



DATE: June 2, 2026

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Negotiate and Execute an Amendment to the Agreement with Bay Area Community Services for the Shallow Rental Subsidy Program Operations to Extend the Agreement Term through December 31, 2026, with Continuing Reporting Obligations through December 31, 2028

RECOMMENDATION

That the Council adopt a resolution (Attachment II) authorizing the City Manager to execute an amendment to the agreement with Bay Area Community Services (BACS) for Shallow Rental Subsidy (SRS) Program operations to extend the agreement term for expenditure through December 31, 2026, with continuing reporting obligations through December 31, 2028.

SUMMARY

In July 2021, Council adopted the Let's House Hayward! Strategic Plan and an American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund (SLFRF) expenditure plan allocating \$1.5 million over three years to pilot a SRS program for homelessness prevention.^{1,2} On June 28, 2022, Council authorized an agreement with BACS for the first year of program operations, and on May 23, 2023, Council authorized an amendment adding the remaining program funding and extending the term through December 31, 2025.^{3,4}

¹ July 13, 2021, City Council Meeting Agenda and Materials (LHH Plan):
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028014&GUID=E5369F11-C504-413E-B317-E2797DF45328&Options=&Search=>

² July 13, 2021, City Council Meeting Agenda and Materials (Federal Expenditure Plan):
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028015&GUID=E0215022-6A47-486F-81C4-9BFB2583AE10&Options=&Search=>

³ June 28, 2022, City Council Meeting Agenda and Materials (SRS Year One):
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5709689&GUID=CE713D6D-7CBC-4C37-9654-8DD4943CB683&Options=&Search=>

⁴ Alameda County Health Care Services Agency. *Home Together 2026: 5-year plan to end homelessness in Alameda County*. Retrieved from <https://homelessness.acgov.org/reports.page?>

Since launch, the SRS Program has served 53 households. All enrolled households met the core program criteria of prior experience of homelessness, income below 30 percent of Area Median Income, and rent burden above 50 percent of monthly income. As of March 2026, all households served to date had exited the program.

Staff now seeks Council authorization to amend the agreement to enable the City to enroll the remaining 22 households needed to reach the full target of 75 households, and disburse the remaining already-allocated program funds by December 31, 2026. The amendment would also require BACS to continue reporting and documentation through December 31, 2028 for the final cohort.

FISCAL IMPACT

The SRS Program is funded through the City's previously allocated ARPA funds and has no impact on the General Fund. Of the total \$1.5 million program allocation, \$1,038,431.21 has been expended and \$461,568.79 remains. Approval of the proposed amendment would not appropriate additional funds, but would allow the City to continue and complete the program using the balance already allocated. Staff will verify that all funds are available and that this amendment is allowed under ARPA. The City previously finalized its ARPA funding plan by the federal deadline of December 31, 2024, including the allocation for this program. The funding plan cannot be amended retroactively and the funds cannot be reallocated to another use.

BACKGROUND

The SRS Program was established as part of the City's homelessness-prevention strategy to provide time-limited rental assistance to households with very low incomes and severe rent burdens.⁵ The program provides monthly subsidies paid to landlords on behalf of eligible households for up to 18 months, with the goal of reducing immediate housing instability and creating short-term financial relief. This program was adopted as part of a three-year expenditure plan for the use of SLFRF awarded to the City through ARPA.⁶

The City selected BACS to operate the program based on its experience administering similar subsidy programs and housing stability services. Since the program began, BACS has managed outreach, enrollment, landlord coordination, subsidy administration, and program reporting.

⁵ July 13, 2021, City Council Meeting Agenda and Materials (LHH Plan):
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028014&GUID=E5369F11-C504-413E-B317-E2797DF45328&Options=&Search=>

⁶ July 13, 2021, City Council Meeting Agenda and Materials (Federal Expenditure Plan):
<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028015&GUID=E0215022-6A47-486F-81C4-9BFB2583AE10&Options=&Search=>

DISCUSSION

Shallow Rental Subsidy Overview

The SRS Program serves households with prior experience of homelessness whose incomes are at or below 30 percent of Area Median Income and whose rent burden is 50 percent or more of monthly income. The program is targeted to households with very low incomes who are already spending a majority of their income on rent and are therefore at high risk of housing instability or repeat homelessness. The subsidy is intended to provide short-term housing stability and financial relief while participants work toward longer-term stability.

Program Participation to Date

Over the life of the program, 53 households have been enrolled. Those households included:

- 44 working-age households
- 9 senior households
- 12 households including a person with a disability
- 24 households with children
- 15 single-parent households

The average monthly subsidy over the life of the program was \$695.33, with 41 households receiving the maximum monthly subsidy of \$800.

Program Performance and Recruitment Challenges

The SRS Program has provided temporary housing stability and financial relief to participating households. However, it has not consistently resulted in households moving to lower-cost housing or materially increasing income during the subsidy period. Staff's assessment is that this reflects broader market conditions, including very high rents, long wait times for deeper rental assistance such as Section 8, and limited short-term income mobility.

Enrollment also progressed more slowly than originally anticipated. In fall 2025, BACS experienced a change in project management, and staff and BACS paused new enrollment while reassessing recruitment strategies for the remaining slots. The refined approach is intended to focus the final cohort on households more likely to experience lasting benefit from a time-limited subsidy, including transition-age youth connected to education and workforce pathways.

Extension of Agreement Term to Recruit Final Cohort

The current agreement expired on December 31, 2025, before the final cohort could be enrolled. To date, \$1,038,431.21 has been expended and \$461,568.79 remains. Staff expects that the contract amount previously authorized by Council will allow for the participation of the remaining 22 households required to reach the program's stated target of 75 enrollments.

The amendment would allow the City to expend the remaining balance by December 31, 2026 and would require BACS to continue reporting and documentation through December 31, 2028 for households enrolled under the final cohort. Before executing an amendment, staff will verify that all funds are available and that this amendment is allowed under ARPA.

ECONOMIC IMPACT

The SRS Program is intended to reduce immediate housing instability for households at high risk of homelessness. By temporarily reducing rent burden, the program can provide short-term financial relief that allows households to address other needs, including education, employment, childcare, transportation, and health-related costs.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect, & Produce Housing for All. Specifically, this item relates to the implementation of the following project:

Project H2, Part b Implement Let's House Hayward! Strategic Plan: Pilot Shallow Subsidy Program

PUBLIC CONTACT

The Let's House Hayward! (LHH) strategic planning process was the primary mechanism for public contact and community engagement for this program. For a detailed discussion of the LHH community engagement activities, please see prior Council items.^{7,8}

NEXT STEPS

If Council approves the proposed resolution, staff will work with BACS to execute the amendment, restart recruitment, and enroll the remaining 22 households needed to reach the program's lifetime target of 75 households. Staff will continue to monitor implementation and collect final reporting data for the program.

⁷ April 20, 2021, City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4916429&GUID=67261A4F-2AD6-499F-98DF-E3EFEC367E21&Options=&Search=>

⁸ July 13, 2021, City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028014&GUID=E5369F11-C504-413E-B317-E2797DF45328&Options=&Search=>

Prepared by: Ember M. Padró y Pereira, Management Analyst

Recommended by: Zachary Ebadi, Community Partnership Manager
Mary Thomas, Assistant City Manager

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott". The signature is fluid and cursive, with the first name "Jennifer" written in a larger, more prominent script than the last name "Ott".

Jennifer Ott, City Manager