



**DATE:** July 13, 2021

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt Resolutions Authorizing the City Manager to Negotiate and Execute Agreements with Vendors (BACS, Vagabond Inn Hayward, and First Presbyterian Church) for American Rescue Plan Act Funded Homelessness Projects

## **RECOMMENDATION**

That the Council:

1. Adopts a resolution (Attachment II) authorizing the City Manager to negotiate and execute an agreement with Bay Area Community Services (BACS) for Fiscal Year 2021-2022 Hayward Navigation Center Hotel Annex operations in an amount not-to-exceed \$1.5 million;
2. Adopts a resolution (Attachment III) authorizing the City Manager to negotiate and execute an agreement with Vagabond Inn Hayward DBA PAAR Hospitality for Fiscal Year 2021-2022 Hayward Navigation Center Hotel Annex Hotel services in an amount not-to-exceed \$1.5 million; and
3. Adopts a resolution (Attachment IV) authorizing the City Manager to negotiate and execute an agreement with First Presbyterian Church of Hayward for Fiscal Year 2021-2022 Winter Warming Center Expansion and Day-Resource Center at South Hayward Parish for an amount not-to-exceed \$1,644,314.

## **SUMMARY**

On January 28, 2020,<sup>1</sup> the Council approved the City's Strategic Roadmap, which includes the priority area to Protect, Preserve, and Produce Housing. That priority area includes the project to create and implement a homelessness reduction strategic plan. Additional information on the Let's House Hayward! (LHH) Homelessness Reduction Strategic Plan

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<sup>1</sup> January 28, 2020, City Council Meeting Agenda and Materials:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4315589&GUID=1F328D58-C3FC-41E5-8BF7-A17E4E09DDCB&Options=&Search=>

recommended for Council approval in a previous agenda item this evening can be found on the July 13th, 2021 Hayward Council agenda.

The recently passed America Rescue Plan Act of 2021 (ARPA), also known as the COVID-19 Stimulus Package, included over \$65 billion in direct federal relief to cities in order to address the economic and fiscal impacts of the COVID crisis and to assist in the recovery of local communities. The City of Hayward is estimated to receive approximately \$38 million in local relief from the federal government to address the internal and external needs of the City associated with the COVID crisis over the next year. Additional information on ARPA and the City's proposed Federal Stimulus Expenditure Plan (Expenditure Plan) recommended for Council approval in a previous agenda item this evening can be found on the July 13th, 2021 Hayward Council agenda.

Based on the findings and recommendations of the LHH plan, staff recommended in the City's proposed stimulus Expenditure Plan allocating \$7.5 million in federal stimulus funding towards the following homelessness projects:

1. Extend the Hayward Navigation Center Hotel Annex operations for 1.5 more years (\$3 million);
2. Expand the Winter Warming Shelter to year-round operation, with Day Center hours, for 1+ years (\$2 million);
3. Create a Shallow Subsidy Homelessness Prevention program for up to three years (\$1.5 million); and
4. Contribute to the Hayward Navigation Center (\$1 million).

For the purposes of this staff report, staff are only discussing the Hayward Navigation Center Hotel Annex extension and the Winter Warming Shelter expansion. Staff have a separate item on July 13th, 2021 to discuss the Hayward Navigation Center Fiscal Year 2021-2022 agreements. Staff will return to Council in January 2022 with an update on the Shallow Subsidy Homelessness Prevention program.

## **BACKGROUND**

On January 28, 2020,<sup>2</sup> the Council approved the City's Strategic Roadmap, which includes the priority area to Protect, Preserve, and Produce Housing. That priority area includes a project to create and implement a homelessness reduction strategic plan. Developing a strategic plan to address homelessness enables the City to proactively position and prioritize the City's work toward helping to resolve this regional issue and to prepare for accessing additional resources as they become available (e.g., one-time funds and grants). Additional information on the Let's

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House Hayward! (LHH) Homelessness Reduction Strategic Plan can be found on the July 13<sup>th</sup>, 2021 Hayward Council agenda.

The recently passed ARPA, also known as the COVID-19 Stimulus Package, included over \$65 billion in direct federal relief to cities in order to address the economic and fiscal impacts of the COVID crisis and to assist in the recovery of local communities. The City of Hayward is estimated to receive approximately \$38 million in local relief from the federal government to address the internal and external needs of the City associated with the COVID crisis over the next year.

Based on the findings and recommendations of the LHH plan, staff recommended in the City's Stimulus Expenditure Plan allocating \$7.5 million in federal stimulus funding towards the following homelessness projects:

1. Extend the Hayward Navigation Center Hotel Annex operations for 1.5 more years (\$3 million);
2. Expand the Winter Warming Shelter to year-round operation, with Day Center hours, for 1+ years (\$2 million);
3. Create a Shallow Subsidy Homelessness Prevention program for up to three years (\$1.5 million); and
4. Contribute to the Hayward Navigation Center (\$1 million).

#### *Hayward Navigation Center Hotel Annex Program*

On December 8, 2020, the City Council authorized the City Manager to take emergency actions to implement a temporary Hayward Navigation Center Hotel Annex Project (HNC Annex) to respond to the decompression of the Hayward Navigation Center due to the COVID-19 pandemic and the inability of vulnerable homeless individuals to safely reside in congregate shelter. The HNC Annex has a current capacity of 35 rooms and opened in February 2021 and the current agreement is set to expire August 2021. Since opening in February, the HNC Annex has had 14 moveouts to permanent housing.

To leverage existing staffing structures already in place at the Hayward Navigation Center and cut down on contract expenditures, the City partnered with BACS to provide on-site management and oversight at the HNC Annex. The program design mirrors that of the Hayward Navigation Center; services provided at the HNC Annex include care coordination and housing navigation, residential counseling, flexible funding to support success in permanent housing, and three meals daily. The HNC Annex is focused on serving the most vulnerable individuals.

The HNC Annex program is housed at the Vagabond Inn Hayward DBA PAAR Hospitality (Vagabond Inn Hayward). Vagabond Inn Hayward was selected through a request for information (RFI) seeking information from hotel providers within the City of Hayward to provide hotel rooms to shelter homeless individuals. This RFI was sent to 17 hotel providers

in Hayward. Three hotels submitted a completed form with information for the City to consider in its hotel vendor selection. BACS, as the selected operator of the HNC Annex, conducted a site visit of each of the hotels that submitted completed forms, in addition to one additional hotel that verbally indicated interest in partnering with the City.

BACS and City staff unanimously recommended the Vagabond Inn Hayward as the preferred hotel vendor due to quality of rooms, experience of hotel owner working with the identified population, and positive working relationship between the hotel owner, City staff, and BACS staff. Vagabond has been the hotel vendor for the HNC Annex since February 2021.

#### *Winter Warming Shelter*

The City, in partnership with Alameda County, funds First Presbyterian Church to operate the South Hayward Parish Winter Warming Shelter. At present, the Winter Warming Shelter provides nightly winter shelter services from November through June and has a nightly capacity of 18 individuals. The shelter is open from 7pm until 7am and provides dinner and breakfast to guests. First Presbyterian receives funding from the County to provide flexible funding in the form of direct client support to assist clients in moving towards permanent housing.

### **DISCUSSION**

As described above, staff recommended allocating \$7.5 million in federal stimulus funding towards four homelessness projects, including extending the HNC Annex for 1.5 years, expanding the winter warming shelter to year-round with daytime hours for a little over one year, creating a shallow subsidy homelessness prevention program for three years and contributing to the existing Hayward Navigation Center. The proposed projects will increase placements into permanent housing, provide emergency shelter, and prevent future homelessness. Together, they are intended to increase housing navigation services in congregate and non-congregate settings, increase the capacity of emergency shelter services, and pilot a new homelessness prevention program to reduce housing cost burden for renters most vulnerable of losing their housing.

For the purposes of this staff report, staff are only discussing the HNC Annex extension and the Winter Warming Shelter expansion. Staff have a separate item on July 13<sup>th</sup>, 2021 to discuss the Hayward Navigation Center Fiscal Year 2021-2022 agreements. Staff will return to Council in January 2022 with an update on the Shallow Subsidy Homelessness Prevention program.

#### *Extending the Hayward Navigation Center Hotel Annex Program*

As recommended in the LHH Plan and approved in the Federal Stimulus Expenditure Plan staff recommends extending the HNC Annex program for 1.5 years (August 2021 – December 2022) for a total cost of \$3 million, including the cost of extending the BACS agreement for operations of the HNC Annex, and the cost of extending the agreement with Vagabond Inn Hayward for hotel services. For the total duration of the program funded through stimulus funding, the HNC Annex program is projected to provide 105 individuals with temporary shelter and care coordination services to connect to permanent housing. As a result, staff

recommends that Council authorizes the City Manager to negotiate and execute an agreement with BACS for Fiscal Year 2021-2022 for the HNC Annex operations in an amount not-to-exceed \$1.5 million; and an agreement with Vagabond Inn Hayward DBA PAAR Hospitality for Fiscal Year 2021-2022 for HNC Annex hotel services in an amount not-to-exceed \$1.5 million.

#### *Expanding Winter Warming Shelter Services to Year-Round*

As described above, the City partners with Alameda County to fund the First Presbyterian Church to operate the South Hayward Parish Winter Warming Shelter. As recommended in the LHH plan and Stimulus Expenditure Plan, staff recommends expanding the Winter Warming Shelter at South Hayward Parish to a year-round shelter with day center hours for 1+ years for a total cost of \$2 million. For the total duration of the program funded through stimulus funding, the Winter Warming Shelter expansion is projected to provide at least 180 individuals with emergency shelter and basic need services. As a result, staff recommends that Council authorizes the City Manager to negotiate and execute an agreement with First Presbyterian Church of Hayward for Fiscal Year 2021-2022 Winter Warming Center Expansion and Day-Resource Center at South Hayward Parish for an amount not-to-exceed \$1,644,314.

#### **ECONOMIC IMPACT**

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

#### **FISCAL IMPACT**

This item has no impact on the General Fund. The expenditure of stimulus funding over the next 3.5 years will significantly help the City to provide critical services in the community to address homelessness.

#### **STRATEGIC ROADMAP**

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

1. Sustain the Navigation Center to House and Support the Homeless
  - 1a. Identify Sustainability funding source for the Navigation Center
  - 2b. Implement the Homelessness Reduction Strategic Plan
3. Provide winter temporary shelters
  - 3a. Partner with Alameda County to transition from Winter Warming Shelters to Winter Shelters (open nightly, regardless of temperature)
- 4g. Expand emergency shelter sites in Hayward

#### **PUBLIC CONTACT**

This item is related to the LHH Strategic Plan and Federal Stimulus Expenditure Plan. 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>3</sup> Additional review was also conducted by the Council and Homelessness Housing Task Force regarding the Expenditure Plan.

## **NEXT STEPS**

In the coming months, staff will return to Council with the following related items:

- **January 2022:** Staff will return to Council for appropriation of funds for Shallow Subsidy Homelessness Prevention project
- **Ongoing:** Staff will return to the Council for 6-month expenditure reviews on stimulus funding, including any further budget appropriations or amendments.

*Prepared by:* Jessica Lobedan, Acting Community Services Manager

*Recommended by:* Jennifer Ott, Assistant City Manager

*Approved by:*



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Kelly McAdoo, City Manager

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<sup>3</sup> For more information on the Let's House Hayward! Strategic Plan process, please visit <https://www.hayward-ca.gov/lets-house-hayward>