



**DATE:** May 14, 2019

**TO:** Mayor and City Council

**FROM:** Deputy City Manager

**SUBJECT:** Approval of FY 2020 Community Agency Funding Recommendations and FY 2020 Community Development Block Grant Annual Action Plan

**RECOMMENDATION**

That Council:

1. Affirms the Community Services Commission’s FY 2020 community agency funding recommendations as outlined in Attachment II, with final Council authorization of funding allocations of the Social Services and Arts and Music categories made within the context of the Council’s FY 2020 budget to be adopted in May 2019;
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 2019, including the City of Hayward Fiscal Year 2020 CDBG Annual Action Plan with the FY 2020 CDBG funding allocations; and
3. Reviews recent projects completed to meet timeliness.

**SUMMARY**

FY 2020 Community Agency Funding

The total funding available as part of the FY 2020 Community Agency Funding process is \$1,686,847. Listed below is a summary of the funding recommendations.

**Table 1: Summary of FY 2020 Recommended Funding (All Sources)**

Category	Funding for	Available Funding	Recommended Amount
<b><i>Competitive Funds Pool</i></b>			
Infrastructure, Econ Dev, & Public Serv	Community Agencies & City-Operated Programs	\$1,201,710	\$848,551
Arts & Music	Community Agencies	\$86,000	\$86,000

Social Services	Community Agencies	\$399,137	\$399,137
<b>Total CSC Recommendations</b>		<b>\$1,686,847</b>	<b>\$1,343,688</b>
<b><i>Noncompetitive Funds</i></b>			
Referral Services	Eden I&R	\$51,813	\$51,813
HUD Required Fair Housing Services	Community Agency	\$25,000	\$25,000
<b>Total Referral &amp; Fair Housing Services</b>		<b>\$76,813</b>	<b>\$76,813</b>

In total, \$873,551 of CDBG funds are recommended in the Infrastructure, Economic Development, Public Services, and Fair Housing categories, and \$536,950 from General Fund is recommended for funding in the Arts & Music, Social Services, and Referral Services categories. Attachment II provides a more detailed summary of the Community Services Commission recommendations by category, agency, program, and funding amounts. The funding recommendations in this report include Council's feedback from the April 2, 2019 Council work session.

In April 2019, the City was notified of its FY 2020 CDBG entitlement in the amount of \$1,502,138. Table 2 provides a summary of all anticipated CDBG resources for FY 2020.

**Table 2: Anticipated Resources**

<b>Anticipated Resources</b>	<b>Program Year 2019 Funding Amount</b>
Annual Allocation	\$1,502,138
Program Income:	\$188,205
Prior Year Resources	\$515,000
<b>Total:</b>	<b>\$2,205,343</b>

FY 2020 CDBG Annual Action Plan

In the City's draft Annual Action Plan, staff proposes to allocate CDBG funding as follows:

**Table 3: Summary Funding by Project Category**

No.	Project Category	Program Year 2019 Funding Allocation
1.	<b>Administration &amp; Planning</b>	\$300,427
2.	<b>Acquisition, Disposition, Clearance &amp; Relocation</b>	\$571,366
3.	<b>Economic Development</b>	\$339,999
4.	<b>Housing</b>	\$300,000
5.	<b>Public Facilities &amp; Infrastructure Improvements</b>	\$440,000
6.	<b>Public Services</b>	\$253,551
<b>Total</b>		<b>\$2,205,343</b>

FY 2019 Timeliness Update

The CDBG program annually provides formula entitlement grants to states and local governments with populations greater than 50,000. Annually on May 2, HUD conducts a point-in-time measure to assess an entitlement community's timely use of CDBG funds. To meet this "timeliness ratio," communities must have no more than 1.49 times their current program year entitlement in fund reserves.

In December 2018, staff sought guidance from Council and approval of a contingency plan to re-allocate up to \$1.75M in available CDBG funds to eligible projects. After successfully spending down the City's CDBG fund balance, the City's current timeliness ratio is 1.27, and by the end of the Fiscal Year will be below 1.0. In total across FY 2019, the City of Hayward spent \$4.6M in CDBG funds to create and maintain affordable housing, prevent homelessness, provide services for low-income and individuals and families, improve public facilities, and create economic development opportunities for all.

## **BACKGROUND**

### FY 2020 Community Agency Funding

Annually, the City funds approximately \$1.5 million in 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 Community Services Commissions (CSC) makes recommendations to Council regarding the distribution of CDBG and General Fund social services.

The Fiscal Year 2020 Community Agency Funding process was initiated on September 28, 2018, when the Notice of Funding Availability was published. In October 2018, the City posted the application for funding and hosted a public Bidder's Conference to provide information about the application process. In total, 35 applications totaling \$1,799,981 were received and considered for the Fiscal Year 2020 Community Agency Funding process.

The CSC reviewed all eligible applications across three Application Review Committees (ARCs) which were held over two Saturdays in January and February. The CSC discussed funding recommendations at open meetings held on February 20, 2019 and March 20, 2019. From February 20, 2019 through March 20, 2019, the Public Comment period for the recommendations in all categories were in effect. During the public comment period, eight agency representatives submitted statements of thanks, and two agency representatives requested additional information about the funding process.

On Wednesday, March 20, 2019, the Community Services Commission held a public meeting in which the Commission voted to approve the FY 2020 funding recommendations. On Tuesday, April 2, 2019, Council held a work session to discuss the preliminary FY 2020 funding recommendations set forth by the Community Services Commission.

Additional background information on the Community Agency Funding process can be found online from the April 2, 2019 Council meeting.<sup>1</sup>

### FY 2020 CDBG Annual Action Plan

The CDBG program annually provides formula “entitlement” grants to states and local governments with populations greater than 50,000, including Hayward. As part of administering the CDBG program, the City must complete a five-year planning document, the Consolidated Plan, and for each year of this plan, must create an Annual Action Plan.

Action Plans provide a concise summary of the actions, activities, and federal resources that will be used to address the priority needs and specific goals identified in the five-year Consolidated Plan. 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.

### FY 2019 Timeliness Update

Annually on May 2, HUD conducts a point-in-time measure to assess an entitlement community’s timely use of CDBG funds. To meet this “timeliness ratio,” communities must have no more than 1.49 times their current program year entitlement in fund reserves.

In December 2018, with a timeliness ratio of over 3.5, staff sought guidance from Council and approval of a contingency plan to re-allocate up to \$1.75M in available CDBG funds to eligible projects in order to reach timeliness. Under Council direction, several projects were funded, bringing the City’s current timeliness ratio down to 1.27.

Additional background information on timeliness can be found online from the December 18, 2018<sup>2</sup> City Council meeting.

## **DISCUSSION**

The City is designated as a HUD CDBG Entitlement Jurisdiction; therefore, on an annual basis, administers CDBG funds from HUD. CDBG Entitlement funding is a formula determined by Congressional budget appropriation to HUD and is calculated according to each Entitlement jurisdiction’s population size and poverty level, which are derived from the most recent

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<sup>1</sup> **April 2, 2019 Hayward City Council Meeting,**

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3906527&GUID=D2128B57-CE33-4736-A0F5-D14A618BE0B7&Options=&Search=>

<sup>2</sup> **December 18, 2018 Hayward City Council Meeting:**

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3784503&GUID=EB7476E1-71C0-4A22-805C-FF6BFFEC3484&Options=&Search=>

Census data. 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<sup>3</sup>.

### FY 2020 Community Agency Funding

While Council discussed the funding recommendations put forth at the April 2, 2019 meeting, there were no directed modifications made to the CSC FY 2020 funding recommendations. To estimate the City's upcoming CDBG entitlement award, staff used past allocations to project the upcoming award. Staff had conservatively estimated the City's FY 2020 entitlement at \$1,200,000 and budgeted accordingly.

In anticipation of receiving a larger entitlement, the CSC recommended that if the City receives an entitlement that exceeds \$1,200,000, available public services funds should be prioritized as follows:

1. 70% of additional funding to Centro Legal de la Raza for legal services related to housing rights for low-income, immigrant communities;
2. 15% of additional funding to the City of Hayward Public Library's Family Education Program for education support services for youth and families; and
3. 15% of additional funding to Abode Services for homeless outreach.

Council supported these recommendations at the April 2, 2019 Work Session. In April 2019, Entitlement awards were announced with the City of Hayward being awarded \$1,502,138 for FY 2020. Therefore, the Community Agency funding updated recommendations are included in Attachment II.

### FY 2020 CDBG 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 City's five-year HUD-approved 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 2019, the City was notified of its FY 2020 CDBG entitlement in the amount of \$1,502,138. Table 2 provides a summary of all anticipated resources for FY 2020.

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<sup>3</sup> City of Hayward's Draft CDBG Annual Action Plan: <https://www.hayward-ca.gov/sites/default/files/documents/fy19-20-cdbg-annual-action-plan.pdf>

**Table 4: Anticipated Resources**

<b>Anticipated Resources</b>	<b>Program Year 2019 Funding Amount</b>
Annual Allocation	\$1,502,138
Program Income:	\$188,205
Prior Year Resources	\$515,000
<b>Total:</b>	<b>\$2,205,343</b>

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 as follows:

**Table 5: Funding by Project Category**

No.	Project Category	Program Year 2019 Funding Allocation
<i>Capped Categories (35%)</i>		
1.	<b>Administration &amp; Planning (20%)</b>	\$300,427
2.	<b>Public Services (15%)</b>	\$253,551
<i>Uncapped Categories: Infrastructure and Economic Development (65%)</i>		
3.	<b>Acquisition, Disposition, Clearance &amp; Relocation</b>	\$571,366
4.	<b>Economic Development</b>	\$339,999
5.	<b>Housing</b>	\$300,000
6.	<b>Public Facilities &amp; Infrastructure Improvements</b>	\$440,000
	<b>Total</b>	<b>\$2,205,3334</b>

At the April 2019 Council meeting, Council advised that additional uncapped funds for Infrastructure and Economic Development should be allocated to any remaining projects from the December 2018 Public Hearing. Staff recommends allocating available funds to the following projects:

1. **St. Rose Hospital Foundation Infrastructure and Facility Improvements (\$400,000):** In December 2018, Council approved funding up to \$400,000 in CDBG funds to eligible public facility and infrastructure projects for the St. Rose Hospital. These funds were not awarded in FY 2019 and staff recommends awarding these funds in FY 2020.
2. **Planning costs related the development of affordable housing (\$50,000):** In December 2018, Council approved up to \$380,000 in planning and administration costs associated with the development of affordable housing. Abode Services/Allied Development and EAH Housing were awarded these funds, for a total of \$330,351, leaving \$49,649 available for planning and administrative costs related to the development of other affordable housing projects.

- 3. Economic Development Microenterprise Grants (\$75,000):** The Microenterprise Grant program was approved by Council in July 2017 as a two-year pilot program. In FY2018-19, the Economic Development Division successfully awarded 15 small, minority or women owned businesses with \$5,000 grants. This was a successful program and staff recommends awarding \$75,000 to the Economic Development Division to administer this program again.

Staff will further explore using available CDBG funds for the Hayward Housing Navigation Center, including planning costs and acquisition costs. Staff has reserved \$571,366 for Acquisition, Disposition, Clearance, and Relocation projects, including potential projects with the Hayward Housing Navigation Center.

#### FY 2019 Timeliness Update

Annually on May 2, HUD conducts a point-in-time measure to assess an entitlement community's timely use of CDBG funds. To meet this "timeliness ratio," communities must have no more than 1.49 times their current program year entitlement in fund reserves.

In December 2018, with a timeliness ratio of over 3.5, staff sought guidance from Council and approval of a contingency plan to re-allocate up to \$1.75M in available CDBG funds to eligible projects in order to reach timeliness. Under Council direction, the following are key projects that were funded, bringing the City's current timeliness ratio down to 1.27:

- **Mia's Dream Come True Playground (\$1,096,000):** Mia Vasquez was born with a severe form of Cerebral Palsy. In 2016, Mia's parents approached HARD and the HARD Foundation to consider building an all-inclusive playground for children like Mia to be able to play. The Mia's Dream playground is an all-inclusive playground for children of all abilities to enjoy. Mia's Dream has been master-planned for the Tennyson Park site in the Tennyson Corridor, one of the most disadvantaged areas in Alameda County and a priority of the City Council. The purpose of building the one-acre all-inclusive playground is to provide health, wellness, and safety to 'all' with an emphasis on those with disabilities who lack resources and ability to be mobile, exercise, and play. In FY 2019, the City awarded a total of \$1,096,000 in CDBG funds for development and construction of the Mia's Dream Playground.
- **Matsya Family Villas (\$238,951):** Matsya Family Villas will create 57 apartments for low-income and extremely low-income households. Of these 57 units, 11 will be set-aside for extremely low-income and/or homeless units. In FY 2019, the City awarded a \$238,951 in CDBG funds for clearance and demolition of the site to become Matsya Family Villas.
- **Depot Road Micro Apartments (\$91,400):** The Depot Road Micro Apartments project will create 126 micro apartments for low-income and extremely low-income people with on-site coordination of mental-health, addiction, employment, and other social and support services. To be developed by Abode Services development affiliate

Allied Housing, the project would reserve 31 units for homeless people and 31 for people living with mental-health disabilities. In FY 2019, the City awarded \$91,400 for planning costs related to the development of the Depot Road Micro Apartments.

- **2019 EveryOne Home Point-in-Time Homeless Count (\$28,200):** Every two years, during the last 10 days of January, communities across the country conduct comprehensive counts of the local population experiencing homelessness. The biennial Point-in-Time Count is the only source of nationwide data on sheltered and unsheltered homelessness, and it is required by the U.S. Department of Housing and Urban Development (HUD) of all jurisdictions that are receiving federal funding to provide housing and services for individuals and families experiencing homelessness. The City worked with EveryOne Home to receive a comprehensive report on homelessness in Hayward to better inform our policies and services moving forward. In FY 2019, the City awarded \$28,200 for a comprehensive report from EveryOne Home on the results of the 2019 Point-in-Time Count.

In addition to the above projects approved by Council in December 2018, the City administered CDBG funds for public services, infrastructure improvements, housing rehabilitation, acquisition of real property, and economic development activities. Thus far, through FY 2019, the City spent \$4.6M in CDBG funds to create and maintain affordable housing, prevent homelessness, provide services for low-income and individuals and families, improve public facilities, and create economic development opportunities for all.

## **FISCAL IMPACT**

The total competitive community agency funding availability for FY 2020 is estimated at \$1,686,847, of which \$536,950 is a General Fund appropriation request currently included in the City's FY 2020 Proposed Operating Budget. The remaining \$1,201,710 is the estimated amount available for Infrastructure, Economic Development, and Public Services from the CDBG Entitlement Grant.

## **STRATEGIC INITIATIVES**

This agenda item supports the Complete Communities Strategic Initiative and the Tennyson Corridor Strategic Initiative. The purpose of the Complete Communities Initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work, and play for all. This item supports the following goals:

### Complete Communities:

- Goal 1: Improve the quality of life for residents, business owners, and the community members in all Hayward neighborhoods.
- Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.



## Tennyson Corridor:

Goal 4: Foster a Cohesive Sense of Place

Goal 5: Increase Community Resiliency

### **PUBLIC CONTACT**

On **September 28, 2018**, a Notice of Funding Availability was published in English and Spanish in the Daily Review newspaper and on the City's website, posted at the Hayward Public Library, and City Hall, and emailed to a number of agencies (currently funded agencies, previously funded agencies, applications from previous years, and all other interested parties on the Community Agency Funding mailing list).

On **October 30, 2018**, application materials were published and readily accessible by logging onto the City Data Services web-based system, or downloadable from the City's website and a public Bidder's Conference was held to provide information about the application process.

The Community Services Commission discussed funding recommendations at open meetings held on **February 20, 2019** and **March 20, 2019**.

From **February 20, 2019 through March 20, 2019**, the Public Comment period for the recommendations in all categories were in effect. During the public comment period, eight agency representatives submitted statements of thanks, and two agency representatives requested additional information about the funding process.

On Wednesday, **March 20, 2019**, the Community Services Commission held a public meeting in which the Commission voted to approve the FY 2020 funding recommendations and present them to the City Council as shown in Attachment II of this report.

On Tuesday, **April 2, 2019**, the Council held a work session to discuss the preliminary FY 2020 funding recommendations set forth by the Community Services Commission.

On Tuesday, **May 14, 2019**, a Public hearing will be held regarding the funding recommendations at the City Council Meeting

### **NEXT STEPS**

Staff recommends that Council:

1. Adopts the attached resolution (Attachment III) authorizing an application for Federal Assistance under the Community Development Block Grant (CDBG Program for HUD Program Year 2019 and approving the City of Hayward Fiscal Year 2020 CDBG Annual Action Plan including the FY 2020 CDBG funding allocations; and

2. Affirms preliminary funding decisions in the FY 2020 Social Services and Arts and Music categories with final Council authorization of funding allocations in those categories to be made within the context of Council's FY 2020 budget to be adopted in May 2019.

*Prepared by:* Jessica Lobedan, Management Analyst II  
Monica Davis, Community Services Manager

*Recommended by:* Jennifer Ott, Deputy City Manager

*Approved by:*



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Kelly McAdoo, City Manager