



DATE: May 5, 2026

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT Community Development Block Grant: Approval of Fiscal Year 2026-2027
Community Development Block Grant Allocation Recommendations and
Annual Action Plan

RECOMMENDATION

That the City Council affirms the FY 2026-2027 Community Development Block Grant (CDBG) recommendations as outlined in Attachment II and adopts the resolution in Attachment III, approving and appropriating funds for the FY 2026-2027 operating budget.

SUMMARY

This report asks City Council to take the following actions:

1. Approve the CDBG funding recommendations for FY 2026-2027. These recommendations were prepared by staff and approved by the Community Services Commission (CSC) in April.
2. Approve the FY 2026-2027 CDBG Annual Action Plan.

This report proposes CDBG funding recommendations to City Council for submission to HUD as part of the City's Annual Action Plan. The funding recommendations are summarized by category in Table 1 of this report and in detail in Attachment II. This report also provides an overview of changes to the FY 2026–2027 Community Agency Funding (CAF) process and discusses the possible work plan for the CSC for the coming fiscal year.

FISCAL IMPACT

The recommended CDBG allocation in this report enables the City to fund \$1.55 million in eligible services and equipment at no cost to the City's General Fund.

BACKGROUND

The CSC serves as an advisory body to the Hayward City Council. Through the annual CAF process, the CSC makes recommendations to City Council for the distribution of CDBG and

General Fund allocations to projects that serve the Hayward community, with a focus on programs providing free or low-cost services to low- to moderate-income residents.

At the end of 2025, due to the City’s severe General Fund deficit, the City Manager implemented cost-saving measures affecting agencies funded through the CAF process. These included terminating most competitive FY 2025–2026 General Fund contracts after their initial payments (50% of their contract) and canceling the CAF cycle in the fall of 2025, which would have allocated General Fund, CDBG, and Opioid Settlement funds for FY 2026–2028. To present a balanced budget to City Council, CAF funding originally intended for FY 2026–2028 was redirected to internal City uses.

Because of this cancelation, the CSC did not conduct its typical review of applications and had to reassess their scope of work in response to these changes. While the City reallocated all General Fund and Opioid Settlement funds to eligible internal uses, staff continued working with the CSC to review staff proposed CDBG allocations, ensuring community input and alignment with CSC and City Council priorities.

At its January meeting, the CSC directed staff to prioritize one-time expenses over ongoing costs to preserve funding for future CAF cycles. In March, staff presented CDBG allocation recommendations that focus on eligible, one-time internal projects aligned with CSC guidance. The CSC reviewed the proposed recommendations, reached general consensus, and expressed interest in hearing feedback from agencies on both the CDBG FY 2026-2027 recommendations and cancellation of the FY 2026-2028 CAF process. In April, the CSC formally approved the recommendations for submission to City Council.

DISCUSSION

Fiscal Year 2027-2027 CDBG Funding Allocations

Table 1 provides an overview of the CDBG funding recommendations by project, updated to reflect the final award amount and project-level allocations. The total Fiscal Year 2026–27 CDBG allocation shown in Table 1 is \$1,549,908, which includes \$1,502,729 from this year’s award and \$47,179 in estimated program income for FY 2026–27.

Table 1. Recommended CDBG Funding Allocation by Project

Category	Project	Amount
Admin	Administration and Planning	\$283,680
Admin	HUD-Required Fair Housing Services	\$26,302
Housing	Home Rehabilitation & Infrastructure Project Management	\$375,000
Public Services	Eden Information and Referral (EIR)	\$50,000
Public Services	Hayward Navigation Center	\$184,502
Public Facilities & Infrastructure	Fire Equipment Purchases for stations located in Low to Moderate Income Areas	\$630,424

TOTAL FY 2026-2027 CDBG ALLOCATION **\$1,549,908**

Administration and Planning

Out of the \$1.55 million in CDBG funding for next fiscal year, \$309,982 is allocated to administration and planning, which covers staff time for grant management, required reporting, and federally mandated fair housing services. Of that amount, \$26,302 is set aside for fair housing services required by HUD, provided by Eden Council for Hope and Opportunity (ECHO).

Housing

Through the Alameda County Analysis of Impediments to Fair Housing completed in 2020, the City committed \$300,000 to home rehabilitation programs to prevent displacement of low-income households as written in the City's Housing Element Plan. Last fiscal year, staff recommended a \$50,000 increase to address rising construction costs and maintain current service levels. To sustain that level of service, staff recommend continuing the same total allocation of \$350,000. Additionally, the City allocates \$25,000 to Habitat for Humanity to support project management of all of the City's CDBG infrastructure grants and ensure compliance with federal regulations.

Public Services

For fiscal year 2026-2027, staff recommend allocating \$50,000 to Eden I&R for information and referral services and the remaining public services amount to the Hayward Navigation Center for their housing and homelessness services. Both services are eligible CDBG projects as they serve predominantly low to moderate income clientele.

Eden I&R

EIR is the sole provider of 211 services in Alameda County. The agency has provided critical information and referral services for 45 years and serves as the countywide call center for Alameda County's Coordinated Entry System. Their contract is funded through a consortium of 14 cities and several County agencies and departments, and Hayward's annual share is \$50,000. The City has historically contributed through the General Fund. Staff recommend shifting this project's funding source from the General Fund to CDBG for this funding cycle, as the services meet CDBG eligibility requirements.

Hayward Navigation Center

For the remaining Public Services allocation, staff recommends allocating \$184,502 to the Hayward Navigation Center (HNC), which is operated by Bay Area Community Services (BACS). Homelessness and housing was defined as one of the CSC's top priorities for funding among services projects during the FY 2025-2026 process. The HNC is the cornerstone of the City's homelessness reduction strategy.

For FY 2026-2027, the HNC is projected to cost approximately \$1,540,000 to operate. Due to the City's fiscal situation, staff have successfully worked with BACS to reduce operating costs without negatively impacting service delivery. One funding source, Proposition 47 grant funding, requires a matching commitment. The recommended CDBG allocation will be leveraged to maintain this outside grant funding.

Public Facilities and Infrastructure

For fiscal year 2026-2027, staff recommends allocating \$630,424 to fire equipment purchases for stations located in low to moderate income areas. After evaluating potential projects, staff developed this recommendation based on the project's eligibility and administrative factors. The proposed project is an anticipated City project that directs funds to a low- to moderate-income area and supports compliance with HUD timeliness requirements for expending CDBG funds. Fire protection equipment is considered for this purpose to be an integral part of a public facility and thus, purchase of such equipment would be eligible under Federal Regulation 24 § 570.201(c).

Staff evaluated several potential capital projects, including improvements to La Vista Park and ADA upgrades to City Hall; however, significant constraints limit the City's ability to deploy CDBG funds for these projects in a timely manner. Because La Vista Park is a multi-million-dollar project, the use of federal funds would trigger Build America, Buy America (BABA) requirements, applying domestic sourcing standards to all materials and significantly increasing project costs. Staff worked with the Development Services, Public Works, and Maintenance departments to explore upcoming eligible projects, such as street safety improvements or future ADA enhancements. While none were identified at this time, staff will continue coordinating across departments as future opportunities arise.

Fiscal Year 2026-2027 CDBG Annual Action Plan

HUD requires the City to update its Annual Action Plan (AAP) each year to implement the five-year Consolidated Plan, most recently approved by Council on April 22, 2025 for FY 2026–2029.¹ The FY 2026–2027 AAP outlines the actions, activities, and funding to address priorities identified in the Consolidated Plan and reflects the same CDBG allocations summarized in Table 1. A draft AAP was released for public comment on April 17, 2026, with a public hearing scheduled for May 5, 2026.² The comment period closes May 17, 2026, and the final plan will be submitted to HUD by June 2, 2026.

Community Services Commission Work Plan

On [March 4, 2025](#), the City Council updated the ordinance outlining the CSC's responsibilities to "clarify its focused role as an advisory body to the City Council for recommending resource allocations to community services." The CSC then met during the spring and summer of 2025 to make substantive improvements to the Community Agency Funding (CAF) Process, which were summarized in a [September report](#) to the Committee.

Subsequently, as mentioned above, the City canceled the fall 2025 CAF cycle. At the May 12, 2026, Budget Work Session, staff will also be recommending canceling the fall 2026 CAF cycle while the City continues to work on stabilizing its budget. In light of this significant change to the CSC's responsibilities, CSC members have requested clarification from the City Council on its scope and purpose for the coming year. CSC members and staff have reviewed several

¹ April 22, 2025 Staff Report and Attachments: <https://hayward.legistar.com/LegislationDetail.aspx?ID=7349061&GUID=286ACED0-DF24-498A-AF9D-D87E68F36D05&Options=&Search=>

² FY 2026-2027 Draft Annual Action Plan: <https://www.hayward-ca.gov/sites/default/files/2026-04/CMO-CSD-FY26-27-CDBG-Annual-Action-Plan-260415.pdf>

options, including working groups to provide technical assistance, connect agencies to resources, and match volunteers.

While reviewing CSC scope, staff has identified the need for the City to update some or all of its existing Community Needs Assessment (CNA), with the opportunity to have CSC serve in an advisory capacity to that process. The last CNA, conducted in 2018, is outdated. Conducting an up-to-date CNA would support data-informed decisions around program implementation and decision making for future CAF process. In addition, there are other programs in the City that are due for a needs assessment, so this process could combine efforts and resources. Staff is seeking City Council feedback on expanding the CSC's scope over the next two years to include serving as an advisory body for a combined needs assessment process.

PUBLIC CONTACT

The Public Comment period for FY 2026-2027 recommended funding allocations and FY 2026-2027 Annual Action Plan is in place from April 17, 2026, through May 17, 2026. Public comment on these items will be heard at the City Council Public Hearing on May 5, 2026 or submitted directly to staff. All public comments received so far are included in Attachment IV.

As of April 27, 2026 the following individuals provided written public comments:

- Robert Bulatao representing Generation Music & Arts Academy
- Kristin Wagner representing East Bay Agency for Children
- Janice Roberts representing Mercy Brown Bag
- Nancy Rivera representing A1 Community Housing Services

NEXT STEPS

Next steps include the following:

- On May 17, 2026, the City's public comment period will conclude.
- Staff will address public comments and will submit Consolidated Plan to HUD no later than June 2, 2026, unless directed by HUD otherwise.

Staff will begin the contracting process with funded agencies after City Council approves the funding recommendations.

Prepared by: Emily Hwang, Management Analyst and CSC Staff Liaison

Recommended by: Mary Thomas, Assistant City Manager

Approved by:



Jennifer Ott, City Manager