



DATE: March 24, 2026

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Accepting and Appropriating \$1,908,067 of Proposition 47 Grant Funds and Authorizing the City Manager to Execute Agreements to Implement the Approved Grant Activities, Including an Award to Bay Area Community Services for Enhanced Services for the Hayward Navigation Center over the Term of the Grant in the Amount of \$1,528,600

RECOMMENDATION

That City Council adopt a resolution (Attachment II) authorizing the City Manager to accept and appropriate \$1,908,067 of Proposition 47 Grant funding in Fund 230 and to execute agreements to carry out the approved grant activities, including an award to Bay Area Community Services (BACS) for enhanced services for the Hayward Navigation Center over the term of the grant in the amount of \$1,528,600 and other agreements that may be required by the Board of State and Community Corrections (BSCC).

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 shortage of shelter beds available for unhoused residents in Hayward. It is the only interim transitional housing program in the City for single adults. The HNC operates as a low barrier, interim congregate (i.e., dorm style) shelter that opened with a nightly bed capacity of 45 beds and has since expanded to 66 beds. 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. HNC operations have been funded through multiple funding sources since 2019 and staff have continually sought grant funding to support the program.

In June 2025, the City partnered with Capitol Advocacy Partners to apply for Proposition 47 (Prop 47) funds, made available through the BSCC. On September 11, 2025, the BSCC approved the funding recommendations for Prop 47 Grant Program Cohort 5 and the City's proposal was recommended for full funding, in an amount of \$1,908,067. The City's application was the highest scored in its category.

These funds are intended to expand and enhance HNC operations and outreach without placing additional strain on the City's General Fund. The enhancements align with the relocation of the HNC to Regis Village and will support initiatives that connect program participants with wrap-around services, case management, and re-entry resources designed to reduce recidivism and provide behavioral health support. Additionally, the funds will expand onsite resources to boost participant engagement, foster a stronger sense of community, and make the campus a more welcoming environment where individuals can remain onsite and receive more personalized support.

FISCAL IMPACT

This grant will fund services at the HNC that would otherwise not be possible.

Over the past several months, City staff has worked with BACS to reduce the cost to the General Fund and Measure C of operating the HNC from \$2,185,440 in FY 2026 to a proposed \$682,000 for FY 2027. With the relocation of the HNC to Regis, staff from both agencies identified operating efficiencies that can reduce costs without negatively affecting service delivery. At the February 28 budget work session, City Council expressed support for funding the HNC at the \$682,000 level in FY 2027 from the General Fund.

Prop 47 requires the City to leverage funding to receive the grant award, though the specific source of that contribution is flexible. The proposed use of \$682,000 from the General Fund, \$175,00 in Community Development Block Grant (CDBG funds, \$197,000 in opioid settlement funding, and \$206,681.36 in various State and County grants meets this requirement for FY 2027. If the General Fund contribution were reduced in future years, the City would need to identify alternative leveraged funding sources to sustain the Prop 47 grant.

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 beds.¹ Since the declaration, City Council has continuously worked to address these health and safety concerns through a variety of approaches.

One of the initiatives supporting Hayward's homeless community is the provision of interim housing through the HNC for single adults currently experiencing homelessness. Operated by BACS, the program offers housing navigation and supportive services within a Housing First framework, which prioritizes stable housing placement before addressing other needs such as employment, mental health, or substance use. Historically, the HNC has been funded through multiple sources, including Measure C, the General Fund, American Rescue Plan Act (ARPA) funds, CDBG funds, Opioid Settlement funds, and various State and County grants.

¹ October 2, 2018 Hayward City Council meeting:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=3690554&GUID=A8DF0FBF-2F19-4648-8632-2BFE62A97107&Options=&Search=3>

The Proposition 47 Grant Program, administered by the BSCC, distributes state savings generated by Prop 47, the 2014 voter-approved measure that reclassified certain non-violent felonies as misdemeanors. These savings are reinvested into local jurisdictions and community organizations to support mental health services, substance use disorder treatment, diversion programs, and re-entry support such as job training, housing stability, and case management. The grant funds are designed to reduce recidivism by expanding community-based services for individuals involved in the justice system, and they are awarded in multi-year cycles that require programs to demonstrate measurable outcomes. The City of Hayward previously received a three-year Prop 47 grant for the HNC in 2019.

DISCUSSION

To support enhancements to HNC operations in alignment with its transition to Regis Village without further impacting the General Fund, the City successfully secured \$1.9 million in Prop 47 funds. The City will partner with BACS to use these funds to divert individuals from the criminal justice system by connecting them to the HNC and providing enhanced mental health and/or substance use disorder treatment, along with other housing support services. Approximately 80% of the grant will go directly to BACS, 5% toward data collection and evaluation, and 15% toward the City’s administration of Prop 47 funds, including the BSCC-required audit at the conclusion of the grant period. A breakdown of the funding allocation by category across the grant’s four-year grant period can be found in Table 1 below.

Table 1: Prop 47 Funding Breakdown

Source	Amount	Percentage
Salaries and Benefits	\$203,692	11%
Services and Supplies	\$2,400	<1%
Professional Services (required third-party audit)	\$25,000	1%
BACS Subcontract (required minimum of 50% of award)	\$1,528,600	80%
Data Collection and Project Evaluation (required 5% of award)	\$95,500	5%
Other (travel, training, etc.)	\$51,075	3%
Total	\$1,906,267	100%

Salaries and Benefits

This project will be managed by the Community Services Division of the City Manager’s Office. The Program Manager will oversee the project and ensure it is developed in partnership with key stakeholders, including community members, the required Local Advisory Committee, and individuals with lived experience and will manage contracts with non-profit partners and the program evaluator. Staff will promote inclusive collaboration and guide the project toward community-rooted outcomes.

Services and Supplies

Services and supplies costs include funds to support the compensation of people with lived experience (PWLE) of homelessness and justice system involvement who participate in the Local Advisory Committee and the grant program evaluation process. These stipends ensure equitable participation by addressing financial barriers that may prevent low-income or

marginalized individuals from contributing. The input of PWLE provides critical, firsthand insight that improves the relevance and effectiveness of program design and evaluation. Research and best practices in community engagement consistently recommend compensation to recognize time, labor, and expertise, and to build trust and accountability.

Professional Services

Professional Services funds support compliance with audit and financial reporting requirements associated with the Prop 47 grant, specifically a program-specific compliance audit that covers the entire service delivery period of the grant.

Non-Government Organization Subcontracts

BACS was selected through RFI to operate the HNC. The scope of services will include 1) Housing Navigation Services, 2) Case Management, 3) Street Outreach, and 4) Non-personnel costs (onsite meal(s), resident flex funds for housing transition stipend, transportation support, and/or first and last month's rent). Grant funds will cover an estimated 20% of the BACS Contract over the grant's 3.5-year grant period, providing additional re-entry and behavioral health support and case management for individuals referred to the HNC who meet the Prop 47 target population eligibility criteria. The funds will also support the provision of an additional onsite meal to enhance participant engagement.

Data Collection and Project Evaluation

As required by the BSCC, 5% of the grant award is designated for data collection and project evaluation. The City released a Request for Proposals for a qualified external evaluator on November 12, 2025, and received three proposals in December 2025. In January 2026, the City selected Data In Action, LLC (dba DNA Global) to provide evaluation services for the project. DNA Global brings extensive experience managing Prop 47 grants, strong cross-system coordination, and has deep connections with multiple jurisdictions across Alameda County.

Other (Travel, Training, etc.)

Other expenses include three training conferences for five participants, including the Crisis Negotiation Conference, Association of Threat Assessment Professional Winter Conference, and Crisis Intervention Team International Conference. These conferences provide behavioral health intervention training to support police officers to safely and effectively respond to individuals in mental health crises by teaching de-escalation, communication, and recognition skills. This reduces the risk of injury, unnecessary arrests, and officer stress while increasing the likelihood of building relationships and connecting people to proper care, including the HNC. These trainings support the City's safe and effective response to individuals who meet the Prop 47 eligibility criteria and support the grant program's goal of diversion. As a result, it improves community trust, supports public safety, and promotes positive outcomes for both law enforcement and community members. This budget includes allowable travel expenses (food per diem, flights, transportation, parking and gas expenses).

ECONOMIC IMPACT

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

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

No public contact has been made specifically regarding the Proposition 47 Grant funding. However, the City is required to convene a Local Advisory Committee of stakeholders to provide feedback on grant fund usage and program performance. The current Local Advisory Committee members include City and County staff, HNC program staff, and individuals with lived experience of homelessness and justice involvement. These meetings will be open to the public.

NEXT STEPS

If Council approves this resolution, the City Manager will accept and appropriate \$1,906,267 in Proposition 47 Grant Program funds to Fund 230, the State Grants Fund, and enter into funding agreements to support the grant-funded activities as approved by the BSCC from October 1, 2025, through the end of the grant term on June 30, 2029.

Prepared by: Carol Lee, Senior Management Analyst

Recommended by: Dr. Emily Young, Youth and Family Services Bureau Administrator

Approved by:



Jennifer Ott, City Manager