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2016 APR 28 PM 6:12

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Director, Housing and
Community Development

SUBJECT: FEMA Grants for Residential Seismic
Retrofits

DATE: April 14, 2016

City Administrator Approval

Date:

4/28/16

RECOMMENDATION

Staff Recommends That City Council Adopt:

A Resolution Authorizing The City Administrator To Apply For, Accept, And Appropriate Up To A Total Of \$6,000,000 In Hazard Mitigation Grant Program Funds From The Federal Emergency Management Agency And The State Of California Governor's Office Of Emergency Services For (1) A Single-Family Seismic Retrofit Grant Program Up To \$3,000,000 And (2) A Soft Story Apartment Retrofit Grant Program Up To \$3,000,000; And Committing A Total Of \$2,000,000 In Funds Currently Allocated For Residential Rehabilitation And Seismic Retrofits As Required Local Matching Funds

EXECUTIVE SUMMARY

Approval of the proposed resolution will authorize the City Administrator to apply, accept, and appropriate up to \$6,000,000 of funds from the Hazard Mitigation Grant Program (HMGP) administered by the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (CalOES). This resolution would also commit up to \$2,000,000 in City funds currently allocated for residential rehabilitation and seismic retrofits as required local matching funds. The City will submit two applications for seismic retrofit programs, each requesting up to \$3,000,000 in HMGP funds and committing up to \$1,000,000 in local matching funds for an estimated project total of \$4,000,000 each. The first project is Earthquake-Safe Homes, a seismic retrofit grant program for single-family homes (Single-Family Program). The second project is Safer Housing for Oakland, a soft story apartment seismic retrofit grant program (Soft Story Program). If awarded, all grant funds must be fully expended and both projects must be completed within 36 months of the receipt of funding.

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BACKGROUND / LEGISLATIVE HISTORY

On September 22, 2015, President Barack Obama declared a major disaster in California based on damage caused by the Valley and Butte fires. As a result of this Federal disaster declaration and under the authority of the Robert T. Stafford Emergency Assistance and Disaster Relief Act, FEMA has provided HMGP funds to the State of California. CalOES has been delegated the responsibility of administering State HMGP funds, identifying program priorities, reviewing sub-applications, and forwarding the recommendations to FEMA, which has final approval of activity eligibility and sub-recipient awards. Eligible project activities include fire mitigation, flood mitigation, acquisition of severe repetitive loss properties, and seismic retrofits. The HMGP funds cover 75 percent of the proposed project cost up to \$3,000,000, requiring the grantee to provide a local match of 25 percent up to \$1,000,000 for a maximum total project cost of \$4,000,000.

In January 2016, staff from multiple City departments met to discuss possible projects that would meet the eligibility criteria for this funding opportunity. On January 29, 2016, the Department of Housing and Community Development submitted two Notices of Interest (NOI) to CalOES expressing the intent to apply for the maximum grant amount of \$3,000,000 per project in HMGP funds to support the Single-Family Program and the Soft Story Program. Both NOIs were approved and the City was invited to submit an application by the deadline of June 16, 2016. The City of Oakland's Public Works Department also submitted an NOI under the HMGP proposing a citywide program to implement a "Detain the Rain" program, similar to the City's stimulus-funded rain barrel program offered from 2009-2013. That NOI was also approved to move forward to a full application; Public Works staff will submit a separate report and recommendations related to that project.

If the City's proposed retrofit projects are selected for funding, the combined programs would provide a total of up to \$8,000,000 dollars (\$6,000,000 in HMGP grant funds and \$2,000,000 in City local matching funds) to seismically upgrade residential properties. Each application will require a cost-benefit analysis to evaluate the cost effectiveness of each proposed project and to determine the project's impact. These projects will target (1) single-family homes that have not completed code-compliant seismic retrofits and (2) the largest and most damage-prone soft story apartment buildings. While the final eligibility and priority criteria have not been finalized, both programs will be available to property owners citywide and will require owners to match funds equal to or in excess of the City's contribution to retrofit costs.

The City must have a current Local Hazard Mitigation Plan (LHMP) approved by FEMA in order to be eligible for this funding opportunity. The Bureau of Planning of the Department of Building and Planning has begun a public process to prepare the City's 2016-2021 Local Hazard Mitigation Plan. Community workshops were held in March and April to inform residents of the risks from natural hazards and hear from residents about their priorities for hazards mitigation. A draft LHMP was circulated to CalOES in March, and public adoption hearings on the draft Plan are expected to be held in May, followed by City Council adoption anticipated on June 7, 2016. The City Council must adopt the final 2016-2021 LHMP before the HMGP application deadline of June 16, 2016 for the City to be eligible to receive funding.

ANALYSIS AND POLICY ALTERNATIVES

Earthquakes are the most pervasive safety hazard throughout the San Francisco Bay Area. Unlike fires or floods, the paths of which can -- to some extent -- be measured or predicted, earthquakes are impossible to predict or contain. Most of the geologic hazards that present the greatest threat of devastation to life and property are the direct or indirect result of ground movement due to earthquakes; with the primary earthquake hazards being surface/fault rupture and ground shaking.

Oakland has significant faults running through or adjacent to it. The Hayward Fault presents the greatest risks. The United States Geological Survey estimates that of all Bay Area faults, the Hayward Fault has the highest likelihood of a major earthquake in the next 30 years. All of Oakland will experience strong shaking as a result of this earthquake, and older vulnerable building types will experience disproportionate damage. Without proactive measures to reduce risk following a major earthquake, Oakland would likely be faced with a significant loss of life and ensuing housing crisis hampering community recovery. The proposed projects would mitigate these hazards by providing financial assistance to residential property owners to support the completion of code-compliant seismic retrofits in (1) single-family homes and (2) soft story rental apartment buildings. These retrofits will (1) make housing safer and save lives, (2) facilitate housing recovery, (3) keep Oakland residents in Oakland, and (4) manage the economic blow of a major disaster.

Application #1: Earthquake-Safe Homes: A Seismic Retrofit Grant Program for Single-Family Homes

To address earthquake risks, the City has requested HMGP funding to implement Earthquake-Safe Homes, a program to provide financial support for code-compliant retrofits to owner-occupants of single family homes. While the final eligibility and priority criteria have not been finalized, this program will be available to single-family homes citywide and will cover the partial cost of seismic code-compliant retrofits. Priority will be given to homes in or adjacent to liquefaction zones and the Alquist-Priolo zone as determined by the State of California Department of Conservation (see **Attachment A** mapping these areas of elevated risk). If HMGP funding is awarded, staff will return to Council for approval of specific program design, including eligibility, required owner match, and prioritization criteria.

From 2008-2012, the City offered the Seismic Safety Improvement Program (SSIP), which provided 50 percent reimbursement up to \$5,000 for code-compliant retrofits completed by low-income owner-occupant households residing in Redevelopment Project Areas. SSIP was suspended due to lack of funding when the Redevelopment Agency was dissolved in 2012. The program proposed for HMGP funding will be similar to SSIP, but pursuant to HMGP requirements, the income or economic status of property owners or occupants will not be considered in determining eligibility for funding. Experience administering SSIP has equipped the Residential Lending and Rehabilitation Services Unit of the Department of Housing and Community Development with the systems and procedures required to ensure rapid deployment of retrofit funds under the proposed Earthquake-Safe Homes Program.

The total cost of this project is \$4,000,000, with 75 percent (HMGP maximum award of \$3,000,000) requested from CalOES/FEMA and the 25 percent local match of \$1,000,000 to be

committed from CDBG funds previously reserved for a rental rehabilitation program. Implementation of a rental rehabilitation program has been temporarily delayed due to insufficient staffing to effectively monitor properties post-rehabilitation and prevent unintended displacement of low- and moderate-income tenants.

The need for a seismic and structural safety program for single-family homes in Oakland is urgent. The City has relatively older housing stock, with 82 percent of Oakland's housing units built before 1979 and 39 percent built before 1939. Given the large percentage of pre-1920's housing within the city, unreinforced concrete foundations present a substantial risk. Additionally, even homes built after 1939 pre-date more stringent standards. Major risks include structures shifting off the foundation or the collapse of walls and chimneys. Furthermore, according to ABAG, a majority of single-family retrofits in Oakland are incomplete and inadequate, requiring additional measures to be fully effective. Although it is not possible to eliminate all of the risks associated with earthquakes, Oakland's Earthquake-Safe Homes Program will address some of the most severe conditions and mitigate risks to single-family homes by providing financial support to homeowners to complete seismic retrofits. With support from HMGP, more homes in Oakland can be retrofitted before the next major earthquake impacts our region.

During the Loma Prieta earthquake and the most recent Napa and Solano County earthquakes, many single-family homes shifted off their foundations rendering the building uninhabitable. Repairing this type of damage can cost more than \$400,000 for a typical house in Oakland, which in some neighborhoods would exceed the value of the home. Most Oakland homeowners, like most California homeowners, do not have earthquake hazard insurance to assist with the cost of repairing un-retrofitted homes, and many would likely be permanently displaced as the result of a major earthquake. Other homeowners, unable to secure or afford alternative housing, may opt to stay in severely damaged homes that could pose ongoing health and safety risks.

According to a report issued by the Association of Bay Area Governments, "older (usually pre-World War II) houses that are not bolted to their foundations or lack bracing of walls enclosing a crawl space, cripple walls, accounted for over 2,800 of the 16,000 housing units made uninhabitable by the Loma Prieta earthquake. Given the age and type of Oakland's housing stock, Oakland is unlikely to fare as well if and when the next major earthquake strikes the Bay Area. According to ABAG, Pre-World War II homes are expected to account for over 11,000 of the almost 156,000 uninhabitable housing units in the Bay Area following a 7.1 earthquake on the Hayward Fault. An additional 2,200 post-World War II homes are also expected to be uninhabitable following such a quake.

Application #2: Safer Housing for Oakland: A Soft Story Apartment Seismic Retrofit Program

For soft story multiple family construction, the City has requested HMGP funding to implement Safer Housing for Oakland, a program to provide financial support to rental property owners to complete code-compliant retrofits of soft story housing. A portion of the project costs will support the Department of Housing and Community Development and Department of Planning and Building in establishing an expedited, one-stop-shop process for building owners to easily complete retrofits to at-risk buildings. The number of units that receive financial support for

completing retrofits will be based on the availability of funds and eligibility criteria established by the City. Precise locations and project specifications will be available for all buildings selected for financial support to complete the retrofits.

For the purposes of this program, potential soft story buildings are wood-frame residential buildings having two or more stories, built before 1991, with wood-frame target stories. An engineering evaluation will be needed to determine whether buildings within this class lack sufficient resistance to seismic shaking and should be retrofitted. Building owners will need to hire an engineer or architect to determine soft story vulnerabilities, then have a retrofit designed to bring the building into compliance with City-approved standards.

If the City receives HMGP funding, the project will be phased. Phase I will include data collection about soft story properties, outreach to property owners and tenants, and development of eligibility/priority criteria and program guidelines. Phase II will include implementation of the one-stop-process to assist building owners and completion of retrofit work for properties selected to receive funding under the program.

If HMGP funding is received, staff will return to Council for approval of a specific program design, including property eligibility, required owner match, and prioritization criteria, which may include:

- Larger soft story building where collapse could potentially cause significant loss of life.
- Location in or adjacent to a Liquefaction Zone.
- Soil type, building age and building conditions relevant to risk of significant damage and collapse.

Soft story buildings are the primary type of buildings that collapsed in the Loma Prieta and Northridge earthquakes. In Oakland alone, 1,300 housing units in multi-family buildings were lost or severely damaged in Loma Prieta. These buildings were a significant affordable housing resource for elderly and minority residents.

The Association of Bay Area Governments estimates that although only 11 percent of the occupied housing units in Oakland are in soft story buildings, damages to these buildings could cause 67 percent of the expected housing losses. Following the City's 2009 soft story building screening, the Bureau of Building identified approximately 2,565 potential soft story buildings. Implementing a seismic retrofit assistance program for soft story apartment buildings is urgent because approximately 22,000 of Oakland's rental units are located in these buildings and are at risk of substantial damage or collapse in the event of a major seismic event. The potential housing loss could displace more residents than can currently be provided emergency shelter in the City's current inventory of 5,000 beds. **Attachment B** details the location of potential soft story buildings identified by the City's 2009 screening and their correlation to liquefaction zones.

Proposed Seismic Retrofit Ordinance

Staff from the Department of Housing and Community Development, the Department of Building and Planning, the City's Administrator's Office, and City Councilmember Kalb's office have been working for the past two years on a soft story retrofit ordinance. This ordinance would require the seismic evaluation and retrofit of certain multifamily residential buildings known to be

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seismically vulnerable. If adopted, this ordinance will complement the Soft Story Program and provide an important funding source.

FISCAL IMPACT

If Council approves the recommended resolution, the City would be committing matching funds in the amount of \$2,000,000 from the following sources:

- (1) \$1,000,000 in CDBG funds previously reserved for a rental rehabilitation program: CDBG (Fund 2108), Residential Lending (Org 89939), Rental Rehab (Project G480110), Homeownership and Rehab (Program NB32);
- (2) \$950,000 in CDBG funds previously reserved for soft story retrofits: CDBG (Fund 2108), Housing Administration (Org 89919), Soft Story Retrofits (Project G479910), Homeownership and Rehab (Program NB32); and
- (3) \$50,000 in program income funds from residential rehabilitation loan repayments: Miscellaneous Grants (Fund 2999), Residential Lending (Org 89939), Home Maintenance and Improvement (Project G08660), Homeownership and Rehab (Program NB32).

The commitment of these matching funds would make the City eligible to pursue applications for grant funding from CalOES/FEMA in the amount of \$6,000,000. Pursuant to HMGP requirements, overhead and indirect charges are not eligible project costs and will neither be reimbursed nor counted as local match. If awarded, funds received will be appropriated to FEMA (Fund 2124), Residential Lending (Org 89939) and Housing Administration (Org 89919).

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

The Department of Housing and Community Development has consulted with the Bureau of Building - Engineering Services Division, the Office of Emergency Services, the Bureau of Planning - Planning Division, Public Works, the City's Chief Resilience Officer, and the City Administrator's Office.

SUSTAINABLE OPPORTUNITIES

Economic: Project funds, including City matching funds and any HMGP funds will result in significant cost-savings for property owners, residents and public agencies by mitigating damage to buildings, loss of human life, serious injuries and loss of needed housing units that may result from seismic events.

Environmental: By decreasing the risk of structural damage and collapse caused by seismic events, retrofits reduce building material waste and reduce the use of new materials needed to repair and reconstruct earthquake-damaged buildings. By preventing potential loss of infill housing units, retrofits also curb longer commutes that result in increased greenhouse gas emissions.

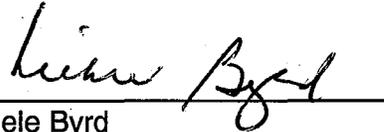
Social Equity: These projects will provide financial assistance to property owners to reduce the cost burden of seismic retrofits, which will be particularly beneficial to lower-income owners who would not otherwise be able to afford the entire cost of a retrofit. The retrofitting of soft story apartment buildings will prevent the loss of critically-needed rental units subject to the City's Rent Adjustment Ordinance. Retrofits protect housing occupied by elderly, disabled, low-income or otherwise vulnerable residents, who are most likely to be permanently displaced or rendered homeless due to earthquake damage.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that City Council adopt a resolution authorizing the City Administrator to apply for, accept and appropriate up to a total of six million dollars (\$6,000,000) total in hazard mitigation grant program funds from the federal emergency management agency and the State of California governor's office of emergency services for (1) a single-family seismic retrofit grant program up to three million dollars (\$3,000,000) and (2) a "soft story" apartment retrofit grant program up to three million (\$3,000,000); and to commit a total of two million dollars (\$2,000,000) in funds currently allocated for residential rehabilitation and seismic retrofits as required local matching funds.

For questions regarding this report, please contact Loyd Ware, Manager of Residential Lending Services at (510) 238-6197.

Respectfully submitted,



Michele Byrd
Director, Housing and Community Development

Reviewed by:
Loyd Ware, Manager
Residential Lending and Rehabilitation Services

Prepared by:
Lin A. Chin, Program Analyst III
Residential Lending and Rehabilitation Services

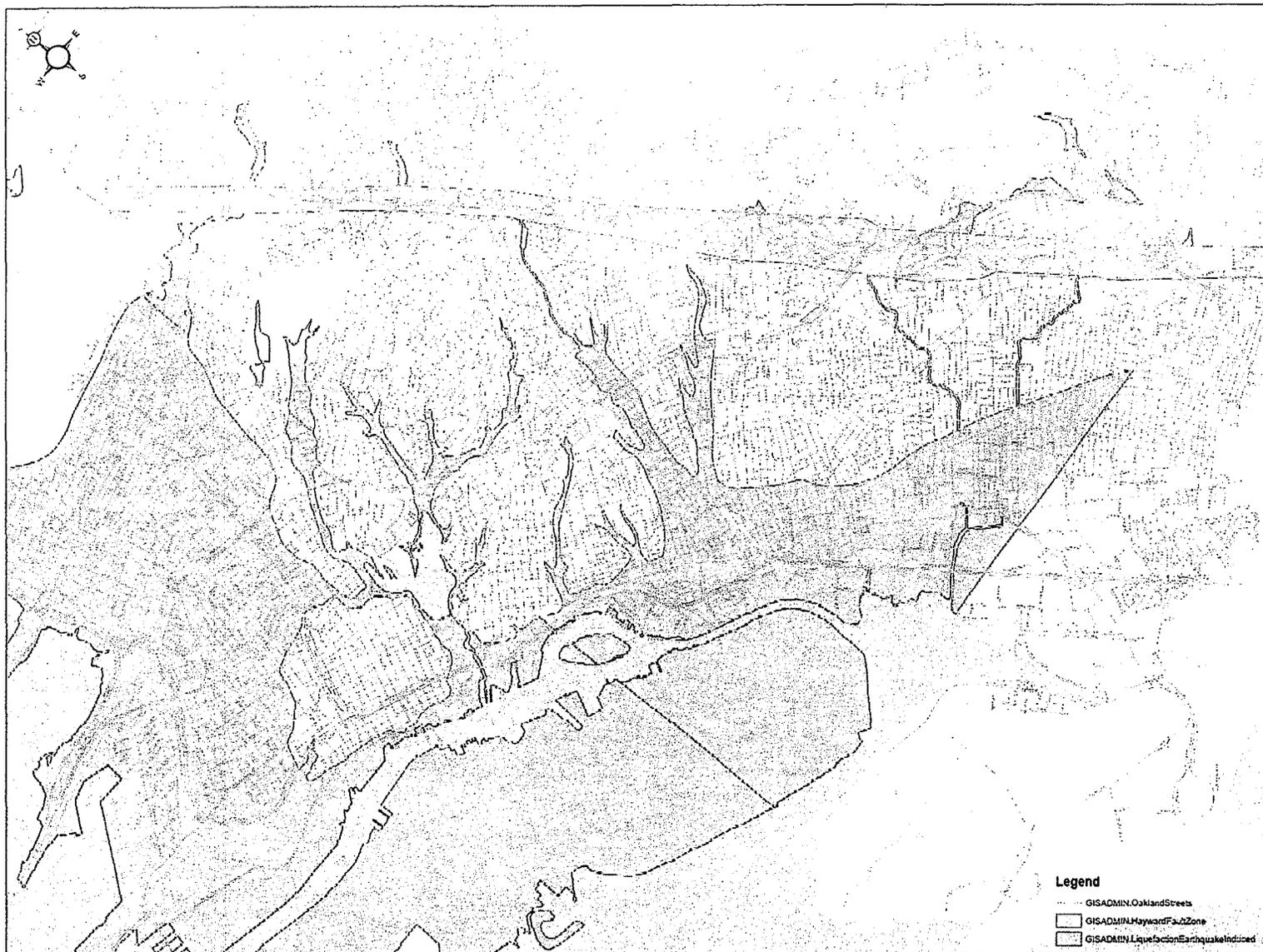
and

Rodolfo Dueñas, Rehabilitation Supervisor
Residential Lending and Rehabilitation Services

Attachments (2):

- A: Map showing highest-risk areas prioritized by Earthquake-Safe Homes Program: liquefaction zones and the Alquist-Priolo zone as determined by the State of California Department of Conservation***
- B: Map showing location of potential soft story buildings identified by the City of Oakland's 2009 "soft story" screening against liquefaction zones.***

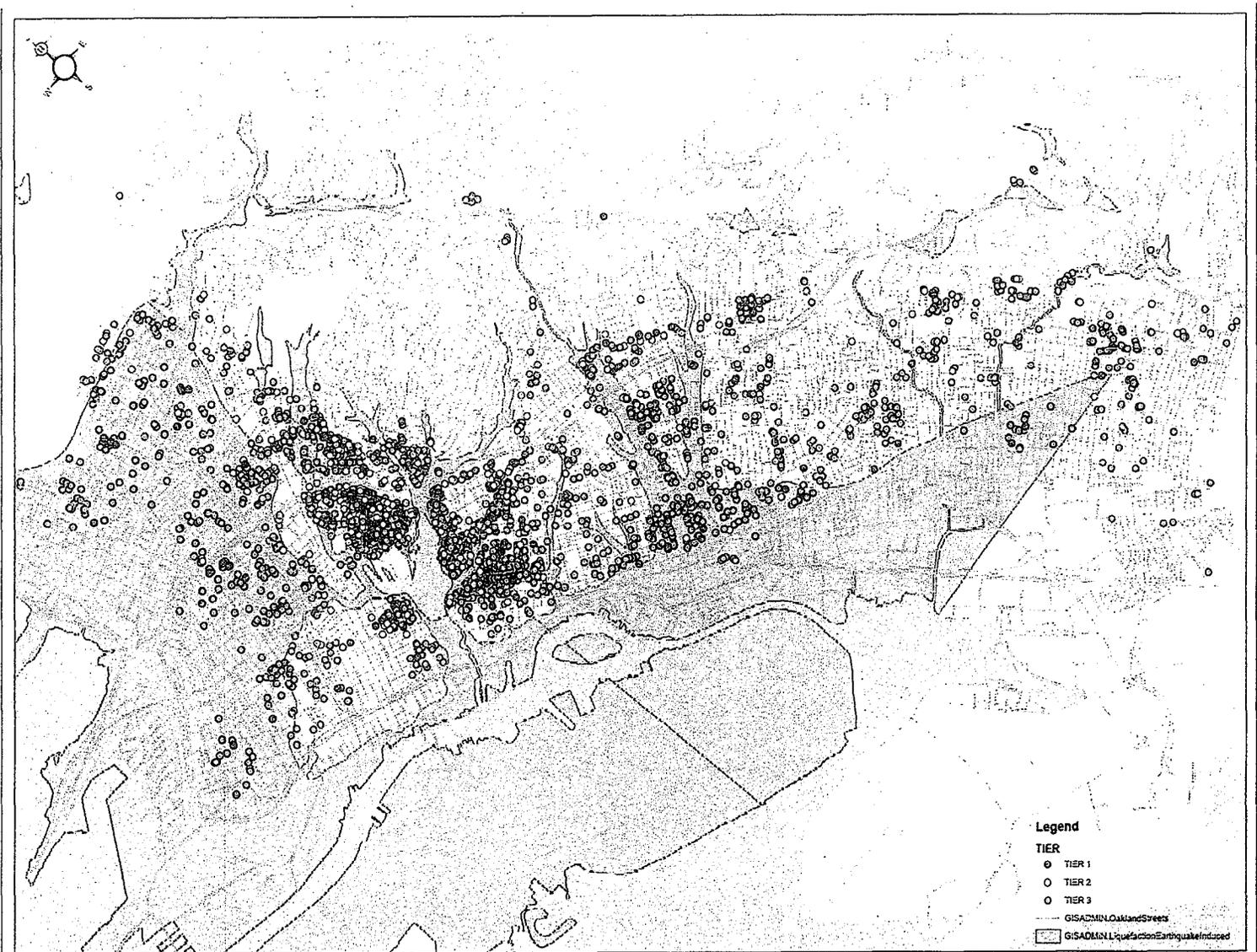
ATTACHMENT A:



Liquefaction Zones and Hayward Fault Zone
State of California Department of Conservation

City of Oakland
Residential Lending Services

ATTACHMENT B:

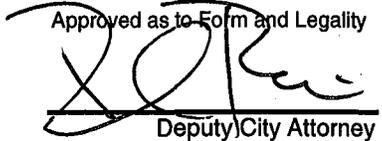


2009 Soft Story Screening
City of Oakland- ABAG

City of Oakland
Residential Lending Services

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OAKLAND

2016 APR 28 PM 6:13

Approved as to Form and Legality

Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE UP TO A TOTAL OF \$6,000,000 IN HAZARD MITIGATION GRANT PROGRAM FUNDS FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY AND THE STATE OF CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES FOR (1) A SINGLE-FAMILY SEISMIC RETROFIT GRANT PROGRAM UP TO \$3,000,000 AND (2) A SOFT STORY APARTMENT RETROFIT GRANT PROGRAM UP TO \$3,000,000; AND COMMITTING A TOTAL OF \$2,000,000 IN FUNDS CURRENTLY ALLOCATED FOR RESIDENTIAL REHABILITATION AND SEISMIC RETROFITS AS REQUIRED LOCAL MATCHING FUNDS

WHEREAS, on September 22, 2015, President Obama issued a major disaster declaration based on damage caused by the California Valley and Butte fires; and

WHEREAS, as a result of this federal disaster declaration, the Federal Emergency Management Agency (FEMA) has provided funds to the State of California for the Hazard Mitigation Grant Program (HMGP) under the authority of the Robert T. Stafford Emergency Assistance and Disaster Relief (Stafford Act); and

WHEREAS, the California Governor's Office of Emergency Services (CalOES) has been delegated the responsibility of administering the HMGP in California, identifying program priorities, reviewing sub-applications and forwarding the recommendations to FEMA, which has final approval of activity eligibility and funding; and

WHEREAS, applications for this round of HMGP funding, which provides grants of up to 75% of a project's cost up to Three Million Dollars (\$3,000,000) to sub-grantees within California to support long-term hazard mitigation measures in accordance with State and local priorities, are due no later than June 16, 2016 and require the commitment of non-federal local matching funds of at least 25% of the total project cost up to One Million Dollars (\$1,000,000); and

WHEREAS, City staff have identified residential seismic retrofits for both single-family and multi-family homes as a local priority to mitigate the potential damage to human health and

property and loss of life caused by earthquakes; and

WHEREAS, the City's redevelopment-funded Seismic Safety Incentive Program, which provided financial assistance to support seismic retrofits of one-to-four unit homes, was suspended in 2012 following the dissolution of the Oakland Redevelopment Agency; and

WHEREAS, many owners of both single-family homes and soft story multi-family apartment buildings could be incentivized to complete seismic retrofits on their properties if funding was made available by the City to partially support the cost of the retrofits; and

WHEREAS, staff has identified CDBG and residential rehabilitation program income funds as eligible non-federal funds that may be used to satisfy the HMGP's requirement for local matching funds to constitute no less than 25% of the total project cost; and

WHEREAS, the City wishes to submit an application to CalOES for the maximum amount of up to Three Million Dollars (\$3,000,000) in HMGP funding for the Oakland Earthquake-Safe Homes Program, a single-family seismic retrofit grant program ("Single-Family Program"); and

WHEREAS, the City has identified One Million Dollars (\$1,000,000) in CDBG funds previously allocated to seed a rental property rehabilitation program fund but not spent due to limited resources to ensure post-rehabilitation monitoring to prevent tenant displacement; and

WHEREAS, staff recommends that One Million Dollars (\$1,000,000) in CDBG funds (Fund 2109, Org 89939, Project G480110, Program NB32) be committed as the required local matching funds for the Single-Family Program; and

WHEREAS, the City also wishes to submit a second application to CalOES for the maximum amount of up to Three Million Dollars (\$3,000,000) in HMGP funding for Safer Housing for Oakland, a "soft story" apartment seismic retrofit grant program ("Soft Story Program"); and

WHEREAS, staff recommends that Nine Hundred Fifty Thousand Dollars (\$950,000) in CDBG funds previously reserved for soft story seismic retrofits (Fund 2108, Org 89919, Project G479710, Program NB32) and Fifty Thousand Dollars (\$50,000) in program income from residential rehabilitation loan repayments (Fund 2999, Org 89939, Project G08660, Program NB32) be committed for a total of One Million Dollars (\$1,000,000) in required local matching funds for the Soft Story Program; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator or her designee to execute and file an application to CalOES and FEMA for an amount up to Three Million Dollars (\$3,000,000) in funding from the HMGP to support the Single-Family Program, to accept such funding if awarded, and to appropriate such funding to a new Earthquake-Safe Homes Program, FEMA Fund (2124), Residential Lending (Org 89939), Project number TBD; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or her designee to commit up to \$1,000,000 in CDBG funds as local matching funds for the Single-

Family retrofit program application; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or her designee to execute and file an application to CalOES and FEMA for an amount up to Three Million Dollars (\$3,000,000) in funding from the HMGP to support the Soft Story Program, to accept such funding if awarded, and to appropriate such funding to a new Safer Housing for Oakland Program, FEMA Fund (2124), Housing Administration (Org 89919), Project number TBD; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or her designee to commit up to \$1,000,000 in CDBG funds and residential rehabilitation loan repayment funds as local matching funds for the Soft Story Program; and be it

FURTHER RESOLVED: That should additional funds be received for the Single-Family Program or the Soft Story Program, the City Administrator or her designee is hereby authorized to accept and appropriate the same for the purposes described above within the grant terms; and be it

FURTHER RESOLVED: That there is no legal impediment to the City applying for HMGP funds; and be it

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FURTHER RESOLVED: That the City Administrator or her designee is authorized on behalf of the City of Oakland to conduct all negotiations, execute and submit all documents including, but not limited to applications, benefit-cost analyses, agreements, payment requests and so on, which may be necessary for the completion of the aforementioned activities related to the Single-Family Program and the Soft Story Program consistent with the Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, AND PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

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