

CITY OF  
**HAYWARD**  
HEART OF THE BAY

**Substantial Amendment to the Community  
Development Block Grant (CDBG)  
FY 2014-15 Action Plan**

**Sean Reinhart**

Director

**Department of Library & Community Services**

**October 21, 2014**



## **Recommendation:**

### **That the Council:**

- Adopt the resolution approving a Substantial Amendment to the FY 2014-15 Community Development Block Grant (CDBG) Annual Action Plan for the implementation of the Hayward Promise Neighborhood Street Improvement Project.



# Part 1 - CDBG Overview

## CDBG Program Overview

- Created by Congress in 1974
- 1,209 CDBG grantee jurisdictions nationwide
- Administered by U.S. Dept of Housing and Urban Development (HUD)
- City of Hayward has received formula grant funding annually since 1976
- FY 2014-15 CDBG grant award: \$1.32 million.



# CDBG Overview

## CDBG National Objectives

1. Benefit low- and moderate-income persons;
2. Prevent or eliminate slums or blight;
3. Address urgent needs that pose an immediate and serious threat to the health and welfare of the community for which other funding is not available.

All CDBG activities must substantively meet one or more of these national objectives.



# CDBG Overview

## Eligible Activities

- Construction of public facilities and improvements, including street improvements
- Rehabilitation of residential and non-res. structures
- Economic development / job creation assistance for small businesses
- Public Services, i.e. social services (subject to categorical formula cap)

More detail: CDBG Compliance Policy Manual, adopted by Council on September 16, 2014



## Part 2 - HUD Monitoring Update

### Review and Update

- HUD is conducting comprehensive reviews of CDBG grantee jurisdictions nationwide
- City of Hayward selected for a comprehensive review spanning all 38 program years (1976 – 2014)
- Final City response letter due to HUD by November 1, 2014
- Full Council report and status update scheduled on November 4, 2014.



# HUD Monitoring Update

## Required Action Steps

- Council authorization of a Substantial Amendment to utilize unspent CDBG fund balance identified during the review of past program years 1976 – 2014.  
*(Pending Council approval on October 21, 2014.)*
- Provide a written plan of action to HUD for resolving all remaining concerns no later than November 1, 2014.  
*(Pending completion by staff.)*



## Part 3 - Proposed Substantial Amendment

### Overview

- Comprehensive review and reconciliation of 38 program years 1976 – 2014
- \$1.38 million identified = approximately 2% of all CDBG funds received by the City from 1976 – 2014
- Cumulative result of past years in which CDBG funding recipients failed to spend the full amount allocated to them.
- HUD requires that the reconciled funds be spent on an eligible, shovel-ready project (12 month timeframe)
- Inability to timely expend the funds on an eligible project would result in forfeiture back to the U.S. Treasury.



## Part 4 – Alternative Project Considerations

### Per HUD requirements, projects must:

- Substantially meet CDBG national objective
- Meet CDBG eligibility requirements
- Not include funding for operations/services (due to categorical spending cap)
- Be completed within the 12-month timeframe for use of the reconciled funds.

Only one identified project meets all of the above requirements.



# Alternative Project Considerations

## Eden Youth and Family Center reconstruction

- Proposed project is still in conceptual phase
- Project is not shovel-ready
- Reconstructed center could not be completed and operational within the required 12-month timeframe.

*Project doesn't meet timeframe requirements.*



## Alternative Project Considerations

### Property acquisition for prospective community center concept on Mission Blvd.

- Proposed center is still in early conceptual phase
- Project is not shovel-ready
- Property acquisition and construction of the center could not be completed and operational within the required 12-month timeframe.

*Project doesn't meet timeframe requirements.*



## Alternative Project Considerations

### Property acquisition and/or rehabilitation for prospective homeless service center concept

- Project is conceptual and is not shovel-ready
- No property or site has been identified
- No operating funds have been identified
- No fiscally sustainable, CDBG-compliant agency has been identified to operate facility
- Property acquisition and/or rehabilitation could not be completed and operational within the 12-month timeframe.

*Project is infeasible due to eligibility and timeframe issues.*



# Alternative Project Considerations

## Fire Station Health Clinic

- Project's procurement process was already underway by the time CDBG funds were considered
- CDBG procurement requirements are more stringent than the procurement process already in motion
- No way to change the procurement process to meet the more stringent CDBG requirements after the process had begun.

*Project timing is incompatible with these funds, causing project to be ineligible.*



# Alternative Project Considerations

## Photovoltaics on new library facility

- Energy conservation projects may only be undertaken for the benefit of low-income homeowners
- Public facilities are ineligible for energy conservation projects

*Project is ineligible for CDBG funds.*



# Alternative Project Considerations

## Residential solar program (PAYS)

- Eligibility limited to home water efficiency projects (i.e. water-efficient fixtures); or home energy efficiency (i.e. storm windows, insulation, heating and cooling equipment)
- Programs must be conducted by a designated Community Based Development Organization (CBDO).

*As currently structured, program is ineligible for CDBG.*



## Alternative Project Considerations

### Public services (e.g. shelter services, food distribution, etc.)

- HUD caps spending in the public services category by formula (approximately 15% of the City's annual CDBG award)
- Reconciled funds from 1976-2014 do not change the cap.
- Council has allocated the maximum allowed amount to public services activities.
- If the City exceeds the spending cap, the overspent amount must be returned to the federal government.

All public services options are ineligible due to spending cap.



# Alternative Project Considerations

## Housing Rehabilitation Program

- The program is in the process of being modified to meet new HUD guidelines
- The program could not feasibly expend the funds within the required timeframe.

*This option is infeasible due to timeframe issues.*



# Alternative Project Considerations

## Economic Development

- No shovel-ready economic development projects that meet a National Objective and meet the job creation and retention requirements have been identified.

*This option is infeasible due to eligibility and timeframe issues.*



## Alternative Project Considerations

*Although many projects were reviewed by staff in consultation with HUD, only one project met all of HUD's criteria for the use of the reconciled funds:*

- CDBG national objectives
- Eligible project types
- No funding for public services
- Required timeframe for project completion.

**Due to the categorical cap on public services spending, the only eligible way to spend these funds is toward infrastructure or construction-only projects.**

**If the City fails to timely spend these funds on an eligible project, the City must forfeit the money back to the U.S. Treasury.**



# Proposed Substantial Amendment

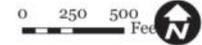
## Hayward Promise Neighborhood Street Improvement Project

- Timeliness spending test is critically important
- HUD has provided prior review and approval of project
- CDBG-eligible low-income census tract
- High need area of Hayward
- Project meets all criteria for CDBG eligibility
- Demonstrable public benefit (CDBG National Objective #1)





# HUD Qualified Census Tract - 4366.01



## Census Tract Information (Excludes perimeter streets)

### Length

Total Lane Miles = 12.7mi

Total Lane Miles Improved = 2.6mi

### Pavement Condition Index - (PCI 100 is new, 0 is failed)

Before Treatment = 58

After Treatment = 75



Streets recommended for pavement improvements



# Pavement List and Estimated Costs

<u>Street Names</u>	<u>Begin</u>	<u>End</u>	<u>Length (ft)</u>	<u>Width (ft)</u>	<u>Area (sy)</u>	<u>Current PCI</u>	<u>Treated PCI</u>	<u>Recommendation based on field observation</u>	<u>Estimated Project Cost</u>
Tioga Road	Orchard Ave	Langley Way	956	32	3399	18	100	Reconstruction	\$197,148
Donald Avenue	Culp Ave	End	377	32	1340	21	100	Reconstruction	\$77,746
Langley Way	Soto Rd	Tioga Rd	530	32	2001	23	100	Reconstruction	\$116,064
Charles Avenue	Culp Ave	End	386	31	1330	28	100	Reconstruction	\$77,114
Muir Street	Culp Ave	End	365	32	1298	30	100	Reconstruction	\$75,271
Frederick Avenue	Soto Rd	Muir Rd	629	32	2236	32	100	Reconstruction	\$129,714
Arvilla Lane	Orchard Ave	CDS	606	31	2239	32	100	Reconstruction	\$129,875
Culp Avenue	Soto Rd	Muir Rd	594	32	2112	37	100	Reconstruction	\$122,496
Muir Street	Orchard Ave	CDS	639	31	2516	40	100	Reconstruction	\$145,941
Muir Street	Berry Ave	Orchard Ave	1244	32	4423	40	100	Reconstruction	\$256,540
Brooks Way	Culp Ave	End	391	31	1347	59	100	Mill and Overlay	\$74,073
<b>Total</b>									<b>\$1,401,983</b>

## Streets to include if funds allow

Ambrose Ct.	Soto Rd	CDS	412	33	1745	27	100	Reconstruction	\$101,236
Thomas Avenue	Sycamore Ave	Silva Ave	642	28	1997	22	100	Reconstruction	\$115,845
Cody Rd.	Sublette Dr	Whitman St	292	32	1038	27	100	Reconstruction	\$60,217
Custer Road	Lander Ave	Sublette Dr	478	32	1700	33	100	Reconstruction	\$98,574
Lander Avenue	Wyeth Rd	Custer Rd	566	32	2012	30	100	Mill & OL	\$110,684
Thomas Avenue	Evelyn Ln	Orchard Ave	719	32	2556	42	100	Mill & OL, maybe Recon	\$140,604
Mardie Street	Joyce St	Whitman St	516	32	1835	46	100	Reconstruction	\$106,411
Waterson Ct.	CDS	Traynor St	235	32	998	31	100	Mill & OL or wait for Recon	\$54,878
Joanne Street	CDS	Mardie St	915	31	3207	38	100	Reconstruction	\$185,987
Joyce Street	Orchard Ave	Mardie St	1035	31	3743	39	100	Reconstruction	\$217,081
Traynor Ct.	CDS	Traynor St	238	32	1001	40	100	Mill & OL or wait for Recon	\$55,037
Sublett Drive	Wyeth Rd	Custer Rd	556	32	2012	40	100	Reconstruction	\$116,722
Alves Street	Sycamore Ave	End	662	34	2501	42	100	Mill & OL, maybe Recon	\$137,549
Sycamore Avenue	Jaskson St	Silva Ave	1337	32	4909	61	100	Mill & OL, maybe Recon	\$270,013



# Proposed Substantial Amendment

## Hayward Promise Neighborhood Street Improvement Project

- Environmental Impact meets criteria for Categorical Exemption
- Shovel ready project can be completed within 12 months
- Does not impact categorical spending cap on public services

The Hayward Promise Neighborhood has been identified by the City and a coalition of partners as a focus neighborhood for significant infrastructure and education reinvestment.



# Recommended Next Steps

## October 21, 2014

- *Adopt the resolution authorizing a Substantial Amendment to the FY 2014-15 CDBG Annual Action Plan for the Hayward Promise Neighborhood Street Improvement Project.*
- *Council authorization would complete the full reconciliation of the City's CDBG program including all previously allocated CDBG project funds spanning the years 1976-2014, as required by HUD.*

