



**DATE:** July 7, 2020

**TO:** Mayor and City Council

**FROM:** Deputy City Manager

**SUBJECT:** Adopt Resolutions: (1) Authorizing the City Manager to Execute a Cooperation Agreement to Enable the City of Hayward to Continue Participation in the Alameda County HOME Consortium for 2021-2023; and (2) Appropriating \$388,000 in HOME Investment Partnership Program (HOME) Funds to Provide Rental Assistance to Low-Income Tenants Experiencing Hardship Related to the COVID-19 Pandemic, as well as Authorizing the City Manager to Amend the Existing Agreement with Bay Area Community Services (BACS) to Add HOME Funds in an Amount Not-To-Exceed \$388,000 to Administer the Additional Rent Relief Program Funds.

## **RECOMMENDATION**

That Council adopts:

1. A resolution (Attachment II) authorizing the City Manager to execute the Cooperation Agreement (the Agreement) and all other implementing documents to enable the City of Hayward to participate in the Alameda County HOME Consortium for the next three years; and
2. A resolution (Attachment III) appropriating the use of existing HOME Investment Partnership (HOME) funds for rental assistance to low-income tenants experiencing hardship due to the COVID-19 pandemic and authorizing the City Manager to amend the existing agreement with Bay Area Community Services (BACS) to add HOME funds in an amount not-to-exceed \$388,000 to administer the additional rent relief program funds.

## **SUMMARY**

This item recommends that Council adopt two resolutions related to the acceptance and allocation of federal HOME Funds.

### **Alameda County HOME Consortium Cooperation Agreement**

Every three years, the City of Hayward must reaffirm its membership in the Alameda County HOME Consortium by entering into a Cooperation Agreement with the HOME Consortium.

The administrative agreement between the City and Alameda County enables the City to continue participating in the Consortium, of which it has been a member since 1992.

Through membership in the Consortium, the City has received over \$12.5 million in funds for HOME-eligible housing assistance activities benefitting households at or below 80% of the area median income (AMI), including acquiring, rehabilitating, and constructing affordable housing developments, and providing homebuyer and tenant-based rental assistance. Staff recommends that Council adopts the Resolution in Attachment II, to authorize the City's participation in the Consortium and receive federal HOME funds for federal FY 2020-2021 through FY 2022-2023. Approval of this resolution does not commit the City to funding any specific project at this time. Specific funding allocations would require subsequent Council approval.

### **Tenant-Based Rental Assistance & COVID-19**

Staff recommends augmenting the City's Rental Housing Relief Program by allocating an additional \$388,000 of existing HOME funds to the program. The City entered into an agreement with BACS in May for \$600,000 to administer the City's Rental Housing Relief Program, which provides one-time payments of up to \$2,500 to eligible Hayward residents. In April, the U.S. Department of Housing and Urban Development (HUD) issued several waivers and suspensions of federal regulations pertaining to the HOME Program, which will enable the City to provide additional rental assistance to low-income residents who need help the most during the COVID-19 pandemic. Based on feedback from BACS and communications from community members through the City's hotline and Housing Division inquiries, staff recommends that the City amend the existing agreement with BACS to include the additional \$388,000 in available HOME funds to augment the program.

## **BACKGROUND**

### **Alameda County HOME Consortium Cooperation Agreement**

Since 1991, the City of Hayward has been part of the Alameda County HOME Consortium, which includes unincorporated Alameda County and the cities of Alameda, Fremont, Livermore, Pleasanton, San Leandro, and Union City. Hayward's participation in the Consortium has assured the City a total allocation of approximately \$12.5 million of federal HOME Investment Partnership Funds since FY 1991-1992. Funds must be used for HOME-eligible housing assistance activities, such as:

- Affordable housing development through acquisition, rehabilitation, or construction activities
- Homebuyer assistance
- Tenant-based rental assistance (TBRA)

HOME program regulations require that 100% of HOME funds be used to assist households with incomes at or below 80% of the area median income (AMI) adjusted for household size. Currently, the Alameda County 80% of AMI income limit for a family of four is \$104,400.

## **Tenant-Based Rental Assistance & COVID-19**

On April 28, 2020, City Council approved the allocation of \$1.47 million in emergency Community Development Block Grant (CDBG) funding from the CARES Act for COVID-19 response. Included in that allocation was \$600,000 for rental assistance for low-income renters experiencing financial hardship due to COVID-19. The City entered into an agreement with Bay Area Community Services (BACS) and launched the Rental Housing Relief Program on May 13, 2020.

City Council first authorized the use of HOME funds for tenant-based rental assistance in FY 2007-2008, directing staff to allocate funds for Abode Services' Project Independence Program, which provides rental assistance and case management services to emancipated and former foster care youth. In April, HUD released two memoranda detailing various suspensions and waivers to facilitate the use of HOME funds for emergency and short-term TBRA in response to the COVID-19 pandemic, which has significant economic distress for many of Hayward's renters and property owners.<sup>1</sup> Some key suspensions and waivers for households facing financial hardship due to COVID-19 include:

- Permitting the use of self-certification of income to determine eligibility for HOME assistance
- Waiving Housing Quality Standard Inspections
- Permitting jurisdictions to provide up to 100% subsidy for rent, security deposits, and utility expenses
- Waiving the requirement that rental assistance contracts begin on the first day of the lease term and allowing assistance for tenants already housed with an executed lease in place

Through these suspensions and waivers, the City of Hayward can amend the existing agreement with BACS to administer the program and contribute \$388,000 in HOME funds for TBRA to augment the City's existing Tenant Rental Housing Relief Program, while continuing to fund existing HOME-assisted projects as planned.

## **DISCUSSION**

### **Alameda County HOME Consortium Cooperation Agreement**

The City's participation in the Consortium assures the City an annual allocation of HOME funds and alleviates the administrative burden of the funds. As the representative of the Consortium, Alameda County acts as the lead member for administrative and federal

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<sup>1</sup> Copies of the HUD memoranda are available at the following two links: 1) [https://www.hudexchange.info/resource/6016/cpd-memo-availability-waivers-suspensions-home-requirements-covid-19/?utm\\_source=HUD+Exchange+Mailing+List&utm\\_campaign=6ba2fbaea2-4.14.20-HOME-Program-COVID-19-Response&utm\\_medium=email&utm\\_term=0\\_f32b935a5f-6ba2fbaea2-19544745](https://www.hudexchange.info/resource/6016/cpd-memo-availability-waivers-suspensions-home-requirements-covid-19/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=6ba2fbaea2-4.14.20-HOME-Program-COVID-19-Response&utm_medium=email&utm_term=0_f32b935a5f-6ba2fbaea2-19544745) and 2) [https://www.hudexchange.info/resource/6017/cpd-memo-suspensions-waivers-home-tbra-covid-19/?utm\\_source=HUD+Exchange+Mailing+List&utm\\_campaign=6ba2fbaea2-4.14.20-HOME-Program-COVID-19-Response&utm\\_medium=email&utm\\_term=0\\_f32b935a5f-6ba2fbaea2-19544745](https://www.hudexchange.info/resource/6017/cpd-memo-suspensions-waivers-home-tbra-covid-19/?utm_source=HUD+Exchange+Mailing+List&utm_campaign=6ba2fbaea2-4.14.20-HOME-Program-COVID-19-Response&utm_medium=email&utm_term=0_f32b935a5f-6ba2fbaea2-19544745)

reporting purposes and coordinates the production of the Consolidated Annual Performance and Evaluation Report (CAPER) required by HUD. Several other reporting activities are also carried out in a joint effort by the participating jurisdictions.

The overall objective of the program is to provide high-quality, sustainable affordable housing. In previous years, HOME funds were used to help finance the construction of the Glenn Berry and Sara Conner Court Apartments, the rehabilitation of Huntwood Commons and Tennyson Gardens Apartments, the acquisition and rehabilitation of Leidig Court Apartments, the acquisition of Cypress Glen Apartments, a loan for the Weinreb Place (aka Hayward Senior Housing II) affordable senior complex, and a loan for the Alta Mira Affordable Family and Senior Apartments (aka the South Hayward BART affordable housing project) which opened in the fall of 2016. Most recently, funds were allocated for the acquisition and development of Mission Paradise, a 76-unit affordable complex for adults age 62 and older. Additionally, since 2008, funds have been set aside to pay for rental subsidies for participants of Project Independence, a program that provides services and rental subsidies to emancipated youth (youth age 18 to 24 who have aged out of the foster care system).

Staff recommends that the City Council approve the continued participation in the Alameda County HOME Consortium for the next three Federal fiscal years – October 1, 2020 through September 30, 2023. Individual project funding commitments during this time will come to the Council for approval.

## **Tenant-Based Rental Assistance & COVID-19**

### *Existing Need for Assistance*

On March 4, 2020, the Governor proclaimed a State of Emergency in California as a result of the COVID-19 pandemic. On March 17, 2020, Alameda County implemented a Shelter-In-Place Order limiting activity, travel, and business functions to only essential needs and services, which was followed shortly by a state-wide order on March 19, 2020. Such substantial decrease in economic activity had a stark impact on Californians' ability to work and collect enough income to pay their rent. By April 2020, the state unemployment rate went from a record low 3.9% in February<sup>2</sup> to a record high 15.5% in April.<sup>3</sup> Hayward's unemployment rate was 17.1%.<sup>4</sup> The statewide rate continued to climb in May to 16.3%, which was four times the rate in May 2019. Unemployment in Alameda County in May 2020 sits at 13.5%, just below the state rate.<sup>5</sup>

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<sup>2</sup> State of California Employment Development Department. *California unemployment rate maintained record low 3.9 percent in February*. Retrieved from: <https://www.edd.ca.gov/Newsroom/unemployment-february-2020.htm>

<sup>3</sup> State of California Employment Development Department. *California unemployment rate rose to record 15.5 percent in April*. Retrieved from: <https://www.edd.ca.gov/newsroom/unemployment-may-2020.htm>

<sup>4</sup> Bureau of Labor and Statistics. Retrieved from <https://data.bls.gov/PDQWeb/la>

<sup>5</sup> State of California Employment Development Department. *California unemployment lowers slightly to 16.3 percent in May*. Retrieved from <https://www.edd.ca.gov/newsroom/unemployment-june-2020.htm>

Nationally, only 69% of tenants paid any rent in the first five days of April, a drop of twelve percentage points from payments made in the first five days of March.<sup>6</sup> As renters accessed unemployment benefits and other financial assistance, the percentage of households that paid rent during the first five days of May increased to 80%.<sup>7</sup> As of June 22, 2020, Alameda County has begun re-opening, including provisions for opening indoor and outdoor retail, outdoor dining, and religious and cultural gatherings.<sup>8</sup> While the re-opening begins, inquiries to the City's COVID-19 hotline and Housing Division indicate that Hayward residents continue to face economic hardship resulting from COVID-19 and that continued rental assistance would help alleviate the financial burden the City's most vulnerable residents are still experiencing.

### *Rental Housing Relief Program Description*

The Rental Housing Relief Program supports residents who are at greatest risk of displacement due to non-payment of rent related to the COVID-19 pandemic and offsets corresponding lost revenue that landlords need to provide housing services. The program provides a one-time rent relief grant directly to landlords on behalf of low-income tenants to reduce the burden on tenants and ensure landlords receive the revenue needed to maintain housing services. Funds are awarded on a first-come-first served basis upon receipt of a complete application form from the eligible tenant. To preserve housing stability for as many people as possible, rental assistance is limited to the amount necessary to bridge the gap between what the tenant can pay and the actual rent payment not to exceed \$2,500. Eligible applicants must be Hayward residents, income eligible (either very low income with up to 50% of AMI or low income with up to 80% of AMI and a rent burden of 30% or higher), and have been unable to pay full rent because they experienced and can demonstrate hardship resulting from COVID-19.

After opening on May 13, 2020, the program received over 500 online applications<sup>9</sup> and closed submissions on May 19, 2020. Of those submitted, the majority were either not eligible, duplicate applications, or denied due to lack of follow-up contact or provision of proof (including self-certification) of economic impact. While those that were eligible are still being processed, initial data for those that have been processed (n=85) indicate that those receiving funds are those who need support the most. The majority (86%) were experiencing economic hardship due to job loss or reduction in work hours. Half (50%) of recipients were from a household of four or more individuals.

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<sup>6</sup> National Multifamily Housing Coalition. *NMHC Rent Payment Tracker finds 12 percentage point decrease in share of apartment households that paid rent by April 5*. Retrieved from: <https://www.nmhc.org/news/press-release/2020/nmhc-rent-payment-tracker-finds-12-percentage-point-decrease-in-share-of-apartment-households-that-paid-rent-by-april-5/>

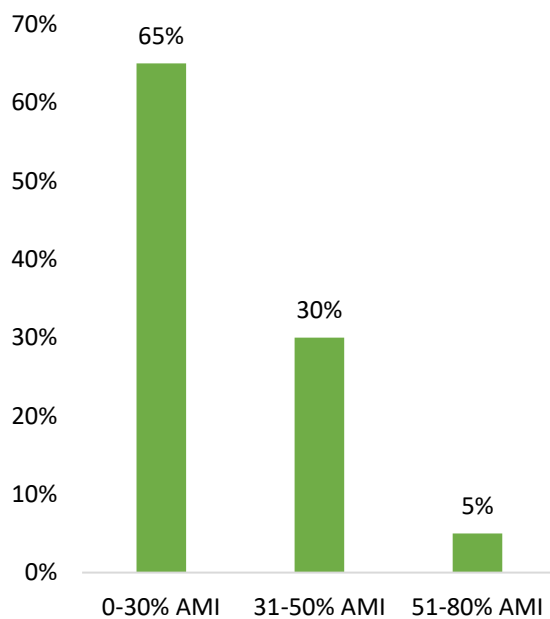
<sup>7</sup> National Multifamily Housing Coalition. *NMHC Rent Payment Tracker finds 80.2 percent of apartment households paid rent as of May 6*. Retrieved from: <https://www.nmhc.org/news/press-release/2020/nmhc-rent-payment-tracker-finds-80.2-percent-of-apartment-households-paid-rent-as-of-may-6/>

<sup>8</sup> Alameda County Public Health Department. *Sheltering in place for COVID-19*. Retrieved from: <http://www.acphd.org/2019-ncov/shelter-in-place.aspx>

<sup>9</sup> Individuals who are unable to apply online are encouraged to call the Housing Division, where staff can complete the initial application for them and make a plan with the applicant for submission of paperwork for final processing.

As shown in Figure 1, almost two-thirds of recipients make 30% or less of the area median income (AMI) for their household size. Together, 95% of those who received assistance make below 50% of AMI, suggesting that funds are going to individuals experiencing significant financial hardship.

**Figure 1. Area Median Income (AMI) of Assistance Recipients**

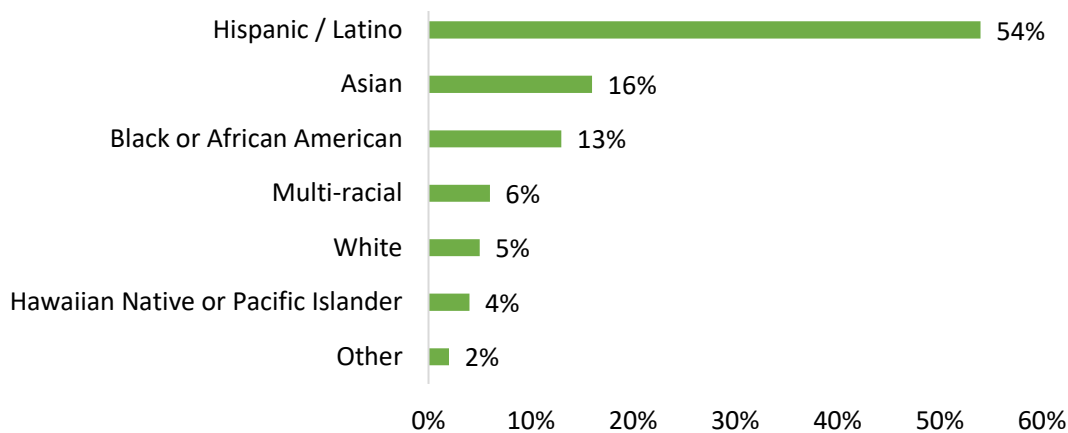


In Hayward, 44% of residents are renters. According to 2010 Census data, approximately 37% of all renters were Hispanic or Latino and 22% of all renters were Black or African American.

Among Hayward’s renters, over half (56%) are rent burdened, spending at least 30% or more of their income on rent. Census data show that rent burden is highest among Black/African American and Hispanic renters in the San Francisco-Oakland-Hayward metro area.<sup>10</sup> Given these trends, it is likely

that Hayward’s Hispanic and Black/African American renters are most likely to need assistance. As shown in Figure 2, among the 85 individuals who have received assistance so far, just over half are Hispanic or Latino, 16% are Asian, and 13% are Black or African American.

**Figure 2. Race and Ethnicity of Assistance Recipients**



*Consistency with Housing Goals*

The Rental Housing Relief Program is consistent with the strategies, priorities, and programs in the FY 2014-2019 and FY 2020-2025 Consolidated Plans of the HOME Consortium. The HUD-required plans outline needs, strategies, priorities, and programs for the expenditure of

<sup>10</sup> Joint Center for Housing Studies of Harvard University. *Renter cost burdens by race and ethnicity*. Retrieved from: [https://www.jchs.harvard.edu/ARH\\_2017\\_cost\\_burdens\\_by\\_race](https://www.jchs.harvard.edu/ARH_2017_cost_burdens_by_race)

federal funds for housing and community development activities. Specifically, this program aligns with the priority of preventing homelessness.

Given the success demonstrated by initial program data, the demonstrated need from residents, and the availability of waivers and suspensions in federal regulations to more quickly access and distribute HOME funds to the community, staff recommends Council approve the \$388,000 allocation of HOME funds to augment the Rental Housing Relief Program.

## **ECONOMIC IMPACT**

The physical and economic impacts of COVID-19 exacerbate the already severe housing crisis in the Bay Area. Continuing to take part in the Alameda County HOME Consortium ensures that the City receives an annual allocation of funds ranging from \$250,000 to \$425,000 to continue to address this housing crisis. Using a portion of this annual allocation to provide emergency rent relief is an important and vital step in preventing more Hayward residents from being displaced during this economic crisis.

## **FISCAL IMPACT**

Hayward's participation in the HOME Consortium allows the City to receive an annual allocation of HOME program funds from HUD. Between federal FY 2019 and FY 2021, the City received an average allocation of \$402,636. Each year, 10% of funds may be used for administrative costs, and of those, 50% are retained by the County for administration, leaving the City with 5% of the total allocation for administration of ongoing and new HOME activities.

There are sufficient funds budgeted in the FY 2021 operating budget to cover the cost associated with this professional services agreement with BACS for the Rental Housing Relief Program. The total fiscal impact is less than the amount budgeted, and there is no additional impact to the HOME fund. Implementation and administration costs for the Rental Housing Relief Program will be covered by a combination of CDBG and HOME funds, so there will be no impact of the program on the City's General Fund.

## **STRATEGIC ROADMAP**

This item supports the Strategic Priority of Preserve, Produce, Protect, & Produce Housing. This item is not specifically related to a project identified in the Strategic Roadmap. Staff is bringing forth this item because: a) it is a necessary administrative step for remaining in the HOME consortium and b) it responds to a clear emergent need to protect and preserve housing by ensuring Hayward's lowest income renters are able to remain housed.

## **SUSTAINABILITY FEATURES**

As HOME funds can be used for affordable housing development projects, it is important to note the sustainability features of those projects. To be competitive for the major sources of funding, affordable housing development proposals must be located near transit and include energy-efficient and sustainable features that exceed the applicable standards. The requirement to include energy-efficient and sustainable features is intended to guarantee that affordable developments are financially viable for the long term. Energy-related savings are essential to achieve that long-term viability – besides guaranteeing that the housing expenses of tenants are low or minimal.

Additionally, as housing becomes increasingly unaffordable, many households are forced to move out of their communities and, as they move farther away, they have to spend a larger part of their incomes on transportation while adding further pressure to the already congested system of roads and freeways. Thus, the requirement to be located near transit helps reduce traffic congestion and frees up income of very low and extremely low-income households to pay for other expenses such as education, childcare, and food. Therefore, to the extent that HOME and other local funds will help Hayward affordable housing projects or program proposals compete for and/or leverage other sources of funding, this would help in reducing area traffic impacts and achieving other local sustainability goals.

## **PUBLIC CONTACT**

Neither the authorization to remain in the HOME Consortium nor the authorization to allocate the HOME funds to the rent relief program require public contact. However, the FY 2015-2019 Consolidated Plan that governs the allocation of HUD funding (including both HOME and CDBG) did receive public comment when it was written. The draft FY 2020-2024 Consolidated Plan and FY20 Action Plan has been distributed county-wide for public review and comments over a 5-day period ending on June 19, 2020. Comments received will be addressed and revisions, if necessary, will be made to the final Consolidated Plan and Action Plan. The Alameda County Board of Supervisors will consider submitting the Consolidated Plan and Action Plan on June 30, 2020. The final versions of the Consolidated Plan and Annual Plan will be sent to HUD on July 2, 2020.

## **NEXT STEPS**

All HOME-eligible housing assistance activities (such as the allocation of funds for emergency rent relief presented in this report) require Council approval. Therefore, if Council authorizes that the City remain in the HOME Consortium, all subsequent HOME-funded projects will come to Council for approval.

If Council approves the use of HOME funds to provide emergency rental assistance to eligible low-income Hayward residents, the City Manager will execute an amendment to the agreement with BACS to supplement the existing agreement with the additional HOME funds, bringing the total contract amount from \$600,000 to \$988,000 for emergency rental assistance.



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

*Recommended by:* Christina Morales, Housing Division Manager  
Jennifer Ott, Deputy City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

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Kelly McAdoo, City Manager