



**DATE:** February 19, 2025

**TO:** Community Services Commission

**FROM:** Community Services Manager

**SUBJECT** FY 2025-2026 Application Review Committee Preliminary Draft Funding Recommendations

## **RECOMMENDATION**

That the Commission reviews and comments on this report regarding the FY 2025-2026 Application Review Committee preliminary draft funding recommendations.

## **SUMMARY**

This report provides a review of the Application Review Committee (ARC) funding deliberations process, recommendations, and next steps.

## **BACKGROUND**

Annually, the City of Hayward's Community Services Division facilitates the Community Agency Funding (CAF) Process which funds approximately \$1.7 million in programs that provide free or low-cost services to the low- to moderate-income Hayward residents. As the advisory body to the Hayward City Council, the Community Services Commission (CSC) reviews agency applications, conducts interviews, and 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 CSC reviews all eligible applications, and the CSC Chairperson appoints three Application Review Committees (ARC) 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):** Activities may include supporting development of 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 ongoing 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):** Supportive services programs that 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.

The CAF process is reviewed both internally with the CSC and with Council on an ongoing basis. Following the FY 2021-2022 funding process, the CSC and a subgroup of Council 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<sup>1</sup>. As a reminder, below are modifications from FY 2023-2024 in Table 1.

**Table 1. FY 2023-2024 Community Agency Funding Modifications**

<b>Services Funding Caps (per program)</b>	Up to \$100,000 for housing and homelessness related projects and up to \$50,000 for other services
<b>Funding Allocation for New and Innovative Programs</b>	Include a priority for funding 20-30% of applications for new and innovative programs
<b>Funding for Safety Net Programs</b>	While no single agency should receive guaranteed funding, staff will identify programs that support safety net services during the CAF process
<b>Arts and Music Funding Guidelines</b>	<p><b>New Agencies</b> may receive up to \$30,000 in financial support for one year</p> <p><b>Signature Agencies</b>, up to \$25,000 for programs that have been funded 1-5 year(s)</p> <p><b>Classic Agencies</b>, (+5 years) up to \$20,000 in grant funding, not to exceed 60% of the total estimated program budget</p>
<b>Audit Requirements</b>	Increase audit requirement threshold from \$15,000 to \$20,000

<sup>1</sup> June 28, 2022, Council Meeting Staff Report  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5709697&GUID=A6B2DFF3-6937-49D4-8EE0-C7C35628FDEF&Options=&Search=>

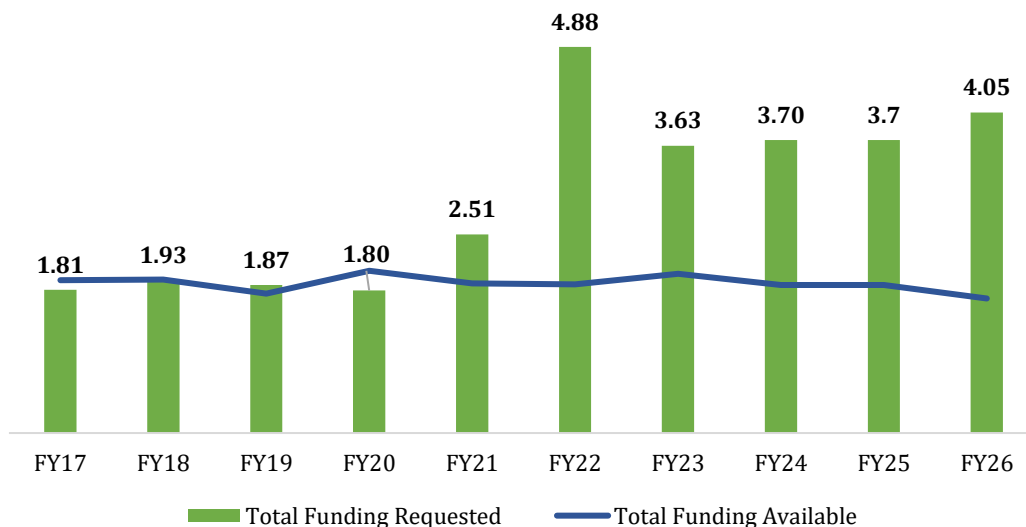
On September 27, 2024, the CAF process opened with the publication of a Notice of Funding Availability (NOFA). The announcement was published in English and Spanish in the Daily Review, posted to the City’s website, emailed the Community Services Division’s interested parties mailing list, and shared on the City’s social media channels.

## DISCUSSION

On October 28, 2024, staff hosted the annual mandatory bidders’ conference and had 64 different agencies in attendance, compared to 62 in the prior year. By the December 2, 2024, deadline, the City received 53 applications requesting FY 2025-2026 funding, with 11 new proposed programs/events and 10 new applicants.

The majority of applications are reviewed through a competitive process to allocate \$587,000 from the General Fund and approximately \$1,300,000 from the City’s estimated CDBG entitlement, after the costs of administration and planning are set aside.<sup>2</sup> The amount of funding requested for this funding cycle continued to increase compared to previous years, resulting in a highly competitive funding allocation process for the FY 2025-2026 cycle. Three projects will be funded through non-competitive direct allocations, including City-sponsored home rehabilitation programs, infrastructure project management, and fair housing testing services. Further discussion is provided in the following section.

**Figure 1. Funding Requests and Availability since FY 2017 in Millions<sup>3</sup>**



<sup>2</sup> Staff estimate this allocation based on previous years’ entitlement awards. The actual award is expected to be announced by the end of March, pending delays in the federal legislature.

<sup>3</sup> The significant increase in funding requests for FY 2022 was partially driven by \$2.3M in requests from three agencies for capital or property acquisition projects.

In total, the ARCs interviewed 52 unique applicants requesting over \$4.05 million dollars for FY 25-26. Table 2 below shows the number of applicants and funding requests by category.

**Table 2. Applications and Funding Request by Category**

CATEGORY	FUNDING SOURCE	# OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
<b>Competitive</b>				
Arts and Music	Gen. Fund	11	\$268,043	\$132,000
Social Services	Gen. Fund	28	\$2,430,130	\$455,000
Public Services	CDBG	7	\$395,513	\$197,982
Economic Development	CDBG	4	\$492,521	\$547,018
Infrastructure	CDBG	2	\$495,000	
<b>Totals</b>		<b>52</b>	<b>\$4,054,905</b>	<b>\$1,332,000</b>

Non-Competitive	FUNDING SOURCE	AWARD AMOUNT
HUD Required Fair Housing Services <sup>4</sup>	CDBG	\$26,302
Home Rehabilitation & Infrastructure Project Management	CDBG	\$375,000

***Non-Competitive Applications***

Per the City of Hayward CDBG 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 to meet HUD-mandated requirements and cover the administrative costs of managing the grant program. In 2019, staff conducted a competitive RFP process for HUD-mandated fair housing services and Eden Council for Hope and Opportunity (ECHO) was selected. For FY 25-26, \$26,302 will be allocated to ECHO to provide fair housing services to Hayward residents. This award is required by HUD and is separated from the CDBG Public Services funds available in the competitive process. Additionally, through the Alameda County analysis of impediments to fair housing completed in 2020, the City committed \$300,000 to funding home rehabilitation programs to prevent displacement of low-income households. For FY 25-26 staff recommend a \$50,000 increase to the home rehabilitation program to account for increased construction costs over the last five years, which will enable the program to maintain its current level of service. Finally, the City allocates an additional \$25,000 to Habitat for Humanity to support project management of the CDBG infrastructure grants, ensuring the City maintains compliance with federal regulations.

***Competitive Application Review***

After allocating the non-competitive projects, the remaining funds are made available to eligible applicants through the CAF process. Each application is reviewed by staff and the CSC, and agency specific questions are compiled and shared with applicants for them to address during their interview. Prior to interviews, staff held three 2-hour long office hours to answer any questions about the interviews and the agency funding process. Staff provided technical assistance to 9 agencies in total during office hours.

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<sup>4</sup> These funds are allocated from the City’s administration and planning set-aside, so they do not impact the HUD-mandated 15% cap on CDBG funds for public services.

Following the interviews, each ARC engaged in extensive deliberation, weighing criteria that included agencies' capacity, leveraging of other funds, history providing equitable and quality services, alignment with City priorities, and the community's need for the service. They also took into consideration caps outlined in Table 1.

### ***Deliberations and Preliminary Recommendations***

Each ARC's deliberations resulted in preliminary recommendations, which will be reviewed during the February 19, 2025, CSC meeting. The preliminary funding allocation recommendations are included in Attachment II.

### **Economic Development and Infrastructure Category**

The Economic Development/Infrastructure ARC recommended full funding to four agencies, including those administering the City's non-competitive home rehabilitation program. Three agencies were awarded partial funding, with specific recommendations made for allocating potential additional funding in the case the CDBG entitlement award exceed staff's estimates. They did not recommend funding for one program:

- Eden Investments, Inc.'s Leidig Court program: ARC members prioritized funding for service-orientated projects. As this project's proposal was for non-emergent structural needs, the ARC decided to not fund this project to be able to allocate more funding to other agencies.

### **Arts and Music Category**

11 agencies applied for funding, four of which were new agencies. The ARC prioritized youth and school-based programs that could demonstrate the most direct impact for Hayward residents in comparison to other applicants. The Arts & Music ARC recommended full funding to three agencies up to their respective funding caps and partial funding to 7 agencies. Among those agencies partially funded, ARC members would have liked agencies to demonstrate more comprehensive plans to reach and serve Hayward residents and provide clearer processes for defining and tracking their program's impact.

They did not recommend funding to one agency:

- Love Never Fails's Love Lab Program: ARC members prioritized funding this agency's other Arts & Music program in an effort to distribute more funding across other agencies.

### **Services Category**

The ARC recommended fully or partially funding 21 of the 35 competing programs and did not fund 14 programs. Among the agencies being recommended for funding, there were six new applicants that had never applied through the CAF process prior to this year. In recent years there were one-time funds available to supplement the Services ARC; however, those one-time funds were not available this year. The lack of additional one-time funding in addition to an increase in applicants made the FY25-26 deliberations especially competitive and challenging.

The ARC began their deliberations by using agencies' rubric scores to eliminate low-scoring applicants. Next, the ARC prioritized funding housing and homelessness, food security, and legal services programs, with an emphasis on agencies that offer services to immigrant and undocumented populations. The ARC evaluated scenarios that included distributing funds

across all services applicants but determined that more awards with significantly reduced amounts were not an effective use of resources and may reduce the community impact while increasing the administrative burden on both agencies and City staff.

The ARC fully funded two agencies and partially funded 19 agencies. Among agencies who were partially funded, the ARC recommended to fund:

- Most housing and homelessness programs at least 50% of the requested amount or their previously funded amounts,
- Food security at their previous year’s funded amounts for returning applicants and 50% of the requested amount for new applicant Service Opportunities for Seniors (SOS),
- Legal services at least 50% their requested amount, and
- Eden United Church of Christ Newcomer Navigation Center program at 25% of their requested amount.

Should there be additional funding, the ARC defined scenarios for how to allocate the remaining funds in Table 2.

**Table 2. Methodology of Recommended Allocations for Additional Services Funding**

CATEGORY	ADDITIONAL FUNDING RECOMMENDATION
CDBG Public Services	<ol style="list-style-type: none"> <li>1. Fund Covenant House California up to \$30,000 as it falls within the priority category of supporting Housing and Homelessness.</li> <li>2. Any remaining amount to be distributed evenly to Legal Assistance for Seniors, Spectrum, The Alliance for Community Wellness, and Ruby’s Place up to the funding cap and not to exceed their total request.</li> </ol>
General Fund Social Services	<ol style="list-style-type: none"> <li>1. Fund Bay Area Community Health’s Early Intervention Services for HIV Care up to 50% of the funding request within the cap (\$25,000).</li> <li>2. Fund Eden Youth and Family Center’s Clubhouse program up to 50% for the funding request within the cap (\$25,000).</li> </ol>

Table 3 below depicts the allocation of all eligible funds by services category and the percent of funding request being recommended within each category. Housing and Homelessness projects represent the highest funding recommendation in both dollars and percentage of funding request within a given category. Roughly 66% of the total services funding is recommended for funding Housing and Homelessness services, which is in alignment with the City’s Strategic Road Map and The Let’s House Hayward! Strategic Plan.<sup>5,6</sup>

<sup>5</sup> City of Hayward Strategic Roadmap: <https://www.hayward-ca.gov/your-government/documents/hayward-strategic-roadmap>

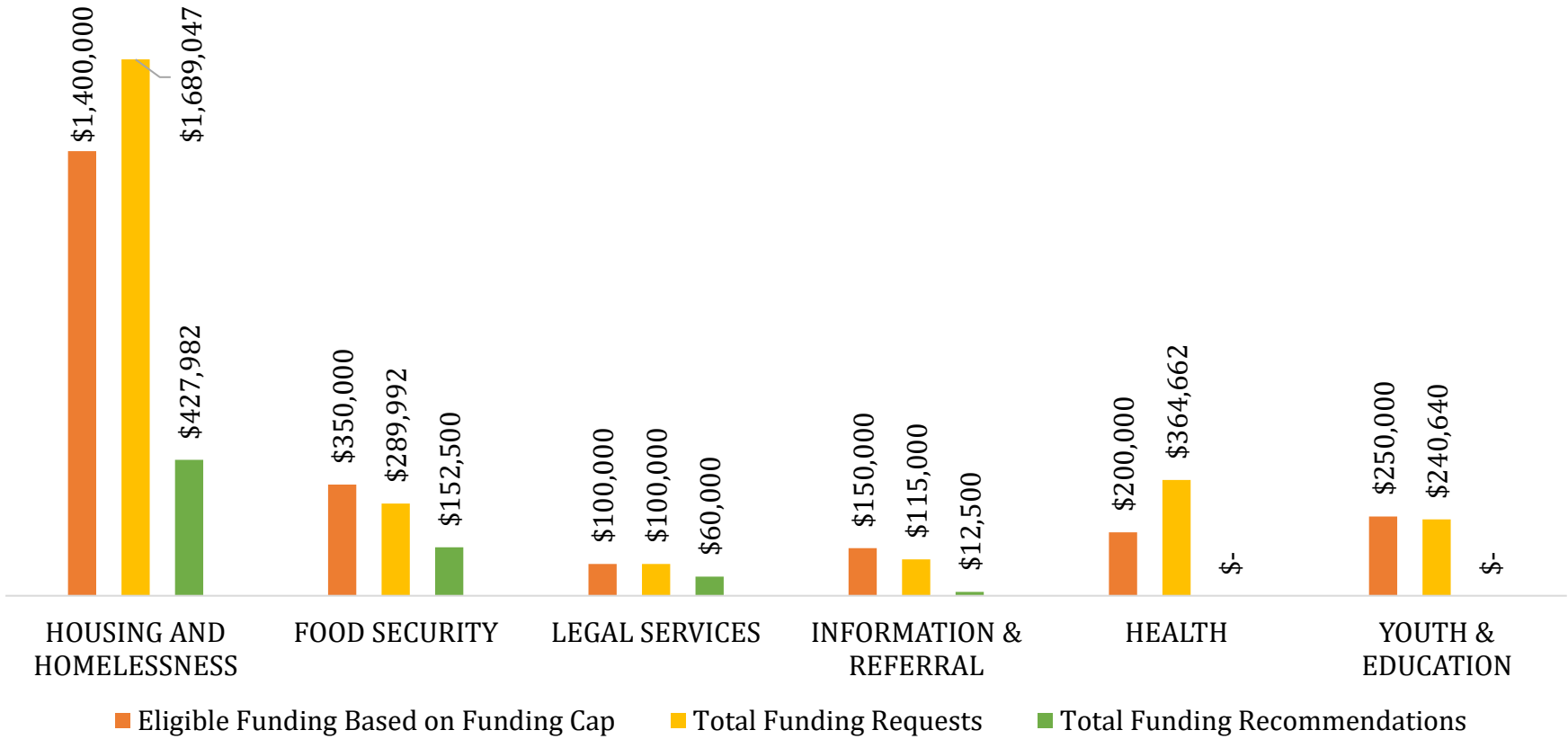
<sup>6</sup> Let’s House Hayward! Strategic Plan: <https://www.hayward-ca.gov/your-government/departments/city-managers-office/projects/lets-house-hayward-strategic-plan-reduce-homelessness>

**Table 3. Funding Recommendations by Services Category**

CATEGORY	TOTAL FUNDING REQUESTS	TOTAL FUNDING RECOMMENDATIONS	% OF REQUEST RECOMMENDED FOR FUNDING	% OF TOTAL SERVICES FUNDING
Legal Services	\$100,000	\$60,000	60%	9%
Health	\$364,662	-	0%	0%
Food Security	\$289,992	\$152,500	53%	23%
Youth & Education	\$240,640	-	0%	0%
Information & Referral	\$115,000	\$12,500	11%	2%
Housing and Homelessness	\$1,689,047	\$427,982	25%	66%

Figure 2 compares the total funding requests, total funding recommendations, and eligible funding based on funding caps for each service type. The orange column on the left shows the eligible funding based on the funding cap for agencies that were recommended for funding in that service type. As a reminder, starting FY 2023-2024 the CSC implemented caps for how much services applicants can be awarded: Up to \$100,000 for housing and homelessness related projects and up to \$50,000 for other services. This orange column shows the total amount applicants requested and were *eligible* for based on the type of service. In cases where the yellow middle column representing the total funding requests exceeds the eligible funding based on the cap, at least one agency submitted a request that exceeded the cap. The green column shows the total amount of the preliminary funding recommendations in that service type category

**Figure 2: Funding Requests vs. Funding Recommendations by Service Types**





**Additional Funding Allocation Analysis**

**Funding for new agencies and programs**

For FY 25-26, eight out of 36 (22%) competitive program applicants recommended for funding were new agencies and/or programs, which meets the Commission’s target to prioritize applications for new and innovative programs. Table below shows the total new agency/program preliminary funding amounts by ARC category. Economic development projects were excluded from this analysis, as there were no new agencies or programs in that category.

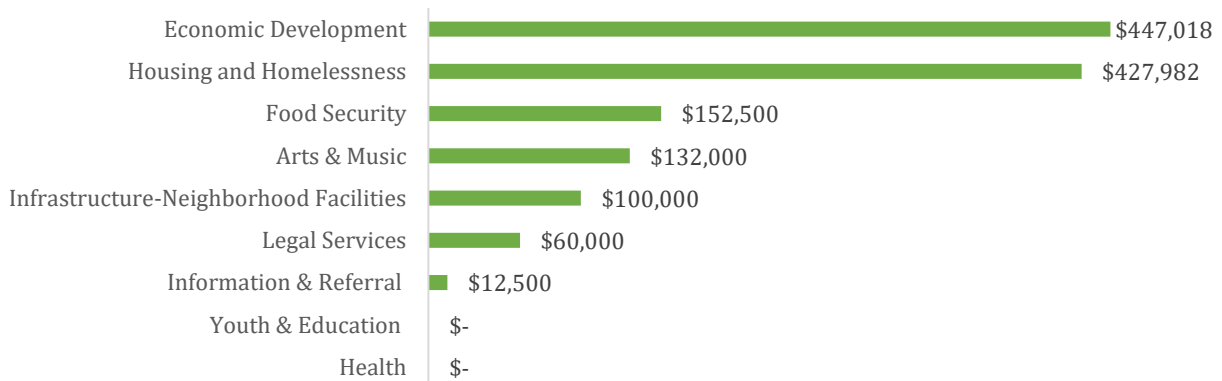
**Table 4. New Agency/Program Recommended Funding by ARC Category**

	Infrastructure	Services	Arts & Music
Number of new agencies/programs recommended funding	1	2	5
Dollar amount in funding to new agencies/programs	\$100,000	\$78,257	\$61,000
Percentage of new agency/programs funded out of the respective ARC’s total programs recommended for funding	18%	12%	46%

**Recommended allocations across all project types**

Figure 3 below presents a summary of the preliminary recommendations among all competitive projects broken down by project type. Due to limited funding this fiscal year, the Services ARC prioritized funding housing and homelessness, food security, and legal services programs, especially agencies that offer services to immigrant and undocumented populations. This is reflected in Figure 3’s top three funded project types in the services category.

**Figure 3. Total Funding Amounts by Project Type**



**Changes to the Community Agency Funding Process**

The CAF process is reviewed by the CSC, staff, and with Council on an ongoing basis. Due to a combination of increasing community need, increasing costs, and improvements in the promotion of the funding process with potential new applicants, the applicant pool and

funding requests continue to grow. This was especially apparent during this funding cycle, which was exceptionally competitive. The current process would benefit from additional updates to streamline equitable and impactful decision making and reduce the burden on the applicants.

Based on feedback from applicants and the CSC from prior funding cycles, staff compiled a list of both policy and administrative changes to the CAF process to best meet the needs of the community and the City's priorities. Administrative changes include administering a 2-year funding cycle, changing general funded reporting requirements to include more flexible options, improving technical assistance by continuing to offer office hours for the interview process and adding more before the application closes, and starting the application cycle earlier in the year so readers submit their scores before the winter break.

Attachment III introduces suggested changes for improvement for the CSC to review and ask any questions. Staff will present these changes to the CSC during the March CSC meetings for feedback and direction.

1. Adjust Arts & Music allocation process and contracting requirements to match Special Events requirements
2. Establish a minimum contract amount
3. Improve alignment of funding decisions and scoring rubric with the City's priorities
4. Increase transparency in decision making
5. Streamline and standardize the application review process across all categories

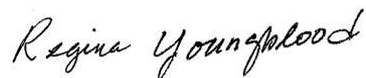
## **NEXT STEPS**

The public comment period for the proposed FY 25-26 CDBG, Social Services, and Arts and Music allocations for City of Hayward community agency funding grants will commence on February 19, 2025. At the March 19, 2025 CSC meeting, the Public Comment Period will close, and the CSC will vote on their final recommendations to Council. The final funding recommendations are scheduled for Council review on April 1, 2025, and the subsequent Public Hearing is scheduled for April 22, 2025.

*Prepared by:* Emily Hwang, Management Analyst

*Recommended by:* Amy Cole-Bloom, Community Services Manager

*Approved by:*



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Regina Youngblood, Assistant City Manager