



# AGENDA REPORT

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

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

**SUBJECT:** First Substantial Amendment To The  
2021-2022 Annual Action Plan

**DATE:** November 12, 2021

City Administrator Approval

Date: Dec 9, 2021

## RECOMMENDATION

**Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt A Resolution:**

- 1) Accepting And Appropriating HOME Investment Partnership (HOME) Grant Funds In The Amount Of Eleven Million Three Hundred Twenty-Five Thousand Nine Hundred Forty-One Dollars (\$11,325,941) Awarded To The City Of Oakland By The U.S. Department Of Housing & Urban Development Under The American Rescue Plan (ARP) Act To Provide Housing, Rental Assistance, Shelter And Other Support Services To Persons Who Are Homeless Or At Risk of Homelessness, And Other Vulnerable Populations;**
- 2) Authorizing The City Administrator To Prepare And Submit To The United States Department Of Housing & Urban Development A HOME-ARP Allocation Plan As Part Of The City's First Substantial Amendment To Its Fiscal Year (FY) 2021-22 Consolidated Annual Action Plan; And**
- 3) Authorizing The City Administrator To Award HOME Program Agreements For Eligible Activities As Set Forth In Exhibit A, Attached Hereto, And The City's HOME-ARP Allocation Plan Submitted As Part Of Its Amended FY 2021-22 Consolidated Annual Action Plan Subject To Compliance With Any Applicable Competitive Bidding Requirements, Without Returning To Council.**

## **EXECUTIVE SUMMARY**

Adoption of the proposed Resolution will accept funds from the United States Department of Housing & Urban Development Community Planning & Development (HUD/CPD) to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. Funds to support these efforts are allocated by HUD/CPD under the American Rescue Plan (ARP) for the HOME Investment Partnerships Program (HOME Program).

In July 2021, the City of Oakland submitted the 2021-2022 Annual Action Plan to HUD/CPD for review and approval as authorized by Oakland City Council Resolution No. 88709 C.M.S. on July 15, 2021. On September 15, 2021, the City received a grant for \$3,124,987 under the HOME Program. As a result, the City of Oakland became an eligible participating jurisdiction (PJ) to receive ARP funds under the HOME program, referred to as HOME-ARP funds.

As an eligible PJ of HOME-ARP funds, the City of Oakland is required to submit to HUD a HOME-ARP Plan for the \$11,325,941 awarded to the City. By mandate, the HOME-ARP Plan must be submitted as a substantial amendment to the City of Oakland's 2021-2022 Annual Action Plan (AAP). In addition to accepting and appropriating \$11.3M in HOME-ARP funds awarded to the City, the proposed legislation also authorizes the City Administrator to prepare and submit to HUD the City of Oakland 2021-2022 HOME-ARP Plan through the First Substantial Amendment to the Oakland 2021-2022 AAP.

Eligible use of HOME-ARP funds includes the following four major categories<sup>1</sup>:

- HOME-ARP Rental Housing
- Tenant-Based Rental Assistance (TBRA)
- Supportive Services, Homeless Prevention Services, and Housing Counseling
- Acquisition and Development of Non-Congregate Shelter

The City of Oakland intends to use most of these HOME-ARP funds towards production of permanent affordable rental housing, with focus on Oakland Homekey projects. The HOME-ARP funds would provide the necessary capital match to leverage State Homekey funding and support the capital costs associated with the acquisition and construction of permanent housing for those experiencing homelessness. Homekey projects will provide immediate permanent units to serve people experiencing homelessness. Should Oakland Homekey projects not require the full allocation of HOME-ARP funds, any remaining funds could then support new construction projects that are awarded under the New Construction Notice of Funding Availability (NOFA), issued November 16, 2021. The New Construction NOFA will identify affordable rental housing development projects for City funding, including deeply affordable and homeless units, which are clearly aligned with the eligible uses under the HOME-ARP program.

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<sup>1</sup> CPD Notice 21-10 – Section VI <https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-10cpdn.pdf>

## **BACKGROUND / LEGISLATIVE HISTORY**

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which provides over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses.

To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations to reduce homelessness and create housing stability across the country. These activities include: (1) development and support of affordable housing, (2) tenant-based rental assistance (TBRA), (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter units.

In July 2021, the City Council adopted Resolution No. 88709 C.M.S. authorizing the City Administrator to submit to HUD the City's 2021-2022 AAP for review and approval. Resolution No. 88709 C.M.S. also authorized the acceptance and appropriation of HUD awards under four formula grants, including the HOME Program, in the amount of \$3,124,987.

In early September 2021, HUD/CPD approved the City's fiscal year (FY) 2021-2022 AAP and executed four formula grant agreements, including grant number M21-MC060208 for \$3.1 million under the HOME Program. As a recipient of FY 2021-2022 HOME funds, the City of Oakland is an eligible PJ to receive HOME-ARP funds.

On September 21, 2021, HUD awarded the City \$11,325,941 under the HOME-ARP Program. CPD Notice 21-10, also released in September 2021 provides *Requirements for the Use of Funds in the HOME ARP Program* including the prerequisite to develop a HOME-ARP Plan describing how the City intends to distribute HOME-ARP funds, and how it will use these funds to address the needs of HOME-ARP qualifying populations for public review and HUD approval. In addition, the plan must include:

- A summary of the consultation process and results of upfront consultation.
- A summary of comments received through the public participation process and a summary of any comments or recommendations not accepted and the reasons why.
- A description of HOME-ARP qualifying populations within the jurisdiction.
- An assessment of unmet needs of each qualifying population.
- An assessment of gaps in housing and shelter inventory, homeless assistance and services, and homelessness prevention service delivery system.
- A summary of the planned use of HOME-ARP funds for eligible activities based on the unmet needs of the qualifying populations.
- An estimate of the number of housing units for qualifying populations the PJ will produce or preserve with its HOME-ARP allocation; and
- A description of any preferences for individuals and families in a particular qualifying population or a segment of a qualifying population.

HOME-ARP funds are intended to benefit the following *qualifying populations* 1) homeless; 2) those at risk of becoming homeless 3) those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking; 4) other populations requiring services or housing assistance to prevent homelessness.

Each of the eligible activity categories in **Table 1** below must benefit qualifying populations listed above.

**Table 1: Eligible HOME-ARP Activities**

ELIGIBLE HOME-ARP ACTIVITY CATEGORY	DESCRIPTION
<b>HOME-ARP Rental Housing</b>	HOME-ARP funds may be used to acquire, rehabilitate, or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations described in Section IV.A of CPD Notice 21-10.
<b>Acquisition and Development of Non-Congregate Shelter</b>	A non-congregate shelter (NCS) is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement. HOME-ARP funds may be used to acquire and develop HOME-ARP NCS for individuals and families in qualifying populations. This activity may include but is not limited to the acquisition of land and construction of HOME-ARP NCS or acquisition and/or rehabilitation of existing structures such as motels, hotels, or other facilities to be used for HOME-ARP NCS.
<b>Tenant-Based Rental Assistance (TBRA)</b>	Tenant-based rental assistance to qualifying households (HOME-ARP TBRA). In HOME-ARP TBRA, the PJ assists a qualifying household with payments to cover the entire or insufficient amounts that the qualifying household cannot pay for housing and housing-related costs, such as rental assistance, security deposits, and utility deposits. HOME-ARP TBRA-assisted households may choose to rent a unit in a HOME-ARP rental project or any other eligible rental unit.
<b>Supportive Services, Homeless Prevention Services, and Housing Counseling-</b>	HOME-ARP funds may be used to provide a broad range of supportive services to qualifying individuals or families as a separate activity or in combination with other HOME-ARP activities. Supportive services include: a) services listed in section 401(29) of the McKinney-Vento Homeless Assistance Act ("McKinney-Vento Supportive Services") <sup>1</sup> (42 U.S.C. 11360(29)); b) homelessness prevention services, and housing counseling services.

Additionally, up to 5 percent of HOME-ARP funds may be used to cover Nonprofit Operating and Capacity Building Assistance of Community Housing Development Organizations (CHDOs)

and other nonprofit organizations that will carry-out activities with HOME-ARP funds. A PJ may also use up to an additional 5 percent of its allocation to pay eligible costs related to developing the capacity of eligible nonprofit organizations to successfully carry out HOME-ARP eligible activities.

City of Oakland may use up to 15 percent of the HOME-ARP funds to cover reasonable administrative and planning costs for the HOME-ARP program.

The City of Oakland intends to use most of these HOME-ARP funds towards production of permanent affordable rental housing, with focus on production of deeply affordable units. On September 9, 2021, the California Department of Housing and Community Development (State HCD) issued a NOFA for the Homekey Program (Homekey), making \$1.45 billion in grant funding available to local public entities, including cities, to sustain and rapidly expand housing for persons experiencing homelessness or at-risk of homelessness, and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic. Of the \$1.45 billion in Homekey grant funds, \$1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the Federal American Rescue Plan Act of 2021, and \$250 million is derived from the State's General Fund. The City intends to jointly apply for Homekey grant funds with qualified sponsors in the submittal of an application for Homekey funds to State HCD.

The HOME-ARP funds would provide the necessary capital match to leverage State Homekey funding and support the capital costs associated with the acquisition and construction of permanent housing for those experiencing homelessness. Homekey projects will provide immediate permanent units to serve people experiencing homelessness. Should Oakland Homekey projects not require the full allocation of HOME-ARP funds, any remaining funds could then support new construction projects that are awarded under the 2021-22 New Construction of Multifamily Rental Affordable Housing Notice of Funding Availability (New Construction NOFA), issued November 16, 2021. The New Construction NOFA will identify affordable rental housing development projects for City funding, including deeply affordable and homeless units, which are clearly aligned with the eligible uses under the HOME-ARP program.

### ***Public Engagement Process***

To receive HOME-ARP funds, CPD Notice 21-10 requires a PJ to engage in consultation and public participation processes. Consultation with agencies and service providers whose clientele include the HOME-ARP qualifying populations is necessary to identify unmet needs and gaps in housing or service delivery systems. In addition, a PJ should use consultation to determine the HOME-ARP eligible activities currently taking place within its jurisdiction and potential collaborations for administering HOME-ARP. At a minimum, a PJ must consult with the Continuum of Care (CoC) serving the jurisdiction's geographic area, homeless and domestic violence service providers, veterans' groups, public housing agencies (PHAs), public agencies that address the needs of the qualifying populations, and public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

Additionally, PJs must provide for and encourage citizen participation in the development of the HOME-ARP Plan and substantial amendment to the AAP. Before submitting the HOME-ARP allocation plan to HUD, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of no less than 15 calendar days.

For the purposes of HOME-ARP, PJs are required to make the following information available to the public:

- The amount of HOME-ARP funds the PJ will receive.
- The range of activities the PJ may undertake.

A PJ must consider any comments or views of residents received in writing, or orally at a public hearing (also mandatory), when preparing the HOME-ARP allocation plan.

City staff has been and continues to be in consultation with other City Departments, including but not limited to: Human Services, Planning & Building, and Economic & Workforce Development. Other consultation includes external agencies either serving qualifying populations and/or performing HOME-ARP eligible activities including but not limited to the Alameda County CoC (EveryOne Home), East Bay Housing Organization; Oakland Housing Authority, Alameda County Health Services, and other organizations and City Departments referenced in the Consultation Section of the FY 2021/2022 AAP.

The HOME-ARP Plan - First Substantial Amendment to the 2021-2022 AAP will be posted on the City's website for public review and comment no later than December 1, 2021 for not less than fifteen days. Upon posting the plan online and scheduling of a public hearing for the HOME-ARP Plan, a public notice will be published in the *East Bay Times*, *El Mundo*, *The Post* and *Sing Tao* news publications. All feedback received as of the date of this report is included in the First Substantial Amendment and will be posted on the City of Oakland's website, on the following webpage:

<https://www.oaklandca.gov/news/2021/notice-of-public-hearing-public-review-for-the-city-of-oaklands-2021-22-annual-action-plan-and-first-substantial-amendment-to-the-five-year-consolidated-plan-fy-2020-21-through-2024-25>

All comments received during the public hearing will be added to the final First Substantial Amendment to the fy 2021/2022 AAP prior to submitting the plan to HUD for final approval. A public hearing is scheduled for December 21, 2021, providing an additional opportunity for public comments on the City's HOME-ARP Plan- First Substantial Amendment to the 2021/2022 AAP.

## **ANALYSIS AND POLICY ALTERNATIVES**

ARP authorizes HUD to allocate HOME-ARP funds to the City of Oakland as an unit of general local government that qualified for HOME funds in FY 2021-2022, pursuant to section 217 of the Cranston-Gonzalez National Affordable Housing Act of 1990 (NAHA), as amended (42 U.S.C. 12701 et seq.). HUD allocated HOME-ARP funds to 651 grantees using the HOME formula established at 24 Code of Federal Regulations (CFR) 92.50 and 92.60.

Eligible and proposed uses as established in the Background/Legislative History section of this report provides an opportunity for the City to support the acquisition, production and/or preservation of deeply affordable housing for the most vulnerable populations of Oakland. These actions also support and advance the Citywide Priority of **housing, economic and cultural security**.

### ***Needs Assessment***

The Alameda County 2019 EveryOne Counts Homeless Point In Time Count and Survey figures for Oakland identified a homeless population of 4,071 individuals, an increase of 1,310 individuals (+47 percent) from 2017. The population of persons experiencing homelessness in Oakland represented over half (51 percent) of the total number of persons enumerated in Alameda County during the 2019 Point-in-Time Count.

Seventy-nine percent (79%) of the homeless population is reported to be unsheltered. Over one-third (35%) of the population were residing in vehicles. An additional 32 percent were residing in tents or makeshift shelters and 10 percent were identified sleeping on the streets and in other outdoor locations. One percent (1 percent) was identified in non-residential buildings.

While the number of individuals sleeping on the streets and other outdoor locations decreased by 33 percent (206 individuals), the number of individuals sleeping in tents increased by 130 percent (747 individuals). The total number of persons residing in their vehicles increased by 131 percent (812 individuals), with the number of persons residing in RVs increasing by 131 percent (399 individuals) and the number of persons residing in cars or vans increasing by 132 percent (413 individuals).

Individuals identifying as Black/African American were overrepresented in the population experiencing homelessness. An estimated 70 percent of persons experiencing homelessness in Oakland identified as Black/African American compared to 47 percent of the overall County's population experiencing homelessness and 24 percent of the city's general population. Alternatively, 17 percent identified as Hispanic, Latino or Latinx, and 2 percent of those counted identified as Asian.

With Affordable Rental Housing ranked at the top (47 percent) of the Alameda County 2019 EveryOne Counts Homeless Point In Time Count and Survey, the top six recommended uses of new money include Affordable Rental Housing (47 percent), Permanent Help with Rent Subsidy (41 percent), Employment Training and Job Opportunities (30 percent), Short Term Financial Assistance (18 percent), Housing With Supportive Services (22 percent), and Substance Use and/or Mental Health Services (24 percent).

As noted in the City's FY 2021-2022 AAP, 53 percent of Oakland residents are extremely low-income, very low-income, or low-income, with incomes ranging from 0-80 percent of Area Median Income (AMI). Of the 53 percent, 25 percent are extremely low-income (0-30 percent AMI), 15 percent are very low-income (31-50 percent AMI), and 13 percent are low-income (at 51-80 percent AMI).

### ***Expected Outcome***

The proposed HOME-ARP Plan - First Substantial Amendment to the FY 2021/2022 AAP establishes funding priorities for the HOME-ARP plan that include but are not limited to:

- (1) Acquisition, construction, and rehabilitation of permanent affordable and deeply affordable housing for Oakland residents experiencing homelessness.
- (2) Acquisition of hotels, motels, and dorms to permanently house homeless households, especially youth aging-out of the foster care system, families, and veterans.

- (3) Construction of innovative modular permanent units to house people experiencing homelessness.

Increased access to housing and support service opportunities will be increased for those experiencing homelessness, extremely low- and low-income residents. Approximately 2,849 of the total 4,071 Oaklanders experiencing homeless are Black/African American and 17 percent of Hispanic ethnicity.

Staff intends to use Home-ARP funds as leverage to State Homekey funding and support the capital costs associated with the acquisition and construction of deeply affordable permanent housing units to serve people experiencing homelessness. Any remaining funds may be used to support new construction projects that are awarded under the 2021-22 New Construction NOFA, issued November 16, 2021. The New Construction NOFA will identify affordable rental housing development projects for City funding, including deeply affordable and homeless units, which are clearly aligned with the eligible uses under the HOME-ARP program.

Specific projects to be funded are to be determined through the upcoming Homekey application to be submitted by the City and the November 2021 HCD New Construction NOFA.

### **FISCAL IMPACT**

Prior to the award of HOME-ARP funds, the City received \$14,615,740 in formula HUD/CPD funds under the Community Development Block Grant (CDBG), HOME Program, Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS(HOPWA). HOME-ARP funds accepted through the proposed legislation will add \$11,325,941, for a total 2021-2022 HUD/CPD allocation of \$25,941,681 as follows in **Table 2**:

**Table 2: 2021-22 HUD/CPD Allocations**

<b>PROGRAM</b>	<b>2021-2022 HUD/CPD ALLOCATION</b>
CDBG	\$7,704,236
HOME	\$3,173,248
ESG	\$660,016
HOPWA	\$3,078,240
HOME-ARP	\$11,325,941
<b>TOTAL</b>	<b>\$25,941,681</b>

The City is in receipt of the HOME-ARP FY 2021-2022 grant agreement. Currently, the City has access to 5 percent of the HOME-ARP funds for planning and administration purposes only. Upon HUD approval of the plan, the City will gain access to the balance of the HOME-ARP grant to receive reimbursement of costs incurred through HUD's Integrated Disbursement & Information System (IDIS).

Staff will set up funds for HOME-ARP in Fund 2109, Organization 89929, Account 54011, Project (To Be Determined).



## **PUBLIC OUTREACH / INTEREST**

Public outreach related to the First Amendment to the City of Oakland's FY 2021-2022 AAP for the HOME-ARP Plan has involved broad engagement with community-based agencies, affordable housing organizations, and Oakland residents through the City's Citizen Participation process. The HOME Plan is made available for public review and comments for not less than a fifteen-day period prior to submitting the plan to HUD.

This report and proposed legislation are also presented as a public hearing item at a duly noticed meeting of the City Council. A summary of public comments on the HOME-ARP Plan – First Substantial Amendment to the FY 2021-2022 AAP will be made part of document submitted to HUD.

Public notice of the HOME-ARP Plan public review period and public hearing will be published in the *East Bay Times*, *The Post*, *El Mundo*, and *Sing Tao* news publications. Distribution of hard copies is suspended until further notice.

## **COORDINATION**

The report and resolution have been reviewed by the City Attorney's Office and by the Budget Bureau.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** HOME-ARP may be used to fund and support the provision of housing, housing stability and homeless prevention services to the homeless, low- to moderate-income households of Oakland, household at-risk of homelessness, those fleeing domestic violence, sexual assault, dating violence, stalking, human trafficking; and other qualifying populations requiring services or housing assistance to prevent homelessness and those at the greatest risk of housing instability.

**Environmental:** HOME-ARP supports activities that strive to reduce the number of Oakland residents experiencing homelessness. Resultingly the number of persons living on the streets, condemned buildings or other places not intended for housing will be decreased.

**Race & Equity:** Demographic data indicates that an overwhelmingly disproportionate rate of Black/African American Oaklanders are experiencing homelessness (70 percent)<sup>2</sup>. The Oakland Equity Indicators report on housing and anti-displacement further supports this finding, reporting a homeless rate of 1,797 per 100,000 for Black/African Americans compared to 286.6 per 100,000 and 329.3 per 100,000 Latinx homeless rates resulting from displacement. This same report indicates that 58.4 percent of African American residents and 52.7 percent Latinx residents are rent burdened, meaning more than 30 percent of their annual income is spent on rent (1.67 times more than White households).

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<sup>2</sup> EveryOne Home 2019 Point In Time Homeless Count

The top six recommended uses for spending of “new money” in Oakland to end homelessness per the 2019 Alameda County Point In Time Homeless Count include Affordable Rental Housing (47 percent), Permanent Help with Rent Subsidy (41 percent), Employment Training and Job Opportunities (30 percent), Short Term Financial Assistance (18 percent), Housing With Supportive Services (22 percent), and Substance Use and/or Mental Health Services (24 percent).

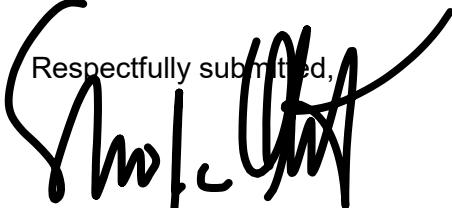
HOME-ARP funds support the most vulnerable populations, many of which identify with those subpopulations, races and ethnicities that lack equitable access to safe and affordable housing.

### **ACTION REQUEST OF THE CITY COUNCIL**

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt A Resolution:

- 1) Accepting And Appropriating HOME Investment Partnership (“HOME”) Grant Funds In The amount Of Eleven Million Three Hundred Twenty-Five Thousand Nine Hundred Forty-One Dollars (\$11,325,941) Awarded To The City Of Oakland By The U.S. Department Of Housing & Urban Development Under The American Rescue Plan (“ARP”) Act To Provide Housing, Rental Assistance, Shelter And other support services to persons Who Are Homeless or At Risk of Homelessness, And Other Vulnerable Populations;
- 2) Authorizing The City Administrator To Prepare And Submit To The United States Department Of Housing & Urban Development A HOME-ARP allocation Plan As Part Of The City’s First Substantial Amendment To Its Fiscal Year (“FY”) 2021-22 Consolidated Annual Action Plan; And
- 3) Authorizing The City Administrator To Award HOME Program Agreements For eligible activities As Set Forth In Exhibit A, Attached Hereto, And The City’s HOME-ARP Allocation plan submitted as part of its Amended FY 2021-22 Consolidated Annual Action Plan Subject To Compliance With Any Applicable Competitive Bidding Requirements, Without Returning To Council.

For questions regarding this report, please contact Gregory Garrett, CDBG Manager, at 510.238.6183 or [ggarrett@oaklandca.gov](mailto:ggarrett@oaklandca.gov).

Respectfully submitted,  


SHOLA OLATOYE  
Director, Housing & Community Development  
Department

Reviewed by:  
Christina Mun

City Council  
December 21, 2021

Acting Deputy Director, HCD

Prepared by:

Gregory Garrett, Manager

Community Development & Engagement Division

Housing & Community Development Department

Attachment (1):

A: Summary of Planned HOME-ARP Uses