

DATE: October 26, 2010

TO: Mayor and City Council

FROM: Redevelopment Director

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

- Adopt the attached resolution authorizing the City Manager to negotiate and execute the two-year Rental Housing Subsidy Grant Agreement and any other documents necessary to implement the Program and authorizing to use of \$279,000 in HOME program funds for rental assistance to emancipated youth through ABODE Services' "Project Independence."

BACKGROUND

On July 24, 2007, City Council approved the implementation of Project Independence, a program implemented by ABODE Services. Project Independence (the Program) serves emancipated minors in Alameda County; youth from 18 to 24 years of age who are too old for the foster care system. In addition to affordable housing, the Program provides emancipated minors and their dependents (if applicable) with comprehensive supportive services. Program participants live in subsidized apartments at scattered rental complexes and participate in case management, education, vocational training, employment placement, financial literacy training, mental and physical healthcare, and other supportive programs.

ABODE Services (ABODE, formerly known as Tri-City Homeless Coalition) was formed in 1989 by local community leaders in the Fremont/Newark/Union City area in order to return homeless people to stable housing and positive community interdependence by providing shelter, stability, and opportunities to improve life skills. ABODE utilizes funds from the State of California under the THP-Plus Program¹ and from foundations such as the California Wellness Center to provide

¹ The Transitional Housing Placement Plus (THP-Plus) program provides affordable housing and comprehensive supportive services for up to 24 months to help former foster care youth ages 18 to 24 make a successful transition from out-of-home placements to independent living. The program is administered by the California Department of Social Services, which

supportive services to Program recipients. ABODE operates Project Independence in other area jurisdictions including Fremont, Livermore, and Unincorporated Alameda County.

DISCUSSION

Emancipated Youth – According to a recent report of the exit outcomes for former youth participating in the California THP-Plus Program² approximately 4,500 young adults “age out” of foster care every year when they reach adulthood. Research shows that children who emancipate from the foster care system face unique challenges such as mental health problems, early or unplanned pregnancies, a 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.

According to the report, at entrance to THP-Plus many participants were living in unstable or unsustainable housing situations. Regardless of their housing situations, more than one third of participants had experienced homelessness at some point prior to entering THP-Plus. In California, 65% of youth leaving the foster care system do so without a place to live. In Alameda County, 50% of emancipated youth will be homeless within six months.

It is estimated that approximately 300 youth emancipate annually from foster care in Alameda County. Based on a survey from ABODE of emancipated youth in their wait list, 15 have a connection to the City of Hayward. They are students at Chabot College, Cal State East Bay, work in Hayward, or have adult relatives in Hayward.

Program Progress – Implementation of the Program started in 2008. To this date, Hayward funding has helped house approximately thirty six (36) emancipated youth who would have otherwise become homeless. A third of the current sixteen (16) Hayward Program participants are single-mothers with one or two children. Most of them are working and attending school. Those attending school are working towards a vocational certificate or pursuing a degree at Cal State East Bay or Chabot College. Those employed work at varied local businesses such as FedEx, Kmart, and Starbucks.

Current participants are being housed in ten (10) units located throughout several apartment complexes. As required by Federal funding, ABODE and City staff inspects 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 considered to be an effective approach to addressing the difficulties facing emancipated youth. It is ABODE’s belief that this supportive

distributes THP-Plus funds to counties. The county department of social services then provides the services directly or contracts for services with nonprofit THP-Plus providers.

² Sara Kimberlin & Amy Lemley. *Exit Outcomes for Former Foster Youth Participating in California’s THP-Plus Transitional Supportive Housing Program*. Retrieved September 30, 2010 from <http://thplus.org/publications.html>

housing strategy is effective because it 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.

Program 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’s recently-adopted Housing Element. Project Independence was included in the Housing Element as one of the programs aimed at addressing the housing needs of special populations. Inclusion of this Program was important to obtain certification of the Element by the State of California.

The proposed program is also consistent with the “Alameda County-wide Homeless and Special Needs Housing Plan” (adopted by City Council on December 5, 2006), which recognized 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 Alameda County.

Finally, the Program is consistent with the strategies, priorities, and programs of FY 2010-2014 Consolidated Plan of the Alameda County HOME Consortium³, to which the City is a party.

Funding – Each year the City receives an allocation of federal HOME Investment Partnership funds which are disbursed through the Alameda County HOME Consortium and are to be used to provide affordable housing. The City’s current Fiscal Year allocation of HOME funds for project-related expenses is \$559,318 and approximately \$33,000 for administrative expenses. Examples of other projects assisted with HOME funds in the City are the construction of Sara Conner Court and the renovation of Huntwood Commons, both affordable housing developments owned by Eden Housing, Inc.

The total HOME funds recommended for the Program is \$279,000 for a two-year Program. This funding will be used by ABODE to pay the difference between the approved rent for the apartment and the thirty percent (30%) of the participant’s monthly adjusted income. These payment (rent) standards are the Fair Market Rents established by HUD for the area. The proposed funding level of \$279,000 assumes the scenario in which the City would subsidize 10 (ten) one-bedroom apartments at the maximum City HOME subsidy (\$1,162) for twenty-four (24) months. However, because some units may be two-bedroom apartments, staff anticipates the proposed funding will benefit at least fifteen youth per year.

Renewal of Program Agreement - Upon City Council approval, the City will renew the existing Rental Housing Subsidy Grant Agreement with ABODE. 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 program is administered in conformity with HOME and City

³ Jurisdictions eligible to receive federal funding from the Department of Housing and Urban Development (HUD) are required to prepare a Consolidated Plan which outlines needs, strategies, priorities, and programs for the expenditure of federal funds for housing and community development activities.

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 program. 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 program'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 Program such as Project Independence:

- a) Flexibility for participants: the Program 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 Program 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 Program.
- 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

The funds for the Program represent approximately 50% of the total FY 10-11 HOME *project allocation* to the City (the total allocation minus the HOME funds used for administration of the HOME program). Staff anticipates that the rest of FY 10-11 (\$280,318) and any uncommitted HOME funds will continue to be used to subsidize the acquisition, rehabilitation, or new construction of affordable rental housing developments, as required by HOME regulations. Implementation or administration of this Program does not affect the City's General Fund.

The funds proposed to support this contract are from the adopted HOME budget (Fund 228). Further appropriation of funds is not necessary at this time.

PUBLIC CONTACT

The proposed agreement is for continuation of funding for Project Independence Program in Hayward for another two years. No public notice for approval of the Program is required.

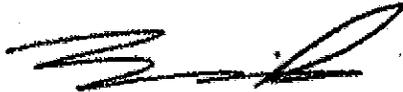
SCHEDULE (or NEXT STEPS)

Upon City Council approval, the City will renew the existing Rental Housing Subsidy Grant Agreement with ABODE and provide the Alameda County Department of Housing and Community Development, the HOME Consortium lead Agency, all documentation required to obtain the funds from Hayward's HOME "line of credit."

Prepared by: Omar Cortez, Housing Development Specialist

Recommended by: Maret Bartlett, Redevelopment Director

Approved by:



Fran David, City Manager

Attachments:

Attachment I Resolution

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE USE OF HOME FUNDS
FOR RENTAL ASSISTANCE TO EMANCIPATED YOUTH
TRHOUGH ABODE SERVICES' PROJECT INDEPENDENCE
AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE
AND EXECUTE THE REGULATORY/RENTAL HOUSING
SUBSIDY GRANT AGREEMENT AND RELATED DOCUMENTS

WHEREAS, each year the City receives an allocation of federal HOME Investment Partnership funds, the current allocation of which is \$559,318 for project-related expenses; and

WHEREAS, Project Independence, a program implemented by ABODE Services serves emancipated youth, ages 18 to 24 in Alameda County who have aged out of the foster care system with affordable housing and comprehensive support services, such as education and vocational training, employment placement, financial literacy training, and mental and physical healthcare; and

WHEREAS, staff proposes to utilizes \$279,000 in HOME funds to help pay for rental subsidies for two years for emancipated youth through Project Independence, which funds would be used by ABODE Services to pay a portion of the program participants' rent, and anticipates that said funds would subsidize rents for approximately 15 individuals per year, provided they comply with the provisions of the program.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby authorizes utilizing \$279,000 from HOME funds to help pay for rental subsidies for emancipated youth in Alameda County.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized and directed to negotiate and execute any and all documents necessary to complete the transaction.

