



**DATE:** June 18, 2024

**TO:** Mayor and City Council

**FROM:** Acting Community Services Manager

**SUBJECT:** 1) Adopt a Resolution Authorizing the City Manager to Negotiate and Execute an Agreement with Bay Area Community Services for Fiscal Year 2024-2025 Hayward Navigation Center Operations for a Not-to-Exceed Amount of \$2,500,894; and 2) Adopt a Resolution Authorizing the City Manager to Negotiate and Execute a Professional Services Agreement with First Presbyterian Church of Hayward to Operate the Year-Round Shelter at South Hayward Parish for Fiscal Year 2024-2025 for a Not-to-Exceed Amount of \$447,621

## **RECOMMENDATION**

That the City 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 2024-2025 Hayward Navigation Center (HNC) operations for a Not-to-Exceed amount of \$2,500,894; and
2. Adopts a resolution (Attachment III) authorizing the City Manager to negotiate and execute a professional services agreement with First Presbyterian Church of Hayward (FPCH) to operate the year-round shelter at South Hayward Parish (SHP) for Fiscal Year 2024-2025 for a Not-to-Exceed amount of \$447,621.

## **SUMMARY**

Over the past several years, the City has taken proactive local measures to address the growing homelessness crisis. While these efforts have provided much needed resources to the Hayward community, the need for shelters continues to grow. The purpose of this report is to request Council authorization for the City Manager to negotiate and execute FY 2024-2025 agreements with two shelter operators in Hayward.

## BACKGROUND

In October 2018, Council declared a shelter crisis in Hayward, finding that the health and safety of the City's growing homeless population were threatened by a lack of shelter resources.<sup>1</sup> Since the declaration, Council has worked aggressively to address these health and safety concerns through a multifaceted approach.

One of the initiatives to support Hayward's community experiencing homelessness is the provision of emergency and transitional shelter. The HNC, operated by BACS, opened in November 2019 to provide transitional housing for 45 individuals at a time. As of 2024, the HNC has a total capacity of 65 shelter beds. Operation of the HNC has historically been funded through a combination of City, State, and Federal funding, most notably the use of one-time American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds.

An additional initiative supported by the City to improve shelter access in Hayward includes FPCH's Winter Warming Center. Beginning on December 1, 2018, FPCH offered emergency shelter services at its SHP location with funding support from the City. From 2018 through 2021, the Winter Warming Center provided 18 nightly shelter beds during the fall and winter months, when temperatures fell below 45 degrees or there was a high chance of rain. During these months, the shelter operated from 7 p.m. until 7 a.m. and provided dinner and breakfast services for its clients. In July of 2021, Council authorized the expansion of the Winter Warming Shelter into a year-round program as part of its COVID-19 pandemic response efforts and the shelter began offering its expanded service hours in October 2021. During fiscal years 2022 and 2023, Council authorized a combined total of \$2,050,000 to ensure the ongoing operations of SHP's nightly shelter<sup>2</sup>, a vital resource in South Hayward and valued partner of the Hayward Evaluation and Response Teams (HEART). Currently, SHP operates a 21-bed year-round drop-in shelter in South Hayward. Additional information around local and regional efforts can be found in the May 23, 2023, report<sup>3</sup> to Council.

These emergency and transitional shelters have been critical resources for the City's unhoused community members. With the reduction or delay in the external resources available to support these programs, additional funding is required to continue ongoing operations of the HNC and shelter at SHP.

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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=>

<sup>2</sup> November 7, 2023 City Council Meeting Agenda and Materials:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6402141&GUID=4A5F5DF9-8C1D-440D-A839-F610531EA60E&Options=&Search=>

<sup>3</sup> May 23, 2023, Hayward City Council meeting:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6230209&GUID=B25EFB97-ADB4-45D7-BC5F-0BC0EE034F45&Options=&Search=>

## DISCUSSION

### *Hayward Navigation Center FY 2025 Agreement for Services*

Staff proposes funding the recommended FY 2025 HNC operations contract through the combined use of local General Fund and Measure C funding, as well as state-level Permanent Local Housing Allocation (PLHA) and Homeless Housing, Assistance, and Prevention (HHAP) block grant funding.

As authorized by Council through the City's annual FY 2025 budget, Council has allocated \$1,500,000 in Measure C and General Fund monies for the FY 2025 HNC operations. In addition to the General Fund allocation, HNC operations will be supported by funding received via the PLHA and HHAP Grants.

PLHA is a state-level funding source authorized in 2017 through the Building Homes and Jobs Act and administered by the California Department of Housing & Community Development (HCD). PLHA is structured as an ongoing source of funding for local housing efforts and includes non-competitive formula grants to CDBG entitlement jurisdictions such as the City of Hayward. On June 23, 2020, Council approved a plan for the use of PLHA funding for a projected total amount of \$3,910,410 in funding across five years and authorized the appropriation of the full amount of projected funds.<sup>4</sup> In February 2023, HCD announced Round 2 and 3 PLHA allocations. Across the first three rounds, the City was awarded \$2,779,506. The amount remaining in Round 4 and Round 5 is projected to be \$1,130,904. The State has notified the City that additional information around the timing will be provided in the fall and that the remaining balance of the Round 4 and Round 5 allocations may be requested thereafter.

HHAP is a series of one-time, state-level block grants first authorized in 2019 through AB 101 and awarded to the state's 13 largest cities, 58 counties, and 44 continuums of care. The City participates in HHAP as a subrecipient of Alameda County and provides all reporting and compliance to the County's Office of Homeless Care and Coordination. Council authorized receipt and appropriation of \$589,391 in HHAP Rounds 1 and 2 funding in July 2021 and \$487,981 in HHAP Round 3 and half of Round 4 in January 2024. The City has received notice it will receive the second installment of HHAP Round 4 funds once the first installment of HHAP Round 4 funding is utilized countywide. Staff anticipates an additional \$179,000 and will return to Council to authorize and appropriate accordingly when the funds become available. As a part of its 2023 budget bill, the state committed to HHAP Round 5, but left the amount and disbursement timing to be determined during the FY 2025 budget process. As a result of delays in enacting the 2025 state budget, details for Round 5 have not been announced. Staff has been advised by Townsend Public Affairs, the City's state-level legislative advocacy firm, that Round 5 will likely be distributed in 2025 at a similar funding level to prior rounds, but that HHAP block grants may not be renewed for a sixth round.

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<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=>

Outlined below in Table 1 are the sources of funding for BACS' FY 2024-2025 HNC operations agreement. This includes the previously-authorized General Fund/Measure C Allocation as well as the PLHA Round 4 allocation, and portions of the Round 4 and the anticipated Round 5 HHAP award.

**Table 1: FY24-25 HAYWARD NAVIGATION CENTER RECOMMENDED FUNDING**

Source	Amount
FY 2025 General Fund/Measure C Allocation	\$1,500,000
Permanent Local Housing Allocation	\$565,452
Homeless Housing, Assistance and Prevention	\$435,442
<b>Total</b>	<b>\$2,500,894</b>

Staff recommends that Council authorize the City Manager to negotiate and execute an agreement with BACS for FY 2024-2025 HNC operations for an amount not-to-exceed \$2,500,894 (Attachment II).

*Emergency Shelter at South Hayward Parish FY 2025 Agreement for Services*

Beginning on December 1, 2018, FPCH offered emergency shelter services at its SHP location with funding support from the City. From 2018 through 2021, the Winter Warming Center provided 18 nightly shelter beds during the fall and winter months, when temperatures fell below 45 degrees or there was a high chance of rain. During these months, the shelter operated from 7 p.m. until 7 a.m. and provided dinner and breakfast services for its clients. The City provides a non-competitive annual allocation of \$25,000, through the Community Services Division's (CSD) operating budget.

On April 27, 2021<sup>5</sup>, Council accepted American Rescue Plan Act of 2021 (ARPA) funds in response to the ongoing impacts of the COVID-19 pandemic and directed staff to develop a Federal Stimulus Expenditure Plan. On July 13, 2021, Council approved the City of Hayward Federal Stimulus Expenditure Plan and Let's House Hayward (LHH) Strategic Plan, which detailed goals for reducing homelessness in Hayward and strategies and action steps required to achieve those goals.<sup>6</sup> As an identified in both the Hayward Federal Stimulus Expenditure Plan and LHH Strategic Plan, one key action was expanding services at the Winter Warming Shelter to operate year-round. The shelter began offering its expanded service hours in October 2021. During fiscal years 2022 and 2023, Council authorized a combined total of \$2,050,000 to ensure the ongoing operations of SHP's nightly shelter<sup>7</sup>, a vital resource in South Hayward and valued partner of the Hayward Evaluation and Response Teams (HEART).

<sup>5</sup> April 27, 2021 City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4923169&GUID=F3B939CF-3D97-4F0A-A5AE8F3A12255314&Options=&Search=>

<sup>6</sup> July 13, 2021 City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/MeetingDetail.aspx?ID=873400&GUID=3A966F19-3378-4C59-8EB8-EAF54D8C8478&Options=&Search=>

<sup>7</sup> November 7, 2023 City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6402141&GUID=4A5F5DF9-8C1D-440D-A839-F610531EA60E&Options=&Search=>

In the spring, FPCH notified the City that without continued funding, the emergency shelter operations at SHP would be negatively impacted and potentially not be able to operate in FY 2025. In response, staff explored different funding opportunities to support SHP's emergency operations and encouraged FPCH staff to engage other potential funders to fill their FY 2025 funding gap.

The City's HEART program response teams routinely utilize South Hayward Parish's shelter services, and the shelter is a vital service that mitigates harm in the community. To further solidify the frequent collaboration between HEART and SHP and the reliance on shelter services by HEART, the HEART team budgeted \$250,000 to reserve four nightly shelter beds for HEART use as part of the FY 2024-2025 operating budget. This guarantees four out of 21 shelter beds for City use at the only drop-in emergency shelter serving single adults experiencing homelessness in Hayward.

Staff is also recommending allocating the remaining Community Development Block Grant (CDBG) COVID-19 Emergency-Related Funding authorized by Council in 2020<sup>8</sup>, in the amount of \$172,621, to SHP to support the ongoing and long-term impact of COVID-19 at their shelter. This is an eligible use as the shelter continues to prepare for, prevent and respond to COVID-19 at their location.

The proposed funding for the FY 2024-2025 SHP emergency shelter operation contract is funded by the combined use of the General Fund, HEART pilot program budget funded through salary savings, and CDBG-CV. Outlined below in Table 2 are the sources of funding for SHP's FY 2024-2025 shelter operations agreement.

***Table 2: FY24-25 SOUTH HAYWARD PARISH SHELTER RECOMMENDED FUNDING***

<b>Source</b>	<b>Amount</b>
FY 2025 General Fund Allocation (CSD)	\$25,000
FY 2025 HEART Program Budget	\$250,000
CDBG-CV	\$172,621
<b>Total</b>	<b>\$447,621</b>

To continue shelter operations for FY 2024-2025, FPCH requires a total of \$1.3M. If Council approves the recommended funding sources, FPCH requires an additional \$852,379. Table 3, on the following page, provides an overview of all committed funding sources and the resulting funding gap.

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<sup>8</sup> December 8, 2020 City Council Meeting Agenda and Materials:  
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4711815&GUID=2688E44E-21AE-46CD-B493-48E3CA10F915&Options=&Search=>

**Table 3: FY24-25 SOUTH HAYWARD PARISH SHELTER FUNDING SOURCES & FUNDING GAP**

<b>Source</b>	<b>Amount</b>
Proposed City Funding	\$447,621
Alameda County Contributions	\$279,000
Other Committed Funding	\$7,000
<i>Subtotal – Funding Contributions</i>	<i>\$733,621</i>
<b>Funding Gap</b>	<b>\$566,379</b>

FPCH is currently pursuing several funding options and is planning to leverage the City's contribution to request funding from California Assemblymember Ortega's office, Alameda County Supervisor Márquez's office, and apply for foundation and philanthropic funding sources to close the funding gap.

In the fall, staff plan to provide a comprehensive update on the City's overall homelessness response strategy at a Council work session. Staff will include an update on FY 2024 performance and FY 2025 funding for the HNC and SHP shelter operations at that time.

### **ECONOMIC IMPACT**

There is a positive economic impact from reducing homelessness and poverty and moving individuals into permanent housing as part of the City's shelter and housing navigation programs.

### **FISCAL IMPACT**

This item has no associated fiscal impact. Funds associated with the referenced agreements have either been previously appropriated or staff will return to Council to authorize and appropriate accordingly when the HHAP and PLHA funds become available.

### **STRATEGIC ROADMAP**

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

- Project H1: Sustain the Navigation Center to House and Support People Experiencing Homelessness
- 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, 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 develop the plan.<sup>9</sup>

## **NEXT STEPS**

If Council approves, staff will move forward to negotiate and execute agreements with BACS and FPCH for the approved amounts. Staff will return to Council in the fall during the annual Work Session on homelessness to provide an update on FY 2024 performance and FY 2025 funding for the HNC and SHP shelter operations.

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*Approved by:*



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<sup>9</sup> For more information on the Let's House Hayward! Strategic Plan process, please visit <https://www.haywardca.gov/lets-house-hayward>