



CITY OF HAYWARD

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Cover Memo

File #: CONS 16-254, **Version:** 1

DATE: July 19, 2016

TO: City Council

FROM: Director of Library and Community Services

SUBJECT

Authorization to Renew a Rental Housing Subsidy Grant Agreement with Abode Services to Provide Rental Assistance to Emancipated Youth through "Project Independence" and to Utilize HOME Funds for that Purpose

RECOMMENDATION

That Council adopts the attached resolution authorizing the City Manager to negotiate and execute a two-year Rental Housing Subsidy Grant Agreement and any other documents necessary to implement "Project Independence" ("Project"); and authorizing the use of \$296,775 in Federal HOME Investment Partnership (HOME) program funds for rental assistance to emancipated youth through Abode Services for the Project.

BACKGROUND

Project Background in Hayward

On July 24, 2007, the City Council approved the implementation of a program to provide rental assistance to emancipated Hayward youth through Abode Services' "Project Independence" ("Project"), and authorized the use of HOME Investment Partnership (HOME) funds for that purpose. The Project was implemented in 2008. The primary goal of the Project is to provide permanent affordable housing to emancipated youth in Alameda County, including Hayward, who are eighteen to twenty-four years of age and are no longer eligible for foster care services due to their age.

In addition to providing affordable housing opportunities, the Project provides emancipated youth and their dependents (if applicable) with comprehensive supportive services. Project participants live in subsidized apartments at scattered rental complexes throughout the community and participate in case management, education, vocational training, employment placement, financial literacy training, mental and physical healthcare, and other supportive programs.

In consideration of the dire affordable housing needs of emancipated youth and the success of the Project, on December 16, 2014, Council approved the renewal of a Rental Housing Subsidy Agreement (the Agreement) with Abode Services for a third time to continue implementing the Project and continue

utilizing available HOME funding for that purpose.

Transitional Housing Placement Plus program background

In the State of California, the Transitional Housing Placement Plus (“THP-Plus”) program provides up to twenty-four months of affordable housing and comprehensive supportive services to help former foster care youth ages 18 to 24 make a successful transition from out-of-home placements to independent living. THP-Plus is administered by the California Department of Social Services, which distributes THP-Plus funds to counties. Each county’s department of social services then provides the services directly or contracts for services with nonprofit providers such as Abode Services, which operates the Project Independence program in multiple area jurisdictions including Hayward, unincorporated Alameda County, Fremont, and Livermore.

Emancipated Youth - Service Need

According to the latest statistics from the [Adoption and Foster Care Analysis and Reporting System <https://www.childwelfare.gov/pubPDFs/foster.pdf>](https://www.childwelfare.gov/pubPDFs/foster.pdf) (AFCARS) data for FY 2014, over 21,400, or 9%, of the total number of children that exited foster care in the U.S. became emancipated. Research shows that children who emancipate from the foster care system face unique challenges such as mental health problems, early or unplanned pregnancies, lack of stable affordable housing, fewer employment opportunities, and substandard medical care. As a result, emancipated youth experience disproportionately higher rates of unemployment, lower educational attainment, incarceration, dependence on public assistance, substance abuse, and other high-risk behaviors.

[A recent study published by the John Burton Foundation for Children Without Homes <http://thpplus.org/wp2/wp-content/uploads/2015/11/2015THP_PlusFC_AnnualReport.pdf>](http://thpplus.org/wp2/wp-content/uploads/2015/11/2015THP_PlusFC_AnnualReport.pdf) found that more than one in four youth (28%) entered THP-Plus directly from homelessness in FY 2014-15. Homelessness, according to the study, is the most common place from which youth enter THP-Plus. Furthermore, the study found that the percentage of THP-Plus participants who had experienced homelessness at any time between foster care and THP-Plus remained high in 2014-15 at 48% (as a comparison, in 2008-09, just 16% of entering participants had experienced homelessness). Finally, according to the study, the lack of affordable housing after foster care is the biggest challenge facing youth in the program.

The above cited study contains statistics revealing that the condition of the former foster youth population in California does not seem to be improving. For example, according to this report, the proportion of young women who are custodial parents in THP-Plus increased for the fourth consecutive year. According to THP-Plus providers and county representatives, the long list of issues that this group faces includes, not surprisingly, the additional cost associated with providing a parenting youth with an adequately-sized apartment. Recent and previously-released studies by the John Burton Foundation have also found that nearly three-fifths of the program participants are female, largely reflecting the demographics of California’s population of aging out of foster care youth, which has historically been disproportionately female.

[A policy brief from the John Burton Foundation released in 2012 <http://www.thpplus.org/pdfs/Entr-to-ExitPolicyBriefAug10.pdf>](http://www.thpplus.org/pdfs/Entr-to-ExitPolicyBriefAug10.pdf) reports that the largest concentration of THP-Plus participants (25%) were in the San Francisco Bay Area. According to the Alameda County Department of Social Services, there are currently over 400 youth (ages 18-21) in foster care in the County, and it is estimated that approximately

30% of these youth emancipate annually. Many of these youth have no access to support systems and need housing and housing services upon emancipation from group homes, foster homes, and other placements. Based on a survey from Abode of emancipated youth in their wait list, approximately 40% have a connection to the City of Hayward. They are students at Chabot College, Cal State East Bay, work in Hayward, have adult relatives in Hayward, or have been in a foster care home in Hayward for many years.

DISCUSSION

Project Progress

Since the implementation of the Project in 2008, Hayward's contributions of HOME funding have helped house over two hundred fifty (250) Hayward emancipated youth who would have otherwise become homeless. During the current Agreement term, the Hayward Project supported approximately thirty one (31) former foster youth. Twenty of those youth were working at least part-time or enrolled in school (at Chabot College, CSUEB, Hayward Adult School, Marinello School of Beauty, etc.). This represents a 65% success rate of engagement in employment and education during enrollment in the Project. Those who were employed worked at AT&T, Costco, Kmart, FedEx, and other local businesses at various locations in Hayward and throughout the East Bay. Hayward funding also helped house eight single parents, some of which are parenting youth with custody of their children.

Current participants are being housed in eight units located throughout several apartment complexes. As required by federal funding, staff from Abode Services and the City inspect the complexes and the apartments prior to move-in by participants in order to make sure that they live in a decent, safe, and sanitary environment.

Independent living programs like Project Independence are an effective approach to mitigating and resolving many of the challenges with which emancipated youth are invariably faced. The supportive housing strategy provides youth with a stable foundation and adult support while they finish their education or job training, find new employment and/or overcome psychological problems that interfere with their ability to live independently.

Project's Consistency with Housing Goals

Providing tenant-based rental assistance is an eligible activity under the HOME program regulations and is consistent with the goals and policies of the [City of Hayward Housing Element <http://www.hayward-ca.gov/sites/default/files/documents/HayHE_FINAL_Adopted.pdf>](http://www.hayward-ca.gov/sites/default/files/documents/HayHE_FINAL_Adopted.pdf). Project Independence is included in the Housing Element as one of the programs aimed at addressing the housing needs of special populations.

The Project is also consistent with the [Alameda County-wide Homeless and Special Needs Housing Plan <http://everyonehome.org/wp-content/uploads/2016/02/resources_EveryOneHome_plan-1.pdf>](http://everyonehome.org/wp-content/uploads/2016/02/resources_EveryOneHome_plan-1.pdf), which is implemented by several County jurisdictions, including Hayward. This plan recognizes the multidimensional nature of chronic homelessness, and the need for inter-jurisdictional and interdisciplinary cooperation to reduce and prevent homelessness by, among other things, increasing and sustaining the housing opportunities for the target populations in the County. The ultimate goal of this inter-jurisdictional effort is to effectively end homelessness in the County by 2020.

Finally, the Project is consistent with the strategies, priorities, and programs of FY 2014-2019 Consolidated Plan of the Alameda County HOME Consortium, to which the City is a party. The Consolidated Plan outlines needs, strategies, priorities, and programs for the expenditure of federal funds for housing and community development activities as required by the Department of Housing and Urban Development (HUD) for jurisdictions to be eligible to receive federal funding.

Funding

Each year, the City receives an allocation of HOME funds that are disbursed through the County HOME Consortium and are to be used to provide affordable housing. The City's current FY2016 allocation of HOME funds for Project-related expenses is \$276,488, which includes a minor HOME loan repayment, and \$17,214 for administrative expenses. Examples of recent Council approvals for HOME funding commitments to other projects in the City include:

- a) Acquisition and rehabilitation of Leidig Court Apartments, approved by Council in 2012 and completed in the summer of 2013;
- b) Construction of the Weinreb Place, aka B & Grand affordable senior housing project, approved by Council early in 2013 and placed in service early last year; and
- c) Construction of the South Hayward BART Affordable Housing Project, approved by Council in 2011 and currently being leased up.

The total HOME funds recommended for the FY 2017-18 Project is \$296,775 for a two-year program. This funding will be used by Abode Services to pay the difference between the Fair Market Rent (FMR) established by HUD for a two-bedroom unit in the area and 30% of the participant's monthly adjusted income. The proposed funding level of \$296,775 assumes the scenario in which the City would subsidize six two-bedroom apartments at the maximum \$2,028 City HOME subsidy for twenty-four months. This maximum subsidy amount equals the current Fair Market Rents (FMRs) in the County for a two-bedroom unit (at \$2,103) minus \$75, the minimum contribution of participants in case they are studying only and/or not employed.

The proposed funding at the assumed scenario may benefit at least twelve youth each program year. The number of prospective participants is slightly lower than in the previous funding contract for two reasons: a) the significant increase of HUD-published FMRs for the County to better reflect the increase in local market rents; and, b) the decrease in the federal HOME funding allocation to the Consortium and, therefore, Hayward. However, Abode Services will make every effort to negotiate competitive rents and utilize the funds as efficiently as possible to benefit as many youth as possible.

Renewal of Agreement

Should Council approve staff's recommendation outlined in this report, the City will renew the existing Rental Housing Subsidy Grant Agreement with Abode Services for another two-year term. This Agreement contains provisions to guarantee that Abode complies with HOME program and City requirements related to the use, conditions for disbursement, and disbursement schedule of funds. The Agreement also contains provisions to guarantee that the Project is administered in conformity with other HOME and City requirements. For example, Abode must ensure that participants are employed and are able to pay a deposit and one month's rent prior to entering the Project. While in the program, Abode must ensure that they enroll in educational and vocational training, meet on a regular basis with service coordinators (who assess their progress), and comply with lease provisions. Provisions regarding

monitoring of the Project's progress are part of the Agreement.

ECONOMIC IMPACT

Homelessness and housing crises are not only damaging to the physical, mental, and economic health of individuals and families, but have serious costs to the community as well. The costs to the community include the costs of providing emergency housing, mental health crisis services, emergency medical care, criminal justice, and judicial system involvement. A program such as Project Independence helps avoid these costs by preventing emancipated youth from becoming homeless. The following are additional advantages of a Project such as Project Independence:

- a) Flexibility for participants: the Project offers participants the opportunity to choose their neighborhood and, if they need to change location, participants may take the assistance along when they move to another rental unit. Hayward Project participants live in market-rate rental complexes throughout the City in close proximity to public transit and other amenities, an important factor for their success in the Project.
- b) Flexibility for the City: subject to its HOME budget, the City may elect to provide rental assistance to as many or as few participants as it chooses and may design the program tailored to the distinctive housing needs of the community.
- c) Cost-Effectiveness: providing rental assistance may be less costly than using HOME funds or other sources of funding to provide affordable housing in communities such as Hayward, where large subsidies are needed for rehabilitation or new construction of housing units.

FISCAL IMPACT

Implementation or administration of this Project would have no impact on the City's General Fund. Sufficient funds to support this contract are available in the adopted HOME fund.

Should Council approve the attached Resolution, the City will fund the Project in the amount of \$296,775 for two years through the use of uncommitted HOME funds for programs or projects from FY 2015 (\$240,287) and FY 2016 (\$56,488). Future HOME allocations will continue to be used to subsidize the acquisition, rehabilitation, or new construction of affordable rental housing, or to provide tenant-based rental assistance, all eligible activities under the HOME program. Further appropriation of funds for the Project is neither necessary nor recommended at this time.

Staff is developing strategy and recommendations for the use of remaining HOME funding balance and balances of non-federal affordable housing funds such as the Affordable Housing Ordinance Impact Fees (formerly Inclusionary Housing) and the Housing Authority funds, and anticipates bringing these recommendations to Council for review and potential authorization in September 2016.

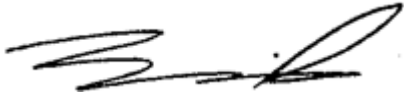
NEXT STEPS

Staff recommends that Council adopts the attached resolution authorizing the City Manager to negotiate and execute a two-year Rental Housing Subsidy Grant Agreement and any other documents necessary to implement "Project Independence" ("Project"); and authorizing the use of \$296,775 in Federal HOME Investment Partnership (HOME) program funds for Abode Services to provide rental assistance to emancipated youth through the Project.

Prepared by: Omar Cortez, Housing Development Specialist

Recommended by: Sean Reinhart, Director of Library and Community Services

Approved by:



Fran David, City Manager

Attachments:

Attachment I

Resolution Authorizing Renewal of Rental
Housing Subsidy Agreement