



DATE: May 19, 2020

TO: Mayor and City Council

FROM: Deputy City Manager

SUBJECT: Community Agency Funding: Fiscal Year 2021 Community Agency Funding Recommendations for Social Services; Arts & Music; and Infrastructure, Economic Development, and Public Services; and Overview of the FY 2021-2025 Consolidated Plan and FY 2021 Annual Action Plan

RECOMMENDATION

That the Council:

1. Conducts a work session regarding the FY 2021 Community Agency Funding recommendations prepared by the Community Services Commission,
2. Reviews and comments on the draft funding recommendations, and
3. Reviews and comments on the overview of the FY 2021-2025 Consolidated Plan and FY 2021 Annual Action Plan.

SUMMARY

This report provides an overview of the FY 2021 Community Agency Funding process, the Community Services Commission (CSC) Application Review Committees' (ARCs) proposed funding recommendations for consideration by the CSC, and next steps in the funding process. Funding is allocated from two sources: Hayward's Community Development Block Grant (CDBG) annual entitlement and the City's General Fund.

Notably, there were significantly more applicants for FY 2021 funding compared to previous years, and no comparable increase in available FY 2021 funds. Therefore, the ARCs were faced with challenging decisions about how to allocate funds to provide resources and services for those in the community who need it the most. The proposed funding is summarized by category in Table 1 on the following page and in detail in Attachment II.

While the CSC developed their initial recommendations in February, they met again on March 18, 2020, and gave staff further guidance to prioritize food security, housing, and homelessness services in response to the growing COVID-19 pandemic, should any additional funds become available. Staff used that guidance to allocate emergency CDBG COVID-19 relief funds (CDBG-CV) from the 2020 CARES Act. On April 28, 2020, Council approved a Substantial Amendment to the City's FY 2020 Annual Action Plan, enabling the City to allocate \$1.5 million

in currently uncommitted CDBG entitlement funds (\$571,365) and emergency relief funds from the 2020 CARES Act (\$902,238) to public services and economic development activities intended to support vulnerable individuals, families, and small businesses impacted by the pandemic.

This report summarizes the funding recommendations for the portion of the City's annual entitlement of CDBG funds for economic development, infrastructure, and public services (\$1,247,869),¹ and \$536,950 in General Fund monies for social services and arts and music programs. The report also concludes with a high-level overview of the Department of Housing and Urban Development's (HUD) required FY 2021-2025 Consolidated Plan, which specifies the City's priority needs and goals for using CDBG entitlement funds over the next five years.²

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	\$404,950
CDBG	Economic Development/Infrastructure	Community Agencies	\$645,784
CDBG	Public Services	Community Agencies	\$247,085
CDBG	Infrastructure	City-Operated Program	\$300,000
CDBG	COH Infrastructure Admin	Community Agency	\$30,000
<i>Total ARC Recommended Grants</i>			<i>\$1,709,819</i>
General Fund	Referral Services	Eden I&R	\$50,000
CDBG	HUD-Required Fair Housing Services ³	Community Agency	\$25,000
<i>Total Referral Services and HUD Required Fair Housing</i>			<i>\$75,000</i>
GRAND TOTAL FY 2021 RECOMMENDED FUNDING (ALL SOURCES)			\$1,784,819

BACKGROUND

The CSC serves as an advisory body to the Hayward City Council. The CSC makes recommendations to Council regarding the distribution of CDBG funds and the General Fund 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.

Recent Changes to the Funding Application Process

In recent years, the City Council, CSC, and community agencies expressed a desire for the Community Agency Funding Process to be more transparent around funding decision-making, to articulate clear shared goals for funding, and to use data in making funding decisions and

¹ 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).

² The City of Hayward is also a member of the Alameda County HOME Consortium. The Consolidated Plan described in this report also aligns with the priority needs and goals of the HOME Consortium.

³ The City funds the HUD-required fair housing services from administration and planning funds.

managing performance. In May 2019, the CSC formed a subgroup, the Community Agency Funding Review Committee (Committee), to review the funding process, identify best practices, and provide recommendations to make the funding process more efficient and effective. Comprised of five members of the CSC, the Committee convened on four occasions in June and July 2019. The Committee conducted a comprehensive review and assessment of the current funding process and recommended several administrative changes to the funding application process. These changes included requiring demographic data, using a racial equity lens in decision-making, identifying service type (i.e., preventative or responsive), removing the audit requirement for social services applicants (with a limit of \$15,000 for agencies applying without an audit), providing an opportunity for agencies to discuss any challenges from the past year that may have affected their performance, and some formatting changes to the application form.

The FY 2021 Community Agency Funding Process

The Community Agency Funding process for FY 2021 opened with the publication (in English and Spanish) of a Notice of Funding Availability (NOFA) on September 27, 2019. The announcement was also posted at City Hall; published in the Daily Review; and emailed to currently funded agencies, previously funded agencies, applicants from previous years, and all other interested parties on the Community Agency Funding mailing list. Several broadcast email reminders were also sent in advance of the Mandatory Bidder's Conference held on October 29, 2019.

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 the funding recommendations presented in this report for Council review and approval. The three funding categories are:

1. **Infrastructure and Economic Development (CDBG):** Affordable housing; housing rehabilitation; nonprofit facility improvements; job creation; and capacity building.
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/General Fund):** Benefit low-moderate income Hayward residents through programs to provide homelessness and anti-displacement services, food security, health services, legal services, and youth and family services.

On February 19, 2020⁴, the CSC met and reviewed the preliminary draft recommendations made by each ARC. ARC Chairs summarized the discussion and rationale behind ARC decision-making. Additionally, the CSC heard public comment and initiated a 30-day public comment period for community members to submit feedback on the recommendations to the City and CSC.

⁴ February 19, 2020, Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=763056&GUID=915D9BA1-DB7A-4F6B-96CA-3F2E473FEDBA&Options=info&Search=>

The CSC met again on March 18, 2020⁵, two days after the Governor's shelter in place order for six Bay Area counties, including Alameda County, in response to the growing COVID-19 pandemic. Through their teleconference, the CSC discussed the need to ensure that agencies serving those who are most at-risk of contracting COVID-19, particularly homeless individuals and families, are given adequate funds to meet increased service demand.

DISCUSSION

The FY 2021 Community Agency Funding Process

Each year, the City receives applications from community agencies requesting funding through the competitive Community Agency Funding process. The CSC is responsible for reviewing the applications, interviewing applicants, and making recommendations to the City Council for how a portion of the City's General Fund and the City's annual CDBG entitlement award should be allocated. As part of the Community Agency Funding process, the CSC Chair appoints three ARCs to conduct applicant interviews and make preliminary recommendations for full CSC consideration.

Funding Approach

Hayward, like other Bay Area cities, is experiencing an acute housing crisis, characterized by severe housing instability among the City's most vulnerable residents, displacement of families, and increasing homelessness. In recognition of this crisis, the CSC approached the FY 2021 Community Agency Funding process at the beginning of the calendar year prioritizing addressing the needs of the City's unstably housed and homeless. Through this approach, the CSC considered the extent to which applicants' programs and services increase housing stability, such as fair housing and tenant and landlord resources; create or preserve housing, such as infrastructure projects; and provide support for vulnerable unhoused or unstably housed individuals, such as programs to meet basic needs or employment training and support.

With the onset of the COVID-19 pandemic, when the CSC met on March 18, 2020, they further expressed their commitment to supporting the unstably housed and homeless in Hayward. They directed City staff to adjust the initial funding recommendations to reflect the increased demand placed on community agencies working directly with those who are most at-risk from the disease, and to develop an appropriate methodology for further revising the allocation as demand increases for some services and as other agencies may not have the capacity to provide services as originally planned.

Available Funding and Funding Requests

⁵ March 18, 2020, CSC Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=769058&GUID=27E7F955-2F92-4C1D-A32C-BD460460FA55&Options=&Search=>

The ARCs reviewed applications on January 25 and February 1, 2020, and made allocation recommendations using staff's estimates based on assumed funding from the HUD and Council. Following the ARCs, staff received notification that the City of Hayward would receive \$1,533,721 in CDBG entitlement funding from HUD, which increased the availability of Public Services and Infrastructure/Economic Development funding to the amounts outlined in Table 2.

During the March 18, 2020 CSC meeting, the CSC determined that if Council were to award an additional \$50,000, it should be allocated to social services agencies that increase food security, support individuals who are homeless, and provide housing services in proportion with their original funding requests. Staff followed that guidance and allocated those funds to six agencies, proportionate to their original requests (see Attachment II).

The City received 47 applications for FY 2021 competitive funding by the December 6, 2019, deadline. Of those applications, 11 were for new proposed programs. The majority of applications were reviewed through a competitive process to allocate \$536,950 from the General Fund and \$1,247,869 from the City's CDBG entitlement.

Notably, there were significantly more FY 2021 applications for both Public Services (CDBG) and Social Services (General Fund) funding compared to previous years; however, the available funds have not increased at a comparable rate. Historically, the amount of funds available for the Community Agency Funding process has varied, as shown in Figure 1. And, while there are more funds available this year compared to last year, the demand for public and social services funding has increased substantially. FY 2021 represents the largest disparity between agencies' funding requests and the amount of available funding, as shown in Figure 2.

Figure 1. Availability of Community Agency Funding Over Time⁶

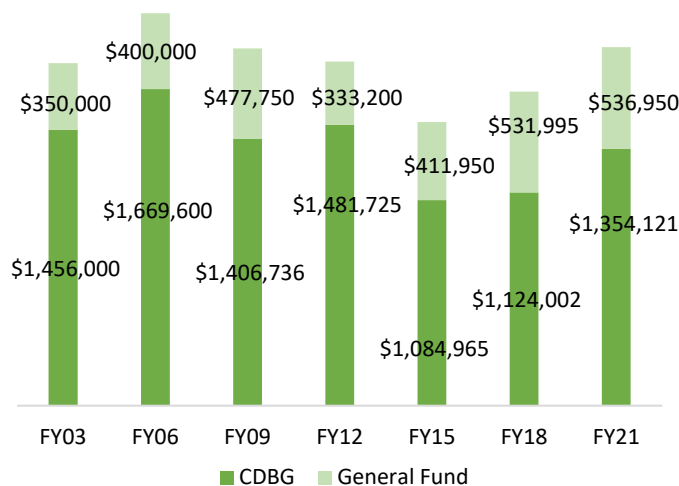
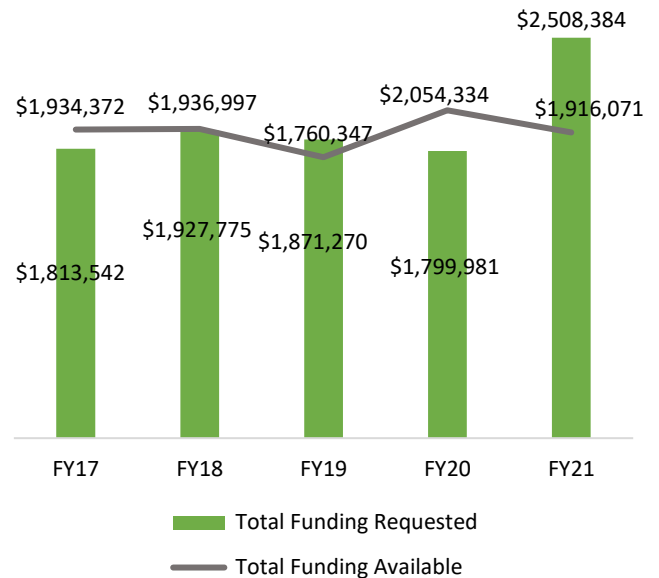


Figure 2. Funding Requests and Availability since FY 2017



The increase in public and social services application volume without an increase in funds resulted in a much more competitive funding allocation process in these categories for FY 2021. As with last year's funding process, only two programs were funded through a non-competitive process in FY 2021.

In total, the Public/Social Services, Arts and Music, and Infrastructure/Economic Development ARCs interviewed applicants who requested the amounts listed in Table 2.

Table 2. Requested FY 2021 Funding by Category

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
Competitive				
Arts and Music	General Fund	8	\$159,101	\$82,000
Economic Development	CDBG	4	\$480,784	\$1,052,036
Infrastructure	CDBG	4	\$495,000	
Public Services	CDBG	6	\$300,551	\$247,085
Social Services	General Fund	25	\$997,948	\$404,950
Non-Competitive				
Referral Services	General Fund	1	\$50,000	\$50,000

⁶ CDBG totals reflect the entitlement minus 20% for administration and planning. Totals for previous years do not include program income, while FY21 includes an estimate for program income to enable the ARCs to allocate as much as possible to CDBG-funded community agencies.

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
HUD Required Fair Housing Services	CDBG	1	\$25,000	\$25,000
COH Infrastructure Admin	CDBG	1	\$30,000	\$30,000
TOTALS (Requested and Available Funds)			\$2,538,384	\$1,916,071

Non-Competitive Applications

Per the City of Hayward 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. Last year, staff conducted a competitive RFP process for fair housing services and Eden Council for Hope and Opportunity (ECHO) was selected. For FY 2021, \$25,000 from the CDBG Administrative funds is allocated to ECHO to provide fair housing services to Hayward residents. For simplicity, these funds are reported in Attachment II under the Public Services category. Additionally, Eden I&R will receive a non-competitive award of \$50,000 from the General Fund to operate the 211 line.⁷

Competitive Applications

After allocating the non-competitive projects, the remaining funds are made available to eligible community partners and social services applicants through the Community Agency Funding process. During this process, agencies are given ten minutes to present their projects to the appropriate ARC, then an additional ten minutes to answer questions from the committee. Following the interviews, each ARC engaged in extensive deliberation, weighing criteria that included agencies' capacity, leveraging of other funds, history providing quality services, and the community's need for the service. Their recommendations, along with the allocation of the additional \$50,000 identified following the ARC deliberations, are reported in detail in Attachment II.

Prioritization of Additional Funds

The CSC determined in March that, in response to the COVID-19 pandemic, any additional funds should be allocated to agencies that increase food security, support individuals and families who are homeless, and provide housing services. Staff used that guidance to allocate the CDBG-CV funds allocated through the CARES Act, which Council approved on April 28, 2020.⁸ Due to the COVID-19 pandemic's negative impact on the City's General Fund and the infusion of additional CDBG-CV funds to address community needs, staff is not recommending that Council consider an additional \$50,000 allocation from the General Fund.

⁷ Previously, cities in Alameda County agreed that 211 is a necessary and valuable resource for all jurisdictions in the county and agreed to pay for the expense through a non-competitive process.

⁸ April 28, 2020, City Council Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=769795&GUID=38811BD6-8000-41F9-BAC3-14E8D11826A3&Options=info|&Search=>

Recommended Allocations

Each ARC's deliberations resulted in preliminary recommendations, which were reviewed by the CSC at the February 19, 2020, meeting and revised at the March 18, 2020, meeting. During the February 19 meeting, the CSC heard public comment, then the Chairs of each ARC summarized the discussion and decision-making of their ARC during the CSC meeting. Following this discussion, the CSC came to the consensus to move forward with the ARC recommendations, which were again reviewed on March 18, 2020.

On March 18, 2020, the CSC revised their guidance to staff for how to allocate any additional General Fund or CDBG funding, indicating that priority should be for agencies providing food access and services to support homeless and unstably housed individuals and families in response to COVID-19. The CSC also expressed concern that, given the variety of unknown factors related to COVID-19, staff should develop a proposed method for potentially reallocating a portion of funds from agencies that would not be able to provide services during the first quarter of FY 2021 due to state and local emergency declarations and shelter in place orders to agencies experiencing significant increases in service demand due to the COVID-19 crisis.

In response, staff used the CSC guidance to allocate CDBG-CV funds from the CARES Act and uncommitted FY 2020 CDBG funds, which was approved by Council on April 28, 2020.

Through ongoing discussions, staff have worked with current funding recipients and FY 2021 applicants to understand the ways in which COVID-19 has impacted their ability to deliver services. In several instances, agencies have been able to adapt or redirect funds in a manner that enables them to continue serving the Hayward community. The innovative and flexible response of the City's community partners, along with the infusion of CDBG-CV to address immediate needs for social services and economic support and the recent modifications to the County's shelter in place order, indicate to staff that there is not a need to adjust the CSC's funding recommendations at this time.

Table 1 at the beginning of this report provides a summary of the FY 2021 General Fund and CDBG funding recommendations. Attachment II provides a detailed, agency-specific description of the recommended allocation.

THE CONSOLIDATED PLAN

Overview

Every five years, HUD requires that the City update its Consolidated Plan, which functions as a framework for identifying housing and community development needs and priorities through community engagement and guides the City's federal entitlement investment decisions over the subsequent five-year period. Through the consolidated planning process, the City assesses the housing market, community development needs, and our existing partnerships in order to make data-driven decisions for investing CDBG funds.

The previous Consolidated Plan covered fiscal years 2015 to 2019 and identified 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 as priority needs for the City.

To develop the FY 2021-2025 Consolidated Plan, the City relied on the following resources for community input:

- *FY 2021-2025 Consolidated Plan Public Comment Period and Public Hearing*: On May 15, 2020, City staff noticed a 38-day public comment period spanning from May 18 through June 24, 2020. As this time overlaps with the State's shelter in place order, the City will receive public comment electronically, over the phone during public meetings, and through phone communication with City staff. The City hosted a Work Session to discuss the Consolidated Plan on May 19, 2020, and will host a Public Hearing to hear comment on the Plan on June 23, 2020.
- *CSC Meetings*: Throughout the year, the CSC holds open meetings, which members of the public are encouraged to attend. Staff notes all public comment related to community needs and funding priorities and integrates that feedback into the FY 2021-2025 Consolidated Plan, as appropriate.
- *Community Needs Assessment*⁹: In March 2019, the CSC reviewed a comprehensive Community Needs Assessment (CNA) conducted with significant community input to identify the needs of vulnerable Hayward residents and identify barriers and gaps in services. The CNA was conducted in anticipation of the FY 2021-2025 Consolidated Plan in order to fully engage the community in conversation about its diverse needs and to meet HUD-required standards for public input.
- *2019 Homelessness Point-in-Time Count*¹⁰: The Point-in-Time Count, known locally as EveryOne Counts!, is a count of individuals and families in Hayward experiencing homelessness, including those who stay in shelters or transitional housing and those who are unsheltered and living outdoors. Through the Count, volunteers survey homeless individuals and families to learn more about who is homeless, the primary causes of their homelessness, and what resources and services they need to obtain permanent housing.

Analysis of the community input resulted in the identification of the priority needs and corresponding goals listed in Table 3 below, which are formatted to meet HUD reporting requirements and to align with affordable housing goals of the Alameda County HOME Consortium, of which Hayward is a member.

⁹ March 20 2019, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3889819&GUID=49053B45-B829-4F3B-AE89-BEF3A7C6D742&Options=&Search=>

¹⁰ Everyone Home (2019) *City of Hayward Homeless Count & Survey Comprehensive Report*. Available at <https://everyonehome.org/wp-content/uploads/2019/12/2019-Hayward-Final-Report.pdf>

Table 3. FY 2021-2025 Consolidated Plan Priority Needs & Goals

Priority Needs	Goals	Sample Activities
1. Expand & Improve Public Infrastructure & Facilities	1a. Improve access to & capacity of public facilities and infrastructure	Non-profit agency roof replacement; public park renovation
2. Preserve, Protect, and Produce Housing Stock	2a. Preserve existing homeownership housing	Home repairs for older adults
	2b. Develop new affordable housing	Grants to affordable housing developers
3. Public Services & Quality of Life Improvements	3a. Provide supportive services for special needs populations	Public services programs for homeless individuals or victims of domestic violence
	3b. Provide vital services for low-to-mod income households	Youth programs
4. Economic Development	4a. Provide for small business assistance	Grants to businesses of 5 or fewer employees

Timeline

Staff will publish a draft of the Consolidated Plan for public comment on May 18, 2020, with a Public Hearing for comment and Council recommendation for approval on June 23, 2020. Concurrent to the City's public comment period, staff must submit a draft of the Consolidated Plan to the County for publishing in conjunction with the HOME Consortium's Consolidated Plan comment period on June 10. The City's public comment period will conclude on June 24 and staff will submit the report to HUD no later than Monday, July 6, 2020.

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. Historic reductions to the City's CDBG grant size and diminishing program income have resulted 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.

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 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. The recommendations are not specifically related to a project identified in the Strategic Roadmap.

PUBLIC CONTACT

The Public Comment period for the recommended funding allocations and FY 2021-2025 Consolidated Plan is in place from May 18, 2020, through June 24, 2020. Public comment on both the Consolidated Plan and the Community Agency Funding Process will be heard at the Public Hearing on June 23, 2020. Additionally, prior to this Work Session item, public comment on the community agency funding process was heard by the CSC and can be reviewed in the Attachment I Staff Report from the CSC’s March 18, 2020, meeting.¹¹

NEXT STEPS

Next steps include the following:

- From June 15 through June 19, 2020, the County will hear public comment on the HOME Consortium’s Consolidated Plan.
- On Tuesday, June 23, 2020, a Public Hearing will be held regarding the FY 2021 funding recommendations and FY 2021-2025 Consolidated Plan at the City Council Meeting.
- On Wednesday, June 24, 2020, the City’s public comment period will conclude.
- Staff will address public comment and on Monday, July 6, will submit the FY 2021-2025 Consolidated Plan to HUD.

Recommendations for all funding categories will be finalized following the June 23, 2020, Council meeting.

Prepared by: Amy Cole-Bloom, Management Analyst
Monica Davis, Community Services Manager

¹¹ March 18, 2020 Staff Report and Attachments:
<https://hayward.legistar.com/MeetingDetail.aspx?ID=769058&GUID=27E7F955-2F92-4C1D-A32C-BD460460FA55&Options=info|&Search=>

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

Kelly McAdoo, City Manager