



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

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DATE: May 15, 2018

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT

Status Update of the Fiscal Year (FY) 2018 approved Community Development Block Grant (CDBG) Biennial Fund Projects and review of the FY 2019 proposed Projects and Authorization to Reallocate \$1.9 Million of unspent CDBG funds to Eligible Projects in FY 2019

RECOMMENDATION

That Council reviews and comments on the FY 2018 - 2019 CDBG Biennial Fund Projects underway and approves a resolution authorizing the reallocation of \$1.9M of unspent CDBG program funds to the following eligible projects in FY 2019:

1. Provide CDBG funds as Measure A1 match for pre-development and site acquisition costs to qualified developers in the amount of \$800,000;
2. Execute a contract with a non-profit housing agency to manage the Housing Rehabilitation Loan Program in the amount of \$100,000; and
3. Execute a contract with St. Rose Hospital for lab equipment and related equipment purchases in the amount of \$1,000,000.

This report provides a status update on the implementation of the 7 projects authorized by Council on July 18, 2017. In 2017, the Department of Housing and Urban Development (HUD) sent notice that the City of Hayward failed to meet its "timeliness-ratio test" to reduce fund balance below 1.5 times entitlement, measured 60 days prior to the end of the program year (May 2, 2017). The City of Hayward submitted a plan of corrective actions to resolve the underlying planning and administrative problems contributing to the timeliness issue. The plan consisted of the implementation of the 7 projects authorized by Council on July 18, 2017. The July 18, 2017 staff report is attached for reference (Attachment II).

Despite progress made towards utilization of the funds this past year, including executed contracts, the City anticipates it will not meet the HUD timeliness requirement for a second year. Staff expects a HUD notification informing the City it did not meet the standard set forth in 24 CFR 570.902(a)(1). Specifically, the non-compliance states that the City's rate is 4.03 times the entitlement grant amount as of May 2, 2018, and that the City would have had to disburse an additional \$3,110,123 to meet the 1.5 program year ratio and avoid being placed on the list of untimely grantees. Upon receipt of the HUD

notice, the City will submit its corrective action plan within the 15-day response period. The corrective action plan will address any information about the cause(s) for the delay in implementation, including any extenuating circumstance or information regarding recent drawdown of funds that may not be reflected in HUD's electronic information system (IDIS), along with a timeframe. The proposed FY 2019 re-allocation of the \$1.9 million dollars will be included in the corrective action plan. Staff seeks Council's review of and comment on the proposed re-allocation of anticipated unexpended Biennial Funds, underspent entitlement, and unallocated program income to new eligible projects.

ATTACHMENTS

Attachment I Review of FY 2018 Community Development Block Grant Program Biennial Fund Projects
Attachment II July 18, 2017 Staff Report - Biennial Review of the Community Development Block
Grant Program Biennial Review
Attachment III FY2018 -2019 Summary Reallocations
Attachment IV Resolution