



**DATE:** June 28, 2022

**TO:** Mayor and City Council

**FROM:** Acting Assistant City Manager

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Bay Area Community Services for Fiscal Year 2022-2023 Shallow Rental Subsidy Program Operations in an Amount Not to Exceed \$500,000

### **RECOMMENDATION**

That the Council adopts a resolution (Attachment II) authorizing the City Manager to execute an agreement with Bay Area Community Services (BACS) in an amount not to exceed \$500,000 to operate the City's FY 2023 Shallow Rental Subsidy program.

### **SUMMARY**

In July 2021, Council adopted the Let's House Hayward! Strategic Plan (LHH Plan), which includes the activity of identifying funds for and developing a shallow subsidy program for extremely low income and high rent burden households.<sup>1</sup> At the same time, Council adopted a federal expenditure plan for allocating the City's American Rescue Plan Act (ARPA) funding, which included allocating \$500,000 a year for three years to fund a shallow rental subsidy pilot program.<sup>2</sup>

Shallow rental subsidy programs are partial rent payments made on behalf of a tenant directly to their landlord to reduce their household rent burden and increase their available income. Figure 1 summarizes the key components of the City's program, which staff will finalize with BACS before an estimated program launch of September 1, 2022. The eligibility criteria were identified in partnership with BACS and based on existing research demonstrating that prevention programs are most effective at stemming the in-flow into homelessness when they are targeted towards households with the greatest risk of homelessness.

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<sup>1</sup> July 13, 2021, City Council Meeting Agenda and Materials (LHH Plan):  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028014&GUID=E5369F11-C504-413E-B317-E2797DF45328&Options=&Search=>

<sup>2</sup> July 13, 2021, City Council Meeting Agenda and Materials (Federal Expenditure Plan):  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028015&GUID=E0215022-6A47-486F-81C4-9BFB2583AE10&Options=&Search=>

**Figure 1. Hayward Shallow Rent Subsidy Program**

Eligibility	Subsidy Format	Implementation
<ul style="list-style-type: none"> <li>•Extremely low income (30% of AMI or lower)</li> <li>•Prior experiences of homelessness</li> <li>•50% or greater cost burden</li> <li>•Reside in a census tract at high risk for housing instability and homelessness</li> </ul>	<ul style="list-style-type: none"> <li>•Monthly payment made directly to landlord</li> <li>•Lesser of either \$800 or amount required to bring cost burden under 50%</li> <li>•18 month period</li> <li>•Estimated \$690 per month per household, serving approximately 38 households per year</li> </ul>	<ul style="list-style-type: none"> <li>•Online application portal available in multiple languages, with staff available to support applicants</li> <li>•Outreach to Hayward COVID-19 rental assistance program</li> <li>•Case management services that meet each recipient "where they're at" and leverage existing suite of BACS services and partnerships</li> </ul>

There is substantial regional support for shallow rental subsidy programs as valuable homelessness prevention strategies, including Alameda County’s Home Together 2026 Plan and the Regional Impact Council’s (convened by All Home) Regional Action Plan (RAP).<sup>3,4</sup> All Home is also convening providers of these programs throughout the region to share learnings and build on successful findings.

Staff recommends Council adopt the attached resolution authorizing the City Manager to execute an agreement with BACS to operate the City’s FY 2023 Shallow Rental Subsidy program.

**BACKGROUND**

**Homelessness in Hayward**

As of the February 2022 Point-in-Time (PIT) Count, there are 381 people experiencing homelessness in Hayward, which is a 22% reduction in overall homelessness since the last PIT Count in January 2019. There was a 28% decrease among those who are unsheltered (i.e., living outside or in a tent, vehicle, or abandoned building). There was a substantial increase in the proportion of unsheltered individuals living in a tent and a corresponding decrease in the proportion of those living in an RV.

<sup>3</sup> Alameda County Health Care Services Agency. *Home Together 2026: 5-year plan to end homelessness in Alameda County*. Retrieved from <https://homelessness.acgov.org/reports.page?>

<sup>4</sup> Regional Impact Council. *Regional Action Plan*. Retrieved from <https://www.allhomeca.org/regionalactionplan/>

The reduction in individuals experiencing homelessness in Hayward likely reflects several factors. The City invested over \$15 million in General Fund and special revenue funds to respond to and prevent homelessness since 2018. At the same time, improvements were made to the PIT Count methodology for 2022, including geo-coding the location of where individuals were living, which could result in a shift of individuals previously counted as Hayward residents who may now be more accurately counted as residing in Unincorporated Alameda County or another neighboring jurisdiction.

**Let’s House Hayward! Strategic Plan and American Rescue Plan Act Funding**

Recent analyses reported in the Alameda County Home Together five-year plan to end homelessness indicates that continued and increased investment in prevention and housing are needed to prevent growth in homelessness throughout the County. The City’s LHH Plan is a key element for such continued investment. Adopted on July 13, 2021, the plan uses a racial equity lens, aligns with existing regional plans, centers individuals with lived experience, leverages Hayward’s strengths and previous efforts, addresses Hayward’s unique needs, and establishes a pipeline of projects and programs that are community-driven to set the City up to quickly respond to upcoming funding and partnership opportunities. The LHH Plan contains three over-arching goals:

1. Formalize a Coordinated and Compassionate Citywide Response to Homelessness and Develop Wider Community Understanding and Engagement
2. Increase Availability of and Reduce Barriers to Homeless Crisis Response Services
3. Ensure Access to and Retention of Affordable Permanent Housing

At the same time as adopting the LHH Plan, Council also approved the City’s Federal Stimulus Expenditure Plan, which outlines how the City will spend approximately \$38 million in ARPA funding. Table 1 describes the projects from the LHH Plan that were funded through ARPA.

**Table 1. Let’s House Hayward! Projects Funded Through ARPA**

<b>Project</b>	<b>Description</b>	<b>Total Allocation</b>	<b>Timing</b>
Community Agency Funding Augmentation	Supplement annual social services funding	\$500,000	FY23
Extend Hotel Annex	Increase contract duration for Navigation Center Annex, providing additional two years of non-congregate shelter	\$3,000,000	FY22 & FY23
Expand Winter Warming Shelter, including Day Hours	Expand existing shelter to year-round operations including a daytime drop-in center	\$2,000,000	FY22 & FY23
<b><i>Shallow Rent Subsidies for Homelessness Prevention</i></b>	<b><i>Implement new program to provide small monthly rent payments for extremely low-income households at risk of homelessness</i></b>	<b><i>\$1,500,000</i></b>	<b><i>FY22, FY23, &amp; FY24</i></b>

<b>Project</b>	<b>Description</b>	<b>Total Allocation</b>	<b>Timing</b>
Hayward Navigation Center Contribution	Offset the annual General Fund contribution for one FY	\$1,000,000	FY22
Foreclosure Legal and Financial Assistance	Legal services with the option for financial assistance to prevent foreclosure	\$1,000,000	FY22, FY23, & FY24
First-Time Homebuyer Down Payment Assistance/Wealth-Building Program	Community-informed program to support wealth-building through home ownership assistance	\$2,000,000	FY23 & FY24
Relocation Assistance for Displaced Tenants	Emergency relocation assistance for low-income tenants displaced by natural disaster	\$250,000	FY22, FY23, & FY24
Tax-Defaulted/Foreclosed Property Program	Program to support local non-profits' acquisition of tax-defaulted or foreclosed properties	\$1,000,000	FY24
<b>TOTAL FUNDING</b>		<b>\$12,250,000</b>	

**DISCUSSION**

**Shallow Rental Subsidy Overview**

Shallow rental subsidies are partial rent payments made on behalf of a tenant directly to their landlord to reduce their household rent burden and increase their available income. They are different from deeper subsidies, like those provided through permanent supportive housing programs, which provide enough assistance to ensure renters only pay 30% of their income in rent. It also differs from guaranteed income or universal income programs, which typically provide funds without spending restrictions.

Shallow subsidies are an important solution in the suite of tools for stemming the in-flow of people and families into homelessness, as highlighted by Alameda County’s Home Together 2026 plan and the Regional Action Plan (RAP) developed by the Bay Area Regional Impact Council and endorsed by Council in October 2021.<sup>5</sup> The Home Together plan recommends focusing prevention resources on those most likely to lose their homes, including implementing and expanding shallow subsidy availability, “for people with fixed or limited income with housing insecurity to relieve rent burden and reduce the risk of becoming homeless.”<sup>6</sup> The RAP outlines a 1-2-4 system funding model to house, stabilize, and prevent individuals from re-entering homelessness. The model argues that for every one unit of interim housing, there

<sup>5</sup> October 26, 2021, City Council Meeting Agenda and Materials: <https://hayward.legistar.com/LegislationDetail.aspx?ID=5192086&GUID=57F17E63-FD5D-4D73-B967-6D5D4AD7CB60&Options=&Search=>

<sup>6</sup> Alameda County Health Care Services Agency. *Home Together 2026: 5-year plan to end homelessness in Alameda County* (p. 27). Retrieved from <https://homelessness.acgov.org/reports.page?>

should be two units of permanent housing and four units of prevention interventions (e.g., financial assistance, housing problem-solving services, and legal services). In other words, for every one unit of interim housing, the Regional Impact Council model recommends four units of prevention services, such as the shallow subsidy program described in this report. The RAP specifically calls out cash payments, such as shallow subsidies as a priority for implementation. Both reports highlight the need for flexible subsidies, including shallow subsidies, for halting the inflow of people into homelessness in the region.

### **City of Hayward Shallow Rental Subsidy Program**

Staff recommend contracting with Bay Area Community Services (BACS) to operate Hayward's Shallow Rental Subsidy (SRS) program. BACS responded to the City's Request for Proposals (RFP) to operate the program and their proposal clearly demonstrated their qualifications and experience. BACS administered the City's COVID-19 rental assistance program and currently operates similar SRS programs across the Bay Area. They have a strong existing infrastructure, including an online portal and internal workflows for referral, enrollment, landlord communication, and data tracking. Additionally, the organization provides a full spectrum of services in behavioral health, housing problem-solving, and employment and education supports.

Following Council authorization, staff will work closely with BACS to finalize the SRS program design. Based on initial conversations with BACS and participation in regional prevention working groups convened by All Home,<sup>7</sup> staff propose modeling Hayward's Shallow Rental Subsidy program off existing shallow subsidy pilot programs throughout the Bay Area, which have been developed through consultation with subject matter experts, regional action plans, and best practices research. Aligning the City's program with other regional programs allows the City to learn from existing programs, leverage BACS's established infrastructure, and participate in regional impact discussions and evaluation activities.

### **Figure 2. Hayward Shallow Rent Subsidy Program**

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<sup>7</sup> All Home California: <https://www.allhomeca.org/>

Eligibility	Subsidy Format	Implementation
<ul style="list-style-type: none"> <li>•Extremely low income (30% of AMI or lower)</li> <li>•Prior experiences of homelessness</li> <li>•50% or greater cost burden</li> <li>•Reside in a census tract at high risk for housing instability and homelessness</li> </ul>	<ul style="list-style-type: none"> <li>•Monthly payment made directly to landlord</li> <li>•Lesser of either \$800 or amount required to bring cost burden under 50%</li> <li>•18 month period</li> <li>•Estimated \$690 per month per household, serving approximately 38 households per year</li> </ul>	<ul style="list-style-type: none"> <li>•Online application portal available in multiple languages, with staff available to support applicants</li> <li>•Outreach to Hayward COVID-19 rental assistance program</li> <li>•Case management services that meet each recipient "where they're at" and leverage existing suite of BACS services and partnerships</li> </ul>

Figure 2 provides an overview of the program design, based on best practices research and existing regional models. Eligibility criteria include households that are extremely low income and severely cost burdened, which means they are paying more than 50% of their income on rent each month. The program will also prioritize households with prior experiences of homelessness who reside in a census tract neighborhood with high risk for housing instability and homelessness.<sup>8</sup> Research cited by the County’s Home Together plan supports focusing on these criteria for subsidy eligibility, as extremely low income, history of homelessness, and living in neighborhoods with high rates of poverty all increase the risk of homelessness.

BACS will use a targeted outreach strategy to identify and enroll eligible participants. Outreach will be multi-pronged, with a focus on referrals from the local network of service providers and direct outreach to households that applied for the City’s COVID-19 rental assistance program.

Once enrolled, BACS will make monthly payments directly to participants’ landlords. The stipend amount will be the lesser of either 1) \$800 or 2) the amount required to bring the household’s rent cost burden to under 50%. In addition to the monthly stipend, participants will have access to BACS’s Care Coordinators, who will link households to a variety of supportive services, functioning as an individualized resource contact for program participants and providing services that meet participants “where they’re at.” Staff and BACS will work together to identify appropriate outcome indicators for progress reporting. Such indicators may include housing retention and stability, economic stability, food security, and community connection.

## Regional Collaboration and Impact

<sup>8</sup> Neighborhood risk will be measured using the Urban Institute’s Emergency Rental Assistance Priority Index: <https://www.urban.org/features/where-prioritize-emergency-rental-assistance-keep-renters-their-homes>

As described above, shallow subsidies and other flexible funding models play an important role in Alameda County's response to homelessness by reducing the in-flow of individuals and families into homelessness. Recognizing the value of and need for these programs, All Home began convening cities developing and implementing shallow subsidy programs, creating space for discussion, learning, and collaboration across the region. Hayward is one of at least four other regional shallow subsidy pilots, including those in the Cities of Oakland and Berkeley, as well as the Counties of Alameda and San Francisco. Through participation in these convenings, the City can learn vital implementation and outcomes lessons from other programs as well as contribute learnings from Hayward's unique perspective.

### **Advancing Racial Equity**

The disproportionate impact of housing instability and homelessness on Black, Indigenous, and people of color is well documented. Hayward's most recently available 2022 PIT Count data show that, among individuals experiencing homelessness in a shelter, those identifying as Black/African American, American Indian/Alaska Native, and Native Hawaiian/Pacific Islander are significantly over-represented. In Alameda County, Black/African Americans and Native Hawaiian/Pacific Islanders return to homelessness at higher rates than other racial groups. In an analysis of applicant data for Hayward's COVID-19 rental assistance program, Black/African American and American Indian/Alaska Native applicants were more likely than all other racial groups to have a prior experience of homelessness.

The Home Together plan calls for addressing racial disparities in new homelessness and returns to homelessness through prevention programs that are targeted to specific household needs. The City of Hayward's Shallow Rental Subsidy program will be designed with a focus on this call to action by coupling financial assistance with case management services for households most at risk of re-entering homelessness. Focusing eligibility criteria on extremely low income and cost-burdened households with histories of homelessness living in neighborhoods at high risk of housing instability enables Hayward's Shallow Rental Subsidy program to help reduce the racial disparities among individuals entering homelessness in Hayward.

### **ECONOMIC IMPACT**

The Shallow Rental Subsidy program will have an economic impact on both the specific households served as well as the broader Hayward community. The program will reduce the housing cost burden and increase the available income for approximately 38 households per year for an 18-month period. Those served will be at risk for homelessness, meaning that more households will be able to remain housed in Hayward. This puts less economic stress on existing services that support individuals experiencing homelessness, including emergency response services, the criminal justice system, emergency shelters, and other essential services.

### **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect, & Produce Housing for All. Specifically, this item relates to the implementation of the following project:

Project H2, Part b      Implement Let's House Hayward! Strategic Plan: Pilot Shallow Subsidy Program

**FISCAL IMPACT**

The Shallow Rental Subsidy program is funded through the City's American Rescue Plan Act (ARPA) allocation and will have no impact on the City's General Fund. Council authorized an annual allocation of \$500,000 for three years for a total ARPA allocation of \$1.5 million.

Additionally, the County has highlighted shallow subsidy programs as a priority homelessness prevention strategy. Staff will continue to communicate with the County to identify opportunities, such as Measure W, for providing ongoing funding sources for shallow subsidy programs.

**PUBLIC CONTACT**

The Let's House Hayward! strategic planning process was the primary mechanism for public contact and community engagement for this program. For a detailed discussion of the LHH community engagement activities, please see prior Council items.<sup>9,10</sup>

**NEXT STEPS**

Following Council authorization, staff will work with BACS to execute an agreement for one year of operating the Shallow Rental Subsidy Program. Based on anticipated contracting timelines, staff estimates that the program will launch in September 2022. Staff will bring an implementation update to Council at the next Let's House Hayward! Strategic Plan update.

*Prepared by:*            Amy Cole-Bloom, Management Analyst

*Recommended by:*    Monica Davis, Community Services Manager  
                                 Dustin Claussen, Acting Assistant City Manager

Approved by:



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Kelly McAdoo, City Manager

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<sup>9</sup> April 20, 2021, City Council Meeting Agenda and Materials:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4916429&GUID=67261A4F-2AD6-499F-98DF-E3EFEC367E21&Options=&Search=>

<sup>10</sup> July 13, 2021, City Council Meeting Agenda and Materials:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028014&GUID=E5369F11-C504-413E-B317-E2797DF45328&Options=&Search=>