



DATE: April 27, 2021

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT Community Agency Funding: Approval of Fiscal Year 2022 Community Agency Funding Recommendations and the FY 2022 Annual Action Plan

RECOMMENDATION

That the Council:

1. Affirms the Community Services Commission's FY 2022 community agency funding recommendations as outlined in Attachment II, with final Council authorization of the funding allocations of the Social Services, and Arts and Music categories made within the context of the Council's FY 2022 budget to be adopted in June 2021 (Attachments III and IV); and
2. Adopts a resolution (Attachment V) 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 2021, including the City of Hayward FY 2022 Annual Action Plan with the FY 2022 CDBG funding allocations
3. Receives an update on the status of CDBG funds allocated through the CARES Act (CDBG-CV).

SUMMARY

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

No.	Topic	Recommended Action
1.	FY 2022 Community Agency Funding Process	Approve the funding recommendations made by the Community Services Commission (CSC) and presented for Council Work Session on April 6, 2021
2.	FY 2022 Annual Action Plan	Approve the FY 2022 Annual Action Plan
3.	CDBG-CV COVID-19 Response Funding	Receive an update from staff on progress distributing the CDBG-CV funds allocated through the CARES Act

The total funding available as part of the FY 2022 Community Agency Funding process is \$1,902,954. Through the Community Agency Funding process, the Community Services Commission (CSC) made recommendations for the allocation of \$1,366,004 in

CDBG monies for public services, economic development, and infrastructure activities and \$536,950 in General Fund monies for social services and arts and music activities.

Table 1 below summarizes the funding recommendations for both CDBG monies and the General Fund. Attachment II provides a detailed summary of recommended funding recipients. These funding recommendations have not changed from those presented to Council during the Work Session on April 6, 2021.¹

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	\$1,029,225
CDBG	Public Services	Community Agencies	\$311,779
<i>Total ARC Recommended Grants</i>			\$1,827,954
General Fund	Referral Services	Eden I&R	\$50,000
CDBG	HUD-Required Fair Housing Services ²	Community Agency	\$25,000
<i>Total Referral Services and HUD Required Fair Housing</i>			\$75,000
GRAND TOTAL FY 2022 RECOMMENDED FUNDING (ALL SOURCES)			\$1,902,954

The Annual Action Plan

The FY 2022 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2022 to address the priority needs and goals identified in the 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 2022 Annual Action Plan. It aligns with the FY 2022 CDBG funding recommendations presented in this report as part of the Community Agency Funding Process. FY2022 equates to CDBG Program Year 2021.

Table 2. 2021 (FY2022) Annual Action Plan Summary Funding by Project Category

No.	Project Category	Program Year 2021 (FY2022) Funding Allocation
1.	Administration & Planning	\$ 372,754
2.	Public Facilities & Infrastructure	\$ 200,000
3.	Public Services	\$ 311,779
4.	Housing Programs	\$ 458,397
5.	Economic Development	\$ 520,838
TOTAL		\$1,863,768

¹ April 6, 2021, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4900848&GUID=0756954E-CDD8-42B5-A710-8E4297DE0140&Options=&Search=>

² The City funds the HUD-required fair housing services from administration and planning funds.

CDBG-CV COVID-19 Response Funding Update

Through the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), passed in March 2020, the City of Hayward received two allocations of emergency CDBG-CV funds:

- Round 1: \$902,238 awarded in April 2020
- Round 3: \$1,191,514 awarded in September 2020

As of April 1, 2021, 80% of the funds for economic development and public services allocated were in contract with community-based organizations and the City's Economic Development Division. To date, all funds for small business assistance, rent relief, and the Housing Navigation Center have been distributed. Almost all of the shelter providers have expended their grant award, and the remaining provider is on track to spend down the remaining funds by the end of the fiscal year.

BACKGROUND

The FY 2022 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 Community Agency Funding process for FY 2022 opened with the publication (in English and Spanish) of a Notice of Funding Availability (NOFA) on October 2, 2020. The Mandatory Bidder's Conference was held on November 3, 2020. Cumulatively, applicants requested \$4,881,344.

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; 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.

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 17, 2021 ³	CSC	The CSC discussed their initial funding recommendations and opened a public comment period.
March 17, 2021 ⁴	CSC	Through a remote meeting, the CSC unanimously voted to approve the FY2022 funding recommendations, with some changes that staff implemented prior to presenting the recommendations to Council.
April 6, 2021 ⁵	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 6, 2021 and will close on May 6, 2021.

The FY 2022 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, 2020.⁶ The Consolidated Plan identifies: 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.

The FY 2022 Annual Action Plan summarizes the actions, activities, and financial resources to be used in FY 2022 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.

³ February 17, 2021, Staff Report and Attachments:

[https://hayward.legistar.com/MeetingDetail.aspx?ID=843192&GUID=F9293854-0220-405A-84B5-2945ED178553&Options=info\]&Search=](https://hayward.legistar.com/MeetingDetail.aspx?ID=843192&GUID=F9293854-0220-405A-84B5-2945ED178553&Options=info]&Search=)

⁴ March 17, 2021, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4836307&GUID=38280EF7-8660-4E3F-A6CA-209EAB01E6E1&Options=&Search=>

⁵ April 6, 2021, Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4900848&GUID=0756954E-CDD8-42B5-A710-8E4297DE0140&Options=&Search=>

⁶ June 23, 2020 Staff Report and Attachments:

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

CDBG-CV COVID-19 Response Funding Update

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), making available \$5 billion in supplemental CDBG funding (CDBG-CV) for grants to prevent, prepare for, and respond to coronavirus. Through the CARES Act funding, the City of Hayward received two allocations of emergency CDBG-CV funds:

- Round 1: \$902,238 awarded in April 2020
- Round 3: \$1,191,514 awarded in September 2020⁷

On April 28, 2020,⁸ Council authorized the City Manager to implement a plan to allocate the Round 1 funding, as well as \$571,365 in uncommitted CDBG entitlement funds, enabling the City to allocate approximately \$1.47 million for COVID-19 response prioritizing the following areas:

- Local food banks to promote food security for low-income and senior residents
- Counseling and financial assistance to renters and homeowners
- Homeless outreach and shelter services
- Childcare services and support for childcare providers to prepare to re-open
- Referral and information services
- Grants to micro-enterprises to promote recovery from COVID-19

Round 3 funds were granted with direction from HUD to “focus funds toward places with households facing higher risk of eviction,” specifically targeting communities with high proportions of job loss, risk of virus transmission, and risk of eviction⁹. The CSC recommended staff’s proposed Round 3 allocations on November 18, 2020¹⁰, and Council approved the Round 3 funds on December 8, 2020¹¹.

DISCUSSION

The FY 2022 Community Agency Funding Process

While Council discussed the funding recommendations put forth at the April 6, 2021 meeting, there were no directed modifications made to the CSC FY 2022 funding recommendations. In addition to some clarifying questions, Council discussed the long-term impacts of the COVID-19 and emphasized the need to continue funding housing and homelessness services and

⁷ Round 2 funding from the CARES Act went directly to states; therefore, the City of Hayward has only received funding for Rounds 1 and 3.

⁸ April 28, 2020, City Council Work Session Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4427306&GUID=C0CAA4D0-EB75-475A-B2B0-A167DB2B2CE9&Options=&Search=>

⁹ Department of Housing and Urban Development. (September 11, 2020). *Methodology for CDBG-CV3 (Part A) allocation*. Retrieved from: <https://www.hud.gov/sites/dfiles/CPD/documents/Methodology-for-CDBG-CARES-Act-Final-Allocation-CV-3-Part-A-9-11-2020.pdf>

¹⁰ November 18, 2020, Community Services Commission Meeting Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4695614&GUID=76269383-3AEB-401B-AF95-92B36EA5FC2F&Options=&Search=>

¹¹ December 8, 2020 City Council Meeting Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4711815&GUID=2688E44E-21AE-46CD-B493-48E3CA10F915&Options=&Search=>

services that address issues intensified by the pandemic, such as mental health, isolation, economic recovery, and food security, especially among seniors. This discussion becomes more applicable with the recent passage of the American Rescue Plan Act of 2021, which provides significant local assistance dollars to support community recovery from COVID. The Council will receive recommendations for those funds this same evening and the requests made during the CSC funding process should be kept in mind while discussing that item.

Council also expressed interest in reimagining the funding criteria in order to focus future funding in a manner that allows for innovation, promotes equity, and serves all people in Hayward. The funding recommendations for CDBG and General Fund monies for FY 2022 are summarized in **Error! Reference source not found.** at the beginning of this report and presented in detail in Attachment II.

The FY 2022 Annual Action Plan

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.

On March 2, 2021, the City was notified of its FY 2022 CDBG entitlement amount of \$1,566,255. The anticipated resources for FY 2022, including the annual entitlement allocation, anticipated program income from revolving loan fund repayments, and prior year resources, amounts to \$1,863,768.

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 2022 (i.e., CDBG Program Year 2021):

Table 7. CDBG 2022 Annual Action Plan

No.	Project Category	Program Year 2021 Funding Allocation
<i>Capped Categories (35%)</i>		
1.	Administration & Planning (20%)	\$372,754
2.	Public Services (15%)	\$311,779
<i>Uncapped Categories: Infrastructure and Economic Development (65%)</i>		
3.	Public Facilities and Infrastructure	\$200,000
4.	Housing Programs	\$458,397
5.	Economic Development	\$520,838
TOTAL		\$1,863,768

On April 6, 2021, staff published a draft of the FY 2022 Annual Action Plan for public comment, with a Public Hearing for comment and Council recommendation for approval on April 27, 2021. Concurrent to the City's public comment period, staff must submit a draft of the Annual Action Plan to the County for publishing in conjunction with the HOME Consortium Annual Action Plan comment period on April 12, 2021. The City's public comment period will conclude on May 6, 2021 and staff will submit the report to HUD no later than Friday, May 14, 2021.

CARES Act CDBG-CV Allocation Update

Through the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), passed in March 2020, the City of Hayward received two allocations of emergency CDBG-CV funds:

- Round 1: \$902,238 awarded in April 2020
- Round 3: \$1,191,514 awarded in September 2020

For both rounds of funding, City Council was able to allocate both the CDBG-CV funds and addition CDBG entitlement funds that were previously uncommitted, bringing the total amount allocated to COVID-19 response to \$3,154,426.

On April 28, 2020, Council approved the allocation of the Round 1 funds, along with the reallocation of existing uncommitted CDBG entitlement funds. As Round 1 funds were available soon after the FY 2020-2021 Community Agency Funding deliberations, staff was able to use guidance from the CSC to allocate the first round of funds. Round 3 funds were granted with direction from HUD to "focus funds toward places with households facing higher risk of eviction," specifically targeting communities with high proportions of job loss, risk of virus transmission, and risk of eviction. The CSC endorsed staff's proposed Round 3 allocations on November 18, 2020 and subsequently, Council approved Round 3 funds on December 8, 2020.

As of April 1, 2021, 80% of the funds for economic development and public services allocated were in contract with community based organizations and the City's Economic Development Division. Approximately 60% of the funds have been distributed to agencies through reimbursements. To date, all funds for small business assistance, rent relief, and the Housing Navigation Center have been distributed. All but one shelter provider have expended their grant award, but are on track to spend down the remaining funds by the end of the fiscal year. Highlights from the CDBG-CV funding allocations include:

- 35 small businesses assisted with grants to help equip their spaces for social distancing, alternate delivery models, and other costs associated with COVID-19 response
- Over 600 rental assistance grants awarded to households experiencing economic impact from COVID-19
- Over 50 households provided education and technical assistance to prevent foreclosure
- 41 small childcare providers given health and safety training along with PPE and cleaning supplies

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.

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.

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.

PUBLIC CONTACT

The Public Comment period for the recommended funding allocations and FY 2022 Annual Plan is in place from April 6, 2021, through May 6, 2021. Public comment on both the Annual Action Plan and the Community Agency Funding Process will be heard at the Public Hearing on April 27, 2021. Additionally, prior to this Work Session item, the public had the opportunity to provide public comment on the community agency funding process at the CSC's February 17, 2021 and March 17, 2021, meetings. Public comment can be reviewed in the Attachment I Staff Report of the CSC's March 17, 2021, meeting.¹²

NEXT STEPS

¹² March 17, 2021, Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4836307&GUID=38280EF7-8660-4E3F-A6CA-209EAB01E6E1&Options=&Search=>

Next steps include the following:

- From April 12, 2021 through May 10, 2021, the County will hear public comment on the HOME Consortium Consolidated Plan.
- On Thursday, May 6, 2021, the City's public comment period will conclude.
- Staff will address public comments and on May 14, 2021, will submit the FY 2022 Annual Action Plan to HUD.

Recommendations for all funding categories will be finalized following the April 27, 2021 Council meeting.

Prepared by: Amy Cole-Bloom, Management Analyst
Carol Lee, Management Analyst

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

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager