

CITY OF OAKLAND
AGENDA REPORT

2008 DEC 26 AM 10:15

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Department of Human Services
DATE: January 8, 2008

RE: **A Resolution Authorizing The City Administrator To Execute All Contracts And Amendments Related To The State Emergency Housing And Assistance Program Capital Development (EHAPCD) Deferred Loans Awarded To The City For The 2004/2005, 2005/2006 And 2006/2007 Program Years For The Rehabilitation Of Emergency Shelters And Transitional Housing Projects In Oakland**

SUMMARY

Due to the passage of Proposition 46 (the Housing Bond Act of 2002), funding is available under the State of California Emergency Housing and Assistance Program Capital Development (EHAPCD) Deferred Loans for the acquisition, construction and rehabilitation of emergency shelters, transitional housing, or safe haven facilities for homeless persons. The Department of Human Services has applied for and received funds totaling approximately \$2.7 million from the 2004/05, 2005/06 and 2006/07 program years.

The funds awarded to the City are to be used for the rehabilitation of some of the City's emergency shelter and transitional housing facilities. The 2004/05 funds are being used for the rehabilitation of five (5) properties in the Families in Transition / Scattered Site (FIT/SS) transitional program, the 2005/06 funds are to be used for Matilda Cleveland Transitional Housing program (MCTHP), and the 2006/07 funds are to be used for the Henry Robinson Multi-Service Center (HRMSC).

The EHAPCD loans accrue interest at 3% simple interest, but are deferred for the seven-year term of the loans. The loans, the principal, and interest are forgiven at the end of the loan term, provided the facilities remain in use as emergency shelters, transitional housing, or safe haven facilities for homeless persons. In essence, the loans function as grants, and do not need to be repaid by the City, as long as the facilities remain dedicated to the provision of housing for the homeless for the term of the loans.

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BACKGROUND

The Department of Human Services filed applications in response to the Notice of Funds Availability (NOFA) issued by the State for EHAPCD Deferred Loans since 2004. For three (3) consecutive years, the City has been awarded funding under the program, with the funds being earmarked for the rehabilitation of emergency and transitional housing facilities. Construction on the 2004/2005 program year project, the FIT/SS, started in December 2006 and two (2) of the homes were completed this month. Architectural drawings are currently being developed for the 2005/2006 MCTHP project, and the Standard Agreement for the 2006/2007 HRMSC project should be executed by the City and the State by the end of December 2007.

The first project, the FIT/SS, has not proceeded as rapidly as anticipated and as a result, has not kept up with the original project timeline. Even though construction started on two (2) of the homes in December 2006, the contractor just completed the work this month. Rehabilitation work on the other three has not begun. This delay is due to a number of issues including the homes needing more rehabilitation work than expected and the contractor, Quantum General Contractors, experienced some financial difficulties. The two-year time frame for project completion ended on October 20th. In anticipation of the need for an extension past the completion date, City staff requested a one-year extension of the contract period in August 2007. Such an extension is allowed under the program statutes. Program staff consented to the extension and prepared the required contract amendments.

However, a resolution authorizing the City Administrator to execute the contract amendments is required because even though the authorizing resolution adopted in January 2005 allowed the City Administrator to apply for the 2004/05 funding and subsequent EHAPCD funds and to enter into agreements with the State for the use of the program funds, it did not specify that the City Administrator is authorized to enter into amendments. A second resolution authorizing application and receipt of the 2006/07 EHAPCD funds also did not include the specific language about amendments. Hence the need for the current resolution which will be applicable to all three EHAPCD awards received by the City.

FISCAL IMPACT

Approval of this resolution will authorize the City Administrator to enter into amendments and other required contracts for the EHAPCD funds which have been awarded as of 2007. The funds awarded by the State to the City total approximately \$2.7 million. The EHAPCD loans are deferred and forgivable, and, if the terms of the loan are satisfied, will result in no actual cost to the City.

In the event the City defaults on all three loans, the City would have to pay back the principal (up to \$2,762,076) and accrued interest (3% annually for up to 7 years = \$580,036) for a total of \$3,342,112). A default would only occur if the rehabilitated properties were not used for the purpose of providing housing to homeless persons during the seven-year term of the loan.

EHAPCD LOAN PROGRAM DESCRIPTION

The purpose of the EHAPCD is to fund capital development activities for emergency shelters, transitional housing, and safe havens that provide shelter and supportive services for individuals and families. The funds are provided as deferred payment loans at 3 percent simple interest for terms that range from 5 to 10 years. The loans are forgiven at the end of the loan term as long as the project is used as a qualifying homeless shelter or transitional housing facility and proposed services are rendered as represented in the application. Each deferred loan must be secured by a deed of trust (for owned property) or evidence of long term site control (for leased properties). The program is available to local government agencies and nonprofit corporations that provide shelter to the homeless on an emergency or transitional basis, and provide support services. EHAP deferred loans do not require matching funds.

If a change of use of the project property occurs prior to the completion of the required use term, resulting in the property no longer being used as an emergency shelter or transitional housing facility, the State shall terminate the loan and require the repayment of the deferred loan in full, including accrued interest.

KEY ISSUES AND IMPACTS

The housing facilities for which EHAPCD funds are to be used are operated by two non-profit agencies, the East Oakland Community Project (EOCP) and ANKA Behavioral Health, Inc. (ABHI). The two agencies receive funding for programs and services under the Department of Housing and Urban Development's (HUD) Supportive Housing Program. ABHI operates the Henry Robinson Multi-Service Center (HRMSC) at 559 16th Street, and the EOCP, the Matilda Cleveland Transitional Housing Program at 8314 MacArthur Blvd and the Families in Transition /Scattered Sites which are located in various parts of the City. The FIT/SS and HRMSC properties are owned by the City and the Redevelopment Agency and the MCTHP facility is leased from a nonprofit agency.

Over the years a number of significant repairs have been deferred at these housing sites including roof repairs, flooring, plumbing, heating, and electrical and conveyance systems. The use of EHAPCD funds to rehabilitate emergency and transitional housing facilities will improve the condition and the real value of the properties. Comprehensive rehabilitation of the properties will reduce the amount of ongoing repairs needed to maintain the facilities in a habitable condition and reduce associated maintenance costs and prevent the frequent breakdown of major systems. Rehabilitation of the properties will also reduce the risk of liability inherent in the continued use of under-maintained buildings.

Acceptance of the EHAPCD loans would obligate the City to continue to use the transitional housing facilities to house the homeless for the term of the loans. Although there is a risk of loan default if the emergency and transitional housing properties are used for purposes other than housing the homeless, staff assesses the risk of default to be very low. Based on prior agreements and long-standing policy commitments to provide emergency and transitional housing for the homeless, and since no other uses of the properties have been identified or are

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contemplated, it is unlikely that the City would decide to use the facilities for an alternate purpose and thereby incur default penalties.

SUSTAINABLE OPPORTUNITIES

Economic:

Emergency and Transitional Housing programs and services for homeless provide opportunities for stability, training and support that assist them in transitioning to self-sufficiency and economic independence.

Environmental:

Rehabilitation of the emergency and transitional housing facilities will bring the units in line with current code and habitability standards.

Social Equity:

The expenditure of the funds for emergency and transitional housing rehabilitation will make the facilities more habitable for the homeless.

DISABILITY AND SENIOR CITIZEN ACCESS

Although most of the emergency and transitional housing facilities owned or leased by the City is in at least minimum compliance with disabled and senior citizen access standards, improvement and enhancement of disabled and senior citizen access will be integrated into the scope of rehabilitation work wherever possible, in accordance with established City contracting procedures.

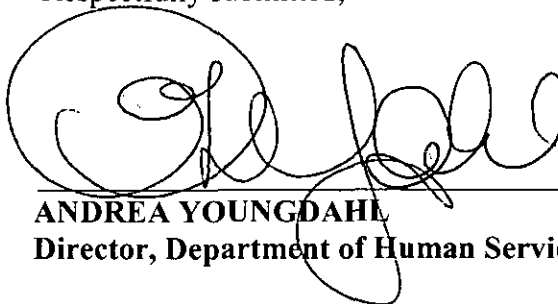
RECOMMENDATION

That the City Council adopt the resolution authorizing the City Administrator to execute all contracts and amendments related to the State EHAPCD Deferred Loans awarded to the City for the 2004/05, 2005/06 and 2006/07 program years for the rehabilitation of emergency and transitional housing facilities in Oakland.

ACTION REQUESTED OF THE CITY COUNCIL

Approve a resolution authorizing the City Administrator to execute all contracts and amendments related to the State EHAPCD Deferred Loans awarded to the City for the 2004/05, 2005/06 and 2006/07 program years for the rehabilitation of emergency and transitional housing facilities in Oakland.

Respectfully submitted,



ANDREA YOUNGDAHL
Director, Department of Human Services

Reviewed by:
Susan R. Shelton, Manager
Community Housing Services

Prepared by:
Gladys Moore
Project Coordinator

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

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Approved as to Form and Legality

OAKLAND CITY COUNCIL


City Attorney

RESOLUTION NO. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE ALL CONTRACTS AND AMENDMENTS RELATED TO THE STATE EMERGENCY HOUSING AND ASSISTANCE PROGRAM CAPITAL DEVELOPMENT (EHAPCD) DEFERRED LOANS AWARDED TO THE CITY FOR THE 2004/2005, 2005/2006 AND 2006/2007 PROGRAM YEARS FOR THE REHABILITATION OF EMERGENCY SHELTERS AND TRANSITIONAL HOUSING PROJECTS IN OAKLAND

WHEREAS, the City has applied for EHAPCD funds for three consecutive years; the 2004/05, 2005/06 and 2006/07 program years and has received approximately \$2.7 million from the program; and

WHEREAS, the funds are to be utilized for the rehabilitation of the City's emergency housing and transitional housing facilities; and

WHEREAS, construction of the 2004/2005 program year projects which comprises the rehabilitation of 5 single-family homes started in December 2006, and two of the homes have been completed; and

WHEREAS, the EHAPCD projects are to be completed within two years of the execution of the Standard Agreement with a one-year extension of the completion period provided by the State when necessary; and

WHEREAS, the completion date for the 2004/05 EHAPCD projects is October 20, 2007, and the City has applied for a one-year extension to allow for the completion of the rehabilitation work on three homes; and

WHEREAS, the State is willing to provide the one-year extension to the City, however, the resolutions authorizing the application for and receipt of the EHAPCD deferred loans does not specify that the City Administrator is authorized to enter into amendments or other agreements relating to the EHAPCD projects; and

WHEREAS, the State is requesting that such a resolution is required prior to the execution of the contract amendments; now, therefore, be it

RESOLVED: That the City Council authorizes the City Administrator or her designee to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, and related action with the State as it relates to the EHAPCD deferred loan awards received by the City for the 2004/2005, 2005/2006 and 2006/2007 program years; and be it

FURTHER RESOLVED: That said agreements shall be reviewed as to form and legality by the Office of the City Attorney and copies will be filed in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California