



WS #2

DATE: April 22, 2008
TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: FY09 Community Development Block Grant (CDBG) Funding Allocations and Annual Action Plan

RECOMMENDATION

That Council reads and comments on this report.

SUMMARY

Hayward is awarded an annual Community Development Block Grant (CDBG) Entitlement from the U.S. Department of Housing and Urban Development (HUD). This revenue, combined with the program income (primarily generated from Housing Rehabilitation Loan Program payments) is used to support grants to eligible community projects, and to support the administration of the CDBG Program. Additionally, re-programmed funds from previously funded projects that were either canceled or completed for less than the amount budgeted can be used to support community projects in the forth coming year. All funds combined, the total CDBG funds available in FY09 is \$2,443,616.

CDBG Program administration costs for FY09 are estimated to be \$378,723. This includes funding for HUD-required environmental reviews, federally-required fair labor standards construction wage monitoring, HUD-required relocation expenses associated with construction projects, and support for homeless services that are coordinated with other jurisdictions in accordance with the Alameda County-wide Homeless and Special Needs Plan. The balance of funds available for allocations in support of other CDBG activities is \$2,064,893.

The Hayward Citizens Advisory Commission (CAC) and staff conducted a thorough review of the applications submitted for FY09 CDBG funding; both were in complete agreement with regard to the funding recommendations. Attachment A provides a chart showing the funding recommendations for all of the applications submitted.

BACKGROUND

Community Development Block Grant funds can be used to support eligible projects in the following categories:

- New or Ownership Housing
- Housing Rehabilitation
- Neighborhood Facility Improvements
- Housing-Related Public Services
- Economic Development
- Commercial Rehabilitation

Competitive and Equitable Funding Process:

The FY 08-09 CDBG Funding Process was conducted in a manner prescribed by the City's HUD-required Citizen Participation Plan, and was consistent with prior years' funding cycles. On October 31, 2007, the City released the FY 2008-09 CDBG Program Request for Proposals (RFP) in which it was announced that CDBG funding would be available to support the delivery of eligible activities that benefit low-income members of the Hayward community. On the same day, the City's Social Services Request for Proposals was released to the public. Generally, CDBG Public Services funds are allocated to support housing-related activities to low-income people (such as homeless shelter services), and the City's Social Services program supports other types of community services to low-income Hayward residents.

A total of 25 CDBG applications were submitted by the December 17, 2008 deadline. The total requested was \$2,872,156; approximately 39% more than the \$2,064,893 available for distribution. The Citizens Advisory Commission (CAC) established an Application Review Committee (ARC), whose members interviewed the applicants on Saturday, February 9, 2008. The interview process provided an opportunity for the Commissioners and staff to gain a better understanding of the proposed projects as well as the applicants' capabilities for carrying out those projects.

Based on the independent review of all the proposals by Commission members, as well as the input provided by the ARC and staff, the Commission developed its Funding Recommendations at its regular public meeting on February 13, 2008. The following factors were considered during the development of these recommendations:

- The content provided in the applications submitted;
- The eligibility of the proposed activities per federal and local requirements;
- The information provided by applicants during the applicant interviews;
- Applicants' past performance and current capacity to carryout the proposed projects in accordance with federal and local requirements in a timely manner;
- The depth and breadth of need for the proposed program/services; and
- The number of low-income Hayward residents that would benefit from the proposed project.

Applicants were informed in writing about the Funding Recommendations from both the Commission and staff. At the Commission's March 19, 2008, meeting there was an opportunity for community members, including applicants, to contribute comments pertaining to the Funding Recommendations. Subsequently, with consideration of the comments made, the CAC unanimously voted to approve and forward its funding recommendations to City Council. The Commission's decision was unanimous. After careful review and in consideration of information

obtained through the above described process, staff concurred with the Commission's funding recommendations. Attachment A provides a chart showing the funding recommendations for all of the applications submitted.

DISCUSSION

Applications Not Recommended for Funding

Of the 25 proposals submitted, three were not recommended for funding. Following is a brief description of these proposals, and the rationale for the recommendations:

Applicant No. 4: Housing Consortium of the East Bay
Project: Meekland Avenue Housing

The Housing Consortium of the East Bay (HCEB) creates opportunities for persons with developmental disabilities to live independently by developing affordable communities, securing set-aside units with non-profit and for-profit managed housing complexes and rehabilitating single-family homes to meet the needs of low-income persons. HCEB is partnering with Satellite Housing, Inc. to develop the Meekland Ave Housing (MAH) project. This is a permanently affordable project consisting of 22 accessible apartment units for adults with developmental disabilities; support services will also be provided to the residents of this project. Funding for the project was not recommended at this time because no other sources of funding were committed at the time that this application was being reviewed. Consequently, the Commission and staff felt that the project would not be executed in a timely manner. The project is also not located within City limits. This does not mean that the project is ineligible for City CDBG funds; however, this did affect the project's competitiveness in comparison with other projects that are located inside the City.

Applicant No. 5: Bay Area Community Services (BACS)
Project: Woodroe Place Crisis Residential Program

Woodroe Place is a two-story community-based residential program that serves as an alternative to hospitalization for adults with severe and persistent mental illness. BACS applied for \$143,000 in CDBG funds to add 2 new accessible bedrooms to the facility, 2 new handicapped accessible bathrooms and showers, a ramp or elevator to the second floor, and to expand the facility's dining room and storage room areas. The following factors led the Commission and staff to recommend that no funding be provided for this project at this time:

- At the time that the Hayward CDBG proposal was being reviewed, there were no other funds committed to the project. Hayward funding represented only 40% of the overall project cost; this led the Commission and staff to the conclusion that the lack of collateral support could result in project delay or even failure.

- Based on the City's experience with other similar CDBG projects, it appeared that the applicant's project budget may have been underestimated. Perhaps federal prevailing wage requirements were not included in the applicant's budget estimates. Also, while the project would improve accessibility for people who have disabilities, the clients who presently reside there do not require such modifications. The relative lack of urgency and the level of readiness to proceed both negatively affected this project's competitiveness in comparison with other projects.
- While Woodroe Place currently provides services to some Hayward residents, the facility is not physically located in Hayward. The project's location in unincorporated Hayward (which is technically the County's jurisdiction) does not mean the project is ineligible for City CDBG funds; however, this fact did negatively affect the project's competitiveness in comparison with other projects that are located inside the City limits.

Applicant No. 7: Emergency Shelter Program (ESP)
 Project: A Special Place Child Care Center

The Emergency Shelter Program is requesting \$46,500 in CDBG funds to rehabilitate its Child Care Center, called A Special Place. The funding requested was to install a wheelchair accessibility ramp and landing, replace the back porch and steps, replace ceiling tiles, replace entranceway flooring, install a new fence, and enhance the exterior flood lighting.

The Emergency Shelter Program recently discontinued the provision of infant care at its site where there are two portable structures, both of which were acquired with Hayward CDBG funds. The agency has also received subsequent program assistance with Hayward CDBG funds. When the CDBG funds were allocated to ESP, pursuant to federal disposition requirements, ESP contractually agreed to provide infant care at the site until such time as there was no further need for these services or until the City approved an alternative eligible CDBG use for the facility. The City informed ESP that it needed to request approval for an alternative use prior to carrying out other services from these facilities. Until a suitable, revised use of the infant care building has been approved by the City, it is not recommended that additional CDBG funds be allocated for facility improvements at that site.

FISCAL IMPACT

The CDBG revenues budgeted for FY09 include:

FY09 CDBG Entitlement Grant:	\$1,693,616
FY09 Projected Program Income:	200,000
<u>CDBG Funds Available for Re-allocation</u>	<u>550,000</u>
Total CDBG Funds Available –FY09:	\$2,443,616

The CDBG Program administration costs for FY09 are estimated to be \$378,723. This includes funding for HUD-required environmental reviews, federally-required fair labor standards construction wage monitoring, HUD-required relocation expenses associated with construction projects, and support for homeless services that are coordinated with other jurisdictions in accordance with the Alameda County-wide Homeless and Special Needs Plan. The balance of

funds available for allocations in support of other CDBG activities is \$2,064,893; the CAC and staff are recommending that these funds be allocated as presented in Attachment A of this report.

PUBLIC CONTACT

The FY 2008-09 Action Plan presents the specific programs and projects that implement the goals and objectives of the City's FY 2005/06 – 2009/10 Five Year Consolidated Plan and is the City's application for Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). The Five-year Consolidated Plan is a public document that provides a comprehensive review of the City's housing and community development characteristics and needs, an inventory of resources available to meet those needs and a five-year strategy for the use of those resources. The Annual Action Plan is the public document that presents the specific activities implemented to achieve the local and national objectives described in the Consolidated Plan.

On March 24, 2008, a Public Notice was posted that explains the purpose and content of the Annual Action Plan. A draft of the Plan was also made available for public review and comment from Monday, March 24, 2008 through Tuesday, April 22, 2008. This draft included the programs listed in the chart provided as Attachment A. At its May 6, 2008 CDBG Public Hearing, the Hayward City Council will determine which projects will be funded, and thereby included in the final version of the City's FY08-09 Annual Action Plan submitted to HUD.

Also, in compliance with its HUD-required Citizen Participation Plan; the City took the following actions to insure that members of the public had an opportunity to participate in the decision-making process regarding the allocation of CDBG funds:

- On October 31, 2007, the CDBG Request for Proposals (RFP) was released to the public. December 17, 2007 was the deadline for nonprofit agencies to submit FY 08-09 CDBG applications; twenty-five applications were received.
- All of the meetings of the City Council and City Commissions are publicly posted in accordance with the requirements of the California Brown Act. At its regularly scheduled meeting on January 16, 2008, the Hayward Citizens Advisory Commission discussed each of the submitted CDBG Applications; follow-up questions for each applicant were also generated at this time.
- Each Applicant was interviewed by the CAC's Application Review Committee on Saturday, February 9, 2008.
- At its regular public meeting on February 20, 2008, the CAC established its Funding Recommendations. The Commission and staff recommendations were subsequently sent to each of the applicants.
- At its regular public meeting on March 19, 2008, there was an opportunity for members of the public, including applicants, to submit comments pertaining to the CAC and staff funding recommendations. Two Public Comments made are as follows:
 - Ms. Rachel Lee Holstein was in attendance, representing the Alameda County Community Food Bank (application No. 14). Ms. Holstein thanked the Commission for

its recommendation to provide continued funding to the proposed Food Bank project, which provides food to homeless shelters located in Hayward. She also commented that food requests from Hayward residents have increased by 30% in the past year.

- Ms. Cate Steane, representing the Family Emergency Shelter Coalition (FESCO) (application #19), thanked the Commission for its recommendation of continuing support of the shelter. She commented that FESCO provides over 11,000 meals each year to the homeless families who stay at the shelter. She also indicated that each year FESCO provides clean, safe shelter and support services to 120 homeless families, and unfortunately must turn away over 500 families each year due to its limited capacity.

At the conclusion of the Public Comment period, the CAC voted to finalize and send its funding recommendations to the City Council for its consideration.

The Council's April 22, 2008 CDBG Funding Work Session represents another opportunity for the public to be involved with the CDBG funding process. Finally, on Tuesday, April 5, 2008, a Public Hearing Notice announcing the City Council's May 6, 2008 CDBG Funding Public Hearing was published in the Daily Review newspaper and posted at the City's public libraries.

NEXT STEPS

The City Council's CDBG Public Hearing is scheduled for Tuesday, May 6, 2008. Pursuant to City Council's establishing its FY09 CDBG allocations, staff will conduct the requisite environmental reviews, and meet with representatives from each funded agency to facilitate contract execution.

Prepared by:



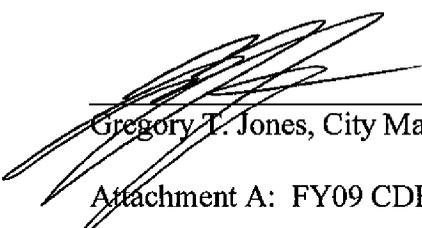
David Korth, Neighborhood and Economic
Development Manager

Recommended by:



Susan Daludding, Director of Community and
Economic Development

Approved by:



Gregory T. Jones, City Manager

Attachment A: FY09 CDBG Recommendations Summary Chart

A complete set of the applications received, and a copy of the DRAFT FY08-09 CDBG Annual Action Plan are available for review in the City of Hayward Community and Economic Development Department.

**Attachment A
FY09 CDBG FUNDING RECOMMENDATIONS**

NAME OF AGENCY	FY 07-08 CDBG Funding	FY 07-08 CDBG Funds Requested	Staff Recom- mendations	CAC Recom- mendations
New or Ownership Housing				
1. Habitat for Humanity East Bay	N/A	75,000	29,563	29,563
	Subtotal:	75,000	29,563	29,563
Housing Rehabilitation				
2. COH: Hsg. Rehab. Loan Program	575,000	575,000	575,000	575,000
3. COH: Minor Home Repair Program	350,000	350,000	350,000	350,000
4. Housing Consortium of the East Bay	N/A	300,000	0	0
	925,000	1,225,000	925,000	925,000
Neighborhood Facilities & Improvements				
5. BACS: Woodroe Place	N/A	143,000	0	0
5(a) COH: Acquisition of MJCC	133,330	133,330	133,330	133,330
6. Eden Youth and Family Center	N/A	10,000	10,000	10,000
7. Emergency Shelter Program	35,000	46,500	0	0
8. HARD / Hayward Senior Center	N/A	110,000	75,000	75,000
9. Hope for the Heart	N/A	22,294	22,000	22,000
10. Magnolia Women's Recovery Program	N/A	150,000	50,000	50,000
11. Seventh Step Foundation	10,560	75,222	25,000	25,000
12. Spectrum Community Services	41,800	130,000	100,000	100,000
13. Women on the Way	N/A	10,000	6,000	6,000
	52,360	830,346	421,330	421,330
Public Services				
14. Alameda County Community Food Bank	35,000	35,000	35,000	35,000
15. Bay Area Youth Centers	21,000	23,800	23,800	23,800
16. Eden Council for Hope and Opportunity	62,400	71,365	66,555	66,555
17. Eden I & R	35,000	35,000	35,000	35,000
18. Emergency Shelter Program	19,200	26,645	26,645	26,645
19. FESCO	19,000	25,000	25,000	25,000
20. Family Violence Law Center	47,000	57,000	57,000	57,000
21. Women on the Way	14,500	18,000	15,000	15,000
	253,100	291,810	284,000	284,000
Economic Development				
22. COH: Small Bus. Rev. Loan Program	N/A	250,000	230,000	230,000
23. 4-C's	50,000	50,000	50,000	50,000
24. SHP / Day Laborer Center	N/A	150,000	125,000	125,000
	50,000	450,000	405,000	405,000
Commercial Rehabilitation				
No applications submitted.			-	-
			-	-
	TOTALS:	\$2,872,156	\$2,064,893	\$2,064,893