. James Treggiari, Legal Assistance for Seniors: Mr. Treggiari thanked the CSC for their consideration, echoed the statement of Ms. Scott, and emphasized the challenges maintaining service levels for vulnerable seniors.
- Ms. Cindy Ortega, Ruby's Place: Ms. Ortega read a statement on behalf of Executive Director Sophora Acheson, stating that the proposed reduction in funding for Ruby's place compared to previous years is significant, that such a cut signals a lack of dedication to funding homeless shelters, and that the CSC should reconsider their allocation recommendation for Ruby's Place.

Additionally, Mr. Aman Dhuper and Mr. Michael Cobb spoke on behalf of St. Rose Hospital and its Foundation and addressed questions from the CSC regarding their organization and funding request.

NEXT STEPS

Next steps include the following:

- On Wednesday, March 18, 2020, the CSC will review and make funding recommendations that will be presented to Council at the April 7, 2020, Work Session.
- On Tuesday, April 7, 2020, a City Council Work Session will be held to present the FY 2021 funding recommendations in the CDBG, Services, and Arts & Music categories.
- On Tuesday, April 28, 2020, a Public Hearing will be held regarding the FY 2021 funding recommendations at the City Council Meeting.

Recommendations for all categories will be finalized and a preliminary public comment period will commence. On March 18, 2020, the Public Comment Period on the recommendations will close and the CSC will make their final recommendations to Council for their review in April.

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Recommended by: Monica Davis, Community Services Manager

Approved by:

Jennifer Ott, Deputy City Manager