



**DATE:** February 17, 2021

**TO:** Community Services Commission

**FROM:** Community Services Manager

**SUBJECT** FY 2022 Application Review Committee Preliminary Draft Funding Recommendations

## **RECOMMENDATION**

That the Community Services Commission reviews and comments on this report.

## **SUMMARY**

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

## **BACKGROUND**

The Community Services Commission (CSC) serves as an advisory body to the Hayward City Council. The CSC makes recommendations to Council regarding the distribution of Infrastructure and Economic Development (Community Development Block Grant [CDBG]), Public/Social Services (CDBG/General Fund), and Arts and Music (General Fund) program funding through the annual Community Agency Funding process.

The Community Agency Funding process opened with the publication (in English and Spanish) of a Notice of Funding Availability (NOFA) on October 2, 2020. The announcement was published in the Daily Review; posted to the City's website; and emailed to currently funded agencies, previously funded agencies, applicants from previous years and all other interested parties on the CSC mailing list. Several broadcast email reminders were also sent in advance of the Mandatory Bidder's Conference held on November 3, 2020.

The CSC reviews all eligible applications, and the CSC Chairperson appoints three Application Review Committees (ARC) by funding category (Infrastructure/Economic Development, Public/Social Services, and Arts and Music) to conduct applicant interviews prior to drafting funding recommendations for Council review and approval. The three funding categories are:

- 1. Infrastructure and Economic Development:** 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. Public/Social Services (CDBG/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 education services.

## DISCUSSION

Annually, the City funds approximately \$1.5 Million in social programs that provide free or low-cost services to the Hayward community, including highly 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.

Forty seven applications for FY 2022 funding were received by the December 11, 2020 deadline, with nine new proposed programs. The majority of applications are reviewed through a competitive process to allocate \$454,950 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>1</sup> Notably, the amount of funding requested for both General Fund and CDBG allocations increased significantly compared to previous years; however, the available funds are not expected to change from the previous year. The increase in requested funds without an increase in available funds has resulted in an even more competitive funding allocation process for FY 2022. As with last year's funding process, only two projects will be funded through a non-competitive process in FY 2022. Further discussion is provided in the following section.

In total, the Public/Social Services, Arts and Music, and Infrastructure/Economic Development ARCs interviewed applicants who requested the following amounts:

CATEGORY	FUNDING SOURCE	NUMBER OF APPLICANTS	AMOUNT REQUESTED	AMOUNT AVAILABLE
<b>Competitive</b>				
Arts and Music	General Fund	9	\$176,827	\$82,000
Economic Development	CDBG	5	\$540,265	\$497,101
Infrastructure	CDBG	5	\$2,662,400	\$403,000
Public Services	CDBG	6	\$618,820	\$227,899
Social Services	General Fund	20	\$883,032	\$404,950
<b>Non-Competitive</b>				
Referral Services	General Fund	1	\$50,000	\$50,000

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<sup>1</sup> Staff estimate this allocation based on previous years' entitlement awards. The actual award is expected to be announced by the end of March.

HUD Required Fair Housing Services	CDBG	1	\$25,000	\$25,000
<b>TOTALS</b>		<b>47</b>	<b>\$4,881,344</b>	<b>\$1,689,950</b>

### ***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. 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 2022, \$25,000 from the CDBG Administration category is allocated to ECHO to provide fair housing services to Hayward residents. This award is required by HUD and separate from the CDBG Public Services funds available in the competitive process. Additionally, Eden I&R will receive a non-competitive Services award of \$50,000 from the General Fund to operate the 211 line.

### ***Competitive Application Review***

After allocating the non-competitive projects, the remaining funds are made available to eligible community partners and social service applicants through the Community Agency Funding process. Each application is thoroughly reviewed by staff and the CSC, and agency specific questions are compiled and shared with applicants prior to their interview. 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. This year, applicants made their presentations virtually using Microsoft Teams.

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. The ARCs each engaged in two rounds of recommendations. The first round of allocations was based solely on the estimate for funds available. The second round of allocations was based on if the City of Hayward's entitlement award for CDBG funds is greater than estimated or if additional General Funds become available.

**Table 1** below depicts how the ARCs recommended allocating additional funds.

**Table 1. Methodology of Recommended Allocations for Additional Funding by Category**

<b>CATEGORY</b>	<b>GUIDING PRINCIPLES</b>
Arts and Music	<ul style="list-style-type: none"> <li>• Percentage Basis</li> <li>• Allocate additional funding to the three highest rated agencies</li> </ul>
Economic Development/ Infrastructure	<ul style="list-style-type: none"> <li>• Percentage Basis</li> <li>• Use the amount the agencies were not funded as a guide for allocating additional funds</li> </ul>

Public/Social Services	<ul style="list-style-type: none"> <li>• Percentage Basis</li> <li>• Prioritize the categories of food, health, and housing and defer to staff to proportionately distribute additional funds</li> </ul>
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### ***Preliminary Recommendations***

Each ARC's deliberations resulted in preliminary recommendations, which will be reviewed during the February 17, 2021 CSC meeting. The preliminary funding allocation recommendations are included in Attachment II.

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

ARC members recommended fully or partially funding seven of the eight projects. Should additional funds be made available, they prioritized funding for the project that was not recommended for funding in the first round.

### **Arts and Music Category**

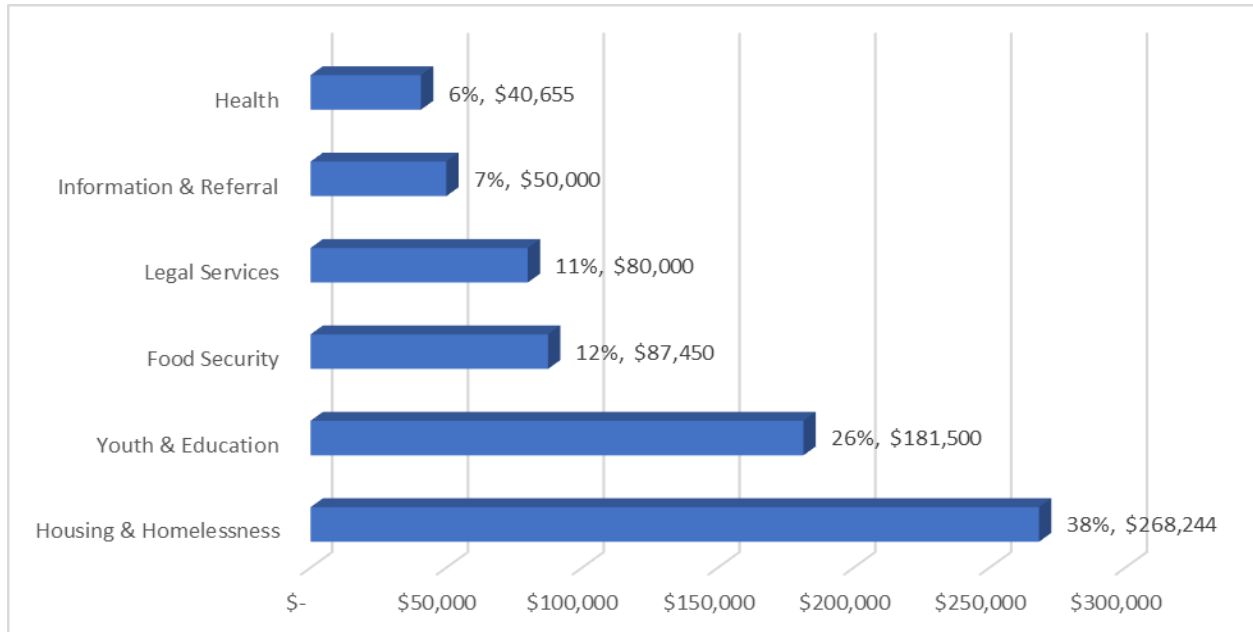
The ARC recommended partially funding eight of the nine agencies. However, the agency not recommended for funding, was funded in FY 2021 and the ARC is recommending that the fully unexpended FY 2021 grant be extended/carried forward for use in FY 2022.

### **Services Category**

The ARC fully or partially recommended funding 25 of the 26 programs and recommended not funding one new project this year due to current restrictions around in-person activities and the feasible deferment of the request.

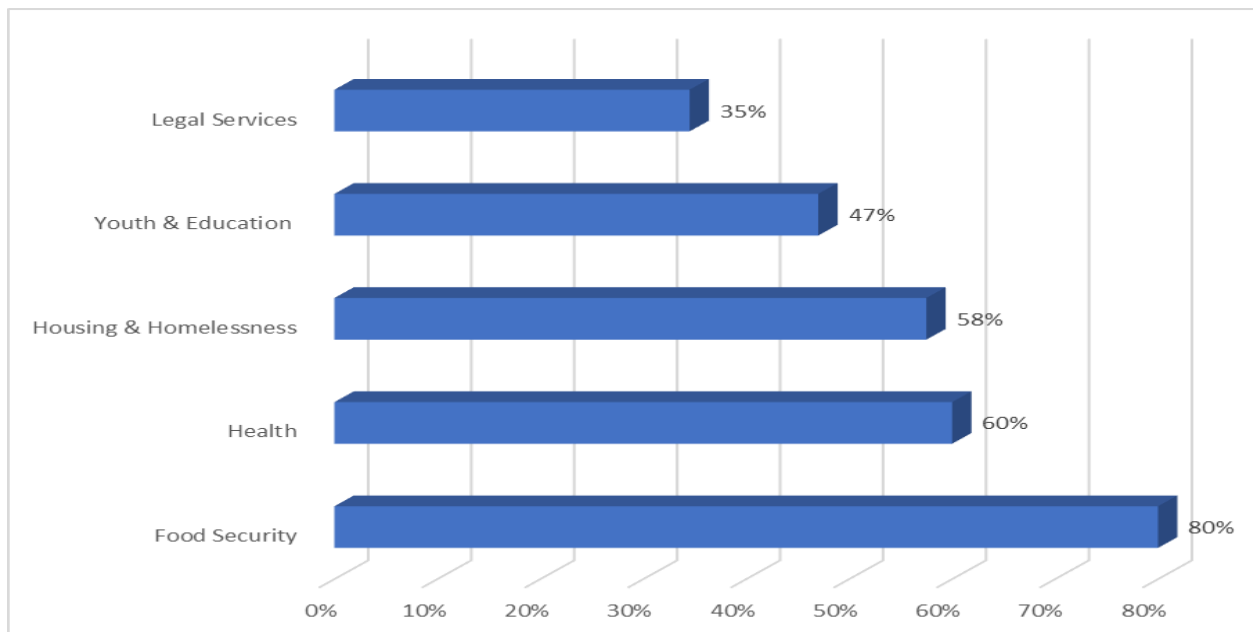
**Figure 1** below depicts the breakdown of how the Public/Social Services ARC recommended allocating funds by services category. Just over one-third of all Public/Social Services funds were recommended for funding Housing & Homelessness services, while roughly one-quarter were recommended for funding youth and education services.

**Figure 1. Breakdown of Recommended Allocations for Services Funding by Category**



**Figure 2** below depicts the percent of competitive funding recommended in relation to the amount requested by services categories.

**Figure 2. Percent of Amount Requested for Competitive Services Funding by Category**



## **NEXT STEPS**

The preliminary Public Comment Period will commence on February 17, 2021. At the March 17, 2021 CSC meeting, the Public Comment Period will close, and the CSC will make their final recommendations to Council. The funding recommendations for all categories are scheduled for Council review on April 6, 2021 and the subsequent Public Hearing is scheduled for April 27, 2021.

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*Approved by:*

Jennifer Ott, Assistant City Manager