



**DATE:** April 26, 2022

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT** Community Agency Funding: Approval of Fiscal Year 2023 Community Agency Funding Recommendations, the FY 2023 Annual Action Plan, and City of the Hayward Community Development Block Grant Community Participation Plan

**RECOMMENDATION**

That the Council:

1. Affirms the Community Services Commission’s FY 2023 Community Agency Funding recommendations as outlined in Attachment II, with final Council authorization of the funding allocations of the American Rescue Plan Act of 2021 (ARPA) category (Attachment III), and the Social Services and Arts and Music categories made within the context of the Council’s FY 2023 budget to be adopted in June 2022 (Attachments IV and V); and
2. Adopts a resolution (Attachment VI) 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 2022, including the City of Hayward FY 2023 Annual Action Plan with the FY 2023 CDBG funding allocations and the updated CDBG Community Participation Plan; and
3. Adopts a resolution (Attachment VII) approving and appropriating FY 2022 Recovery Funds for Arts and Music Agencies.

**SUMMARY**

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

No.	Topic	Recommended Action
1.	FY 2023 Community Agency Funding Process	Approve the funding recommendations made by the Community Services Commission (CSC) and presented for Council Work Session on April 5, 2022
2.	FY 2023 Annual Action Plan	Approve the FY 2023 Annual Action Plan
3.	CDBG Community Participation Plan	Approve the updated CDBG Community Participation Plan
4.	FY 2022 Recovery Funds for Arts and Music Agencies	Approve and appropriate funding recommendations presented for Council Work Session on April 5, 2022

The estimated funding available as part of the FY 2023 Community Agency Funding process is \$2,223,450. Through the Community Agency Funding process, the CSC made recommendations for the allocation of \$1,184,500 in CDBG monies for public services, economic development, and infrastructure activities, \$548,950 in General Fund monies for social services and arts and music activities, and \$500,000 in one-time ARPA funds for eligible community safety and economic recovery activities associated with the COVID crisis in Hayward.

The proposed funding is summarized by category in Table 1 on the following page and in detail in Attachment II. These funding recommendations have not changed from those presented to Council during the Work Session on April 5, 2022.<sup>1</sup>

**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	\$416,950
CDBG	Economic Development/Infrastructure	Community Agencies	\$598,763
CDBG/ARPA	Public Services	Community Agencies	\$735,737
<i>Total ARC Recommended Grants</i>			<i>\$1,833,450</i>
General Fund	Referral Services	Eden I&R	\$50,000
CDBG	HUD-Required Fair Housing Services	Community Agency	\$25,000
CDBG	Home Rehabilitation & Infrastructure Project Management	Community Agency	\$325,000
<i>Total Non-Competitive Grants</i>			<i>\$400,000</i>

**GRAND TOTAL FY 2023 RECOMMENDED FUNDING (ALL SOURCES) \$2,223,450**

**The Annual Action Plan**

The FY 2023 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2023 to address the priority needs and goals identified in the FY 2021-2025 Consolidated Plan. Community input gathered during the Consolidated Planning process informed the development of these priority needs and goals.

Table 2 lists the proposed allocation of CDBG funding for the FY 2023 Annual Action Plan. It aligns with the FY 2023 CDBG funding recommendations presented in this report as part of the Community Agency Funding Process. FY 2023 equates to CDBG Program Year 2022.

**Table 2. 2022 (FY 2023) Annual Action Plan Summary Funding by Project Category**

No.	Project Category	Program Year 2022 (FY 2023) Funding Allocation*
1.	Administration & Planning	\$315,000
2.	Public Facilities & Infrastructure	\$559,318
3.	Public Services	\$235,737

<sup>1</sup> April 5, 2022, Staff Report and Attachments: <https://hayward.legistar.com/LegislationDetail.aspx?ID=5542823&GUID=19B072E2-CD4B-445B-BC50-C6C4892D7EF9&Options=&Search=>

4.	Housing Programs	\$349,500
5.	Economic Development	\$90,445
<b>TOTAL</b>		<b>\$1,550,000</b>

\*Should the FY 2023 entitlement amount exceed staff estimates, staff will implement the CSC's methodology of recommended allocation for additional funding and the Program Year 2022 funding allocations will be updated accordingly.

### **Citizen Participation Plan Update**

HUD regulations require that all CDBG grantees develop and maintain a Citizen Participation Plan (CPP) that sets forth the City's policies and procedures for community engagement and participation in the CDBG funding and planning process. The City may revise the CPP to reflect changes in HUD regulations or to make improvements to the community participation process. Staff is recommending both procedural and administrative updates to improve community participation.

### **BACKGROUND**

#### **The FY 2023 Community Agency Funding Process**

Every year, the City funds 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 CSC makes recommendations to Council regarding the distribution of CDBG and General Fund monies 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 Council has also authorized the distribution of one-time ARPA funds, in the amount of \$500,000, through the FY 2023 CAF process.

The Community Agency Funding process for FY 2023 opened with the publication of a Notice of Funding Availability (NOFA) on September 17, 2021. The Mandatory Bidder's Conference was held on October 19, 2021. Cumulatively, eligible applicants requested \$3,631,586.

The CSC reviewed all eligible applications, and the CSC Chairperson appointed three Application Review Committees (ARCs) by funding category to conduct applicant interviews prior to drafting funding recommendations presented in this report for Council review and approval. The three funding categories are:

1. **Infrastructure and Economic Development:** Affordable housing (not including new construction); housing rehabilitation; nonprofit facility improvements; microenterprise business support; 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/ARPA/General Fund):** Benefit low-moderate income Hayward residents through programs to provide food security, health

services, homelessness and anti-displacement services, including job training; legal services; youth and education services.

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 16, 2022 <sup>2</sup>	CSC	The CSC discussed their initial funding recommendations and opened a public comment period.
March 16, 2022 <sup>3</sup>	CSC	Through a remote meeting, the CSC unanimously voted to approve the FY2023 funding recommendations, with some changes that staff implemented prior to presenting the recommendations to Council.
April 5, 2022 <sup>4</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 5, 2022 and will close on May 5, 2022.

### **One-Time Recovery Funds for Arts and Music Agencies**

During the past two years of the pandemic, many of the social services agencies received an influx of additional funding to provide COVID related programming for the Hayward community. Staff identified one-time supplemental funding to support the Arts and Music agencies as the City enters the recovery phase of the pandemic. This one-time supplemental funding for the current fiscal year is meant to reinvigorate engagement in arts and music programming in Hayward as more activities return to in-person. Staff is currently exploring other funding sources to further supplement the FY 2023 awards.

### **The FY 2023 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>5</sup> The Consolidated Plan identifies: affordable housing, homelessness, housing preservation, and permanent supportive housing;

<sup>2</sup> February 16, 2022, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5450535&GUID=52C38EEC-8F69-44EC-A712-661FEA4E0EE1&Options=&Search=>

<sup>3</sup> March 16, 2022, Staff Report and Attachments:

<https://hayward.legistar.com/MeetingDetail.aspx?ID=927858&GUID=45F7A843-F75C-4139-8F66-016A7B2D58F7&Options=info|&Search=>

<sup>4</sup> April 5, 2022, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5542823&GUID=19B072E2-CD4B-445B-BC50-C6C4892D7EF9&Options=&Search=>

<sup>5</sup> June 23, 2020 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4576644&GUID=7D9A237D-8934-4D4A-94FA-CFF24B9589CA&Options=&Search=>

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 2023 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2023 to address the priority needs and goals identified in the 2021-2025 Consolidated Plan. The CDBG funded activities that are allocated through the Community Agency Funding Process are outlined as a portion of the Annual Action Plan.

### **Citizen Participation Plan Update**

HUD regulations require that all CDBG grantees develop and maintain a CPP that sets forth the City's policies and procedures for community engagement and participation in the CDBG funding and planning process.<sup>6</sup> Community participation is vital to the success of CDBG-funded activities and ensures that the needs of stakeholders are met. The primary goal is to encourage and provide the community, especially low- and moderate-income residents, opportunities to participate in the development of the consolidated plan, any changes to the plan, and the City's performance reporting to HUD.

HUD regulations also require resident participation during the CPP's development and subsequent revisions. The City of Hayward may revise the CPP to reflect changes in HUD regulations or to make improvements to the community participation process. Staff is recommending updates to improve community engagement.

## **DISCUSSION**

### **The FY 2023 Community Agency Funding Process**

While Council discussed the funding recommendations put forth at the April 5, 2022 meeting, there were no directed modifications made to the CSC FY 2023 funding recommendations. In addition to some clarifying questions, Council discussed the need to transition into a recovery and rebuilding mindset and emphasized the need to make Hayward more inviting in order to promote economic recovery. Several councilmembers expressed interest in increasing public art within the City. This discussion becomes more applicable with the upcoming informational report on the City's publicly available art which will provide additional information on that effort this same evening.

Council also expressed a desire to identify additional sources of sustainable funding to be allocated through the CAF process in future years and noted the importance of the upcoming CAF review process in the coming months.

### *One-Time Recovery Funds for Arts and Music Agencies*

Council was supportive of staff's recommendation to allocate one-time supplemental funding for the current fiscal year, as outlined in Attachment VII, to support the Arts and Music agencies as the City enters the recovery phase of the pandemic.

### **The FY 2023 Annual Action Plan**

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<sup>6</sup> 24 CFR § 91.105

The City’s Annual Action Plan is developed each year in accordance with the housing and community development goals and objectives articulated in the 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.

While the FY 2023 CDBG entitlement amount were anticipated by early April, HUD has notified the City that additional time is needed to compute grantee allocation amounts for the programs covered by the Consolidated Plan, which will be available on or around May 13, 2022. Should the FY 2023 entitlement amount exceed staff estimates, staff will implement the CSC’s methodology of recommended allocation for additional funding. The final Annual Action Plan must be submitted to HUD no later than August 16, 2022. For more information on the CSC’s recommendations for allocation of additional funding, see the Work Session item from April 5, 2022.<sup>7</sup>

The anticipated resources for FY 2023, including an estimated annual entitlement allocation, anticipated program income from revolving loan fund repayments, and prior year resources, amounts to \$1,575,000.

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 for FY 2023 (i.e., CDBG Program Year 2022):

**Table 7. CDBG 2022 Annual Action Plan**

No.	Project Category	Program Year 2022 Funding Allocation
<i>Capped Categories (35%)</i>		
1.	Administration & Planning (20%)	\$315,000
2.	Public Services (15%)	\$235,737
<i>Uncapped Categories: Infrastructure and Economic Development (65%)</i>		
3.	Public Facilities and Infrastructure	\$559,318
4.	Housing Programs	\$349,500
5.	Economic Development	\$90,445
<b>TOTAL</b>		<b>\$1,550,000</b>

On April 5, 2022, staff published a draft of the FY 2023 Annual Action Plan<sup>8</sup> for public comment, with a Public Hearing for comment and Council recommendation for approval on

<sup>7</sup> April 5, 2022, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5542823&GUID=19B072E2-CD4B-445B-BC50-C6C4892D7EF9&Options=&Search=>

<sup>8</sup> Draft FY 2023 Annual Action Plan

[https://hayward-ca.gov/sites/default/files/documents/FY%2022-23%20Action%20Plan\\_Draft%20for%20Comment%20Post.pdf](https://hayward-ca.gov/sites/default/files/documents/FY%2022-23%20Action%20Plan_Draft%20for%20Comment%20Post.pdf)

April 26, 2022. The City's public comment period will conclude on May 5, 2022 and staff will submit the report to HUD no later than Tuesday, August 16, 2022.

### **Citizen Participation Plan Update**

In addition to HUD regulations that require all CDBG grantees to develop and maintain a CPP, HUD regulations also require resident participation during the CPP's development and subsequent revisions. Staff is recommending updates to improve public engagement and remove barriers to community participation.

The draft revised CPP<sup>9</sup> was made available for public viewing and comment on April 5, 2022. While a 15-day viewing period is required, the City is providing an extended 30-day period to align with the public comment period for the FY 2023 Annual Action Plan and community agency funding recommendations.

### **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; and infuse capital and provide training for local small business.

### **FISCAL IMPACT**

The CDBG Program has a neutral 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. 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.

As part of the City's Federal Stimulus Expenditure Plan<sup>10</sup>, Council approved augmenting the FY 2023 Community Agency Funding budget by allocating one-time ARPA funding, in the amount of \$500,000, towards addressing the negative economic impacts caused by the public health emergency as a result of COVID-19. These funds are included in the FY 2023 CAF recommendations.

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

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<sup>9</sup> Draft Revised Community Participation Plan  
<https://hayward-ca.gov/sites/default/files/documents/Citizen%20Participation%20Plan%202022.pdf>

<sup>10</sup> July 13, 2021, Staff Report and Attachments:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028015&GUID=E0215022-6A47-486F-81C4-9BFB2583AE10&Options=&Search=>

has refrained from reducing or eliminating 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.

## **PUBLIC CONTACT**

The Public Comment period for the FY 2023 recommended funding allocations, FY 2023 Annual Plan, and the revised CPP is in place from April 5, 2022, through May 5, 2022. Public comment on the Community Agency Funding Process, Annual Action Plan, and the City of Hayward CDBG CPP will be heard at the Public Hearing on April 26, 2022. 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 16, 2022, and March 16, 2022, meetings. Public comment can be reviewed in the Attachment I Staff Report and Attachment III Public Comments of the CSC's March 16, 2022, meeting<sup>11</sup> and under Documents Received After Published Agenda.

## **NEXT STEPS**

Next steps include the following:

- On Thursday, May 5, 2022, the City's public comment period will conclude.
- Staff will address public comments and will submit the FY 2023 Annual Action Plan to HUD no later than August 16, 2022.

Recommendations for all funding categories will be finalized following the April 26, 2022, Council meeting.

*Prepared by:* Carol Lee, Management Analyst

*Recommended by:* Monica Davis, Community Services Manager  
Jennifer Ott, Assistant City Manager

Approved by:



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Kelly McAdoo, City Manager

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<sup>11</sup> March 16, 2022, Staff Report and Attachments:  
<https://hayward.legistar.com/MeetingDetail.aspx?ID=927858&GUID=45F7A843-F75C-4139-8F66-016A7B2D58F7&Options=info/&Search=>