



**DATE:** March 5, 2024

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

**SUBJECT:** Adopt a Resolution Amending Resolution Numbers 23-154 and 22-299 to Clarify that the City's Homekey Partnership is with Bay Area Community Services Housing Corporation and to Specify that Council Authorizes the City Manager or her Designee to Negotiate and Execute Documents Related to the Homekey Program

#### **RECOMMENDATION**

That the Council adopts a resolution (Attachment II) amending Resolution Nos. 23-154 and 22-299 to clarify that the entity the City is partnering with for its Round 3 Homekey application is Bay Area Community Services Housing Corporation and to specify that documents related to Homekey may be negotiated and executed by the City Manager or her designee.

#### **SUMMARY**

On June 20, 2023, Council adopted Resolution 23-154 authorizing a joint application with Bay Area Community Services (BACS) and the City of Union City for the State Homekey Program to fund the City's Scattered Site Housing program, called Project Reclamation. As a scattered site program, Project Reclamation involves acquiring multiple single-family homes and converting them to supportive shared housing, bringing housing for those experiencing chronic homelessness into existing residential communities with proximity to services, transport, and social connections.

In addition to applying for State Homekey funding to support Project Reclamation, the City received a State earmark of \$5.4 million for the program as part of the most recent State budget, Assembly Bill 179. Council adopted Resolution 22-299 on December 6, 2022, authorizing the City Manager to negotiate and execute a loan agreement with Bay Area Community Services for acquisition, rehabilitation, and operations associated with the scattered site program, using the AB 179 funding.

The City and its co-applicants received notice from the State Department of Housing and Community Development (HCD) in November 2023 that Project Reclamation received a conditional Homekey award. HCD laid out specific threshold requirements the City and its co-

applicants had to meet by February 2, 2024, to be considered for a final award. After submitting these subsequent materials, HCD staff identified an inconsistency in language used across the application to refer to BACS and directed city applicants to amend applicable resolutions, changing references from “Bay Area Community Services” to “Bay Area Community Services Housing Corporation,” as the Bay Area Community Services Housing Corporation is the entity that will be making the capital transactions and managing the properties for Project Reclamation.

Resolution 22-299 addresses the Homekey threshold requirement for the City to provide an enforceable funding commitment for its local match. Resolution 23-154 demonstrates the Council’s authorization to apply for Homekey funding. Staff recommends that Council adopt a new resolution (Attachment II) amending each of these resolutions to address HCD’s feedback and clarify that the loan and Homekey partnership is with Bay Area Community Services Housing Corporation. Staff also recommends that, for consistency, each resolution be updated to reflect that Council authorizes the City Manager or her designee to negotiate and execute all documents related to the Homekey program.

## **BACKGROUND AND DISCUSSION**

The City of Hayward is leveraging multiple State and County funding sources to implement a scattered site housing program in partnership with Bay Area Community Services (BACS) Housing Corporation and the City of Union City. Known as Project Reclamation, the program converts single family homes to supportive shared housing, bringing housing for those experiencing chronic homelessness into existing residential communities with proximity to services, transport, and social connections. The City will leverage the following funding sources for this project:

- **Assembly Bill 179 Scattered Site Earmark:** On June 30, 2022, the Governor approved AB 179, the Budget Act of 2022. The bill included an award to the City of Hayward in the amount of \$5.4 million for the Scattered Site Housing program. Council adopted Resolution 22-299 on December 6, 2022, authorizing the City Manager to negotiate and execute a loan agreement with Bay Area Community Services for acquisition, rehabilitation, and operations associated with the scattered site program using the AB 179 funding.
- **Homekey Round 3 Funding:** On June 20, 2023, Council adopted Resolution 23-154 authorizing a joint application with BACS and Union City for the State Homekey Program to fund the City’s Scattered Site Housing program. Homekey funding would provide an award of up to \$150,000 per door for capital expenses (i.e., application and rehabilitation) associated with Project Reclamation, as well as operating subsidy for up to three years.
- **County of Alameda HOME Investment Partnership Program American Rescue Plan (ARP) Allocation:** Along with the City of Union City and BACS, the City responded to a Request for Funding Proposals from the County of Alameda for projects that comply with HOME-ARP requirements from the Department of Housing and Urban Development. The project received \$1.5M for operating expenses, conditional on receipt of Homekey funding and Board of Supervisors approval.

Council supported using the \$5.4M approved under AB 179 primarily as down payment or acquisition loans to BACS to help them acquire a minimum of four single family homes, which would enable the Project Reclamation Homekey application to meet threshold requirements. The City applied for Homekey funding in June 2023, using the AB 179 funding along with the HOME-ARP operating award from the County to provide enforceable funding commitments for the City’s local match as required in the Round 3 Homekey Notice of Funding Availability.

In November 2023, Project Reclamation received a Conditional Award from HCD, which outlined requirements for meeting additional threshold requirements by February 2, 2024. Staff worked with BACS and Union City staff to submit the required subsequent materials, then were notified by HCD of an inconsistency in language used across the Project Reclamation application to refer to BACS. HCD staff directed city applicants to amend applicable resolutions, changing references from “Bay Area Community Services” to “Bay Area Community Services Housing Corporation.” Bay Area Community Services Housing Corporation is BACS’s housing development entity, which will be making the capital transactions and managing the properties for Project Reclamation. HCD requires that the City’s resolutions related to BACS reflect this name.

Staff recommends that Council adopt a new resolution (Attachment II) amending Resolution numbers 22-299 and 23-154 to address HCD’s feedback and clarify that the loan and Homekey partnership is with Bay Area Community Services Housing Corporation. Staff also recommends that, for consistency, each resolution be updated to reflect that Council authorizes the City Manager or her designee to negotiate and execute all documents related to the Homekey program.

**ECONOMIC IMPACT**

There is no economic impact associated with this item, which revises existing resolutions.

**FISCAL IMPACT**

There is no fiscal impact associated with this item, which revises existing resolutions.

**STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect & Produce Housing. Specifically, this item supports the implementation of the following project(s):

- 2b. Implement the Homelessness Reduction Strategic Plan
- 8b. Apply for state housing funding to support strategic partnerships and Council Priorities.

**PUBLIC CONTACT**

Pursuing Homekey funding to support innovative, dedicated homeless housing projects was identified as a priority project in the LHH plan, which had extensive public contact throughout its development process. Staff presented on the scattered site program in several prior public meetings as part of the Homekey application process.<sup>1,2,3</sup>

## **NEXT STEPS**

If authorized, staff will provide the updated resolution to HCD to include in their review of the City's supplementary Homekey application materials. Staff will provide an update on Homekey funding following HCD's review.

*Prepared by:* Amy Cole-Bloom, Community Services Manager

*Recommended by:* Regina Youngblood, Assistant City Manager

Approved by:



---

Kelly McAdoo, City Manager

---

<sup>1</sup> January 25, 2022, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5390892&GUID=B276DA40-2A6A-46C1-A313-28235E575135&Options=&Search=>

<sup>2</sup> December 6, 2022, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5955257&GUID=5B2A0638-83AF-43B9-A62E-C8D58632C3BC&Options=&Search=>

<sup>3</sup> June 20, 2023, City Council Staff Report and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6264024&GUID=7153A3FF-D8D5-4396-9076-DD5BE189FC60&Options=&Search=>