

**CITY OF OAKLAND**  
**AGENDA REPORT**

2009 MAY 20 PM 4: 34

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: June 2, 2009

RE: **A Report and Resolution 1)Amending The Consolidated Plan Annual Action Plan For Housing And Community Development For Fiscal Year 2008-2009 To The U.S. Department Of Housing And Urban Development; 2) Authorizing The City Administrator To Accept And Appropriate Funds Totaling \$2,259,921 For The Community Development Block Grant Program from the American Recovery and Reinvestment Act of 2009 and 3)Authorizing the City Administrator to Negotiate and Execute Agreements with Contractors for Fiscal Years 2009-2011 for the Community Development Block Grant.**

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**SUMMARY**

This item is a request for City Council approval of a resolution authorizing the City Administrator to amend the Consolidated Plan Annual Action Plan for Housing and Community Development for Fiscal Year 2008-09 to the U.S. Department of Housing and Urban Development (HUD); to accept and appropriate funds totaling \$2,259,921 for the Community Development Block Grant (CDBG) Program from the American Recovery and Reinvestment Act of 2009 (Recovery Act) and authorizing the City Administrator to negotiate and execute agreements with contractors for Fiscal Years 2009-2011 for the Community Development Block Grant.

**FISCAL IMPACT**

The resolution will accept and appropriate \$2,259,921 for the FY 2008-09 budget from the American Recovery and Reinvestment Act (ARRA) allocation from HUD. The grant funds for the CDBG Recovery Act funds (CDBG-R) will be appropriated into HUD-CDBG (Fund 2108, Org 88949, Project to be Determined).

**BACKGROUND**

On May 14, 2009, pursuant to the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), the United States Department of Housing and Urban Development ("HUD" or "Department"), Office of Community Planning and Development, announced the availability of \$980 million in formula allocation funds through the Community Development Block Grant-Recovery ("CDBG-R") program. Eligible grantees are those that received CDBG funding in FY 2008. The City of Oakland is eligible for \$2,259,921 in CDBG-R funds.

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The HUD Guidelines state that CDBG-R funds should be used for hard development costs associated with developing infrastructure that promotes energy efficiency and conservation through rehabilitation and retrofitting of existing buildings. Consistent with these guidelines and the Recovery Act's overarching objective of creating or sustaining jobs in the near-term while generating economic and environmental benefits in the long-term, City Staff submits the following recommendations for use of the CDBG-R funds.

## KEY ISSUES AND IMPACTS

### Overview

Unlike the non-stimulus CDBG funds, new CDBG-R funds are restricted to a narrow range of uses consistent with goals of the Recovery Act. The difference in requirements between non-Recovery CDBG and CDBG-R funds are outlined below.

### CDBG-R Formula Allocation Grant Guidelines

First, the CDBG-R formula allocation requires that the City make a substantial amendment to its PY2008 action plan in accordance with the consolidated plan procedures for substantial amendment under the regular CDBG program. For purposes of the CDBG-R grant only, HUD has waived the regular citizen participation requirement and replaced it with a 7-day citizen comment period requirement.

Second, HUD has explicitly stated that priority should be given to projects that prioritize key Recovery Act elements: promotion of energy efficiency and conservation objectives, job training, job creation, transparency and speed. (Note: The Recovery Act prohibits the use of CDBG-R funds for aquariums, casinos, golf courses, swimming pools, and zoos).

Third, the City must "identify, upfront, specific programs, activities and projects that they intend to fund with CDBG-R funds." Consistent with the Recovery Act's goals of leveraging multiple stimulus fund sources to achieve a greater objective, HUD requires the City to report how it will utilize other Recovery Act funds in conjunction with each CDBG-R activity, as well as the total activity budget from all funding sources.

Fourth, the City must explain how each CDBG-R activity will use the funds to:

- (1) preserve and create jobs and promote economic recovery;
- (2) assist those most impacted by the recession;
- (3) increase economic efficiency;
- (4) invest in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits;
- (5) minimize or avoid reductions in essential services; and/or
- (6) foster energy independence.

Fifth, the City must report the estimated number of full- and part-time jobs created by each CDBG-R activity.

Sixth, HUD explicitly requires the City to describe how each of its CDBG-R activities will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions. The Department “strongly suggests” that grantees “incorporate consideration of the public perception of the intent of the Recovery Act” in determining which CDBG-R projects to fund.

Seventh, the City must demonstrate that the aggregate use of the CDBG-R funds primarily benefits low- and moderate-income families. Specifically, the City must utilize the funds to ensure that at least 70% of the grant benefits the aforementioned families over the life of the CDBG-R grant.

Lastly, the Guidelines state that, while CDBG-R funds may be applied towards non-stimulus, CDBG-eligible activities, Congress has made clear its intention that CDBG-R funds primarily be invested in economic development, housing, infrastructure and other public facilities activities that will quickly spur further economic investment, increased energy efficiency, and job creation or retention. Pursuant to these directives and the HUD Guidelines, City staff submits the following recommendations for utilizing the CDBG-R funds.

#### Timeframe

The HUD CDBG-R Guidelines require that priority be given to projects that can award contracts based on bids within 120 calendar days from the date funds are received. Where CDBG-R funds are being used for infrastructure investments, the City must give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 calendar days after February 17, 2009.

The deadline for submitting the City’s substantial amendments to its 2008 action plan is **June 5, 2009**.<sup>1</sup> All CDBG-R funds that are allocated must be utilized by September 30, 2010.

## **PROGRAM DESCRIPTION**

### **Proposed Use for Oakland CDBG Stimulus Funds:**

Staff recommendations on the best use of the CDBG-R stimulus grant is based upon an analysis of meeting the grant guideline requirements listed above.

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<sup>1</sup> HUD encourages those applicants submitting their PY2009 action plan between now and June 5, 2009, to consider ways to combine the citizen participation and submission steps for the CDBG-R substantial amendment with those for its 2009 action plan (in which the citizen participation requirements are not waived).

Currently, there are two main publicly funded sources for weatherization services offered to Oakland's low-income residents: Spectrum based in Hayward, and the City of Oakland's home rehabilitation programs.

Staff recommends that the most time-expedient and service-oriented way to utilize the CDBG-R stimulus funds in furtherance of the guideline requirements would be to place the funds in the City's existing housing rehabilitation loan fund through a specially designated weatherization revolving loan fund to provide weatherization services to low-income residents and create construction jobs in weatherization. The City's existing home rehabilitation loan fund, with an average funding stream of \$5 million annually, has resulted in the following annual community benefits:

- 192 energy retrofitted homes for low-income residents, including the elderly and disabled.
- 720 short-term construction jobs, utilizing non-City contractors.
- 64 jobs per year.
- 50% reduction in utility bills.
- \$1.2 million in material sales revenue generated.
- \$100,000 in permit revenue generated.

The weatherization loan fund would be directly connected to the growing job training sector, including the programs offered by the Oakland Green Jobs Corps, which provides training in solar installation, weatherization, and energy audits, and the employment subsidy program to be provided in the stimulus Community Services Block Grant program. The City of Oakland's Community Action Partnership is planning to utilize the \$1.2 million in stimulus Community Services Block Grant funding to pilot an intensive training and transitional employment program designed to create 153 employment opportunities for Oakland's hard to serve low-income residents thereby stimulating and growing Oakland's local economy. The proposed training programs will focus on low-skill employment opportunities in Green Jobs/Weatherization, Building Trades/Home Rehabilitation and Logistic/Warehousing. Services and activities will include outreach, recruitment, career development training, paid transitional employment, subsidized/unsubsidized employment, retention and education.

A supplemental staff report is being prepared for inclusion in the three-day packet of supplemental materials for the June 2 Council meeting that will provide the following information on the current program: 1) main services provided, 2) annual households served, 3) eligibility requirements, 4) timeframe between accessing and completing services, 5) administrative staffing and costs, 6) loan terms, 7) funding streams, 8) demand, and 9) selection process for contractors and role of City.

In addition, information is being prepared to provide the following datapoints for the proposed new weatherization loan fund: 1) main services, 2) annual households served, 3) job generation, 4) eligibility requirements, 5) timeframe between accessing and completing services, 6)

administrative staffing and costs, 7) loan terms, 8) funding streams, and 9) selection process for contractors and role of City.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The CDBG-R funds will be used to promote economic development, employment, and housing rehabilitation for the benefit of low- and moderate-income communities.

***Environmental:*** The housing rehabilitation and new construction programs encourage contractors to use green building techniques, including energy-efficient design, use of recycled building materials, and water-conserving fixtures and landscaping.

***Social Equity:*** The programs funded through CDBG-R are targeted to improving conditions for low- and moderate-income communities.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

Many of the grants and loans funded by federal housing and community development grant funds are used to provide housing, facilities and services for senior citizens and persons with disabilities. All new housing constructed with federal funds must provide accessibility features for persons with disabilities.

### **RECOMMENDATION AND RATIONALE**

In order to receive CDBG-R allocation, grantees must submit to the HUD local office by June 5, 2009 a Substantial Amendment Action Plan to the Consolidated Annual Action Plan for FY 2008-09. Therefore, staff recommends that the City Council approve a resolution authorizing the City Administrator to amend the Consolidated Plan Annual Action Plan for Housing and Community Development for Fiscal Year 2008-09 to the U.S. Department of Housing and Urban Development (HUD); to accept and appropriate funds totaling \$2,259,921 for the Community Development Block Grant Program from the American Recovery and Reinvestment Act of 2009; and 3) authorize the City Administrator to negotiate and execute agreements with contractors for Fiscal Years 2009-2011 for the Community Development Block.

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**ACTION REQUESTED OF THE CITY COUNCIL**

The Community and Economic Development Agency requests that the City Council accept this report and Council approve a resolution authorizing the City Administrator to amend the Consolidated Plan Annual Action Plan for Housing and Community Development for Fiscal Year 2008-09 to the U.S. Department of Housing and Urban Development (HUD); to accept and appropriate funds totaling \$2,259,921 for the Community Development Block Grant Program from the American Recovery and Reinvestment Act of 2009 and 3) authorizing the City Administrator to negotiate and execute agreements with contractors for Fiscal Years 2009-2011 for the Community Development Block.

Respectfully Submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

Prepared by:  
Michele Byrd, Acting Deputy Director  
Housing and Community Development

APPROVED AND FORWARDED TO THE  
CITY COUNCIL



Office of the City Administrator

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City Council  
June 2, 2009

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2009 MAY 20 PM 4:34

APPROVED AS TO FORM AND LEGALITY:

**DRAFT**

DEPUTY CITY ATTORNEY

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C. M. S.

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**RESOLUTION 1) AUTHORIZING THE CITY ADMINISTRATOR TO AMEND THE CONSOLIDATED PLAN ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT FOR FISCAL YEAR 2008-2009 TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; 2) AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT AND APPROPRIATE FUNDS TOTALING \$2,259,921 FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FROM THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 AND 3) AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE AGREEMENTS WITH CONTRACTORS FOR FISCAL YEARS 2009-2011 FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT**

**WHEREAS**, on February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (Public Law 111-05); and

**WHEREAS**, a part of Public Law 111-05 provides \$1 billion in Community Development Block Grant of the American Recovery and Reinvestment Act of 2009 (CDBG-R) to carry out the CDBG program under Title I of the Housing and Community Development Act of 1974 on an expedited bases; and

**WHEREAS**, on May 6, 2009, the U. S. Department of Housing and Urban Development (HUD) released the implementation notice of the CDBG-R; and

**WHEREAS**, the City desires to accept the \$2,259,921 HUD has allocated to the City of Oakland for CDBG-R; and

**WHEREAS**, HUD is requiring all CDBG-R grantees to submit to the HUD local office by June 5, 2009, a Substantial Amendment Action Plan to the Consolidated Annual Action Plan for FY 2008-09; and

**WHEREAS**, the City has published a draft of the Substantial Amendment Action Plan to the Consolidated Plan Annual Action Plan and has provided for a public comment period of seven (7) days according to HUD requirements; and

**WHEREAS**, there is a need to administer programs funded through CDBG-R to include the requirements as set forth by HUD; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes and directs the City Administrator, and/or his designee, to prepare a Substantial Amendment Action Plan to the Consolidated Plan Annual Action Plan, and consider public comments received; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes and directs the City Administrator, and/or his designee, to take any actions necessary to execute and submit the documents mentioned above to HUD and any other materials that may be required to secure HUD approval of the City's Substantial Amendment Action Plan to the Consolidated Plan Annual Action Plan; and be it

**FURTHER RESOLVED:** That the City Council hereby accepts and appropriates the HUD funds totaling \$2,259,921 and authorizes the City Administrator or his designee to amend the appropriated amounts for FY 2008/09 to reflect actual grant receipts for the programs identified in the final Consolidated Plan; and be it

**FURTHER RESOLVED:** That CDBG funds shall be appropriated to the HUD-CDBG (Fund 2108, Org 88949, Project to be Determined); and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes and directs the City Administrator, and/or his designee to develop and administer programs funded through CDBG-R to include the requirements set forth by HUD; and be it

**FURTHER RESOLVED:** That the City Administrator is hereby authorized to approve any amendments to the Consolidated Plan, and any amendments, modifications or extensions of FY 2008-09 agreements, with the exception of the allocation of additional funds, and take any other action with respect to the agreements consistent with this Resolution and its basic purpose; and be it

**FURTHER RESOLVED:** That prior to execution, agreements shall be reviewed and approved as to form and legality by the City Attorney, and copies filed with the City Clerk; and be it



**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator to conduct negotiations, execute documents, and take any other action with respect to the project and the allocation of CDBG funds consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

**DRAFT**

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California