



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: CONS 22-477, **Version:** 1

DATE: August 9, 2022

TO: Mayor and City Council

FROM: City Manager

SUBJECT

Adopt Resolutions 1) Appropriating a \$627,554 Community Development Block Grant Award to Bay Area Community Services (BACS) to Acquire the St. Regis Retirement Center; and 2) Authorizing the City Manager to Negotiate and Approve a \$2 Million Loan to BACS for Down Payment Assistance to Acquire the St. Regis Retirement Center and Authorizing an Amendment to the FY 2023 Operating Budget by \$2 Million in the General Fund

RECOMMENDATION

That the Council:

- 1) Adopts a resolution (Attachment II) appropriating a \$627,554 Community Development Block Grant (CDBG) award to BACS for the acquisition of the St. Regis retirement center; and
- 2) Adopts a resolution (Attachment III):
 - a. Authorizing the City Manager to negotiate and approve a \$2 Million loan to BACS for down payment assistance to acquire St. Regis Retirement Center; and
 - b. Authorizing an amendment to the FY 2023 Operating Budget by \$2 million in the General Fund.

SUMMARY

In January 2022, the California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS) announced a joint Request for Applications (RFA) to expand the State's behavioral health infrastructure and address historic gaps in the long-term care continuum serving seniors, people with disabilities, and people with behavioral health needs. Under this joint RFA, the State made available \$518.5 million for launch ready behavioral health infrastructure projects through the Behavioral Health Continuum Infrastructure Program (BHCIP) and \$570 million to preserve and expand adult and senior care facilities through the Community Care Expansion (CCE) program. Three Hayward serving nonprofits applied for funding through the joint RFA; the City submitted letters of support for each of these projects.

Bay Area Community Services (BACS) applied for BHCIP and CCE funding to acquire the St. Regis

retirement center and develop a holistic campus of behavioral health treatment and crisis services and supportive housing. BACS was not awarded BHCIP funding for this program, leaving a \$7.9 million funding gap for the project. To fund this closing gap, the County of Alameda has committed to funding approximately \$7.1 million and Eden Township Healthcare District has verbally committed to \$250,000. Staff have identified \$627,000 in available Community Development Block Grant (CDBG) funds to contribute to the closing gap. Allocating these grant funds to the project aligns with the City's current and past Annual Action Plans under the "Acquisition" and "Housing" project categories, and Council has previously authorized the use of CDBG funds for acquisition activities to support community development and production of affordable housing. Staff recommends Council approve the appropriation of these grant funds to BACS for the acquisition of the property (Attachment II).

At the time of this staff report writing, CCE funding has not been formally announced. Through discussions with the County, BACS, and the State, staff anticipates that the project will meet the funding threshold requirements and receive CCE funding.

Due to State delays announcing funding, it was necessary for BACS to request a closing extension from the property owner, changing the closing date from July 18 to August 29, 2022. As part of the extended closing date, BACS agreed to pay a \$5 million down payment to the property owner. BACS has already paid \$500,000 to the property owner and will pay \$2.5 million at closing on August 29, 2022.

BACS has requested a \$2 million loan from the City of Hayward for the remainder of the down payment, which will be repaid to the City by December 31, 2022. Staff recommends City Council adopt a resolution authorizing the City Manager to negotiate and execute a \$2 million loan agreement with BACS for the acquisition of the St. Regis retirement center (Attachment III).

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution to Appropriate CDBG funds
Attachment III	Resolution to Authorize Loan Agreement
Attachment IV	Eligible Services