



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**DATE:** April 25, 2023

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

### **SUBJECT**

Affordable Housing Bonds: Review and Discuss a Proposed Social Impact Bonds Program and Reallocation of \$2 Million in Housing ARPA Funds

### **RECOMMENDATION**

That the City Council reviews and provides feedback on a proposed social impact bonds program and reallocation of \$2 million in ARPA funds designated for housing programs.

### **SUMMARY**

On April 27, 2021, the City Council adopted a resolution authorizing the acceptance of \$38 million in federal stimulus allocation under the American Rescue Plan Act of 2021 (ARPA). On July 13, 2021, City Council approved the Hayward Federal Stimulus Expenditure Plan which included \$4.25 million for housing programs. Staff have already implemented the foreclosure prevention and the emergency relocation assistance programs but have yet to implement the wealth building and tax-defaulted property acquisition programs. All funds awarded through ARPA must be obligated no later than December 31, 2024.

On March 2, 2023, the City of Hayward Homelessness-Housing Task Force (HHTF) held a Work Session on a proposal for a new social impact bonds program and to reallocate \$3 million in remaining housing ARPA funding for down payment assistance for the social impact bonds program. HHTF members expressed interest in the social impact bonds program but directed staff to return to the City Council with an analysis of alternative funding uses.

Because of the anticipated need for anti-displacement legal resources for renters as the County's eviction moratorium is lifted, staff returned to City Council on March 28, 2023, with a recommendation to reallocate \$500,000 of remaining ARPA housing funds for a multi-agency legal assistance and anti-displacement program with Centro Legal de la Raza, Inc. (Centro Legal), which was approved by City Council. This staff report discusses the potential uses of the remaining ARPA housing funds as directed by the HHTF on March 2 and the proposed social impact bonds program.

1. Tenant right to counsel (RTC). To create a successful RTC program, City Council would have to

both adopt right to counsel legislation and identify ongoing funding for the program. The City currently funds three programs that provide legal services for tenants through ARPA and CDBG but ARPA are one-time use funds and staff estimates that the current funding level for legal services is insufficient to support a RTC program in Hayward. The City should evaluate the demand for legal services and local resources to provide legal assistance before committing to legislation that may require substantial ongoing resources to implement and enforce.

2. Rental assistance. Staff do not recommend implementing additional rental assistance because federal requirements prevent households from receiving multiple assistance payments for the same period and it is difficult to mitigate the risks of duplication of benefit. Additionally, given the amount of funding provided by state and federal governments to provide rental assistance, staff recommends that recovery from the pandemic include programs that will help create generational wealth for low-income communities that were disproportionately impacted by the pandemic.
3. Tax-defaulted properties and community land trusts (CLT). When initially proposed, staff anticipated that there would be an increase in tax-defaulted properties that could be converted into ownership opportunities under the CLT model. Although CLTs can be a way to preserve affordable housing, it is a limited appreciation ownership model. Similar to a CLT, the City already provides limited appreciation ownership opportunities through its Affordable Housing Program so staff proposes reprogramming the ARPA funds to a down payment assistance program and exploring a social impact bonds (SIB) program to create ownership opportunities that have a greater potential for wealth building. Support for CLTs could be provided through the City's Affordable Housing Notice of Funding Availability (NOFA).
4. Social impact bonds program. This program would acquire and rehabilitate blighted and distressed properties without long-term affordability restrictions using bond proceeds. This program would achieve the goals of the two proposed housing ARPA programs intended to increase wealth building and create housing opportunities from distressed properties. Staff proposes using ARPA funds for down payment assistance to deepen the affordability level targeted. Funds can be recaptured upon sale of the property to support subsequent home purchasers.
5. Down payment assistance program. Staff proposes a down payment assistance program to provide community members access to wealth building through homeownership that can be recaptured for future home purchasers.

Of the proposed programs, staff recommends creating a down payment assistance program that could be used with a social impact bonds program if administrators can identify an investor or as a stand-alone program if there are no interested investors. Staff is seeking Council feedback on the programs discussed in this report.

## ATTACHMENTS

Attachment I      Staff Report