



DATE: May 19, 2021

TO: Community Services Commission

FROM: Acting Community Services Manager

SUBJECT: Federal Stimulus Funding: Review and Discuss Staff Recommendation for Allocating American Rescue Plan Act (ARPA) Funding to Community and Nonprofit Programs

RECOMMENDATION

That the Commission:

- (1) Reviews and comments on this report;
- (2) Recommends the funding recommendation to Council for final approval.

SUMMARY

The recently passed America Rescue Plan Act of 2021 (ARPA), also known as the COVID-19 Stimulus Package, included over \$65 billion in direct federal relief to cities to address the economic and fiscal impacts of the COVID crisis and to assist in the recovery of local communities. The City of Hayward is estimated to receive approximately \$38 million in local relief from the federal government to address the internal and external needs of the City associated with the COVID crisis over the next year.

At the April 6, 2021 Council meeting, City staff recommended splitting the funding into two major expenditure categories in a range of approximately \$15 to \$25 million each:

- (1) Community Safety & Economic Recovery; and
- (2) Fiscal Recovery & Stabilizing City Operations.

The Community Safety & Economic Recovery category will prioritize the external needs of the community in the areas of: economic development and recovery for small businesses and other impacted business industries; housing and homelessness programs and assistance for the City's most vulnerable populations; community and nonprofit programs and efforts; enhanced clean-up and maintenance; and partial implementation of some recommendations from the community public safety workshops. This category will focus particularly on addressing the needs of Hayward's most vulnerable populations and implementing funding and programs with an equity lens as has been done throughout the City's COVID response.

Staff have recommended that a portion of the federal stimulus funds be dispersed to community and nonprofit programs and efforts with funding recommendations from the

Community Services Commission. The estimated allocation of funding to be dispersed to community and nonprofit programs is between \$250,000 - \$750,000.

In addition to allocating additional funding to community and nonprofit programs, staff have recommended that \$10M – \$14M be allocated to Housing and Homelessness projects, including extending the Hayward Navigation Center Hotel Annex program, expanding Winter Warming Shelter services to year-round, and exploring additional projects for implementation as identified in the Let's House Hayward! (LHH) plan and community engagement process. Additionally, staff have recommended a portion of the federal stimulus funding be allocated as startup funding to support the pilot projects identified in the Public Safety Innovation Workshop.

BACKGROUND

The recently passed America Rescue Plan Act of 2021 (ARPA), also known as the COVID-19 Stimulus Package, included over \$65 billion in direct federal relief to cities in order to address the economic and fiscal impacts of the COVID crisis and to assist in the recovery of local communities. The City of Hayward is estimated to receive approximately \$38 million in local relief from the federal government to address the internal and external needs of the City associated with the COVID crisis over the next year. The funds are intended to be flexible as long as they address a need in the City associated with the COVID-19 crisis and are expended by December 2024.

At the April 6, 2021 Council meeting, City staff recommended splitting the funding into two major expenditure categories in a range of approximately \$15 to \$25 million each: ((1) Community Safety & Economic Recovery; and (2) Fiscal Recovery & Stabilizing City Operations. The Community Safety & Economic Recovery category will prioritize the external needs of the community in the areas of: economic development and recovery for small businesses and other impacted business industries; housing and homelessness programs and assistance for the City's most vulnerable populations; community and nonprofit programs and efforts; enhanced clean-up and maintenance; and partial implementation of some recommendations from the community public safety workshops. This category will focus particularly on addressing the needs of Hayward's most vulnerable populations and implementing funding and programs with an equity lens as has been done throughout the City's COVID response.

The Fiscal Recovery & Stabilizing City Operations category will focus on the internal fiscal needs of the City to stabilize City operations and services through: replenishing and offsetting the loss of past and projected City revenue, and any associated reduction in City reserves and service provision; funding to eliminate City furloughs and staffing reductions to allow the restoration of critical City services; investments in technology needed to return-to-work safely and enhance remote participation moving forward; and other building and infrastructure investments needed to help maintain and expand City operations and services in a post-COVID environment.

Upon receiving feedback from the Council at the April 6th meeting, staff developed an updated and more detailed expenditure plan and process for further review and comment by the Council at the April 27th Council meeting¹ (Attachment II).

As outlined in Attachment II, staff have recommended that within the Community Safety & Economic Recovery category (total \$3 million - \$6 million) a portion of these funds be dispersed to community and nonprofit programs and efforts with funding recommendations from the Community Services Commission.

Additionally, staff have recommended that \$10M – \$14M be allocated to Housing and Homelessness projects and a portion to support the pilot projects identified in the Public Safety Innovation Workshop.

DISCUSSION

Community Agency Funding Augmentation

As outlined in Attachment II, staff have recommended that within the Economic and Community Recovery category (total \$3 million - \$6 million) a portion of these funds be dispersed to community and nonprofit programs and efforts with funding recommendations from the Community Services Commission. The estimated allocation of funding to be dispersed to community and nonprofit programs is between \$250,000 - \$750,000.

As part of the recent Fiscal Year 2021-2022 (FY22) Community Agency Funding process, the CSC prepared the following recommendations for prioritization of addition funds, outlined below in Table 1.

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

| CATEGORY | GUIDING PRINCIPLES |
|---|---|
| Arts and Music | <ul style="list-style-type: none">• Percentage Basis• Allocate additional funding to the three highest rated agencies |
| Economic Development/ Infrastructure | <ul style="list-style-type: none">• Designated one agency to receive starter funding up to \$50,000 of additional funding• Percentage Basis• Use the amount the agencies were not funded as a guide for allocating additional funds |
| Public/Social Services | <ul style="list-style-type: none">• Percentage Basis for CDBG award to two agencies• Prioritize categories of food, health, and housing and defer to staff to distribute additional General funds |

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4923169&GUID=F3B939CF-3D97-4F0A-A5AE-8F3A12255314&Options=&Search=> April 27, 2021 Hayward City Council meeting

Using the CSC's recommendations for prioritization of additional public/social service funds from the FY22 Community Agency Funding process, staff recommends prioritizing all remaining stimulus funding to the categories of food, health, and housing and defer to staff to determine funding amount and agencies.

Housing and Homelessness Projects

In addition to allocating additional funding to community and nonprofit programs, staff have recommended that \$10M – \$14M be allocated to Housing and Homelessness projects, as outlined below.

Housing projects (\$6 million - \$7 million)

- Foreclosure legal and financial assistance
- Relocation assistance for displaced tenants
- First-Time homeowner down payment assistance program
- Tax-defaulted/foreclosed property program

Homelessness projects (\$5 million - \$8 million)

- Extending the Hayward Navigation Center Hotel Annex program,
- Expanding Winter Warming Shelter services to year-round,
- Exploring additional projects for implementation as identified in the Let's House Hayward! (LHH) plan and community engagement process.

Public Safety Innovation Workshop Pilot Contribution

Staff have recommended a portion of the federal stimulus funding be allocated as startup funding to support the pilot projects identified in the Public Safety Innovation Workshop. On April 26, 2021, staff presented to the Council Budget and Finance Committee (CBFC) on findings and recommendations developed through the City's community engagement efforts around public safety and policing in Hayward.² Additional information on the proposed projects and funding allocation will be available as part of the May 18, 2021 City Council meeting.

STRATEGIC ROADMAP

These funding allocation recommendations support several of the City's Strategic Roadmap priority areas, including Preserve, Protect, & Produce Housing; Grow the Economy; and Support Quality of Life. The recommendations are not specifically related to a project identified in the Strategic Roadmap.

FISCAL IMPACT

The COVID crisis has resulted in significant fiscal impacts to the City of Hayward. Since the crisis started, excluding the costs associated with staffing the efforts listed above, the City has expended over \$5 million in direct services to the community to address COVID impacts. The City is projected to experience a total reduction of approximately \$9.2 million in City reserves

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=4923274&GUID=8578F78D-F62B-4332-9497-04E8187D0741&Options=&Search=> April 26, 2021 Council Budget and Finance Committee meeting

by the end of this fiscal year due to a loss of tax and other City revenues. The expenditure of stimulus funding over the next 3.5 years will significantly help the City to stabilize its operations and fiscal situation.

PUBLIC CONTACT

As part of the Community Agency Funding process, a public comment period was held regarding the Community Agency Funding process. Additionally, members of 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.

NEXT STEPS

Community Agency Funding Augmentation

Staff will incorporate any feedback from the CSC and will return to the Council in July 2021 with a budget appropriation for expenditure of stimulus funding. Additionally, staff will return to the Council for 6-month expenditure reviews, including any further necessary budget appropriations or amendments.

Housing and Homelessness Projects

Housing

Staff will conduct a work session with at the June 3, 2021 Housing and Homelessness Task Force (HHTF) meeting to solicit input on the recommended stimulus funding allocations for housing projects. Staff will incorporate any feedback from the HHTF and will return to the Council in July 2021 with a budget appropriation for expenditure of stimulus funding.

Homelessness

Staff will present recommended funding allocations for the homelessness projects at the June 3, 2021 HHTF meeting as part of its update on the LHH plan. Staff will incorporate any feedback from the HHTF and will return to the Council in July 2021 with a budget appropriation for expenditure of stimulus funding.

Public Safety Innovation Workshop Pilot Contribution

Staff will incorporate feedback garnered from the April 26, 2021 CBFC meeting into a report on the findings and recommendations from the Public Safety Policy Innovation Workshop to be presented for consideration at the May 18, 2021 City Council meeting. Additionally, Staff will return to the Council in July 2021 with a budget appropriation for expenditure of stimulus funding.

Prepared and Recommended by: Jessica Lobedan, Acting Community Services Manager

Approved by:

Jennifer Ott, Assistant City Manager