



DATE: July 6, 2021

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute an Amendment to the Agreement with Bay Area Community Services to Increase the Contract in an Amount Not-to-Exceed \$110,137 for the COVID-19 Rental Assistance Program

RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing the City Manager to execute an amendment to the agreement with Bay Area Community Services (BACS) to increase the contract in an amount not-to-exceed \$110,137 to pass-through Alameda County Community Development Block Grant CARES Act funds for unincorporated Alameda County and reimburse BACS for an additional nine households that were not included in the initial award.

SUMMARY

This item amends the City's existing rental assistance program agreement with BACS to pass-through an award from Alameda County to reimburse the City for funds paid to households in unincorporated Alameda County, as well as to reimburse BACS for grants paid to nine households that were misclassified as residing in unincorporated county.

Early in the implementation of the program, the City and BACS identified 54 households that were awarded funds from the City's rental assistance program that were actually residents of unincorporated Alameda County. Subsequently, the City 1) identified that nine of the households were misclassified initially and were actually Hayward households; and 2) received an award from Alameda County as reimbursement for the 45 unincorporated households. In anticipation of the County reimbursement of all 54 households, BACS allocated the funds to Hayward residents. This amendment reimburses BACS by passing through the award from the County and allocating additional CDBG entitlement funds from the City for the nine households that were misclassified as unincorporated.

BACKGROUND AND DISCUSSION

On April 28, 2020, Council allocated \$600,000 of the City's first round of CARES Act Community Development Block Grant (CDBG-CV) funds to rental assistance. The City entered

into an agreement with BACS to administer the COVID-19 tenant rental assistance program, which provided one-time rent relief payments to low-income households experiencing economic hardship due to COVID-19. The agreement with BACS was subsequently amended twice, once on July 7, 2020, to allocate \$388,000 in HOME funds to the rental assistance program and again on December 8, 2020, to allocate \$745,728 in CDBG-CV funds from the City’s second CARES Act allocation.

During the first month of rental assistance program implementation, some tenant households located in unincorporated Alameda County with Hayward addresses received rental assistance through the City’s program. To address the issue staff negotiated a repayment agreement with Alameda County to cover the costs of funds disbursed by BACS on behalf residents of unincorporated Alameda County. Alameda County received its own CDBG-CV grant for assistance to the unincorporated areas and agreed to award the City \$91,419 to reimburse the City for those households. In January 2021, Alameda County amended the City’s HOME subrecipient agreement, awarding the City \$91,418.96 of the County’s CDBG CARES Act funding.

However, nine Hayward households were misclassified as unincorporated Alameda County households, and received relocation assistance totaling \$18,718, but were not identified until all the City CDBG-CV funds were expended. The current contract with BACS does not cover the cost of rental assistance received by these nine Hayward households.

In order to reimburse BACS for the rental assistance paid to tenants in unincorporated Alameda County using the funds awarded to the City by Alameda County, the City must amend the contract. Furthermore, staff recommends including additional funds to reimburse BACS for the Hayward households initially misclassified as unincorporated and thus not reimbursed under the existing agreement. Staff have identified \$18,718 in uncommitted CDBG entitlement funds for use in this agreement for households within the City of Hayward. Staff recommends amending the existing BACS contract to increase the funding amount an amount not-to-exceed \$110,137. Table 1 below summarizes the two components of the amendment to increase the award amount of the City’s agreement with BACS.

Table 1. Summary of BACS Contract Amendment Increase

Rental Assistance Recipients	Funding Source	Contract Amendment Increase
45 Households in Unincorporated Alameda County	Alameda County CDBG-CV Award	\$91,419
9 Households in City of Hayward	Uncommitted City of Hayward CDBG Entitlement Funds	\$18,718
Total Amendment Increase		\$110,137
TOTAL CONTRACT AMOUNT		\$1,455,865

To date, BACS has expended all of the allocated funds to a total of 670 low-income Hayward residents. This amendment will not increase the number of rental assistance recipients;

rather, this amendment enables the City to reimburse BACS for grants already paid to rental assistance award recipients from the City of Hayward.

ECONOMIC IMPACT

There will be no additional economic impact from this amendment, as the increase covers the costs of rental assistance that has already been distributed.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priorities of Preserve, Protect, and Produce Housing; Grow the Economy; and Support Quality of Life. It is not specifically related to a project identified in the Strategic Roadmap. This item is an operational requirement for administering the City’s CDBG-CV- and HOME-funded rental assistance program.

FISCAL IMPACT

All funds allocated in this item are from federal sources and will not impact the City’s General Fund. The Department of Housing and Urban Development (HUD) waived the public services spending cap for COVID-19 response programs funded during HUD Program Years 2019 and 2020 (i.e., Fiscal Years 2020 and 2021); therefore, the 15% maximum for public services spending does not apply. Through this amendment, the City will allocate \$18,718 of its uncommitted CDBG entitlement funds, which were available due to a surplus in program income during FY 2020.

PUBLIC CONTACT

No public contact was necessary for this amendment. Public feedback was solicited to develop the rental assistance program and to allocate the initial CDBG-CV and HOME funds.

NEXT STEPS

Prepared by: Amy Cole-Bloom, Management Analyst

Recommended by: Jennifer Ott, Assistant City Manager

Approved by:



Kelly McAdoo, City Manager