



DATE: July 21, 2021

TO: Community Services Commission

FROM: Acting Community Services Manager

SUBJECT Community Agency Funding Process Review

RECOMMENDATION

That the Commission:

- 1) Reviews this report;
- 2) Provides feedback on questions for Council regarding the Community Agency Funding process; and
- 3) Selects a subgroup of its members to form a Committee to jointly present with staff and/or answer Council questions at a September 2021 Council meeting.

SUMMARY

Each year, the City receives applications from community agencies requesting funding through the competitive Community Agency Funding (CAF) process. The CSC is responsible for reviewing the applications, interviewing applicants, and making recommendations to the Council for how a portion of the City's General Fund and the City's Community Development Block Grant (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.

The amount of funding requested for both General Fund and CDBG allocations has increased significantly compared to previous years; however, the available funds are not expected to change from the previous year. Due to the growing gap in funding requested compared to funding available, the CSC is requesting feedback from the Council on the CAF process.

Staff recommends that the CSC review this report, provide feedback on questions for the Council regarding the CAF process, and select a subgroup of its members to form a Committee to jointly present with staff and/or answer Council questions at a September 2021 Council meeting. The proposed process for receiving feedback from the Council will begin with a Council Work Session in September 2021 where staff will recommend that the City Council appoint a Council sub-group to work with the CSC CAF Review Committee to discuss the proposed questions to inform the CAF process.

BACKGROUND

Each year, the City receives applications from community agencies requesting funding through the competitive CAF process. The CSC is responsible for reviewing the applications, interviewing applicants, and making recommendations to the Council for how a portion of the City's General Fund and the City's 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.

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

The CSC reviews all eligible applications, and the CSC Chairperson appoints three ARCs 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 (CDBG): 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.

The amount of funding requested for both General Fund and CDBG allocations has increased significantly compared to previous years; however, the available funds are not expected to change from the previous year. Historically, the amount of funds available for the Community Agency Funding process has varied, as shown in Figure 1.

FY 2022 represents the largest disparity between agencies' funding requests and the amount of available funding, as shown in Figure 2 below.

Figure 1. Availability of Community Agency Funding Over Time¹

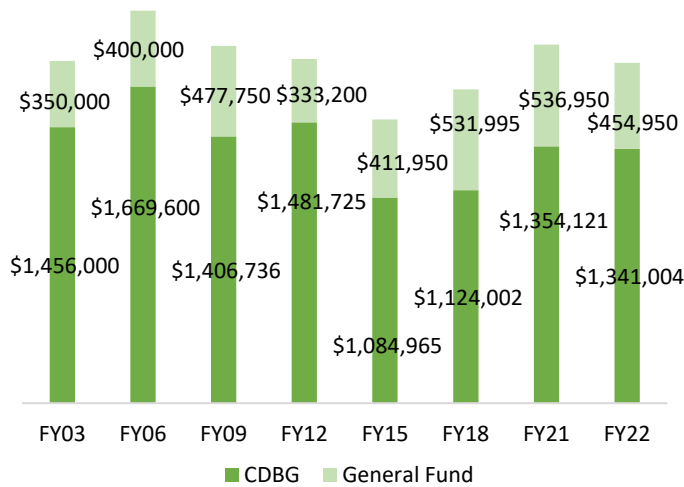
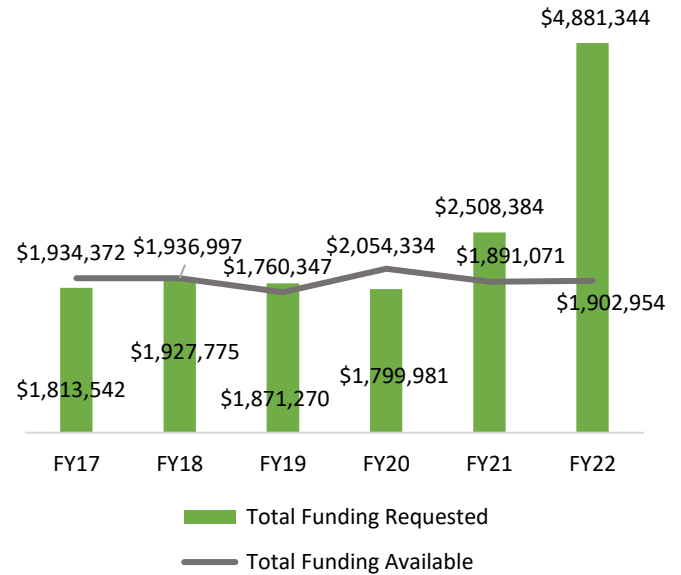


Figure 2. Funding Requests and Availability since FY 2017²



The increase in requested funds without an increase in available funds resulted in an even more competitive funding allocation process during the FY 2022 funding process.

DISCUSSION

Due to the growing gap in funding requested compared to funding available, the CSC is requesting feedback from the Council on the CAF process. The CSC has expressed concerns about making funding decisions without further clarity from Council regarding funding priorities. Specially, during the May 2021 and June 2021 CSC meetings, the CSC has requested clarification from Council on the following:

- Is the CSC funding a piece of the broader City Goals (such as Let's House Hayward and Strategic Initiatives)?
- Are programs that serve a large number of Hayward residents, but are able to secure funding from other sources a priority over programs that have fewer funders, but meet a specific need not met by other providers?

¹ CDBG totals reflect the entitlement minus 20% for administration and planning. Totals for previous years do not include program income, while FY 2022 includes an estimate for program income to enable the ARCs to allocate as much as possible to CDBG-funded community agencies.

² The significant increase in funding requests for FY 2022 are partially driven by \$2.3M in requests from three agencies for capital or property acquisition projects.

- Similarly, do Hayward based organizations have priority over organizations from other areas that may provide a unique service?
- Are there priority categories that Council would like to see funding allocated towards as part of the CAF process? For example: Are food insecurity and homelessness still key areas of focus?
- Are there services that should be part of every funding allocation due to a Council priority, political will, historical success, etc.?
- Should CAF be a sustainable funding source for agencies or should CAF be funding for new programs in the community or combination of both?

Staff proposes the following process for receiving and integrating feedback from the Council:

- **July 2021:** CSC review and recommend proposed questions for Council at September 2021 work session meeting and CSC selects a subgroup of its members to form a Committee to jointly present with staff and/or be available as panelists to answer Council questions at this September 2021 Council meeting.
- **September 2021:** Council work session meeting regarding CAF Process, including staff preparing a staff report for the Council meeting using feedback from the May, June, and July 2021 CSC meetings and proposing a recommendation that Council/Mayor appoints/selects a Council sub-group to work with CSC CAF Review Committee to discuss the proposed questions to inform the CAF process.

Should Council accept staff's recommendation at the September City Council meeting, the following are the proposed next steps:

- **September 15, 2021:** Formation of a CSC CAF Review Committee;
- **October 2021 – December 2021:** Council/CSC CAF Review Committee convenes and discusses identified questions.
- **January 2022:** Staff and CSC CAF Review Committee to incorporate feedback from Council and develop recommendations for any proposed changes to CAF process.
- **February 2022:** CSC reviews proposed changes to CAF process.
- **March 2022:** CSC Final Recommendations for changes to CAF process.
- **April 2022:** Substantive changes to the CAF process will be recommended to the Council for their feedback.
- **May 2022:** Adoption of revised CSC by-laws (if necessary).
- **June 2022:** Staff to develop rubric for FY22-23 Notice of Funding Availability (NOFA).
- **September 2022:** NOFA published with revised CAF guidelines.

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

There is no fiscal impact associated with this item.

PUBLIC CONTACT

There is no public contact associated with this item.

NEXT STEPS

A detailed summary of the next steps is provided above. Specifically, a Council Work Session will be held in September 2021 wherein staff will recommend that the Council select a Council subcommittee to work with the CSC CAF Review Committee to discuss the proposed questions regarding the CAF. At the September 15, 2021 CSC meeting, the CSC will form a CAF Review Committee of up to, but no more than, eight commissioners.

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

Approved by:

Jennifer Ott, Assistant City Manager