



DATE: February 24, 2026

TO: Mayor and City Council

FROM: Director of Development Services

SUBJECT: Adopt a Resolution Authorizing the Application for, and Receipt of, California Department of Housing and Community Development Prohousing Incentive Program Funds

RECOMMENDATION

That the City Council adopts a resolution authorizing the City Manager to:

1. Submit an application to the State of California Department of Housing and Community Development (HCD) for Prohousing Incentive (PIP) funds in an amount not to exceed \$1,200,000; and, if funds are awarded:
2. Execute a Standard Agreement and any related amendments, modifications, or documents required by HCD;
3. Accept and appropriate awarded funds in an amount not-to exceed \$1,200,000; and
4. Allocate the funds to support the ongoing operations of the South Hayward Parish (SHP) Emergency Shelter Program.

SUMMARY

HCD released the Round 4 Notice of Funding Availability (NOFA) for the PIP, making approximately \$8 million available statewide for jurisdictions that have been awarded a Prohousing Designation.¹ Based on the City of Hayward's population size and its Prohousing Designation Score of 45, the City is eligible for an estimated \$1,200,000 award (base award \$750,000 + bonus award \$450,000).

PIP funds are one-time resources that may be used for a broad range of eligible housing and community development activities. On December 18, 2025, the Housing Policy and Resource Committee (HPRC) reviewed potential funding options and supported prioritizing the use of

¹ California Department of Housing and Community Development Prohousing Incentive Program (PIP): <https://www.hcd.ca.gov/grants-and-funding/programs-active/prohousing-incentive-program>

PIP funds to support ongoing operations of the SHP Emergency Shelter to provide continued support for a proven community partner and offset the need for General Fund contributions.²

This item seeks City Council authorization to apply for PIP funding and, if awarded, to allocate the funds to support SHP.

FISCAL IMPACT

There is no immediate fiscal impact associated with this item. If awarded, PIP funds would have a positive fiscal impact by offsetting General Fund expenditures and helping sustain a vital community homelessness response program.

BACKGROUND

On September 30, 2025, HCD issued the Round 4 NOFA for PIP. To be eligible, jurisdictions must maintain a substantially compliant Housing Element, hold a valid Prohousing Designation, submit required annual reports, and remain in compliance with state and federal housing laws.

The City Council authorized application to the Prohousing Designation Program in November 2023.³ Following an initial unsuccessful application, City Council authorized reapplication in March 2024.⁴ On May 27, 2025, the City was awarded the Prohousing Designation with a score of 45. As a Prohousing-designated jurisdiction with a compliant Housing Element, the City is eligible to apply for competitive PIP grant funds. Applications are due by March 31, 2026, with awards anticipated in June 2026. Funds must be expended by June 30, 2029.

Eligible Uses of PIP Funding

PIP funds must be used for planning or implementation activities related to housing and community development and are limited to eligible uses defined in Health and Safety Code Section 50470(b)(2)(D). These uses include:

- Predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing affordable to extremely low- to moderate-income households, including operating subsidies;
- Affordable workforce housing serving households earning up to 120% AMI or 150% AMI in high-cost areas;
- Homeownership assistance and opportunities;

² December 18, 2025, HPRC Staff Report:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=7783851&GUID=A0A3049B-82F9-44C3-8D77-2A9E0F3C5810>

³ November 14, 2023, City Council Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6414028&GUID=5A63D923-F7AE-4411-9326-7097461B74B3>

⁴ March 5, 2024, City Council Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6561055&GUID=9713977D-0817-407D-B833-172E058032C2>

- Homelessness response activities, including emergency shelters, rental assistance, rapid rehousing, navigation centers, and supportive housing services;
- Accessibility modifications;
- Acquisition and rehabilitation of foreclosed or vacant homes;
- Capitalized service reserves for permanent supporting housing;
- Matching contributions to local and regional housing trust funds;
- Fiscal incentives or matching funds for agencies approving new affordable housing.

HPRC Review and Recommended Use

At its December 18, 2025 work session, the HPRC reviewed several potential PIP-eligible funding options, including gap financing for affordable development projects, down payment assistance, and homelessness response programs. Based on demonstrated need, community impact, and lack of identified ongoing funding, the HPRC supported staff's recommendation to prioritize support for ongoing operations of the SHP Emergency Shelter.

DISCUSSION

Operated by the First Presbyterian Church of Hayward since 2018, the SHP Emergency Shelter transitioned from a seasonal warming shelter to year-round operations in October 2021, through an infusion of \$2,050,000 in City-provided American Rescue Plan Act (ARPA) funding. SHP is Hayward's only year-round adult emergency shelter and serves as a critical partner in the City's homelessness response system, including coordination with Hayward Evaluation and Response Teams (HEART) which bring unhoused residents to the site for meals, showers, and supportive services.

With the expiration of ARPA and ongoing General Fund constraints, the City has been able to provide only partial funding for FY 2026. The total FY 2026 funding request was \$1,315,922, of which \$328,880 was funded using a combination of General Funds (\$264,690) and Opioid Settlement funds (\$64,190). Without the PIP award, funding beyond FY 2026 remains uncertain.

If awarded, the estimated \$1,200,000 in PIP funds would provide continued partial support for SHP operations, funding approximately four to five shelter beds (at a cost of \$62,500 per bed) for up to four years and offsetting the need for General Fund contributions. Annual funding levels could be adjusted to fund two to three beds per year to extend the duration of support, based on community need.

ECONOMIC IMPACT

If awarded, the City would receive approximately \$1,200,000 in one-time funding to support homelessness response services and reduce General Fund obligations.

STRATEGIC ROADMAP

This item supports the Strategic Priority of Preserve, Protect & Produce Housing, but is not related to a specific Strategic Roadmap project.

PUBLIC CONTACT

This item was presented at a December 18, 2025 HPRC work session and received no public comment. The proposed use of funds aligns with priorities identified through prior public engagement efforts, including the Housing Element, the Let's Housing Hayward! Plan to Reduce Homelessness, and ARPA funding allocations.

NEXT STEPS

Upon City Council approval, staff will prepare and submit the City's PIP application by March 31, 2026.

Prepared by: Doris Tang, Management Analyst

Recommended by: Sara Buizer, AICP, Director of Development Services
Christina Morales, Deputy Director of Development Services
Leigha Schmidt, AICP, Principal Planner

Approved by:



Jennifer Ott, City Manager