



CITY OF HAYWARD

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Cover Memo

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DATE: November 18, 2020

TO: Community Service Commission

FROM: Community Services Manager

SUBJECT

Community Development Block Grant (CDBG) COVID-19 Emergency-Related Funding: Review and Discuss Staff Recommendations for Allocating CARES Act Round 3 CDBG Funding

RECOMMENDATION

That the Community Services Commission review staff's recommendation for allocating \$1,191,514 in CARES Act CDBG funding and \$392,913 in uncommitted CDBG entitlement funding to services to prevent, prepare for, and respond to COVID-19.

SUMMARY

The [federal](#) Coronavirus Aid, Relief, and Economic Security Act (CARES Act), passed in March 2020, allocates over two trillion in funds to respond to the COVID-19 pandemic at the federal, state, and local levels. In doing so, it makes available \$5 billion in supplemental CDBG funding (i.e. CDBG-CV) for grants to prevent, prepare for, and respond to coronavirus. Additionally, the CARES Act provides CDBG grantees with flexibilities that make it easier to use CDBG-CV grants as well as FY 2020 and FY 2021 CDBG funds for coronavirus response and authorizes [the](#) U.S. Department of Housing and Urban Development (HUD) to grant waivers and alternative requirements. Through the CARES Act, the City of Hayward has received two separate allocations of CDBG-CV funding:

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

Council allocated Round 1 funding based on guidance from the Community Services Commission (CSC) provided during the Fiscal Year 2020-2021 Community Agency Funding Process. Recognizing the impending challenges of COVID-19 in early March, the CSC recommended that staff prioritize the use [of](#) any additional CDBG funds to prevent homelessness and protect basic needs, like food security. On April 28, 2020, Hayward City Council approved the allocation of the Round 1 funds, along with the reallocation of existing uncommitted CDBG entitlement funds. For a full description of the allocation, see the staff report from the CDBG-CV COVID-19 response funding update provided to Council on June 23, 2020.

Round 3 CARES Act funding was awarded in September 2020 for entitlement grantees 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. Staff is returning to the CSC for their feedback on the allocation of the \$1,191,514 Round 3 CARES Act award, along with \$392,913 in unspent or uncommitted CDBG entitlement funds from Fiscal Years 2018-2019 and 2019-2020. Based on guidance from HUD and feedback from community agencies following the first round of CARES Act funding, staff recommends allocating these funds as follows:

- **Housing Displacement Prevention:** Increase the City’s contribution to its new Tenant Rent Relief program and create a homeowner loan program to link low-income homeowners financially impacted by COVID-19 and at high risk of foreclosure with an attorney to help re-negotiate mortgages and provide loans to bridge the gap between what homeowners owe and can pay to reduce the risk of foreclosure (Proposed Amount: **\$1,065,327**)
- **Tenant Support:** Increase the City’s contribution to its new Tenant Rent Relief program, which was created with Round 1 CARES Act funding
- **Homeowner Support:** Create a new homeowner loan program that will link low-income homeowners financially impacted by COVID-19 and at high risk of foreclosure with an attorney to help re-negotiate mortgages and provide loans to bridge the gap between what homeowners owe and can pay to reduce the risk of foreclosure
- **Economic Development:** Increase the City’s contribution to the Economic Development Division’s Small Business Assistance program, providing additional grants to small businesses to respond to and prevent COVID-19 (Proposed Amount: **\$100,000**)
- **Health Facilities Support:** Allocate funds to St. Rose Hospital Foundation for medical equipment purchases to respond to COVID-19 (Proposed Amount: **\$300,000**)
- **Permanent Supportive Housing:** Set aside administrative funds for necessary first steps to [explore the potential conversion of](#) a local hotel into permanent supportive housing for individuals experiencing homelessness, thus reducing their risk of contracting COVID-19 (Proposed Amount: **\$100,000**)
- **Administration:** Set aside a small portion of the Round 3 allocation (less than 2%) for the increased administrative costs of staff managing CARES Act funds along with the regular CDBG entitlement program (Proposed Amount: **\$19,100**).

To allocate these funds, HUD requires that the City of Hayward amend its 2019 Annual Action plan. Staff proposes the following total allocations to the categories in that plan (see Table 2 for a detailed description of these changes):

- Administration & Planning: \$419,527
- Acquisition, Disposition, Clearance, & Relocation: \$0
- Economic Development: \$489,999
- Housing: \$218,711
- Public Facilities & Infrastructure: \$140,000
- Public Services: \$3,042,481

ATTACHMENTS

Attachment I Staff Report

