



**DATE:** April 23, 2024

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Community Agency Funding: Approval of Fiscal Year 2025 Community Agency Funding Recommendations and the FY 2025 Annual Action Plan

**RECOMMENDATION**

That the Council affirms the Community Services Commission’s FY 2025 Community Agency Funding (CAF) recommendations as outlined in Attachment II and adopts the following resolutions, approving and appropriating funds for the FY 2025 operating budget:

1. Adopt a resolution approving and appropriating the CAF recommendations for programs to be funded through the General Fund for Social Services and Arts and Music funding categories (Attachment III);
2. Adopt a resolution approving and appropriating the CAF recommendations for the Community Development Block Grant (CDBG) Economic Development/ Infrastructure and Public Services funding categories and authorizing the City Manager to submit an application for the CDBG Program for U.S. Department of Housing and Urban Development (HUD) Program Year 2024, including the City of Hayward FY 2025 Annual Action Plan (Attachment IV);

**SUMMARY**

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

No.	Topic	Recommended Action
1.	FY 2025 Community Agency Funding Process	Approve the funding recommendations made by the Community Services Commission (CSC) and presented for Council Work Session on April 2, 2024
2.	FY 2025 Annual Action Plan	Approve the FY 2025 Annual Action Plan

The estimated funding available as part of the FY 2025 Community Agency Funding process is \$1,869,471. Through the Community Agency Funding process, the Community Services Commission (CSC) made recommendations for the allocation of \$1,300,000<sup>1</sup> in

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<sup>1</sup> 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).

estimated CDBG funds for public services, economic development, and infrastructure activities, and \$686,950 in General Fund funding for social services and arts and music activities. The funding allocations for this year’s agency funding process are 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 2, 2024.<sup>2</sup>

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

<b>Funding Source</b>	<b>Category</b>	<b>Amount</b>
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>\$1,541,951</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>
<b>GRAND TOTAL FY 2025 RECOMMENDED FUNDING (ALL SOURCES)</b>		<b>\$1,892,426</b>

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

Funding allocations for CDBG funds will be included and submitted as part of the FY 2025 Annual Action Plan which is required by the Department of Housing and Urban Development (HUD). Along with defining allocations for agency funding, the 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. Table 2 lists the proposed allocation of CDBG funding for the FY 2025 Annual Action Plan.

**Table 2. CDBG Program Year 2024 (City of Hayward FY 2025)  
Estimated Annual Action Plan Summary Funding by Project Category**

<b>No.</b>	<b>Project Category</b>	<b>CDBG Program Year 2024 (FY 2025) Funding Allocation</b>
1.	Administration & Planning	\$280,000
2.	Public Facilities & Infrastructure	\$1,192,592
3.	Public Services	\$246,756
4.	Housing Programs	\$325,000
5.	Economic Development	\$460,414
<b>TOTAL</b>		<b>\$2,504,762</b>

## BACKGROUND

### The FY 2025 Community Agency Funding Process and Timeline

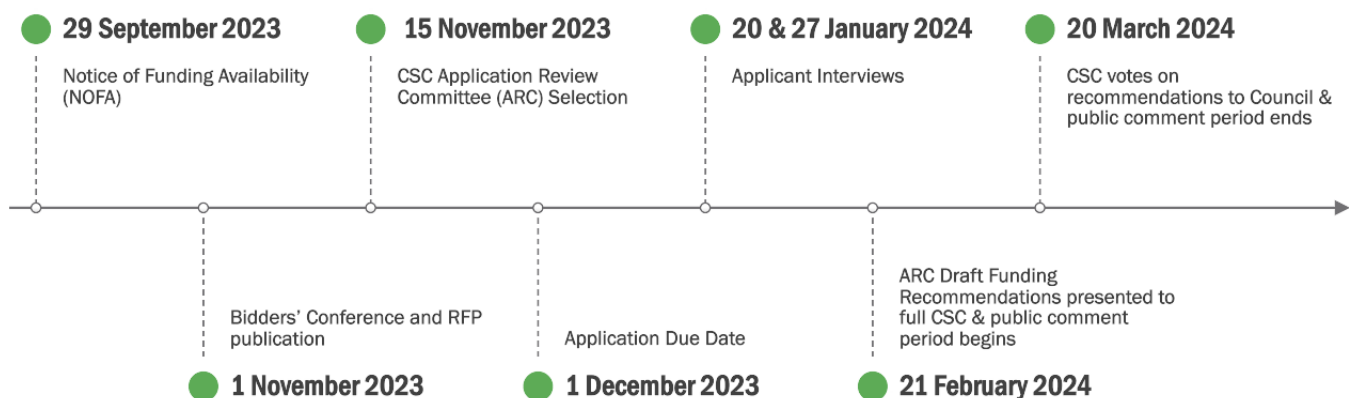
Each year, the City receives applications from community agencies requesting funding through the competitive Community Agency Funding (CAF) process. As the advisory body to the

<sup>2</sup> April 2, 2024, Staff Report and Attachments:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6606609&GUID=8121C00E-5ACB-47D2-88A1-B5EF709F112C&Options=&Search=>

Hayward City Council, the CSC makes recommendations to Council for the distribution of 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 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 Request for Proposals and instructions for applications were published following the Bidder’s Conference on November 1, 2023. All applications were due on December 1, 2023, and the CSC reviewed applications throughout December and January. In January the CSC conducted applicant interviews and drafted their initial funding recommendations which were discussed and finalized at the February and March CSC meetings. More information on the Community Agency Funding process can be found on the [City’s webpage](#).

**Figure 1. FY 2024-2025 Community Agency Funding Timeline**



**Technical Assistance to Agencies**

Before the application due date and during the application review process, staff were available to applicants for technical assistance on submitting their application and responding to questions. This is communicated to all applicants who attended the Mandatory Bidder’s Conference and through email communications. Staff also initiated targeted outreach to agencies that started an application but did not appear to have it completed and who attended the Bidder’s Conference but had not started an application as the deadline approached.

**Application Review Process**

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 Infrastructure and Economic Development (CDBG), Public/Social Services (CDBG/General Fund), and Arts and Music (General Fund).

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 21, 2024 <sup>3</sup>	CSC	The CSC discussed their initial funding recommendations and opened a public comment period.
March 20, 2024 <sup>4</sup>	CSC	The CSC received a presentation of the FY 2025 funding recommendations, received public comment, voted to approve the FY 2025 funding recommendations, and closed the public comment period at the conclusion of the meeting.
April 2, 2024 <sup>5</sup>	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 April 1, 2024, and will close on May 2, 2024.

## DISCUSSION

### Summary of Council Feedback from April 2 Work Session

On April 02, 2024, Council received a presentation of the CSC FY 2025 funding recommendations.<sup>6</sup> Council discussed the funding recommendations and did not direct any modifications to the recommendations. The following key topics emerged from Council’s April 2 Work Session discussion:

#### ***1. Prioritizing funding for shelter providers in the Economic Development and Infrastructure category***

Council expressed interest in prioritizing funding to shelter providers, specifically South Hayward Parish and La Familia’s FESCO, Les Marquis Emergency Shelter projects, should there be additional funds available. At the March CSC meeting, the Commission’s vote included recommendations for how to allocate additional funds if the City’s CDBG entitlement award is higher than staff estimated, which includes increasing allocations for projects highlighted by Council. For this category, the CSC determined that any additional funds would be distributed as defined in the below table and shown in Attachment II.

<sup>3</sup> 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=>

<sup>4</sup> 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=>

<sup>5</sup> April 2, 2024, Council Work Session Staff Report and Attachment  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6606609&GUID=8121C00E-5ACB-47D2-88A1-B5EF709F112C&Options=&Search=>

<sup>6</sup> April 2, 2024, Council Work Session Staff Report and Attachment  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6606609&GUID=8121C00E-5ACB-47D2-88A1-B5EF709F112C&Options=&Search=>

**Table 4. Economic Development and Infrastructure CSC Recommended Allocations for Additional Funding**

Guidance from CSC (in order of priority, depending on funding availability)	Amount Recommended	Total Award if funded up to the recommended amounts
1. Allocate funds to Downtown Streets to bring them up to their FY24 funding level.	Up to \$8,297	\$208,297
2. Allocate an additional \$5,000 to La Familia’s FESCO project up to \$20,000 for their security improvement project. This amount was decided due to limited funds and concerns over the estimated cost of the project proposal.	Up to \$5,000	\$20,000
3. Allocate an additional \$50,000 toward First Pres to bring their total award to \$83,831 to include the drainage improvements.	Up to \$50,000	\$83,831
4. Should there be additional funds available, the remaining funds would be distributed evenly across all agencies recommended for partial funding not to exceed their original request		Any remaining funds after the above disbursements will be shared evenly across all agencies recommended for partial funding.

**2. Prioritizing funding for food security projects**

Council expressed an interest in understanding the deliberations process related to food security applicants given that four out of the six food security agencies did not receive full funding, with specific focus on the applicants 05 Sikh Seva and Peace Haven. The four agencies recommended for partial funding include 05 Sikh Seva, Daily Bowl, Peace Haven Corporation, and San Lorenzo Family Help Center, three of which are new applicants. The CSC recommended partial funding to three of these agencies (05 Sikh Seva, Peace Haven, and Daily Bowl) with the hopes that these agencies can receive technical assistance from staff in the next year to improve their plans for effective data reporting to ensure a more competitive application next year. This request for technical assistance support was affirmed by Council at the April 2 Work Session.

While not all agencies in this subcategory received full funding, food security was a priority for the CSC this year, being the third highest funded subcategory among the services projects with special attention for food security projects serving seniors. Table 5 shows the amount recommended across all six service types for FY 2025. In prior years, recommendations for food security projects have been comparatively less than this year’s recommendations due to both a prioritization of food projects serving seniors and more available funding. The CSC recommended \$58,358 and \$80,000 to food security projects in

FY 2024 and 2023, respectfully.<sup>7,8</sup> For FY 2025’s funding process, the CSC had an additional \$100,000 in one-time Opioid Settlement funds which went towards the top two funded categories: Housing and Homelessness and Youth and Education.

**Table 5. Recommended Funding Allocations by Service Type**

Types of Services	FY 2025 Amount Recommended
Housing and Homelessness	\$363,734*
Youth and Education	\$177,309**
Food Security	\$147,500
Information and Referral	\$77,000
Health	\$71,163
Legal Services	\$65,000

\* This total includes \$50,000 in one-time Opioid Settlement funds.

\*\* This total includes \$50,000 in one-time Opioid Settlement funds. For more on the Opioid Settlement funding, see the March 5, 2024 Council materials.<sup>9</sup>

Given their commitment towards food security work, the Council expressed to see more funding to 05 Sikh Seva and Peace Haven should there be available funding. The CSC made deliberations to determine how to allocate additional funds across all categories which can be found on Attachment II.

**3. Technical assistance for agencies to improve competitiveness of their applications**

Staff are committed to working through technical barriers and providing direct assistance to agencies, especially those recommended by both the CSC and Council through this process. Staff are available to all agencies that request technical assistance for application assistance, guidance during the public comment period, assistance and feedback on reporting requirements, and other supports to help agencies during the application and grant implementation process. Staff will continue to keep in close contact with applicants before, during, and after the application process to be as proactive as possible in engaging applicants that may need support. This includes sending several communications to ensure all agencies are informed and aware that staff are available for any assistance.

Staff will distribute a survey to applicants and Commissioners to receive their feedback on the funding process in advance of the May CSC meeting, during which at that time the CSC and staff will debrief the FY 2025 CAF process. Staff will incorporate any suggestions discussed during the April 2 and April 23 Council meetings in the CSC’s May debrief discussions.

In addition to discussing the FY 2025 funding recommendations, Council recognized the competitive nature of the annual agency funding process, the demand for these services, and

<sup>7</sup> Council approved FY 2024 Funding Recommendation on April 25, 2023:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6179362&GUID=65916587-0043-40D6-8BA8-CF8407DDA041&Options=&Search=>

<sup>8</sup> Council approved FY 2023 Funding Recommendations on April 26, 2022:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5565353&GUID=49FAEE12-031B-4FD3-AEA7-893CE75FA227&Options=&Search=>

<sup>9</sup> March 5, 2024, Staff Report and attachments:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561052&GUID=355597DF-7504-4108-A4BC-C67A50248439&Options=&Search=>



the corresponding need for additional funding to support more community services. Council also acknowledged the need to provide clarity on the process for disclosing conflict-of-interest. Due to the nature of the work, Council recognizes that members are closely involved in the community through various groups and affirmed the need to consider the process for disclosures and recusals.

**The FY 2025 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>10</sup> The Consolidated Plan identifies the following priority needs for the City: 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.<sup>11</sup>

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. 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, tenant, food for seniors, and legal services; and economic development by way of small business grants and loans and extending technical assistance to small businesses.<sup>12</sup>

The anticipated resources for FY 2025, including the annual entitlement allocation, anticipated program income from revolving loan fund repayments, and prior year resources, amounts to \$2,504,762. Prior year resources were not incorporated into the CAF process due to timing constraints, but will be used to fund Council priority projects that align with the Consolidated Plan and will be brought to Council for their approval.

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

Table 6 outlines the proposed funding allocation for FY 2025 (i.e., CDBG Program Year 2024).

**Table 6. CDBG Program Year 2024 (FY 2025) Annual Action Plan**

No.	Project Category	Program Year 2024 Estimated Funding Allocation
<b><i>Capped Categories (35%)</i></b>		

<sup>10</sup> June 23, 2020 Staff Report and Attachments: <https://hayward.legistar.com/LegislationDetail.aspx?ID=4576644&GUID=7D9A237D-8934-4D4A-94FA-CFF24B9589CA&Options=&Search=>  
<sup>11</sup>City of Hayward Consolidated Plan: [https://www.hayward-ca.gov/sites/default/files/documents/2021-2025%20Con%20Plan\\_FINAL\\_20200702.pdf](https://www.hayward-ca.gov/sites/default/files/documents/2021-2025%20Con%20Plan_FINAL_20200702.pdf)  
<sup>12</sup> City of Hayward FY 2025 Annual Action Plan: [https://www.hayward-ca.gov/sites/default/files/pdf/FY%2024-25%20Action%20Plan\\_For\\_Public\\_Comment\\_FINAL\\_03272024.pdf](https://www.hayward-ca.gov/sites/default/files/pdf/FY%2024-25%20Action%20Plan_For_Public_Comment_FINAL_03272024.pdf)

1.	Administration & Planning (20%)	\$280,000
2.	Public Services (15%)	\$246,756
<b><i>Uncapped Categories: Infrastructure and Economic Development (65%)</i></b>		
3.	Public Facilities and Infrastructure*	\$1,192,592
4.	Housing Programs	\$325,000
5.	Economic Development	\$460,414
<b>TOTAL</b>		<b>\$2,504,762</b>

\* Prior year funds that were not included in the CAF process due to timing constraints will be allocated to the Public Facilities and Infrastructure project for priority projects that align with the Annual Action Plan

On April 2, 2024, staff published a draft of the FY 2025 Annual Action Plan<sup>13</sup> for public comment, with a Public Hearing for comment and Council recommendation for approval on April 23, 2024. The City’s public comment period will conclude on May 2, 2024, and staff will submit the report to HUD no later than Friday, May 15, 2024. The report may be submitted after May 15 if there are delays in receiving the annual entitlement award, based on guidance from HUD.

### **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.

### **FISCAL IMPACT**

The CDBG Program has a neutral impact on the City’s General Fund, as up to 20% of CDBG funds 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 amount of administrative funds available. 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 funding based on fiscal impact.

### **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.

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<sup>13</sup> Draft FY 2025 Annual Action Plan

[https://www.hayward-ca.gov/sites/default/files/pdf/FY%2024-25%20Action%20Plan\\_For\\_Public\\_Comment\\_FINAL\\_03272024.pdf](https://www.hayward-ca.gov/sites/default/files/pdf/FY%2024-25%20Action%20Plan_For_Public_Comment_FINAL_03272024.pdf)



## **PUBLIC CONTACT**

The Public Comment period for the FY 2025 recommended funding allocations and FY 2025 Annual Action Plan is in place from April 1, 2024, through May 2, 2024.<sup>14</sup> Public comment on the Community Agency Funding Recommendations and Annual Action Plan for FY 2025 will be heard at the Public Hearing on April 23, 2024.

Prior to this Public Hearing 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.<sup>15,16</sup> Public comments on the FY 2025 Funding Recommendations were also received at the April 2 Work Session. Public comments received at the April 2 Work Session discussed areas of support for more funding to La Familia's Infrastructure project, Peace Haven's Freedom Store, and Fayeth Garden's Kwanza Project. There were concerns from the community on whether Eden United Church of Christ offers services to Hayward-based residents, and it was discussed that to be eligible for funds through this process applicants must be serving low-income Hayward residents. There were also concerns about whether community agency funds are spent directly on residents, and staff were directed to share their process for tracking spending through reporting and auditing requirements.

An overview of all the public received throughout the Community Agency Funding process can be reviewed in Attachment V.

## **NEXT STEPS**

Next steps include the following:

- On Thursday, May 2, 2024, the City's public comment period will conclude.
- Staff will address public comments and will submit the FY 2025 Annual Action Plan to HUD no later than May 15, 2024, unless directed by HUD otherwise.

*Prepared by:* Emily Hwang, Management Analyst

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

*Approved by:*



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Kelly McAdoo, City Manager

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<sup>14</sup> Public comment for the Annual Action Plan: <https://www.hayward-ca.gov/your-government/departments/library-community-services/programs/community-development-block-grant-cdbg>

<sup>15</sup> 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=>

<sup>16</sup> 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=>