



**DATE:** May 27, 2025

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt a Resolution Accepting and Appropriating Homeless Housing, Assistance and Prevention Grant (HHAP) Round 5 Funding in the Amount of \$186,667 for Fiscal Year 2024-2025 Hayward Navigation Center Operations to Support the Agreement with Bay Area Community Services (BACS) for Fiscal Year 2024-2025 Hayward Navigation Center Operations in a Not-to-Exceed Amount of \$2,500,894

## **RECOMMENDATION**

That City Council adopt a resolution (Attachment II) accepting and appropriating Homeless Housing, Assistance and Prevention (HHAP) Grant Round 5 funding for use at the Hayward Navigation Center to support the agreement with Bay Area Community Services (BACS) for Fiscal Year 2024-2025 Hayward Navigation Center (HNC) Operations in an Amount Not-to-Exceed \$2,500,894.

## **SUMMARY**

The Hayward Navigation Center (HNC) opened in November 2019 as a key component of the City of Hayward's response to the homelessness crisis and the lack of shelter available to the unhoused community in Hayward. The HNC is a low barrier, interim, congregate (i.e., dorm style) shelter that opened with a nightly bed capacity of 45 beds and now has a capacity of 66. Bay Area Community Services (BACS) operates the HNC, providing housing navigation and support for individuals experiencing homelessness, following the Housing First model. This evidence-based model prioritizes providing stable housing before addressing other issues such as employment, mental health, or substance use. The HNC is the only interim transitional housing program in the City for single adults.

The HNC is funded through several sources including Measure C, the General Fund, ARPA, and State and County grants. Two grants, the Permanent Local Housing Allocation (PLHA) and the Homeless Housing, Assistance, and Prevention (HHAP) grant are funded by the State and often have delayed distribution. The City is a subrecipient of Alameda County for State HHAP funds, which are allocated in batches for each round of funding. The City is currently receiving Round 4 funding; however, the second batch of Round 4 is significantly delayed because, while the City has expended its first batch, the State will only allocate the funding when each of the County's

subrecipients have fully expended their first batch. In the interim, the State has released Round 5.

The delay in receiving the second batch of Round 4 resulted in a funding gap at the HNC of \$303,774 for FY 2024-2025. To resolve the funding gap, staff recommend City Council adopt a resolution accepting and appropriating \$186,667 in HHAP Round 5 funding to support closing the funding gap for the FY 2024-2025 agreement with BACS HNC operations. Additionally, staff intend to use the direction from City Council's prior action to allocate \$117,107 of the opioid settlement funds received to close the remaining funding gap.

## **BACKGROUND**

In October 2018, City Council declared a shelter crisis in Hayward, finding that the health and safety of the City's growing homeless population was threatened by a lack of shelter.<sup>1</sup> Since the declaration, City Council has continuously worked to address these health and safety concerns through a variety of approaches. Additional information around local and regional efforts can be found in the May 23, 2023, report to City Council.<sup>2</sup>

One of the initiatives to support Hayward's homeless community is to provide transitional housing through the Hayward Navigation Center (HNC) for people currently experiencing homelessness. The HNC is a low barrier, interim, congregate (i.e., dorm style) shelter that opened with a nightly bed capacity of 45 beds in November 2019. Since then, Bay Area Community Services (BACS) has been managing the facility, providing housing navigation and support for individuals experiencing homelessness, following the Housing First model. This evidence-based model prioritizes providing stable housing before addressing other issues such as employment, mental health, or substance use. Funded through various sources including Measure C, the General Fund, ARPA, and State and County grants, the HNC is the only interim transitional housing program in the City for single adults. Currently, the HNC has a capacity of 66 beds after acquiring a third residential trailer through CARES Act funding during the COVID-19 pandemic.

## **DISCUSSION**

BACS has been successfully operating the HNC since November 2019, providing outreach, housing navigation services, and flexible funds administration to individuals facing literal homelessness. Through Resolution Number 24-148, City Council authorized the City Manager to negotiate and execute an agreement with BACS for FY 2024- 2025 HNC operations for an

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<sup>1</sup> October 2, 2018 Hayward City Council meeting:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3690554&GUID=A8DF0FBF-2F19-4648-8632-2BFE62A97107&Options=&Search=3>

<sup>2</sup> May 23, 2023 Hayward City Council meeting:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6230209&GUID=B25EFB97-ADB4-45D7-BC5F-0BC0EE034F45&Options=&Search=>

amount not-to-exceed \$2,500,894.<sup>3</sup> BACS' FY 2024-2025 HNC operations agreement was funded through allocations across multiple funding sources, including Measure C, General Fund, American Rescue Plan Act of 2021 (ARPA), and Permanent Local Housing Allocation Program (PLHA) and HHAP Grants. The original funding sources and amounts are outlined below in Table 1.

**Table 1: FY 2024-2025 Hayward Navigation Center Contract Funding**

<b>Source</b>	<b>Amount</b>
General Fund	\$1,127,260
Measure C	\$372,740
American Rescue Plan Act of 2021 (ARPA)	\$138,393
Permanent Local Housing Allocation Program (PLHA) Grant	\$558,727
Homeless Housing, Assistance and Prevention (HHAP) Grant	\$303,774
<b>Total</b>	<b>\$2,500,894</b>

Since its inception, BACS has been running the HNC with a focus on providing housing navigation and support to unhoused individuals. Currently, the HNC has a total capacity of 66 shelter beds. In the time since its opening, the HNC has served 616 individuals experiencing homelessness. Individuals typically reside at the HNC for an average of 101 days, with BACS' outreach team referring new clients as beds become available. As of April 1, 2025, 560 individuals have exited the program, the majority of whom (n=355 or 63%) have moved into permanent housing. Furthermore, over the past 12 months, there has been a noticeable shift in housing placements, from individuals moving in with family and friends to more people moving into rental units with ongoing housing subsidies. This shift indicates a growing emphasis on securing more stable and independent housing options for individuals, ensuring they have a long-term solution with the added support of financial subsidies, rather than relying on informal living arrangements. These outcomes highlight the continued success of the program.

#### *Funding Gap due to Delays in Grant Funding*

On June 23, 2020<sup>4</sup>, City Council approve the City of Hayward's Five-Year Permanent Local Housing Allocation (PLHA) Plan and authorized the City Manager and assigned staff to submit an application to the State of California Department of Housing and Community Development (HCD) for PLHA Funds for a projected total amount of \$3,910,410 in funding across five years. PLHA is a state-level funding source administered by HCD. Over the past several years, PLHA has supported HNC operations and increasing the capacity at Ruby's Place's domestic violence and family shelter. While the total amount of funding is estimated at \$3,910,410, the annual allocation varies from year to year and the distribution of the funds is typically delayed each year. The allocation of PLHA is reflected in Table 2 below.

<sup>3</sup> June 25, 2024, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6734720&GUID=4C67E5AB-5FA7-4CE3-B2AC-FL82F2ED066A3&Options=&Search=>

<sup>4</sup> June 23, 2020 Hayward City Council meeting:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4576654&GUID=DD031A6D-AA81-4633-A471-D51D3CF1CADA&Options=&Search=>

**Table 2: Five-Year Permanent Local Housing Allocation Plan Allocations**

<b>Program Year</b>	<b>Round of Funding</b>	<b>Fiscal Year Received</b>	<b>Amount</b>
2019-2020	Round 1	2021-2022	\$651,735
2020-2021	Round 2	2023-2024	\$1,012,998
2021-2022	Round 3	2023-2024	\$1,114,773
2022-2023	Round 4	2024-2025	\$558,727
2023-2024	Round 5	TBD	\$572,177*
<b>Total</b>			<b>\$3,910,410</b>

\*Anticipated amount

The City also receives Homeless Housing, Assistance and Prevention (HHAP) funding from Alameda County. HHAP is State funding awarded to Alameda County that provides local jurisdictions with funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. The City is a subrecipient of Alameda County and utilizes these funds to support HNC operations. City Council authorizes the receipt and appropriation of these funds as they are received and as such, they are treated like one-time funding sources. Like PLHA, the allocation amount varies from year to year and has historically been delayed for reasons beyond the City's control. Moreover, the allocations can be granted in batches with the State requiring that all of the County's subrecipients spend their first batch of funding prior to the release of the second batch. This is the case for Round 4 awards; other subrecipients were delayed in spending down their allocations, so the State delayed releasing the second batch of Round 4 funding. This caused a shortfall in FY 2024-2025 HNC funding. The HHAP funding received and appropriated thus far is reflected in Table 3.

**Table 3: HHAP Funding Received and Appropriated to Date**

<b>Round of Funding</b>	<b>Fiscal Year Received</b>	<b>Amount</b>
Round 1 & 2	2022	\$589,394
Round 3	2024	\$308,413
Round 4, first batch	2024	\$179,568
Round 4, second batch*	TBD	TBD
<b>Total</b>		<b>\$1,077,375</b>

\*Anticipated amount

This delayed funding distribution has resulted in a funding gap in the agreement with BACS for FY 2024-2025 HNC operations in an amount of \$117,107.

#### *Available Funding to Support HNC Operations*

In December 2024, the County informed the City that the State released the first batch of HHAP Round 5 funding. Despite delays in receiving the second batch of Round 4, the County awarded the City \$186,667 as part of Round 5. These funds have been received, and staff recommend that City Council authorize and appropriate \$186,667 in HHAP Round 5 funding for FY 2024-2025 to support FY 2024-2025 HNC operations.

The first batch of HHAP Round 5 does not fully address the HNC funding gap; therefore, staff intend to allocate a portion of opioid settlement funding to close the FY 2024-2025 funding gap created by delays in anticipated grant funding. On March 5, 2024<sup>5</sup>, City Council adopted Resolution Number 24-037, authorizing the City Manager or her designee to accept and appropriate \$1,349,312 in funding associated with the Distributor Settlement Agreement for Opioid Remediation and to allocate the funds in accordance with eligible uses specified in the Agreement. This amount reflects both actuals received to date and estimates of funds to be received over time.

The use of funds is restricted to the following eligible uses, as specified in the Distributor Settlement Agreements:

- Opioid use prevention programs and services
- Support the treatment of opioid use disorder and any co-occurring substance use disorder or mental health conditions
- Support people in treatment and recovery from opioid use disorder and any co-occurring substance use disorder or mental health conditions, including wrap-around services like housing, transportation, education, job placement, job training, peer support, counseling, community navigators, case management, legal services, and connections to community-based services
- Provide connections to care for people who have or are at risk of developing opioid use disorder and any co-occurring substance use disorder or mental health conditions
- Support efforts to discourage or prevent misuse of opioids
- Support efforts to prevent or reduce overdose deaths or other opioid-related harms

The City can utilize these funds to offset or supplement future expenses of existing programs, including the operations at the HNC. The HNC supports individuals experiencing homelessness with co-occurring substance use disorders by providing low-barrier respite, diverting individuals who are justice-involved or at-risk of being justice-involved into wraparound services, and helping to rapidly obtain permanent housing. These services in support of HNC clients who are recovering from Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions would be an eligible use of funds.

Since June 2023, the City has received \$816,569 through this settlement agreement. Staff recommend that City Council affirms Resolution Number 24-037, which authorizes the City Manager to appropriate the funds associated with the distributor settlement agreement for opioid remediation. The Resolution also gives the City Manager the authority to use the funds for eligible uses outlined in the settlement agreement. Operations of the HNC is an eligible use under the settlement agreement and allocating \$117,107 in opioid settlement agreement funds will maintain an agreement amount of \$2,500,894 to continue operations through the end of the fiscal year.

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<sup>5</sup> March 5, 2024, City Council Staff Report and Attachments:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561052&GUID=355597DF-7504-4108-A4BC-C67A50248439&Options=&Search=>

The proposed funding sources and amounts for BACS' FY 2024-2025 HNC operations agreement are outlined in Table 4 below.

**Table 4: Proposed FY 2024-2025 Hayward Navigation Center Contract Funding**

Source	Amount
General Fund	\$1,127,260
Measure C	\$372,740
American Rescue Plan Act of 2021 (ARPA)	\$138,393
Permanent Local Housing Allocation Program (PLHA) Grant	\$558,727
Homeless Housing, Assistance and Prevention (HHAP) R5 Grant	\$186,667
Opioid Settlement Agreement	\$117,107
<b>Total</b>	<b>\$2,500,894</b>

Staff are committed to finding alternative ongoing sources of funding to support homelessness initiatives and will provide updates as opportunities become available.

### **ECONOMIC IMPACT**

There is a positive economic impact from reducing homelessness and poverty and moving individuals into permanent housing as part of the Hayward Navigation Center operations.

### **FISCAL IMPACT**

This item has no associated fiscal impact on the General Fund. All funds associated with the referenced agreement have been previously approved and appropriated by City Council.

### **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect, and Produce Housing, under

- Project H2: Implement the Homelessness Reduction Strategic Plan

### **PUBLIC CONTACT**

This item is related to the Let's House Hayward (LHH) Strategic Plan, under Strategy 2.1. Through the LHH process, Homebase, City staff, and partners throughout the Hayward community have worked together to engage a diverse set of stakeholders to inform the plan and strategy for Hayward moving forward.<sup>6</sup>

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<sup>6</sup> For more information on the Let's House Hayward! Strategic Plan process, please visit <https://www.haywardca.gov/lets-house-hayward>

## **NEXT STEPS**

If City Council adopt this resolution, staff will prepare a change order to the HNC contract to adjust the funding sources. When the remainder of HHAP Round 4 is received, staff will return to City Council to accept and appropriate the funds. Staff anticipate that these funds will be available to offset General Fund expenses for the HNC in FY 2025-2026.

*Prepared by:* Carol Lee, Senior Management Analyst

*Recommended by:* Amy Cole-Bloom, Community Services Manager  
Regina Youngblood, Assistant City Manager

Approved by:

A handwritten signature in blue ink, appearing to read 'M. Lawson', is positioned above a horizontal line.

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Michael Lawson, Acting City Manager