



DATE: April 2, 2019

TO: Mayor and City Council

FROM: Deputy City Manager

SUBJECT: Fiscal Year 2020 Community Agency Funding Recommendations for Social Services, Arts & Music, and Infrastructure, Economic Development & Public Services and Review of the Community Needs Assessment for the 2020 Five-Year Consolidated Planning Process

RECOMMENDATION

That the Council:

1. Conducts a work session regarding the FY 2020 Community Agency Funding recommendations, and
2. Reviews and comments on the draft funding recommendations. Attached is the draft funding resolution (Attachment III) that will be presented to the Council for adoption on April 30, 2019.

SUMMARY

The City of Hayward has funded approximately \$1.5M in social service programs to serve the most vulnerable populations within the City through a combination of federally awarded Community Development Block Grant (CDBG) funds and allocations from the City’s General Fund. The City makes this funding available to community agencies through the competitive Community Agency Funding process. The proposed FY 2020 available balance allocation is \$1,625,950, as detailed in Table 1.

TABLE 1: SUMMARY OF TOTAL ESTIMATED FY 2020 AVAILABLE FUNDING BY CATEGORY

NO.	CATEGORY	FUNDING SOURCE	AMOUNT
1	Infrastructure, Economic Dev, Public Serv	CDBG	\$1,089,000
2	Arts & Music	General Fund	\$86,000
3	Social Services	General Fund	\$450,950
Total			\$1,625,950

On March 20, 2019, the Community Services Commission (CSC) recommended funding the allocation for FY 2020 (Table 2).

TABLE 2: SUMMARY OF FY 2020 RECOMMENDED FUNDING (ALL SOURCES)

CATEGORY	FUNDING FOR	AVAILABLE FUNDING	RECOMMENDED AMOUNT
Infrastructure, Econ Dev, & Public Serv	Community Agencies & City-Operated Programs	\$1,064,000	\$804,499
Arts & Music	Community Agencies	\$86,000	\$86,000
Social Services	Community Agencies	\$399,137	\$399,137
Total CSC Recommendations		\$1,549,137	\$1,289,636
Referral Services	Eden I&R	\$51,813	\$51,813
HUD Required Fair Housing Services	Community Agency	\$25,000	\$25,000
Total Referral & Fair Housing Services		\$76,813	\$76,813
Grand Total		\$1,625,950	\$1,366,449

To estimate the City’s upcoming CDBG entitlement award, staff used past allocations to project the upcoming award. For the CDBG program, entitlement cities may allocate up to 15% of the annual grant to public services and 20% to administration, leaving 65% for Infrastructure and Economic Development projects. Per Council direction at the [April 17, 2018](#) meeting, any excess or unallocated CDBG Infrastructure and Economic Development funds will go through a subsequent Council review process.

In addition to the FY 2020 CSC Community Agency Funding recommendations (Attachment II), the CSC provided recommendations for prioritization of potential additional funds. The total entitlement for CDBG is currently estimated at \$1,200,000 and 15% of those funds are eligible for public services activities. The CSC recommends 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 Library’s Family Education for education support services for youth and families; and
3. 15% of additional funding to Abode Services for homeless outreach.

The CSC recommendations for expenditure of additional \$100,000 in General Fund monies are also provided in Attachment II.

In April 2018, the City hired a consultant to conduct a Community Needs Assessment (CNA) to determine the human needs of vulnerable residents, identify barriers and gaps in service, and provide validated data that meets HUD community input requirements in the development of the upcoming 2020 Consolidated Five-Year Plan process (Attachment IV).

The goal in commissioning the report is to help the City consider refining its current policies and practices for allocation of CDBG Public Services funds in the future and prepare for the 2020 Consolidated Five-Year Plan process. The findings of the CNA also confirm and support the FY 2020 draft funding recommendations given that the proposed allocations focus on organizations addressing issues related to housing and homelessness, youth and families, seniors, and access to health services, which were areas of need identified by the CNA.

BACKGROUND

As the advisory body to the Hayward City Council on community service issues, the CSC made recommendations to Council regarding the distribution of CDBG and General Fund social services funding through the FY 2020 Community Agency Funding process at its March 20, 2019 meeting. The FY 2020 CSC Community Agency Funding recommendations were developed in compliance with the City's federally-mandated and Council authorized [Citizen Participation Plan](#)¹, in accordance with Council authorized [CDBG Compliance Policies](#)², and informed by the ongoing efforts of the CSC.

At the April 17, 2018 City Council meeting, the Council provided guidance on the future implementation of several components of the Community Agency Funding process that were followed as part of this year's process, including:

- **City Operated Programs Compete:** Ensure that the City of Hayward operated programs are included in the competitive process;
- **Fund Eden I&R:** Remove Eden I&R's 2-1-1 Program, that collaborates with hundreds of community-based organizations to provide a centralized resource for health, housing, and human services information to at risk individuals and vulnerable populations within communities in Alameda County, from the competitive process and fund their services directly;
- **Available and Unallocated Infrastructure Funds Reviewed by Council:** Should there be available and unallocated infrastructure funds, staff will present Council will potential projects to review at a future meeting; and
- **RFP for Fair Housing:** Complete a request for proposals process for the Fair Housing program provider.

The feedback received from Council was incorporated into the FY 2020 funding process.

¹ COH Website: <https://www.hayward-ca.gov/sites/default/files/library/Citizen%20Participation%20Plan%204-19-16.pdf>

² COH Website: <https://www.hayward-ca.gov/sites/default/files/FINAL%20CDBG%20Compliance%20Policy%20Manual%20%2B%20Appendix%20A%201.pdf>

Announcement of Funding Availability

The Community Agency Funding process opened with the publication (in English and Spanish) of a Notice of Funding Availability (NOFA) on September 28, 2018. The announcement was also: posted at City Hall; published in the Daily Review; and emailed to currently and previously funded agencies, applicants from previous years, and all other interested parties on the Community Agency Funding mailing list. Several broadcast e-mail reminders were also sent in advance of the Mandatory Bidder's Conference held on October 30, 2018.

FY 2020 CSC Community Agency Application Review Process

Many agencies responded to the NOFA to compete for the City's funding through the Community Agency Funding process. The CSC reviews all eligible applications and the CSC Chairperson appoints three (3) Application Review Committees (ARCs) by funding categories to conduct applicant interviews, which were held over two Saturdays in January and February. This occurs prior to making funding recommendations to the Council for review and approval. The three (3) funding categories are:

1. **Infrastructure, Economic Development & Public Services (CDBG):** 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. **Social Services (General Fund):** Benefit low-moderate income Hayward residents through programs to provide food security, health services, homelessness and anti-displacement services; legal services; youth and family services.

The CSC used the following funding criteria to develop their recommendations:

- Supported reduction of homelessness and increased housing opportunities;
- Aligned with Council Strategic Initiatives;
- Documented community need and agency demand to meet that need;
- Demonstrated previous government grants experience;
- Secured agreements with collaborative partners; and
- Articulated sustainability and succession plans.

After holding a work session on February 20, 2019 and then a public hearing on March 20, 2019, the CSC unanimously voted to recommend the primary funding recommendations put forth in Attachment II to Council.

Community Needs Assessment (CNA)

In April 2018, the City hired a consultant to conduct a CNA to determine the human needs of vulnerable residents and inform future policy decisions related to the upcoming 2020 Consolidated Five-Year Plan process. Crescendo Consulting was selected to conduct Hayward's CNA (Attachment IV). The CNA process included an analysis of Hayward demographics, individual interviews of public officials and service providers in the area, and targeted focus group meetings. Crescendo's analysis identified the following Hayward groups as the most socially vulnerable based on the qualitative and quantitative data:

- Young Families
- People Experiencing Homelessness
- Isolated Seniors
- People with Mental and/or Physical disabilities

While the CNA will ultimately be used to inform the upcoming 2020 Consolidated Five-Year Plan process, the CNA findings also support the FY 2020 CSC funding recommendations to fund services that work with families, people experiencing housing crises and homelessness, seniors, and people needing access to health services.

DISCUSSION

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. The City makes this funding available to community agencies through the competitive Community Agency Funding process.

A wide range of service providers apply each year through the Community Agency Funding process and each community agency devotes thought, time, and resources to compete for a limited pool of grant funding. Each ARC devotes hours to reviewing applications, hearing presentations from community agencies, and deliberating over how limited grant funding is allocated to those community agencies each year.

Thirty-five (35) applications totaling \$1,799,981 in requests were received by the December 13, 2018 deadline. There were no late applications. Of the \$1,625,950 in total estimated available funding, \$76,813 was reserved for HUD-required Fair Housing and Eden I&R 2-1-1 Program referral services per Council direction. In total, \$1,549,137 was available for agency funding recommendations through the competitive Community Agency Funding process. Of the \$1,549,137 in available funding through the competitive process, the CSC recommended \$1,289,636 in funding to community agencies and city-operated programs, leaving approximately \$259,501 in unallocated CDBG funds discussed in greater detail below.

Consistent with the recommendations put forward through the ARC, staff recommends allocating funding as summarized in Table 3 and detailed in Attachment II.

TABLE 3: SUMMARY OF COMMUNITY AGENCY APPLICATIONS AND FUNDING

CATEGORY	FUNDING SOURCE	NO. OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE	AMOUNT RECOMMENDED
Arts and Music	General Fund	7	\$106,251	\$86,000	\$86,000
Social Services	General Fund	17	\$582,038	\$399,137	\$399,137
Public Services	CDBG	7	\$506,693	\$199,500	\$199,500
Economic Development	CDBG	2	\$264,999	\$264,999	\$264,999
Infrastructure	CDBG	2	\$340,000	\$599,501	\$340,000
Totals		35	\$1,799,981	\$1,549,137	\$1,289,636

To estimate the City’s upcoming CDBG entitlement award, staff used past allocations to project the upcoming award. For the CDBG program, entitlement cities may allocate up to 15% of the annual grant to public services and 20% to administration, leaving 65% for Infrastructure and Economic Development projects.

This year, four (4) agencies applied under the Infrastructure and Economic Development categories and all agencies were funded at their requested amount leaving an unallocated balance in the amount of \$259,501 within the Infrastructure and Economic Development categories. Per Council direction at the [April 17, 2018](#)³ meeting, excess or unallocated CDBG Infrastructure and Economic Development funds will go through a subsequent review process to identify potential projects , which will be brought before Council for review and direction at a later date.

In total, the CSC recommended \$1,289,636 in funding to community agencies and City-operated programs. Table 4 provides a summary of applicants that applied during the FY 2020 funding process and the CSC recommended funding awarded by type of service.

TABLE 4: SUMMARY OF COMMUNITY AGENCY APPLICATIONS AND FUNDING BY TYPE OF SERVICE

TYPE OF SERVICE	NO. OF APPLICANTS	AMOUNT REQUESTED	AMOUNT RECOMMENDED	% ALLOCATION
Arts and Music	7	\$106,251	\$86,000	6.7%
Food Security	2	60,250	50,000	3.9%
Health	2	43,880	27,137	2.1%
Housing & Homelessness	12	830,225	494,999	38.4%

³ Legistar: <https://hayward.legistar.com/MeetingDetail.aspx?ID=598433&GUID=9551FCC7-E100-44CB-80AD-2A2C31E2A415&Options=info&Search=>

Infrastructure	2	340,000	340,000	26.4%
Job Creation	1	30,000	30,000	2.3%
Legal	3	100,000	77,000	6.0%
Youth and Family	6	289,375	184,500	14.3%
Totals	35	\$1,799,981	\$1,289,636	100%

As demonstrated above, the draft funding recommendations allocate close to 40% of the funds towards housing and homelessness services and 14% towards youth and family services, which is also consistent with the findings of the CNA.

Prioritization of Additional Funds

In addition to the primary recommendations for estimated available Community Agency Funding, the ARCs for Infrastructure, Economic Development, & Public Services as well as the ARC for Social Services were also asked to provide their recommendations for funding prioritization of additional funds in the CDBG Public Services category and the General Fund Social Services category, respectively, should additional funding become available.

CDBG Funds for Public Services

For the CDBG program, entitlement cities can allocate up to 15% of the annual grant allocation plus 15% of program income received during the prior program year to public services activities.⁴ Because CDBG awards are dependent upon FY 2020 Congressionally approved funding levels, the City will likely receive more total CDBG funding than the currently budgeted \$1,200,000. If more CDBG Public Services dollars become available, the CSC recommends providing additional funding to the following community agencies in the following order:

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 Library's Family Education for education support services for youth and families; and
3. 15% of additional funding to Abode Services for homeless outreach.

General Funds for Social Services

An additional \$100,000 of funding for Social Services programs is being proposed for Council's consideration for the upcoming FY 2020 annual budgeting process. If the additional funds are approved by Council, the CSC recommends allocating this funding as detailed in Attachment II to a wide range of agencies addressing a number of community needs, such as housing and homelessness, youth and family, food security, and legal services. Should the full amount of additional funding not be made available, staff recommends applying the CSC's

⁴ HUD Exchange: <https://www.hudexchange.info/resources/documents/Basically-CDBG-Chapter-7-Public-Services.pdf>

recommendation for additional funding on a pro rata percentage basis based on the recommendation above.

All funding recommendations made by the CSC are detailed in Attachment II.⁵

Community Needs Assessment and FY 2020 Five-Year Consolidated Plan

A Consolidated Plan (Con Plan) is required by HUD every five years to outline Hayward's community development priorities and set multi-year goals to expend entitlement funds. The CNA supports the development of the Con Plan with qualitative and quantitative data to align community identified priorities with City resources to achieve evidence-based impact.

Data for the study was collected by census tract (there are 38 census tracts in Hayward) and by grouping neighborhoods under two large areas labeled in the report as "Hayward A" (north) and "Hayward B" (south). The boundaries fall closely along the Hayward Police departments nine patrol beats and other city services (Fire, Economic Development, Code Enforcement, etc.). Sources for secondary data include Alameda County and the American Community Survey.

Part of the community needs analysis incorporates the Social Vulnerability Index (SVI), developed by the Centers for Disease Control and Prevention as a metric for analyzing population data to identify the role social determinants play in overall community health. Several key demographic trends indicating community wellness were identified in the study:

- The top three racial/ethnic groups in Hayward are Hispanic/Latino (40.8%), White (32.7%) and Asian/Pacific Islander (25.7%);
- The median household income of Hayward (\$69,572) is slightly higher than the California average (\$69,051) but significantly lower than Alameda County (\$82,654);
- More than half of Hayward residents (55.2%) spend over 30% of their income on housing;
- The percentage of renter households (49.2%) is almost equal to owner households (50.8%);
- The poverty level in Hayward (12.2%) is lower than that of California (14.3%) but slightly higher than Alameda County (11.5%);
- The rate of severe mental illness related hospitalizations in Hayward (796.4) is significantly greater than that of Alameda County (695.0) and double the California rate (320.0).

Crescendo's analysis identified the following Hayward groups as the most socially vulnerable based on the qualitative and quantitative data:

- Young Families

⁵ Commissioner Crader works for Centro Legal de la Raza. Staff took necessary steps to ensure that Commissioner Crader did not participate in funding discussions or recommendations related to that agency.

- People Experiencing Homelessness
- Isolated Seniors
- People with Mental and/or Physical disabilities

The data is consistent with what community members voiced as the “top needs” of vulnerable residents and areas to address, which could have positive impacts:

- Housing
- Homelessness
- Outreach and Communication
- Strengthening Positive Community Engagement
- Transportation
- Access to Healthy Food

Additionally, the CNA provides an opportunity to renew the discussion with the CSC and Council about future annual community agency funding processes. Staff recommends utilizing the data-driven and place-centered third-party assessment of Hayward’s community development needs and housing market conditions to validate future funding decisions. Based on the findings of the CNA, the CSC will be exploring ways to update the community agency funding process for FY 2021 and onwards and staff recommends that the CSC provide future recommendations for Council’s consideration.

Again, while the CNA ultimately will be used to inform the upcoming 2020 Consolidated Five-Year Plan process, the CNA findings also support the FY 2020 CSC funding recommendations to fund services that work with families, people experiencing housing crises and homelessness, seniors, and people needing access to health services.

PUBLIC CONTACT

From February 20, 2019 through March 20, 2019, the Public Comment period for the recommendations in all categories were in effect. During this public comment period, public comments were submitted to the CSC and/or City staff via e-mail, phone, or at the February 20, 2019 and the March 20, 2019 CSC meetings.

The following non-profit providers submitted a statement of thanks:

- Julie West, East Bay Agency for Children (EBAC)
- Katy Brady, Legal Assistance for Seniors
- Erin Scott, Family Violence Law Center
- Patricia Bidar, Tiburcio Vasquez Health Center
- Becky Bruno, Spectrum Community Services
- Blair Barnett, Eden Area Village
- Vera Ciammetti, Ruby’s Place
- Jayanti Addleman, City of Hayward Library

A representative of A-1 Housing had follow-up questions regarding non-funding of A-1 Housing during the funding process.

A representative of the Eden Youth and Family Center had follow-up questions about the general funding process.

Subsequent to the February 20, 2019 meeting, Commissioner Lawrence provided public comment that she would like the CSC to consider reprioritizing the potential additional Public Services funding, and the potential \$100,000 of General Funds toward fully funding the request of Centro Legal de la Raza. This was discussed and addressed at the March 20, 2019 CSC meeting.⁵

ECONOMIC IMPACT

Nonprofit providers of services are experiencing dramatic increases in client demand for a variety of services stemming from the regional ongoing housing crisis as well as volatility in public and private funding. City and federally awarded funds will provide much needed financial support to service providers that serve vulnerable populations in Hayward.

FISCAL IMPACT

The funding provided by the City's CDBG Program has a neutral impact on the City's General Fund, as all expenses, including administration and planning costs, can be reimbursed by the grant.

Social Services and Arts & Music funds are General Fund based and subject to Council discretion. Historically, Council has acknowledged that Social Services grants support "safety-net" services (i.e., food, housing, support services for low-income people, and information and referral) and have continued to fund these important services.

As part of the annual FY 2020 budget process, an increased allocation of \$100,000 from the General Fund is under consideration to provide additional funding for Social Services programs in the City.

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities and Tennyson Corridor Strategic Initiatives.

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 goal:

Goal 1: Improve the quality of life for residents, business owners, and community members in all Hayward neighborhoods.

The purpose of the Tennyson Corridor Strategic Initiative is to develop an attractive, cohesive, thriving Tennyson Corridor through thoughtful engagement of residents, businesses, and community partners. This item supports the following goal:

Goal 5: Increase Community Resiliency

NEXT STEPS

After Council deliberation and direction during this work session, Council will convene a public hearing on Tuesday, April 30, 2019, to consider approving the final FY 2020 Community Agency Funding recommendations.

Additionally, staff will continue to review the CNA and take the following subsequent actions:

1. Review the current Community Agency Funding process by coordinating with the CSC to form a Community Agency Funding subcommittee to review the City's funding allocation process and make recommendations to the full CSC and then to City Council to update the funding process for FY 2021.
2. Begin the process of drafting the FY 2020 Five-Year Consolidated Plan by using the qualitative and quantitative data provided in the CNA to align the CDBG funding with the community identified priorities.

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Recommended by: Jennifer Ott, Deputy City Manager

Approved by:



Kelly McAdoo, City Manager