



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Shola Olatoye,  
Director, Housing and  
Community Development

**SUBJECT:** 2021/22 Consolidated Annual Action  
Plan

**DATE:** May 3, 2021

City Administrator Approval

Date: Jun 3, 2021

## **RECOMMENDATION**

**Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt The Following Pieces Of Legislation:**

**1. A Resolution:**

- 1) Accepting And Appropriating An Award Of United States Department Of Housing & Urban Development (HUD) Grant Funds In The Amount Of \$14,766,961 For Community Development Block Grant (CDBG), Home Investments Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) programs for Fiscal Year 2021-2022;**
- 2) Authorizing The City Administrator To Prepare And Submit To The United States Department Of Housing And Urban Development The Annual Action Plan For Fiscal Year 2021-22;**
- 3) Appropriating \$850,000 In Revolving Loan Program Income And Any Amounts Collected In Excess Thereof For Housing Rehabilitation Activities And Other CDBG-Eligible Activities And Projects;**
- 4) Authorizing The City Administrator To Negotiate And Execute Grant Agreements For The Fiscal Year 2021-2022 CDBG, HOME, ESG, And HOPWA Programs; And**
- 5) Authorizing The Use Of General-Purpose Funds To Pay Central Service Overhead Charges For The Emergency Solutions Grant and Housing Opportunities for Persons With AIDS Programs; And**

**2. A Resolution Authorizing The City Administrator To:**

- 1) Prepare And Submit To the United States Department Of Housing & Urban Development (HUD) A First Substantial Amendment To The City Of Oakland's Five-Year Consolidated Plan For Fiscal Years 2020-21 Through**

City Council  
June 15, 2021

**2024-25 To Add Backup Activities To Be Funded With Community Development Block Grant (CDBG) Funds That Become Available As A Result Of Project Being Completed Under Budget, Delayed Or Cancelled; And**

- 2) Award, Without Returning To Council, Agreements To Third Party Contractors And Sub Recipients For Backup Projects And Activities Identified In Exhibit A Attached Hereto Using CDBG Funds That Become Available As A Result Of Projects Being Completed Under Budget, Delayed or Cancelled In Fiscal-Years 2020-21 Through 2024-25, Subject To Compliance With Any Applicable Competitive Requirements.**

**EXECUTIVE SUMMARY**

The City of Oakland Five Year Consolidated Plan for Fiscal Years (FY) 2021/22 through 2024/25 was approved, authorized, and forwarded to the United States Department of Housing and Urban Development (HUD) pursuant to Oakland City Council Resolution No. 88202 C.M.S., adopted by the City Council on June 30, 2020.

Resolution No. 88202 also authorized acceptance and appropriation of \$14,617,844 in Community Development Block Grant (CDBG), Home Investments Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities For Persons With AIDS (HOPWA) funds for the first year (FY 2020/21) of the Five-Year Consolidated Plan (Con Plan).

This report and the first proposed resolution requests City Council approval to accept and appropriate a total of \$14,766,961 in Federal Entitlement Formula grants awarded to the City under the 2021 HUD Community Planning & Development (CPD) budget for the second year (FY 2021/22) of the Con Plan as follows:

**2021 FEDERAL ENTITLEMENT FORMULA GRANTS AWARDED TO THE CITY**

Community Development Block Grant (CDBG)	\$ 7,750,367
HOME Investment Partnership (HOME)	\$ 3,124,987
Housing Opportunities for Persons with AIDS (HOPWA)	\$ 3,234,468
Emergency Solutions Grant (ESG)	\$ 657,139
<b>Total</b>	<b>\$14,766,961</b>

Further, this report and first resolution requests City Council approval to submit the City of Oakland FY 2021/22 Annual Action Plan (AAP) update to the City of Oakland 2020/21 – 2024/25 Five-Year Con Plan to HUD. Key objectives of the 2021/22 AAP strategic plan are based on the Housing and Community Development Department’s (HCD) Strategic Action Plan’s “three P’s” framework of Protection, Preservation, and Production along with other community development activities. A description of objectives and program activity areas are provided in further detail in the *Analysis and Policy Alternatives* section of this report.

The proposed resolution also authorizes the use of General-Purpose Funds (GPF) to pay for Central Service Overhead (CSO) charges to the HOPWA and ESG programs (\$15,826 and

\$11,227 respectively) to ensure that HUD administration caps imposed under these programs are not exceeded.

The second resolution related to this report authorizes a Substantial Amendment to the 2021/22 – 2024/25 Five Year Consolidated Plan to add “Back Up” activities to the Con Plan that may be funded with balances from CDBG-funded projects that may be experiencing delays and/or have a budget surplus. To expedite the redirecting of allocations to “Back up” activities, staff requests that the City Council authorize the City Administrator to award Grant Agreements for the categorically listed activities included in **Attachment A** of this report and **Exhibit A** of the resolution, upon funding availability, subject to applicable competitive bidding requirements without returning to City Council.

These “Back-Up” projects, along with all funded projects, will be included for review as part of the Consolidated Annual Performance and Evaluation Report (CAPER).

### **BACKGROUND / LEGISLATIVE HISTORY**

The Five-Year Consolidated Plan (Con Plan), mandated by Title 24 HUD Code of Federal Regulations Part 91 (24 CFR 91 Subparts A-C and F), is designed to help local jurisdictions assess their affordable housing needs, community development needs, market conditions, and to make data-driven, place-based investment decisions that meet priority needs and the City’s identified goals. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the Community Planning & Development (CPD) Formula Entitlement Grant programs: CDBG, HOME, HOPWA and ESG. The 2020/21 – 2024/25 Five Year Consolidated Plan was authorized pursuant to Oakland City Council Resolution No. 88202 C.M.S., adopted June 30, 2020.

The Annual Action Plan (AAP), mandated by 24 CFR 91.220 provides a concise annual summary update of planned actions and activities in the furtherance of outcomes and objectives identified in the five-year Con Plan; evaluation of past performance; and a summary of citizen participation and consultation process (including efforts to broaden public participation).

The AAP also identifies federal and non-federal resources expected to be made available in the forthcoming year and explains how federal funds will leverage those resources, including a description of how matching requirements of the HUD programs will be satisfied.

HCD has developed the draft FY 2021/22 AAP, described in the *Analysis* section below, for funds to be awarded to the City under HUD CPD’s 2021 CDBG, HOME, HOPWA and ESG programs. The review and public hearing process will meet citizen participation requirements as set forth in the City’s adopted Citizen Participation Plan as mandated by Title 24 Code of Federal Regulations (CFR) 91.105 and 24 CFR 91.115.

## **ANALYSIS AND POLICY ALTERNATIVES**

HUD allocates Federal funds to eligible localities for housing and community development activities. These funds are from four formula grant programs: Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

As a condition of receiving these grant funds, Federal regulations require jurisdictions to prepare and present priorities and strategies for addressing affordable housing and community development needs in the form of the Five-Year Con Plan and the annual updates (AAP). The AAP provides a concise summary of the actions, activities, and the specific Federal and Non-Federal resources that will be used each year to address the priority needs and specific goals assessed and identified in the Five-Year Con Plan. The AAP constitutes the City's formal application for the entitlement grant funds.

The current Five-Year Con Plan includes the following priority needs:

- Affordable housing/Fair Housing
- Homeless Solutions
- Economic Development
- Neighborhood Stabilization
- Community Development – Public Services
- Public Facility and Infrastructure Improvements

The 2021/22 AAP update to the Five Year Con Plan supports the priority needs identified in the Five Year Con Plan with the following key objectives categorized in accordance with HCD's Strategic Action Plan framework, based on the three P's of addressing the current housing crisis: Protection, Preservation, and Production, along with other community development activities that support low- and moderate-income residents of Oakland. The objectives and program activity areas identified in the 2021/22 Annual Action Plan are:

- Protection of Tenants and Homelessness Prevention
  - Anti-displacement programs
  - Housing related legal services
  - Fair housing services
  - Neighborhood stabilization
  - Rent Adjustment Program community education and outreach
  - Reduction of homelessness and elimination of chronic homelessness
  - Special needs housing
  - Food services
  - Public housing programs
  - Grant making activities
- Preservation of Affordable Housing
  - Acquisition and rehabilitation of affordable housing
  - Acquisition and conversion to affordable housing
  - Preservation of existing affordable housing

- Preservation of owner-occupied properties
- Production of Affordable Housing
  - New construction of affordable housing
  - Acquisition of building for immediate conversion to housing for people experiencing homelessness
  - First Time Homebuyer programs
- Other Community Development Activities
  - Public Facility & Infrastructure improvements and other activities promoting decent housing, suitable living environments, and expansion of economic opportunities principally for low- and moderate-income residents of Oakland.

The AAP's priority needs and key objectives also support City goals as established in the FY 2019-21 Adopted Policy Budget, including:

- Affordable Housing
- Homeless Solutions/Anti-displacement Service Gaps
- Economic Development/Workforce Development
- Illegal Dumping
- Park Maintenance/Capital Improvements
- Street Improvements
- Community Safety & Violence Prevention

**Table 1** below provides a cross reference of the 2021/22 AAP key objectives with those in the Five-Year Con Plan and City goals per the latest Adopted Policy Budget.

**Table 1. AAP Objectives Matrix**

<b>ANNUAL ACTION PLAN KEY OBJECTIVES</b>	<b>5 YEAR Con Plan</b>	<b>CITY OBJECTIVES/ADOPTED BUDGET PLAN</b>
<b>Protection of Tenants and Homelessness Prevention</b>	Affordable Housing/Fair Housing Neighborhood Stabilization Reduction of Homelessness & Elimination of Chronic Homelessness	Homeless Solutions/ Shelter, Transitional Housing, and other services to the homeless  Anti-displacement Service Gaps
<b>Preservation of Affordable Housing</b>	Affordable Housing/Fair Housing	Affordable Housing
<b>Production of Affordable Housing</b>	Affordable Housing/Fair Housing	Affordable Housing
<b>Other Community Development Activities</b>	Economic Development	Economic/Workforce Development
	Public Facility Capital Improvements	Public Facility Capital Improvements
	Community Development Public Services	Community Safety & Violence Prevention

The AAP also supports the objectives and outcomes of the Regional Analysis of Impediments to Fair Housing Choice, HCD’s Strategic Action Plan, the City’s Housing Element Report, the City’s Permanent Access To Housing (PATH) Strategy, and the Alameda County EveryOne Home Plan.

The projects recommended for approval are summarized in **Attachment A** (CDBG, HOME, HOPWA & ESG Allocations and Back-up CDBG Projects) and **Attachment B** (CDBG Funding

Recommended by CD District Boards). **Attachment C** (Table 1-Priority Needs) provides 2021/22 funding priority needs by category (Protection, Preservation, Production, & Other Community Development Activities) for FY 2021/22. **Attachment D** (Prior Year Allocations) provides a list of activities funded in FY 2020/21 (current year) under the CDBG, HOME, ESG and HOPWA programs.

### **Public Engagement Process**

HUD requires jurisdictions receiving CPD Formula Grant Entitlement funding to hold at least two public hearings per program year to obtain residents' feedback; one during the planning stage of the year and the other during the program-performance reporting stage of the year as follows:

1. Review of the Annual Action Plan (AAP)  
(Public hearings are typically held in late April or early May)
2. Review of the Consolidated Annual Performance & Evaluation Report (CAPER)  
(Public hearings are typically held in September)

Public notices encouraging public review and feedback of the AAP and CAPER are posted prior to the public hearings.

The hearings address housing and community development needs, development of proposed activities, proposed strategies and actions for affirmatively furthering fair housing consistent with the City's Analysis of Impediments (Assessment of Fair Housing/Fair Housing Plan), and a review of program performance. It will also include strategies to respond to the growing effects of the historic public health crisis stemming from the COVID-19 pandemic.

Further, the City is mandated by Part 24 of the CFR to carry out a citizen participation plan that provides community residents with reasonable notice and an opportunity to comment on the AAP or any substantial amendments to the AAP and any revisions to the Assessment of Fair Housing (AFH) prior to submitting the final AAP to HUD. Per 24 CFR 91.105 and 24 CFR 91.115, said public comment period for the AAP must be not less than 30 calendar days. However, public comments must be included in the AAP prior to the AAP being finalized and submitted to HUD for review.

From May 19, 2021 to June 15, 2021, the City's Draft of the 2021/22 AAP was made available for public review and comment with contingency language regarding the estimated funding and project levels. All feedback received as of the date of this report is included in the AAP Draft, posted on the City of Oakland's website at <https://www.oaklandca.gov/services/annual-action-plan-21-22>. In addition, all comments received during the public comment period will be added to the final 2021/22 AAP prior to submitting the AAP to HUD for final approval.

A public hearing is scheduled for June 15, 2021, providing an additional opportunity for public comments on the City's 2021/22 AAP, including the proposed use of Federal funds for FY 2021/22 as listed in **Attachment A** and **Attachment B** of this report and **Exhibit A** to the attached City Council Resolution. Per 24 CFR 91.15(a)(1), the City has forty-five (45) days

before the July 1, 2021 City of Oakland program year start-date to submit its Annual Action Plan.

However, since issuing the original FY 2021 allocations letter to the City of Oakland, the Office of Community Development (CPD) discovered an error in the formula calculations for the CDBG program. HUD/CPD has provided the availability of a waiver of certain regulatory requirements associated with the CDBG program to address the error, resulting in the incorporation of increased funding amounts. This waiver allows for grantees to change their public comment periods from 30 days to no less than three days limited to facilitating preparation of the Annual Action Plan and Substantial Amendments, effective through August 16, 2021.

CPD Notice 20-21 allows for AAPs to be submitted no later than August 16, 2021. The AAP will be submitted to HUD directly following the public review and comment period, but no later than June 18, 2021.

To broaden citizen participation, CDBG staff will host an AAP webinar for the public, prior to the June 15, 2021 public hearing.

### **FISCAL IMPACT**

The proposed resolution accepts and appropriates funds for the FY 2021/22 budget from the four Federal entitlement grants, available CDBG carryforward funds, and revolving loan fund/program income to be earned during the fiscal year. Specific projects have been recommended for funding from CDBG, HOME, HOPWA, ESG funds available and are included in the Action Plan. The appropriations presented in this report will become a part of the City's FY 2021/22 Budget.

The Department of Human Services, Community Housing Services Division seeks a contribution from the City's General Purpose Fund to cover Central Service Overhead charges associated with the HOPWA and ESG programs in the amounts of approximate amounts of \$15,826 and \$11,227 respectively.

Per 24 CFR Subpart J, the City utilizes program income generated from the Residential Lending/Rehabilitation program as leverage to the CDBG award. Utilizing program income or Revolving Loan Fund/Program Income (RLF/PI) as leverage to CDBG increases the CDBG totals available for public services and administration costs. RLF/PI funds used as leverage to CDBG funds are considered CDBG funds and are held to the same mandates and eligibility standards.

Per 24 CFR 570.200(g), planning plus administrative costs, as defined in §§ 570.205 and 570.206, respectively, shall be limited to an amount no greater than 20 percent of the sum of the grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year.

Per 24 CFR 570.201(e) and 570.207, the total amount of CDBG funds obligated for public services activities must not exceed 15 percent of the annual grant allocation *plus* 15 percent of program income received during the prior program year.

The \$850,000 to be appropriated under the RLF/PI, generated from the City's Residential Lending and Rehabilitation Program, and any PI received in excess of the \$850,000 will be used for (1) owner occupied housing rehabilitation activities, (2) Residential Lending/Rehabilitation Program staff costs (up to 20 percent of the RLF/PI) and (3) other CDBG-eligible activities as authorized by the proposed first resolution.

As mentioned above, RLF/PI funds used as leverage funds to the CDBG award must be used for purposes stated in the City's AAP and must be utilized for housing rehabilitation, micro enterprise services, or other CDBG-eligible activity.

To ensure the appropriate allocation of CDBG related RLF/PI, it is advised that all recommended uses of RLF/PI and PI in excess of the \$850,000 are reviewed and authorized by the City Administrator.

For this purpose, RLF/PI will be generated and expended from the following fund projects in **Table 2**, below.

**Table 2. Revolving Loan Fund/Program Income Fund Projects**

<b>Fund</b>	<b>Organization</b>	<b>Project</b>
2108	89939	1000087
2108	89939	1000090
2108	89939	1000362
2108	89939	1001244
2108	89939	1001304
2108	89939	1001419

**PUBLIC OUTREACH / INTEREST**

Public hearings are held to receive input and respond to proposals and comments. At least one hearing or meeting must be held before the proposed plan is published for comment. The public hearing requirement provides for and encourages public participation, particularly by persons who reside in low- to low/moderate-income areas and designated areas directly affected by slum/blight in which CDBG funds are proposed to be used. The public hearing requirement also ensures that residents will be given reasonable and timely access to local meetings, information, and records relating to the City's proposed and actual use of CDBG, HOME, HOPWA and ESG funds and regularly furnishes residents with information, including but not limited to:

- The City's housing and community development needs;
- The funding expected to be made available for the current fiscal year (including the grant and anticipated revolving loan program income);
- The range and description of proposed activities to be undertaken with these funds;
- The estimated amount of the funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income persons; and
- The proposed strategies and actions for affirmatively furthering fair housing consistent with the Assessment of Fair Housing (AFH).

It is a Federal standard that the AAP is made available for a 30-day public review and comment period as mandated by 24 CFR 91.105 & 24 CFR 91.115. Further Federal regulations 24 CFR 91.105 and 91.115 mandate that a public hearing will be held concerning the AAP. Said public hearing is scheduled for the City Council Meeting of June 15, 2021.

A Notice of Public Hearing was published in the East Bay Times, The Post, El Mundo, and Sing Tao news publications providing dates of the public review and comment period for the 2021/22 AAP as well as the date, location and time of the public hearing. The 2021/22 AAP is made available online at: [www.oaklandca.gov/services/annual-action-plan-21-22](http://www.oaklandca.gov/services/annual-action-plan-21-22).

## **COORDINATION**

This report and legislation were prepared in coordination with the City Attorney's Office, Budget Bureau, Human Services Department, and Department of Economic and Workforce Development.

HCD consulted with the Department of Human Services, Community Housing Services Division (CHS), to coordinate activities and funding under the CDBG, ESG and HOPWA programs and the related request for a waiver of Central Service Overhead costs for the HOPWA and ESG programs.

CHS staff is in regular consultation and coordination with the Alameda County EveryOne Home Planning Committee which sets priorities for the homeless and special needs population of Alameda County. The Alameda County EveryOne Home Plan feeds into the City of Oakland's Permanent Access to Housing (PATH) Strategy and HIV/AIDS Housing & Services plans.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** HUD CPD Entitlement formula grants will fund and support organizations that provide economic development, repair public facilities and infrastructure, provide social services for low- and moderate-income communities, and expand social service and construction jobs. City staff continues to explore best use of limited Entitlement formula grant funds, particularly CDBG awards to potentially provide more efficient use of funding, making visible and impactful changes in Oakland with CDBG funds.

Projects that receive funding through HOME will expand the affordable housing inventory and generate construction and professional service jobs. HOPWA will expand the number of affordable housing units and the assessed needed support services for persons living with AIDS and their families. ESG will support homeless and near-homeless persons with rapid rehousing, permanent supportive housing, homeless prevention, outreach, and shelter services.

**Environmental:** The CDBG program provides funding for services to rehabilitate blighted or substandard housing, remove hazards such as lead-based paint, and other health and building safety issues that help preserve existing City housing stock and improve the environment. The CDBG also funds the Residential Lending Program which administers the housing rehabilitation programs. Staff encourages construction contractors, property owners and housing developers to make substantial use of recycled content building materials, energy-conserving building designs and appliances, and water conserving fixtures and landscaping.

Affordable housing development loans support construction projects that will meet or exceed the green building standards developed by Stop Waste of Alameda County and must be GreenPoint Rated. Also, affordable housing development projects that are infill projects near transportation are prioritized; these projects will help reduce pressure to build on agricultural and other undeveloped land and thereby reduce dependency on automobiles.

**Race & Equity:** Services and housing to be provided under CDBG, HOPWA, HOME and ESG promote fair and affordable access to housing, services, business assistance and other activities that benefit low- to moderate-income residents, homeless and those with special needs, and Black and Latinx communities and other communities of color.

Based on FY 2019/20 outcomes of approximately 6,800 residents and businesses, it is estimated that the benefit of these programs by race and ethnicity will be approximately; 18 percent White, 56 percent African American, 8 percent Asian, 3 percent American Indian/American Native, 1 percent Native Hawaiian/Pacific Islander, 14 percent mixed race, with 13 percent of all races having Hispanic ethnicity.

Activities funded under these programs would potentially not be accessible to the populations served if not for the requirements of these funding programs. Through HOPWA, persons living with HIV/AIDS gain access to services and affordable housing units and the needed support services for persons living with AIDS and their families. ESG will support homeless and near-homeless persons with rapid rehousing, permanent supportive housing, homeless prevention, outreach, and shelter services. HOME will expand the affordable housing inventory and general professional service jobs for those eligible for affordable housing. CDBG supports activities for the equitable safety, security and well-being of Oakland residents by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That the City Council Conduct A Public Hearing And Upon Conclusion Adopt The Following Pieces Of Legislation:

A Resolution To:

- 1) Accept And Appropriate Awards From The U.S. Department Of Housing & Urban Development Grant Funds For A Sum Total Of \$14,766,961 under the For Community Development Block Grant, Home Investments Partnership, Emergency Solutions Grant, and Housing Opportunities for Persons With AIDS Programs For Fiscal Year 2021-2022;
  - 2) Authorize The City Administrator To Prepare And Submit To The U.S. Department Of Housing And Urban Development The Annual Action Plan For Fiscal Year 2021-22;
  - 3) Appropriating \$850,000 In Revolving Loan Fund and Program Income Associated With The Revolving Loan Fund To Be Used In Conjunction With CDBG Funded Single Family Housing Rehabilitation Programs And Any Amounts In Excess Thereof For Housing Rehabilitation Activities And Other CDBG Eligible Activities Identified And Approved By The Department Of Housing And Community Development Director;
  - 4) Authorizing The City Administrator To Negotiate And Execute Grant Agreements For The Fiscal Years 2021-2022 CDBG, HOME, ESG, And HOPWA Program; And
  - 5) Authorizing The Use Of General-Purpose Fund To Pay Central Service Overhead Charges For The Emergency Solutions Grant and Housing Opportunities for Persons With AIDS Programs; And
2. A Resolution Authorizing The City Administrator To:
- 1) Submit A Substantial Amendment To The City Of Oakland Five Year Consolidated Plan for Fiscal Years 2020/21 – 2024/25 Authorizing Back Up Activities To Be Funded By CDBG Funds When Underutilized, Due To Project/Program Delays; And
  - 2) Authorizing The City Administrator To Award Agreements For Back-Up Activities Under The CDBG Program As Set Forth In Exhibit A, Attached Hereto, For Fiscal Years 2020/21 Through 2024/25, Subject In Compliance With Any Applicable Competitive Bidding Requirements, Without Returning To Council.

For questions regarding this report, please contact Gregory Garrett, CDBG Manager, at 510.697.6444.

Respectfully submitted



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Attachments (4)

- (A): CDBG, HOME, HOPWA, ESG, RLFPI Allocations & Back-Up Projects
- (B): CD District Board CDBG Recommendations
- (C): Priority Needs – Protection, Preservation, Production & Other Community Development Activities
- (D) Prior Year Allocations