



DATE: September 16, 2020

TO: Community Services Commission

FROM: Community Services Manager

SUBJECT: Community Development Block Grant Timeliness Update

RECOMMENDATION

That the Community Services Commission reviews the Division's progress in meeting timeliness standards for Community Development Block Grant (CDBG) entitlement and CARES Act (CDBG-CV) funding.

SUMMARY

The CDBG program annually provides formula entitlement grants to states and local governments with populations greater than 50,000. Annually on May 2, HUD conducts a point-in-time measure to assess an entitlement community's timely use of CDBG funds. To meet this "timeliness ratio," communities must have no more than 1.49 times their current program year entitlement in fund reserves.

In December 2018, staff sought guidance from Council and approval of a contingency plan to re-allocate up to \$1.75M in available CDBG funds to eligible projects. After successfully spending down the City's CDBG fund balance through 2018 and 2019, the City's current projected timeliness ratio is 1.08, once pending draws are completed. This report provides a status update on FY 2020 funded projects and an overview of how the addition of CDBG funds from the CARES Act influences timeliness.

BACKGROUND

In December 2018, with a timeliness ratio of over 3.5, staff sought guidance from Council¹ and approval of a contingency plan to re-allocate up to \$1.75M in available CDBG funds to eligible projects in order to reach timeliness. Under Council direction, several projects were funded, bringing the City's current timeliness ratio down to 1.27 in June 2019, when the Commission last received an update. As of August 2020, the timeliness ratio is projected to be 1.08, following HUD approval of pending draws.

On April 28, 2020, Council authorized allocation of \$1.47 million in CDBG funds to respond

¹ December 18, 2018 Hayward City Council meeting materials:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=3784503&GUID=EB7476E1-71C0-4A22-805C-FF6BFFEC3484&Options=&Search=>

to COVID-19. Of that, \$902,238 were from the City's CDBG CARES Act (CDBG-CV) allocation and \$571,365 were previously uncommitted CDBG funds from the City's entitlement grant.

DISCUSSION

FY 2020 Timeliness

Throughout the conclusion of 2018 and into 2019, staff implemented a contingency plan to re-allocate up to \$1.75M in available CDBG funds to eligible projects in order to reach timeliness. These projects included the Mia's Dream Come True Playground, Matsya Family Villas, Depot Road Micro Apartments, and the 2019 EveryOne Home Point-in-Time Homeless Count. Through this plan, the City's timeliness ratio was brought down to 1.27 in June 2019.

For Fiscal Year 2020, Council authorized the following CDBG allocations:

Category	Agency	Project	Funding
Housing & Homelessness*	Abode Services	Homeless Services	\$48,108
Housing & Homelessness*	Centro Legal de la Raza	Tenant Rights/ Housing Counseling	\$82,836
Housing & Homelessness*	CRIL	Housing Counseling	\$20,000
Housing & Homelessness*	ECHO	Tenant/Landlord Services	\$25,000
Youth & Family*	COH Library	Family Education Program	\$77,608
Economic Development	4Cs of Alameda County	Microenterprise Childcare Provider Training	\$30,000
Economic Development	Downtown Streets, Inc.	Homeless Services/Job Training	\$234,999
Infrastructure	La Familia/ FESCO House	Fencing, Paint, and Electrical Upgrades	\$40,000
Infrastructure	COH Housing Rehab. Program	Habitat for Humanity & Rebuilding Together	\$300,000
Homelessness & Housing**	ECHO	Fair Housing Services	\$25,000
Total			\$883,551

* = Funds go towards City's Public Services Funding cap

** = Funds go towards City's admin and planning cap

As of August 26, 2020, 78% of those FY 2020 funds have been expended and drawn from HUD, with the City projected to be at a 1.08 ratio upon approval of outstanding draws.

Staff are working closely with agencies that have not spent down all their funds and, in five cases, have extended the agreements to account for COVID-related delays in order to give agencies who needed to shift their service delivery models additional time.

CDBG-CV Timeliness

On August 7, 2020, HUD released the Federal Register Notice for CDBG-CV funds.² The notice summarizes program rules, waivers of CDBG regulations, and alternative requirements of the supplemental emergency funding allocated under the CARES Act. According to the notice, timeliness standards will be different for these funds. Specifically, instead of needing to meet the timeliness ratio of less than 1.50, the CDBG-CV funds are subject to a Period of Performance. They must be spent within a six-year period of their allocation and 80% must be spent by the end of the third year of that period.

Staff have no concerns about meeting this alternate requirement for the timely expenditure of CDBG-CV funds, as the City's \$902,238 CDBG-CV allocation has already been authorized by Council and the City has entered into 12 agreements for public services intended to prevent, prepare for, and respond to COVID-19. For more information about the allocation of these funds, please refer to the April 28, 2020, City Council meeting.³

NEXT STEPS

Staff will continue working with FY 2020 funded agencies who have not spent all their funds due to COVID-19. Additionally, staff is working with FY 2021 funded agencies to finalize contract agreements in order to begin reimbursing and drawing funds for 2020-2021.

STRATEGIC ROADMAP

This item is a routine operational item that does not directly relate to any of the Strategic Priorities outlined in City Council's Strategic Roadmap.

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Recommended by: Monica Davis, Community Services Manager

Approved by:

Jennifer Ott, Deputy City Manager

² The notice is available on HUD Exchange: https://www.hudexchange.info/resource/6113/fr-6218-n-01-notice-of-program-rules-waivers-alt-requirements-under-cares-act-cdbg/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=c2ca07a8bb-CDBG-CV-Notice-Published+2020+08+11&utm_medium=email&utm_term=0_f32b935a5f-c2ca07a8bb-19544745

³ April 28, 2020, City Council meeting materials: <https://hayward.legistar.com/LegislationDetail.aspx?ID=4427306&GUID=C0CAA4D0-EB75-475A-B2B0-A167DB2B2CE9&Options=&Search=>