



**DATE:** February 21, 2023

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt a Resolution Amending Resolution 22-225 to Award up to \$627,554 in Community Development Block Grant (CDBG) Funds to Bay Area Community Services (BACS) for the St. Regis Multi-Service Campus Project

## **RECOMMENDATION**

That the Council adopts a resolution (Attachment II) amending Resolution 22-225 to make the following changes:

1. Reallocation of the original appropriation of a \$627,554 Community Development Block Grant (CDBG) award to Bay Area Community Services (BACS) from acquisition of the St. Regis Multi-Service Campus to rehabilitation of the St. Regis Multi-Service Campus, and
2. Authorize the City Manager to negotiate and execute an agreement with BACS for an amount not to exceed \$627,554 for rehabilitation of the St. Regis Multi-Service Campus.

## **SUMMARY**

In January 2022, the California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS) announced a joint Request for Applications (RFA) to expand the State's behavioral health infrastructure and address historic gaps in the long-term care continuum serving seniors, people with disabilities, and people with behavioral health needs. Under this joint RFA, the State made available \$518.5 million for launch-ready behavioral health infrastructure projects through the Behavioral Health Continuum Infrastructure Program (BHCIP) and \$570 million to preserve and expand adult and senior care facilities through the Community Care Expansion (CCE) program.

BACS applied for BHCIP and CCE funding to acquire and rehabilitate the St. Regis retirement center and develop a holistic campus of behavioral health treatment, crisis services, and supportive housing. BACS was awarded CCE funding but was not awarded BHCIP funding for this program.

Since they did not receive BHCIP funding, BACS anticipated having a funding gap for acquisition of the St. Regis in the Summer 2022. On August 9, 2022, Council adopted Resolution 22-225, appropriating \$627,554 in CDBG funds to BACS for acquisition expenses to help address the anticipated acquisition funding gap. In December 2022, the County of Alameda provided additional funding to BACS, closing the acquisition gap; however, since BACS did not receive BHCIP funding, they continue to need additional funding to support rehabilitation costs. Staff are working closely with BACS to ensure that BACS has CDBG-eligible rehabilitation expenses that are allowable under HUD regulations and the City's approved Annual Action Plans.

Staff recommend that Council adopts a resolution amending Resolution 22-225 to make the following changes:

1. Reallocation of the original appropriation of a \$627,554 Community Development Block Grant (CDBG) award to Bay Area Community Services (BACS) from acquisition of the St. Regis Multi-Service Campus to rehabilitation of the St. Regis Multi-Service Campus, and
2. Add City Manager authorization to negotiate and execute an agreement with BACS for an amount not to exceed \$627,554 for rehabilitation of the St. Regis Multi-Service Campus.

## **BACKGROUND AND DISCUSSION**

In January 2022, DHCS and CDSS announced a joint RFA to expand the State's behavioral health infrastructure and address historic gaps in the long-term care continuum serving seniors, people with disabilities, and people with behavioral health needs. Under this joint RFA, the State made available just over \$1 billion through the BHCIP and CCE Program. DHCS was authorized to establish BHCIP and award \$2.2 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. Through this joint RFA, DHCS made available \$518.5 million for launch-ready behavioral health infrastructure projects. This funding was announced January 31, 2022, and applications were due on April 8<sup>th</sup>, 2022. Awards were announced in late June 2022. The CCE program provides \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve low-income individuals, including those who are experiencing homelessness or at risk of homelessness. Awards were announced in September. Additional information on this funding can be found in the August 9<sup>th</sup>, 2022 staff report to the Hayward City Council.<sup>1</sup>

BACS applied for funding from both CCE and BHCIP to acquire and rehabilitate the St. Regis Retirement Center, with plans to turn it into a holistic campus of behavioral health treatment, crisis services, and supportive housing. The funding from both programs was intended to cover the majority of the project costs; however, BACS only received funding from the CCE program and did not receive BHCIP funding.

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<sup>1</sup> Meetings materials of the August 9<sup>th</sup>, 2022 meeting of the Hayward City Council:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5749367&GUID=8C5E6C88-47DD-4226-8472-DFEA8CC27167&Options=&Search=>

As BACS did not receive BHCIP funding, they projected a significant acquisition funding gap and in Summer 2022, they approached the City for support. On August 9, 2022, Council adopted Resolution 22-225, appropriating \$627,554 in CDBG funds to BACS to help acquire the St. Regis Retirement Center. Subsequently, the County of Alameda contributed over \$7 million to support the acquisition of the St. Regis, closing the acquisition funding gap. BACS intends to apply for the next round of BHCIP funding. In their first application for BHCIP, BACS did not have site control of the property. As BACS acquired the property in 2022, they will be able to demonstrate site control and anticipate a more competitive application.

While the anticipated next round of BHCIP funding will support the majority of rehabilitation expenses, staff and BACS have determined that the community health center portion of the St. Regis campus may not be eligible for BHCIP or CCE funding. Therefore, staff recommends amending Resolution 22-225 to appropriate the funds for rehabilitation expenses instead of acquisition expenses. The CDBG funds appropriated in Resolution 22-225 are eligible for both acquisition and rehabilitation activities. This change will both contribute to the timely opening of the St. Regis Multi-Service Health Campus, which is widely supported and recognized by the State and County as a vital component of the region's response to homelessness and individuals experiencing mental health crises and will help the City meet its federal obligations to expend CDBG funds in a timely manner. Staff also recommends amending Resolution 22-225 to include Council authorization of the City Manager to negotiate and execute an agreement with BACS for the rehabilitation expenses at the St. Regis Multi-Service Campus in an amount not to exceed \$627,554.

## **ECONOMIC IMPACT**

There is a positive economic impact with providing services for low-income individuals with complex behavioral, medical, and social needs. Creating long-term housing options with targeted supportive services can reduce the prevalence of "high utilizers" of emergency services, ultimately reducing local crisis response costs. Furthermore, upgrading and expanding the use of the current facility will create additional job opportunities for individuals with a wide range of certifications and experience.

## **FISCAL IMPACT**

Staff had previously identified \$627,554 in available CDBG funds for this project. These funds are eligible for rehabilitation expenses, align with the City's current and past Annual Action Plans under the "Housing" project categories, and will support the City in meeting HUD's timely expenditure requirements. Expending these CDBG funds on rehabilitation expenses helps the City meet its federal obligation to expend its CDBG entitlement in a timely manner.

## **STRATEGIC ROADMAP**

This item supports Strategic Roadmap item H2, to implement the Let's House Hayward! homelessness reduction strategic plan. Within the Let's House Hayward! plan, this item supports:

- **Strategy 2.4:** Increase Diversity and Availability of Holistic Supportive Services
- **Strategy 3.2:** Prioritize the Development of Housing Targeted to People Experiencing Homelessness

## **PUBLIC CONTACT**

This item is related to the Let's House Hayward (LHH) Strategic Plan, under Strategy 2.1, to Expand Housing-Focused Shelter Capacity through continued oversight and management of the Hayward Navigation Center. Through the LHH process, Homebase, City staff, and partners throughout the Hayward community worked together to engage a diverse set of stakeholders to inform the plan's goals, strategies, and specific activities for achieving its goals.<sup>2</sup> Additionally, the original Resolution 22-225 was passed on consent on August 9, 2022. Members of Council and the public had the opportunity to pull the item for comment and no comments were made.

## **NEXT STEPS**

If Council adopts the resolution, staff will work to execute the new agreement with BACS for use of the CDBG funds.

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

*Recommended by:* Jessica Lobedan, Community Services Manager  
Regina Youngblood, Assistant City Manager

Approved by:



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Kelly McAdoo, City Manager

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<sup>2</sup> For more information on the Let's House Hayward! Strategic Plan process, please visit <https://www.haywardca.gov/lets-house-hayward>