



DATE: January 22, 2019

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Approval of a Resolution to Extend Resolution 18-027, Declaring a Shelter Crisis in the City of Hayward Until June 30, 2021, and to Authorize the City Manager to Take Emergency Actions to Implement a Hayward Housing Navigation Center on City-Owned Property, and Approval of a Resolution to Authorize the City Manager to Appropriate and Expend up to \$3 Million in State and Local Funding for the Hayward Navigation Center

RECOMMENDATION

That the City Council takes emergency actions to implement a Hayward Housing Navigation Center on City-owned property at the corner of Depot and Whitesell Roads to address the homeless shelter crisis in the City of Hayward by approving: (1) a Resolution to extend Resolution No. 18-207, Declaring an Emergency Homeless Shelter Crisis in the City of Hayward and to authorize the City Manager to take emergency actions to implement a Hayward Navigation Center (Attachment II); and (2) a Resolution authorizing the appropriation of up to \$3 Million in state and local funding for the Hayward Housing Navigation Center (Attachment III).

SUMMARY

The City of Hayward is experiencing a homeless shelter emergency. According to the 2017 Point-in-Time Count, there are 397 homeless individuals in Hayward, of whom 79% (313) are unsheltered. There are two homeless shelters in Hayward for families and women with children, leaving a serious need for shelters for homeless individuals. As a result, staff recommends the City Council take emergency actions to implement a Hayward Housing Navigation Center for approximately 45 individuals on the currently vacant City-owned parcel at the corner of Depot and Whitesell Roads (Site), including authorizing the appropriation of up to \$3 million in State and local funding for one-time start-up costs (approximately \$500,000) and one year of operational funding (approximately \$2.5 million). The proposed Hayward Housing Navigation Center is modeled after the successful City of Berkeley Pathways STAIR Center that opened in June 2018 and has placed 45 individuals in housing since opening.

The Hayward Housing Navigation Center would be operated by a social services agency with experience serving homeless populations under contract with the City and would include three highly integrated components: (1) targeted outreach services to existing homeless encampments in Hayward primarily for placement of individuals at the Center; (2) short-term

housing in a low-barrier shelter environment in modular buildings placed on the Site; and (3) intensive case management and housing placement services for existing and former residents of the Center.

BACKGROUND

The City of Hayward is experiencing a homeless shelter emergency. According to the 2017 Point-in-Time Count, there are 397 homeless individuals in Hayward, of whom 79% (313) are unsheltered. There are two homeless shelters in Hayward for families and women with children, leaving a serious need for shelters for homeless individuals.

In June 2018, the State approved \$500 million in one-time Homeless Emergency Aid Program (HEAP) funding to assist local jurisdictions in addressing their homeless challenges. As required by the State to receive HEAP funding, the City of Hayward adopted Resolution No. 18-207 declaring an emergency homeless shelter crisis on October 2, 2018. In December 2018, Alameda County recommended specific HEAP funding allocations to the State for the cities within its jurisdictions, including \$1.7 million for Hayward. The State is expected to approve the County's recommended allocation by the end of February. HEAP requires cities to contractually obligate 50 percent of the funds by January 1, 2020 and completely expend the funds by June 30, 2021. In light of the homeless shelter crisis being faced by Hayward and HEAP's timeliness requirements, City staff is recommending implementing as swiftly as possible a Hayward Housing Navigation Center to address the needs of homeless individuals in Hayward.

DISCUSSION

City staff proposes to establish its first housing navigation center to address the emergency homeless crisis occurring in the City. Modeled after the successful City of Berkeley Pathways STAIR Center, the Hayward Housing Navigation Center will include active outreach, short-term housing, intensive case management, and housing placement services targeted at homeless individuals living in the City's encampments. A special City Council meeting was held on January 7, 2019, in which Hayward Councilmembers toured the Berkeley STAIR Center with a representative from BACS, the operator of the Berkeley STAIR Center, Berkeley Councilmember Sophie Hahn, the Chief of Staff from Berkeley's Mayor's Office, Berkeley's City Manager, and Berkeley staff. The Berkeley STAIR Center serves as a successful model by placing 45 individuals in permanent housing since opening in June 2018. Pictures of the Berkeley STAIR Center are provided in Attachment IV. The following provides a more detailed summary of the proposed Hayward Housing Navigation Center.

Project Description

Although the exact scope of work will be customized for Hayward based on feedback from the selected operator and the Hayward community, the current proposal, modeled after Berkeley's STAIR Center, would include the following three components under a contract with a nonprofit social service agency with demonstrated experience with housing navigation

centers:

- *Outreach* - One to two outreach social workers targeting the homeless encampments in Hayward;
- *Short-Term Housing Shelter* – A short-term housing shelter for approximately 45 individuals located at the Site, including:
 - 45 beds in two ADA-accessible modular units for individuals (no families) to stay for up to six months;
 - On-site ADA accessible showers, bathrooms, laundry facilities, storage containers, community room, office and kitchen;
 - Outdoor gathering spaces and landscaping;
 - One meal a day for all residents; and
 - 24-hour resident access and onsite management staff.
- *Housing Placement and Case Management* – intensive case management and housing placement services for individuals staying at the Center, including:
 - Three case managers/housing placement specialists providing services during an individual’s stay and up to 9 months after housing placement; and
 - Flexible funds, including potential monthly housing subsidies for up to nine (9) months after placement.

Proposed Site

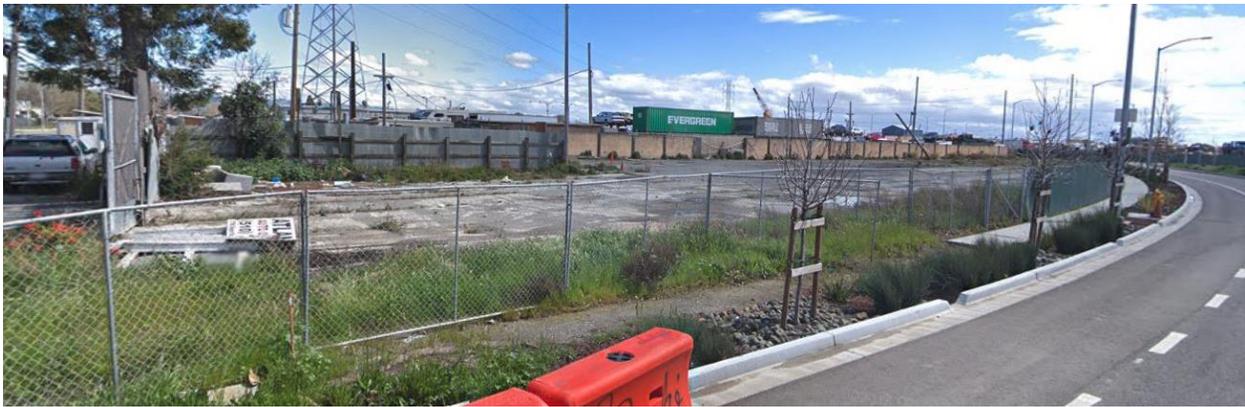
The proposed site for the Hayward Housing Navigation Center is a 0.75-acre City-owned property at the corner of Depot and Whitesell Roads (Site). The location criteria used for establishing the Center included: (a) a vacant City owned property or right-of-way for ease of control and use; (b) a location in an area away from existing residential neighborhoods or high investment development to minimize opposition and to allow proof of concept; (c) proximity to utilities to minimize costs and expedite implementation; and (d) proximity to transit and amenities to enhance the individuals’ living experience. As demonstrated below, the Site meets all four of these criteria:

- Vacant City-Owned Property: The Site is a City-owned vacant remnant parcel with no other intended City purpose at this time. Other City parcels were considered along Enterprise Avenue and among the 238 properties, but not preferred due to their larger size and potential for future utility and/or development uses. Parcels owned by other entities were considered, but not preferred at this time due to the time constraints and potential cost of coordinating with another agency or property owner.
- Distance from Residential and High Value Development: The Site was selected because it was not adjacent to any existing residential neighborhoods that may have concerns about the Center being located nearby. Additionally, other vacant parcels,

such as the former 238 properties, were considered, but not preferred due to the need to sell and develop these parcels within the next several years. This would inhibit the City's ability to maintain the Center longer term, if it is successful and funding for additional years is secured.

- Proximity to Utilities: The Site is within close proximity to electrical, water and wastewater utilities and existing sidewalks and bike lanes, although utility connections, a short sidewalk extension, and on-site improvements will be required.
- Proximity to Transit and Amenities: The Site is across the street from AC Transit Line 86 bus stop for access to 30-minute peak hour bus service to the Hayward and South Hayward BART Stations. There are minimal amenities for residents at this location, which may require that the operator provide some transportation options and services to residents. This will be discussed with the selected operator as part of the preparation of a detailed scope of work tailored to Hayward's specific location and needs.

The following provides an image of the Site from Whitesell Road looking east:



Sources and Uses of Funds

City staff have estimated the potential sources and uses of funds for the proposed Hayward Housing Navigation Center based on available and eligible State and local funding sources and cost estimates from Public Works, Maintenance Services, and Utilities and the City of Berkeley's operating STAIR Center.

The total uses of funds for start-up costs and a single year of operations are currently estimated at up to \$3 million, including approximately \$500,000 in upfront one-time costs for fencing, a sidewalk extension, landscaping, and utility connections, and annual operational expenditures of \$2.5 million for all expenses related to staffing for outreach, 24-hour on-site property management, and housing navigation and case management, as well as utilities, modular leases, food, and flexible funds for housing placement. Given that a

substantial portion of the annual operating costs are associated with staffing, after the first pilot year, future operations are scalable based on available funds.

The proposed sources of funds include the \$1.7 million in HEAP funding, which is expected to be approved by the State by the end of February, and \$1.3 million from the sale proceeds from the former 238 properties Parcels 1 and 10 to William Lyon Homes. The Utilities and Environmental Services Department has also agreed to absorb the cost of approximately \$125,000 in utility connection fees that are not part of the \$3 million cost estimate. Additionally, the City will be applying for Prop 47 funds that, if successful, could result in \$500,000 in additional funds to pay for operational costs, reducing the City's share of funding to \$800,000. If awarded Prop 47 funds, staff would return to Council for authorization and appropriation of these funds. City staff is recommending that the Council approve a resolution authorizing the appropriation of up to \$3 million for the one-year operation of the Hayward Housing Navigation Center upon confirmation from the State that Hayward's \$1.7 million HEAP allocation has been finalized (Attachment III).

Staff will be working diligently with the selected operator to be as cost-efficient as possible in developing the detailed budget, as well as exploring potential sustainable funding sources, such as lobbying the State for the continuation of HEAP funding as an annual source of funds, private fund-raising, and a vacant parcel tax measure designated for homeless services similar to the recently passed Oakland tax measure.

Emergency Implementation Action Items

Given the emergency shelter crisis Hayward is facing, City staff recommends that the Council approve an extension of Resolution No. 18-207 Declaring a Homeless Shelter Crisis, and providing the City Manager with the authority to enter into contracts solely for the Navigation Center above her existing signing authority, but within the overall \$3 million budget for the Navigation Center; and pursuant to its police powers, suspend all land use and zoning regulations (not health and safety regulations) and waive bid and purchasing requirements in order to expedite the implementation of the Hayward Housing Navigation Center (Attachment II). This is similar to Berkeley's approach to implementing the STAIR Center. These emergency action items will allow staff to implement the Center swiftly and to begin providing much-needed shelter to Hayward's homeless as quickly as possible.

Coordination and Outreach

The proposed recommendation is the result of significant coordination among an inter-departmental team of staff to help design and implement this project. The team is comprised of staff from Maintenance Services, Police, Utility and Environmental Services, Public Works, Development Services, the City Attorney's Office, Information Technology, Animal Services, Fire, and the City Manager's Office.

As part of the exploration of this project in Hayward, City staff spoke with nonprofit homeless service providers to discuss the benefits and potential challenges in implementing this project at the proposed Site. Service providers were supportive of this project in Hayward at the

proposed location. Staff plans to continue conversations with service providers and will additionally explore conducting empathy work with individuals experiencing homelessness.

All tenants within 500 feet of the proposed navigation center have been notified and given an opportunity to meet with staff to discuss the project further and personal phone calls were made to the businesses operating directly adjacent to the Site. A notice was mailed to all tenants on January 11, 2019. Additional outreach will be performed once a service operator has been selected, including a community meeting for neighbors of the site and interested parties.

FISCAL IMPACT

The anticipated start-up costs are estimated at \$500,000 and one year of operations is estimated at \$2.5 million, totaling up to \$3 million for the first single year of operation. The City of Hayward’s application to the County of Alameda for HEAP funds was approved by the County in the amount of \$1,776,339. Additionally, the sale proceeds of the former 238 properties Parcels 1 and 10 to William Lyon Homes can provide an additional \$1.3 million. Appropriation of these two available funding sources will cover the total estimated cost of the first year of operation. Additionally, staff is pursuing alternative funding sources to offset reliance on the appropriation of the parcel sales proceeds. While under normal circumstances, staff would not recommend a new program with only one year of identified funding, due to the emergency nature of the homeless crisis and the minimal “sunk” costs associated with the program, staff proposes making this recommendation.

Funding Source	Amount
Hayward’s HEAP Award	\$1,776,339
Sale Proceeds from 238 Parcels 1 & 10	<u>\$1,300,000</u>
Total Cost - Not to Exceed	<u>\$3,076,339</u>

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities Strategic Initiative. The purpose of the Complete Communities initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. This item supports the following goal and objective:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods.

Objective: Create resilient and sustainable neighborhoods.

NEXT STEPS

Staff will continue meeting with the internal working group to finalize design and begin focusing on implementation. Staff will post a Request for Information for service providers with experience operating homeless programs, particularly transitional housing services as well as housing navigation (Attachment V).

Alameda County anticipates receiving HEAP funds from the State before the end of February. Upon receipt of funds, the County will work with cities to execute contracts and distribute funding allocations. HEAP requires cities to contractually obligate 50 percent of the funds by January 1, 2020 and completely expend the funds by June 30, 2021. Staff will be moving swiftly to ensure these milestones are met.

Prepared and Recommended by: Jennifer Ott, Deputy City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', written in a cursive style.

Kelly McAdoo, City Manager