

**DATE:** April 20, 2010

**TO:** Mayor and City Council

**FROM:** Library and Community Services Director

**SUBJECT:** FY 2010-14 Five Year Consolidated Plan and  
FY 2010-11 Community Development Block Grant (CDBG) Funding Recommendations

## **RECOMMENDATION**

That Council adopts the attached resolutions:

1. Approving the City's 2010-14 Consolidated Plan; and
2. Approving FY 2011 CDBG Allocations, which would form the substantive portion of the City's FY 2011 Action Plan.

## **SUMMARY**

FY 2010-14 Five-Year Consolidated Plan: Once every five years the City is required to submit a Five Year "Consolidated Plan" to the federal Department of Housing and Urban Development (HUD). The City's "Consolidated Plan" includes citywide housing and community development needs assessment, and an inventory of resources (including HOME and CDBG funds) available to address those needs. Hayward's "Consolidated Plan" is integrated with and complements the efforts of the other Alameda County jurisdictions that collectively comprise the HOME Consortium.

FY 2010-11 Community Development Block Grant (CDBG) Allocations: During FY 2011, the City will administer CDBG funds received from HUD. The City is an "Entitlement" CDBG grantee, and as such, funding is provided annually upon HUD's approval of the Council's CDBG allocations, which form the substantive portion of the City's Annual One Year Action Plan. Total CDBG funding available to support eligible projects in FY 2011 is projected to be \$1,620,830, and CAC and staff Funding Recommendations for these funds are included with this report as Attachment B. An Applicant Summaries packet is included with this report as Attachment D.

## BACKGROUND

FY 2010-14 Five-Year Consolidated Plan: The Consolidated Plan's Executive Summary is attached to this report for Council's review and comment.

The Consolidated Plan incorporates data from the City's Housing Element, recent U.S. Census Data, data from the most recent Analysis of Impediments to Fair Housing, an analysis of the quantity and condition of the City's housing stock, Association of Bay Area Governments (ABAG) projections, related challenges (such as the foreclosure crisis), and local data available from the December 2009 update to the Alameda County Homeless Count and Survey. The City's Consolidated Plan includes citywide housing and community development needs assessments, and an inventory of resources (including HOME and CDBG funds) available to address those needs.

A notice of the April 20, 2010 HUD-required Public Hearing on the Consolidated Plan was published in *The Daily Review* on March 20, 2010 and comments are being accepted from that date through the date of the Public Hearing. No comments on the Consolidated Plan have been received to date.

FY 2010-11 Community Development Block Grant (CDBG) Allocations: The City's FY 2011 CDBG Funding Process was conducted in a manner that was generally consistent with prior years' funding cycles and in compliance with the City's Citizen Participation Plan. On November 19, 2009 the City conducted its CDBG Funding Forum and released its application for funding.

At the Funding Forum, applicants received an orientation to CDBG funding. This orientation included an explanation of the purpose and limitations of the CDBG program, advisories that up to 15% of CDBG funds may be used for Public Services, and that it is Council's policy to utilize Public Services funding to support exclusively *housing-related* social services for low-income Hayward residents. Applicants were informed about the City's Social Services Program, which is funded by the City's General Fund, and provides grants to support other types of community services that are outside the parameters of the CDBG program.

Application Packages included the *City Council Priorities*, the *Neighborhood Services Initiative*, and a brief orientation to *Crime Prevention through Environmental Design* (CPTED) principles. Applicants were asked to articulate how the services proposed would support one or more of HUD's Performance Measures, and this year the application was refined to elicit each applicant's exact service delivery site so that each program's location could be clearly understood and factored into the funding recommendations.

Thirty-five CDBG applications were submitted by the December 21, 2009 deadline, totaling \$3,456,047 in funds requested. There were no late applications submitted. Copies of the applications were distributed to members of the Citizen's Advisory Commission (CAC). The CAC analyzed all the applications received and appointed an Application Review Committee to interview representatives from the applicant agencies.

On Saturday, February 13, 2010, members of the Application Review Committee interviewed each of the applicants. The interviews provided an opportunity for Commissioners to review each of the proposed projects and to gain insight into each applicant's capacity for carrying out the proposed activities.

At its Regular Meeting on Wednesday, February 17, 2010, the CAC established “draft” FY 2011 CDBG Funding Recommendations. One month later, on Wednesday, March 17, 2010, at the completion of a 30-day Public Comment period, the CAC convened to finalize its Funding Recommendations and voted to forward them to City Council for consideration.

On Friday, March 19, 2010 a notice was published in the Daily Review newspaper, to announce that City Council will conduct a Public Hearing on Tuesday, April 20, 2010, during which Council will make its FY 2011 CDBG allocations.

On Tuesday, April 6, 2010, City Council conducted a Work Session to review the funding process, and to consider the applications, and the CAC’s and staff’s funding recommendations, in preparation for the CDBG FY 10-11 Public Hearing, scheduled to take place on Tuesday, April 20, 2010. Public Comments submitted at the Work Session are enumerated later in this report, in the “Public Contact” section. At the Work Session it was announced that there would be \$300,000 more than originally estimated to allocate to eligible projects. Council requested that a Special Meeting of the CAC be scheduled to allow the CAC an opportunity to update its Funding Recommendations to include the additional funds.

On Tuesday, April 13, 2010, a Special Meeting of the CAC was convened and the CAC updated its FY 2010-11 CDBG Funding Recommendations to total \$1,620,830 (Attachment B).

## **DISCUSSION**

All of the applications submitted proposed to support at least one City Council Priority, and all proposed to serve low-income Hayward residents. Attachment C provides a depiction of the CAC’s CDBG Funding Recommendations, sorted according to City Council Priority.

Like many communities around us, the Hayward community is challenged by prolonged and difficult economic circumstances including high rates of home foreclosures and the ongoing local implications of the State’s budget crisis. In the Public Services Category, priority was given to homeless shelters, fair housing activities, and foreclosure counseling and mitigation services. Federal regulations allow up to 15% of available funds to be allocated in that category; projects recommended for funding in that category total \$300,500.

This year, in consideration of the unprecedented amount of funding requested, and in order to facilitate Strategic Planning in joint sessions with the Human Services Commission during FY 2011, the CAC tentatively identified the projects from the current round of applications that may be recommended for funding in FY 11-12 (Attachment B, page 2 of 2, “FY 2011-12 Funding *Considerations*”).

Although the FY 2012 funding process will be modified, it will nonetheless adhere to and meet HUD’s public participation standards and the Council-approved requirements contained in the City’s Citizen Participation Plan. The CAC will review and determine its FY 11-12 CDBG Funding Recommendations for City Council per the FY 11-12 CDBG Funding Process Calendar, to be determined and publicly noticed in October 2010.

As discussed at the Work Session on April 6, 2010, the projected amount of funding available to allocate to projects in FY 10-11 has increased by \$300,000, to \$1,620,830. Attachment B provides the CAC and staff's FY 2011 CDBG Funding Recommendations, which are in agreement with regard to which projects are recommended to receive funding, with six instances (highlighted in yellow) in which the specific amounts recommended by the CAC and staff differ:

#1: Housing Rehabilitation Loan Program (\$350,000 requested):

*CAC:* \$230,000 is recommended for this program, which provides completely deferred, below-market rate loans to low-income Hayward homeowners, in order to correct code violations, improve neighborhood appearance, make health / safety repairs, and improve accessibility for people who have disabilities or mobility impairments.

*Staff:* \$180,000 is recommended for this program, as in FY 10-11 \$250,000 from the City's low-mod housing funds will be available to augment CDBG funds to make loans to this program's clientele.

#2: Minor Home Repair Grant Program (\$300,000 requested):

*CAC:* \$218,000 is recommended for this program, which provides grants to eligible low-income Hayward residents, to make health and safety repairs, improve accessibility, and to improve the appearance of residential neighborhoods.

*Staff:* \$288,000 is recommended in order to build on programmatic improvements that have made it possible to complement Community Preservation efforts by quickly correcting incipient exterior residential code violations to prevent enforcement proceedings, in addition to making health, safety, and accessibility improvements for low-income Hayward homeowners. In today's economy, this program is more in demand than ever.

#7: Eden Youth and Family Center (EYFC) (\$300,000 requested):

*CAC:* The CAC's recommended \$125,000 for EYFC, conditioned as follows: in response to concern about the overall cost to EYFC of operating the facility, funding should be used to upgrade and retrofit the facility's systems and components that would be most likely to produce cost savings in utilities (e.g., roof insulation, window retrofits, weatherization improvements, etc.), which EYFC reported exceed \$55,000 per year. This would effectively lower the overall operational expense to EYFC, and the cost savings could combined with rental income received from the non-profit programs that operate out of the EYFC (e.g., the Hayward Day Labor Center) to provide services for low-income Hayward residents.

*Staff:* \$100,000 is recommended and is considered to be sufficient to retrofit the most outdated and/or energy-inefficient systems in place at the facility, which would begin to produce cost savings to reduce the overall cost of operating the facility. This funding would serve to fund the first of a three-phase rehabilitation of the facility over three years.

#32: 4-C's of Alameda County (\$50,000 requested):

*CAC:* \$35,000 is recommended for this project, a \$10,000 increase over current year funding. The project is a microenterprise activity, which provides technical assistance to small businesses (daycare providers), create jobs (childcare workers), and increase family daycare capacity, which is an affordable childcare option for lower-income Hayward families.

*Staff:* Staff recommends funding for this project in the amount of \$25,000, which is the same amount the program is receiving in the current year.

#34: Small Business Revolving Loan Program (\$300,000 requested):

*CAC:* \$200,000 is recommended for this program, which provides technical assistance and loans to Hayward business owners, with the programmatic objective of job creation.

*Staff:* Staff recommends \$300,000 for the program in FY 10-11. In the current economic environment, the Small Business Revolving Loan Program is one of the very few sources of lending for local businesses. For every \$35,000 invested into this program, one full-time, permanent job is created and filled by a low-income Hayward resident.

#35: Hayward Day Labor Center (HDLC) (\$120,000 requested):

*CAC:* The CAC recommends \$120,000 for the HDLC, which is a \$20,000 increase over its current year funding. The CAC expressed its support for the services the HDLC provides, concern about the perceived growing need for those services, and the potential for the program's increased operating costs (i.e., rent to EYFC) to cause services to be reduced. The CAC declined to consider a letter submitted by Gabriel Hernandez at the Special Meeting of the CAC on April 13, 2010 (Attachment E), as the other applicants for CDBG funding were not provided with a similar opportunity to submit additional information pertaining to their applications.

*Staff:* \$80,000 is recommended for the HDLC, which is a \$20,000 reduction from the amount it receives in the current year. It is thought the HDLC has the potential to diversify its sources of funding by partnering with local business organizations, labor councils, and foundations to become more self-sustaining. Staff's recommendation would condition funding on the HDLC continuing to pay rent to the EYFC.

Regarding the applications for which funding is not recommended in FY 10-11 by either the Commission or staff:

#3: Eden Housing / South Hayward BART Senior Housing (\$350,000 requested): Although it was acknowledged that the current number of local affordable senior housing units is inadequate to meet the rising need for such units, the CAC did not recommend funding for this proposal. Supplemental materials provided by the applicant indicated that when the project is projected to be complete two years hence, rents for the one-bedroom units would be in the range of \$800-1,100 per month, which seemed to Commissioners to be relatively un-affordable for many seniors. Commissioners noted there is a need for housing that would be affordable to seniors with incomes below the 30% AMI.

#4: Eden Housing / Las Casitas (\$350,000 requested): The CAC did not recommend funding for this project because its overall cost seemed unreasonably high. The property is currently in pre-foreclosure, and it was thought that by waiting for the property to go into foreclosure, it could be acquired at a more affordable price. Staff consulted with the City's Redevelopment Director, who concurred. The CAC also considered the cost per unit to rehabilitate the units (approximately \$35,000 per unit) to be relatively high as well.

#5: Bay Area Dream Center (\$50,000 requested): This project which is in the Cherryland neighborhood outside the City limits, is located in fairly close proximity to a similar type of program (Hope for the Heart, which also distributes food), raising concern about duplication in services. It was not certain that the County of Alameda would approve an amendment to the applicant's (expired) use permit, to allow for food distribution activities. For these reasons, funding was not recommended.

#9: FESCO (\$12,000 requested): This applicant proposed an earthquake retrofit project for the agency's family shelter, located at 3<sup>rd</sup> and C Streets. It has been the City's practice to decline to fund nonprofit retrofit projects because there have been no guidelines for prioritizing which types of facilities should (or shouldn't) receive allocations from the City's limited resources. It was proposed that the CAC take up the subject of earthquake retrofit guidelines/priorities during its strategic planning in FY 10-11 and this project be reconsidered for possible funding in FY 11-12.

#11: Hope for the Heart (\$197,000 requested): This applicant requested funding to rebuild its warehouse which was destroyed by a fire in 2008. The property, which is located outside the Hayward City limits, is not owned by the agency but rather by a family member of the agency's executive director. Although there is a fifty-year lease to secure the property for the agency's use, it has been the City's practice to decline to fund projects that permanently improve a commercial landlord's property (with the exception of ADA accessibility projects). Due to this, and the property's location outside of Hayward, the CAC did not recommend funding for this project.

#12: Seventh Step Foundation (\$23,000 requested): This applicant requested funds to remodel the kitchen at its 32-bed shelter for adult male parolees. As the City has provided funding for this agency's rehabilitation projects several times in recent years, and in consideration of agency's own cash reserves, the CAC declined to recommend funding for the project at the current time, and encouraged the applicant to apply for funding from adjacent jurisdictions to undertake the kitchen project. Should the applicant compete successfully for funds from the adjacent jurisdictions, and should funds be necessary in order to complete the kitchen remodel, the CAC and/or staff may reconsider recommending the project for FY 11-12 CDBG funding.

#15: A Safe Place (\$64,370 requested): This applicant is a domestic violence shelter confidentially located in Oakland. Although it is understood that residents of Hayward who are victims of domestic violence sometimes relocate for their own safety to other jurisdictions, the applicant did not demonstrate clearly in its application or in its interview, how the requested amount (\$64,370) was calculated. Given this ambiguity, and applicant's location in Oakland, the CAC did not recommend funding for this program.

#19: Camales Unidos Reformando Adictos (CURA) (\$50,000 requested): CURA's residential drug and alcohol treatment facilities are located in Fremont and Oakland, and this application proposes to acquire housing in Fremont to operate clean and sober transitional housing. Although the number of individuals who could benefit from sober housing opportunities exceeds the availability of such units, the CAC rarely recommends funding for acquisition projects that are located outside of Hayward, and in consideration of the CAC's recommendations to provide funding for two similar programs that are physically more proximate to Hayward residents (Women on the Way and Seventh Step Foundation), it did not recommend funding for this project.

#27: Salvation Army (\$8,000 requested): This application requests funding to purchase and install a convection oven to augment the applicant's food distribution and hot meal programs. During the application process, it was learned that a local community group has offered to complete this project, eliminating the need for a CDBG grant from the City. Also, the Human Services Commission has recommended to City Council that a \$5,000 Social Services grant be made to support the Salvation Army's operations. With these developments in mind, the CAC did not to recommend funding for this project.

#29: Seventh Step Foundation (\$10,800 requested): This applicant submitted two applications for Public Services funding: one to support the activities of a part-time job developer (#28), and this one (#29), for the purchase of food for served meals at the shelter. The CAC felt that job readiness and placement assistance would better serve the long-term needs of the program's clients and the Hayward community, and did not to recommend funding for this served meals application.

## **FISCAL IMPACT**

The CDBG Program does not have a negative impact on the City's General Fund, as a portion of CDBG funds (up to 20%) may be used to pay for administration of the grants by City staff, including federal environmental review, contracting, Labor Standards monitoring, lead-based paint compliance, procurement of contractors, site inspections, financial management, and federal reporting.

## **PUBLIC CONTACT**

A Public Notice was published on Saturday, October 17, 2009, announcing the availability of funds for CDBG projects. During that week, paper copies of the Public Notice were mailed to currently funded agencies, previously funded agencies, applicants from previous years, and everyone on the CDBG and Social Services mailing list (several hundred individuals and local agencies). The CDBG Application Package was available to the community electronically on the City's website.

All funding deliberations took place at properly noticed Citizens Advisory Commission meetings that were open to the public. These meetings took place on February 17, 2010 and March 17, 2010. The weeks in between these meetings constituted a thirty-day Public Comment period, during which members of the public, including applicants, could submit their comments regarding the funding process or the Funding Recommendations. At the March 17, 2010 Citizens Advisory Commission meeting, there were eleven community members in attendance who signed the Visitors' Sign-In Sheet, and two comments presented:

- Gabriel Hernandez, Executive Director of the Hayward Day Labor Center, submitted a letter of support for his agency's application, from the Alameda Labor Council, AFL-CIO (attached). In attendance with Mr. Hernandez were Carla Dardon, Gregorio Blas, Efrén Bamaca, Helfego Revolorio, and Micah Clatterbaugh.
- Gregorio Blas, an enrolled day laborer, speaking with the assistance of an interpreter, voiced his support for the Day Labor Center's application, the job placement activities the center provides, and the ancillary services offered.
- Dave McKeown, Executive Director at the Eden Youth and Family Center, was in attendance.
- Ron Gillette, Executive Director of Women on the Way, was in attendance.
- Shannon Ellis, representing the Family Violence Law Center, was in attendance.
- Maria Valencia, representing the Seventh Step Foundation, was in attendance.
- Omar Bocobo, representing the East Bay Community Recovery Project, was in attendance.

At the City Council Work Session, conducted on April 6, 2010, the following Public Comments were submitted:

- Sharon Cornu, representing the Alameda Labor Council, spoke in support of the Hayward Day Labor Center's application for funding, and urged Council to allocate the requested amount of funding, \$120,000.
- Gregorio Blas spoke in support of the Hayward Day Labor Center's application for funding.
- Gabriel Hernandez, Executive Director of the Hayward Day Labor Center, encouraged the City to conceive of creative ways to support the Day Labor Center.
- Lynette Linnen, Co-Chair of the CAC, and Chairperson for the FY 2010-11 Application Review Committee, invited Council's questions regarding the CAC's Funding Recommendations, and requested that Council support the CAC's Funding Recommendations.
- Betty Deforest, Executive Director of the South Hayward Parish, encouraged support for the Hayward Day Labor Center, and expressed concern that reduced funding could result in a reduction of services.
- Ron Gillette, Executive Director of Women on the Way, thanked Council for its past support, and spoke about the human success stories the agency helps its clients to achieve. He requested that Council allocate the full amount requested, \$15,000, to replace the shelter's roof.
- Sara Lamnin, Chair of the CAC, indicated that the CAC would convene a Special Meeting prior to Council's CDBG Public Hearing to update its Funding Recommendations to include the anticipated increase in funding available to allocate to CDBG projects.

On Tuesday, April 13, 2010, a properly noticed Special Meeting of the CAC took place in order to update the Commission's Funding Recommendations to include an additional \$300,000 in anticipated funding for FY 2010-12. In attendance at the meeting were the following CDBG applicant representatives:

The following Public Comments were submitted:

- Gabriel Hernandez, Executive Director of the Hayward Day Labor Center, submitted a letter he said was requested by Council Member Quirk (attached).
- Maria Valencia, representing the 7<sup>th</sup> Step Foundation, requested increased funding for her agency's applications.
- Cate Stean, Executive Director of FESCO, stated that City of Hayward funding for mid-County non-profits is even more crucial than usual, as the City of San Leandro has eliminated funding to providers located outside the City of San Leandro.

The following CDBG applicant representatives were in attendance but did not speak:

- Barbara Quintero, representing Women on the Way and The Dream Center
- Dave McKeown, Executive Director of the Eden Youth and Family Center
- Ralph Johnson, Executive Director of the Emergency Shelter Program

On Saturday, March 20, 2010, a Public Notice of the City Council's April 20, 2010 Public Hearing, was published in the Daily Review newspaper.

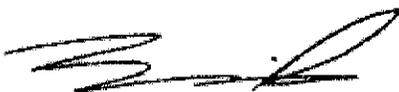
## **NEXT STEPS**

Upon approval of the attached resolutions, the City's 2010-14 Consolidated Plan and 2010-11 Action Plan would be submitted to HUD, all requisite steps to document NEPA environmental compliance would be completed, and subrecipient contracts executed.

*Prepared by:* Anne Culver, Social Services Planning Manager

*Recommended by:* Sean Reinhart, Director, Library and Community Services Department

Approved by:



Fran David, Acting City Manager

**Attachments:**

**Resolution Approving FY 2010-14 Five Year Consolidated Plan**

**Resolution Approving FY 2010-11 CDBG Funding Recommendations and One Year Action Plan**

**Attachment A: FY 2010-14 Five Year Consolidated Plan – Executive Summary**

**Attachment B: CAC's and Staff's FY 2011 CDBG Funding Recommendations**

**Attachment C: CAC's and Staff's CDBG Funding Recommendations Sorted by City Council Priority**

**Attachment D: Summary of Each CDBG Application**

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION ADOPTING THE CONSOLIDATED PLAN  
FOR FISCAL YEARS 2010-2014

WHEREAS pursuant to federal regulations the City is required to adopt a Consolidated Plan for fiscal years 2010-14 to be included in the Alameda County HOME Consortium Consolidated Plan to fulfill Community Development Block Grant CDBG and HOME Program funding requirements;

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Hayward hereby adopts the Consolidated Plan for fiscal years 2010-14 in substantially the form of the plans on file in the office of the City Clerk;

BE IT FURTHER RESOLVED that the City Manager is hereby authorized on behalf of the City of Hayward to execute and submit the required application and all implementing documents in connection therewith.

IN COUNCIL, HAYWARD, CALIFORNIA, April 20, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES COUNCIL MEMBERS:

NOES COUNCIL MEMBERS:

ABSTAIN COUNCIL MEMBERS:

ABSENT COUNCIL MEMBERS:

MAYOR: Sweeney

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

RESOLUTION APPROVING THE ANNUAL PLAN AND AUTHORIZING AN APPLICATION FOR FEDERAL ASSISTANCE UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR FISCAL YEAR 2011.

WHEREAS the Housing and Community Development Act of 1974 makes funds available to qualified cities for certain community development activities; and

WHEREAS the City of Hayward is qualified to receive certain funds pursuant to said act; and

WHEREAS the City Council has considered public testimony and the Community Development Block Grant Program recommendations prepared by staff and the Citizens Advisory Commission, a copy of which is attached as Attachment A and hereby referred to for further particulars; and

WHEREAS the Council has considered the environmental impact of the program and hereby finds and determines that the program is composed of projects that are categorically excluded from the National Environmental Protection Act or will be subject to later environmental review and finds and determines that the activities funded by the program are either not subject to the California Environmental Quality Act or will be subject to later environmental review;

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Hayward hereby approves the aforesaid Community Development Block Grant Program and authorizes the City Manager on behalf of the City of Hayward to execute and submit the required application and all implementing documents in connection therewith.

IN COUNCIL, HAYWARD, CALIFORNIA, April 20, 2010

ADOPTED BY THE FOLLOWING VOTE:

AYES COUNCIL MEMBERS:

NOES COUNCIL MEMBERS:

ABSTAIN COUNCIL MEMBERS:

ABSENT COUNCIL MEMBERS:

MAYOR: Sweeney

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward