

CITY OF
OAKLAND

Housing & Community Development

Council Budget Discussion

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HCD Mission

The Housing and Community Development Department (HCD) is dedicated to improving Oakland's neighborhoods and to ensuring all Oaklanders have safe and affordable housing.



FY2023-2024 Budget- Mayor's Budget

Staffing and Budget

Division	Unit	Total FTE	Budget (in millions)*
Housing Development	Housing Development Services	16.00	134.66
	Residential Lending Services	12.50	4.55
Community Development	Community Development and Engagement	11.00	4.49
	Rent Adjustment Program	28.00	7.08
Department Administration	Fiscal Services	15.00	7.23
	Administration		
Total		82.50	158.01

HCD 2023 – 2025 Budget

Sources (in millions)

Fund and Description	FY 2023-24	FY 2024-25
1010 - General Fund: General Purpose	\$ 1.24	\$ 11.38
1870 - Affordable Housing Trust Fund (Boomerang)	\$ 12.76	\$ 14.28
1882 - Multi Service Center/Rent	\$ -	\$ 0.11
1885 - 2011A-T Subordinated Housing	\$ 0.75	\$ 0.75
2103 - HUD-ESG/SHP/HOPWA	\$ -	\$ 13.68
2108 - HUD-CDBG	\$ 6.73	\$ 7.80
2109 - HUD-Home	\$ 2.94	\$ 2.92
2144 - California Housing and Community Development	\$ 22.43	\$ 18.65
2159 - State of California Other	\$ -	\$ 6.12
2160 - County of Alameda: Grants	\$ -	\$ 0.49
2413 - Rent Adjustment Program Fund	\$ 7.86	\$ 9.76
2423 - Jobs Housing Impact Fee Fund	\$ 4.98	\$ 0.83
2424 - Affordable Housing Impact Fee Fund	\$ 3.48	\$ 3.00
2826 - Mortgage Revenue	\$ 0.37	\$ 0.09
2830 - Low and Moderate Income Housing Asset Fund	\$ 26.47	\$ 5.99
5333 - Measure KK: Affordable Housing Series 2020B-2 (Taxable)	\$ -	\$ -
5340 - Measure U: Affordable Housing and Infrastructure GOB	\$ 68.00	\$ 52.00
Agency-wide Total	\$ 158.01	\$ 154.58

HCD 2023 – 2025 Budget

Uses (in millions)

Category by Org	FY 2023-24	FY 2024-25
Program (O&M) by Org	Proposed	Proposed
89919 - Admin & Fiscal	2.58	1.76
89929 - Housing Development	131.40	86.44
89939 – Residential Lending	1.45	1.45
89949 - CDE	1.74	1.58
89969 - RAP	0.33	1.11
89411 - Community Hsg Serv.		33.34
Subtotal – Program (O&M)	137.50	125.68
Personnel by Org		
89919 - Admin & Fiscal	3.86	4.49
89929 - Housing Development	2.52	3.53
89939 – Residential Lending	2.52	2.69
89949 - CDE	2.24	2.43
89969 - RAP	5.43	6.34
89411 - Community Hsg Serv.		4.23
Subtotal - Personnel	16.57	23.71
OH, & ISF (department-wide)	3.94	5.19
Subtotal - Personnel, OH, & ISF	20.51	28.9
Agency-wide Total	158.01	154.58

HCD 2023 – 2024 Budget

- **HCD budget proposal did not consider merger w/CHS**
- **Mayor's budget includes staff changes:**
 - 4 positions added to Housing Development Services due to increased number of projects
 - 4 add/deletes to support restructuring (focus on ACAH preservation projects)
- **Mayor's budget continues existing service levels & increases capital budget with:**
 - Measure U: \$68m in year 1 / \$52m in year 2
 - Homekey – Funds are not guaranteed
- **Fund 1870 (Impact Fees and Boomerang)**
 - Broken up into different funds to track separately (2423, 2424, 1870)
 - Reduction in impact fees based on projections from PBD (-\$2.2m / -\$6.8m)
 - Increase in Affordable Housing Trust Fund (Boomerang) for non-capital expenses which reduces \$ for capital

HCD 2023 – 2024 Budget

1870 Boomerang Fund

Category	Mayor's FY23-24	Mayor's FY24-25
Staffing	\$ 8,151,310	\$ 10,807,216
Capital	\$ 1,529,376	\$ 0
Non-capital O&M	\$ 3,086,931	\$ 3,472,832
Total	\$ 12,767,617	\$ 14,280,048

Systemic Budget Concerns



1. Competing Needs-Staff vs Capital

- Boomerang Fund 1870
- Boomerang is needed for capital costs which are allocated through HCD NOFAs
 - HCD is draft ordinance to use boomerang for operating subsidies to increase production of PSH/ELI units
- Boomerang is the ONLY non-restricted HCD source to cover staffing costs that cannot be fully covered by grants or bonds
- These two functions compete with each other.
 - To ensure grant compliance with Federal and State grants, staffing costs (including internal services) under Fd_1870 increased by \$5.7+M from \$2.39+M in FY21 to \$8.15+M in FY24. This increase eroded HCD's capital funding.
- HCD needs a larger percentage of City's Boomerang funds to cover both staffing and capital funds as a reliable ongoing source

2. Insufficient Capital Budget

- Capital budget does not meet needs for projects in the pipeline (NC NOFA requested \$230m w/ \$63m available)

3. CDBG Funding-ie. Negative Fund Balance, Grant Compliance & Efficiency:

- Approx \$8m CDBG grant funds
- Negative Fund Balance of \$8.9m due to historical accumulated staffing costs (\$6.7m) and cash flow timing (\$2.1m)
- To be in compliance:
 - Staffing moved from various grant funds, mainly from CDBG Fund, to Fd_1870
 - Adhere to public service cap
- Next steps-examine Staff: Services ratio

4. Addressing Homelessness

- Need for permanent exits which requires operating subsidies & more capital for new construction
- Need for homeless prevention services (budgeted for \$1m in FY24)
- HCD budget does not include services for unhoused residents OR homeless interventions (HSD)

5. Staffing: HCD's high vacancy rate hinders ability to estimate future staffing needs

- Eviction moratorium phase-out & rental registry ongoing operational needs & costs
- Staff capacity and skills to underwrite and asset manage PSH and interim projects
- Scaled production & preservation w/ additional funding sources (eg BAHFA bond)
- Support for small/emerging developers and chasing new deals
- Direct services as part of merger

HCD 2023 – 2025 Budget



Proposed Amount and Funding Sources for Capital Improvements*

Capital Sources for Affordable Production and Preservation	FY23-24 Budget (In Millions)	FY24-25 Budget (In Millions)
Affordable Housing Impact Fees (2424) / Jobs Housing Impact Fees (2423) - <i>ESTIMATED</i>	\$8.26	\$3.63
AHTF (1870) - <i>ESTIMATED</i>	\$1.33	\$0
HUD Funds (2108 & 2109)	\$3.28	\$3.23
Low-Mod Income Asset Fund (2830) (unspent loan proceeds)	\$25.46	\$5.80
Measure U (5340)	\$68.00	\$52.00
Total	\$106.33	\$64.46

A primary departmental focus is to administer capital funds through the NOFA processes

*Does not include staff costs

HCD 2023 – 2025 Budget



Funding Sources and Uses for Services in millions*

Services Dollars	FY23-24 Sources	FY23-24 Uses	FY24-25 Sources	FY24-25 Uses
<i>RAP – City wide</i>	\$10.92 <i>(\$7.86 for HCD)</i>	\$10.92 <i>(\$7.86 for HCD)</i>	\$12.93 <i>(\$9.76 for HCD)</i>	\$12.93 <i>(\$9.76 for HCD)</i>
<i>CDBG – City wide</i>	\$8.15 <i>(\$6.73 for HCD)</i>	\$7.3 <i>(\$5.88 for HCD)</i>	\$8.09 <i>(\$7.8 for HCD)</i>	\$7.24 <i>(\$6.95 for HCD)</i>
Total	\$19.07 <i>(\$14.59 for HCD)</i>	\$18.22 <i>(\$13.74 for HCD)</i>	\$21.02 <i>(\$17.56 for HCD)</i>	\$20.2 <i>(\$16.71 for HCD)</i>

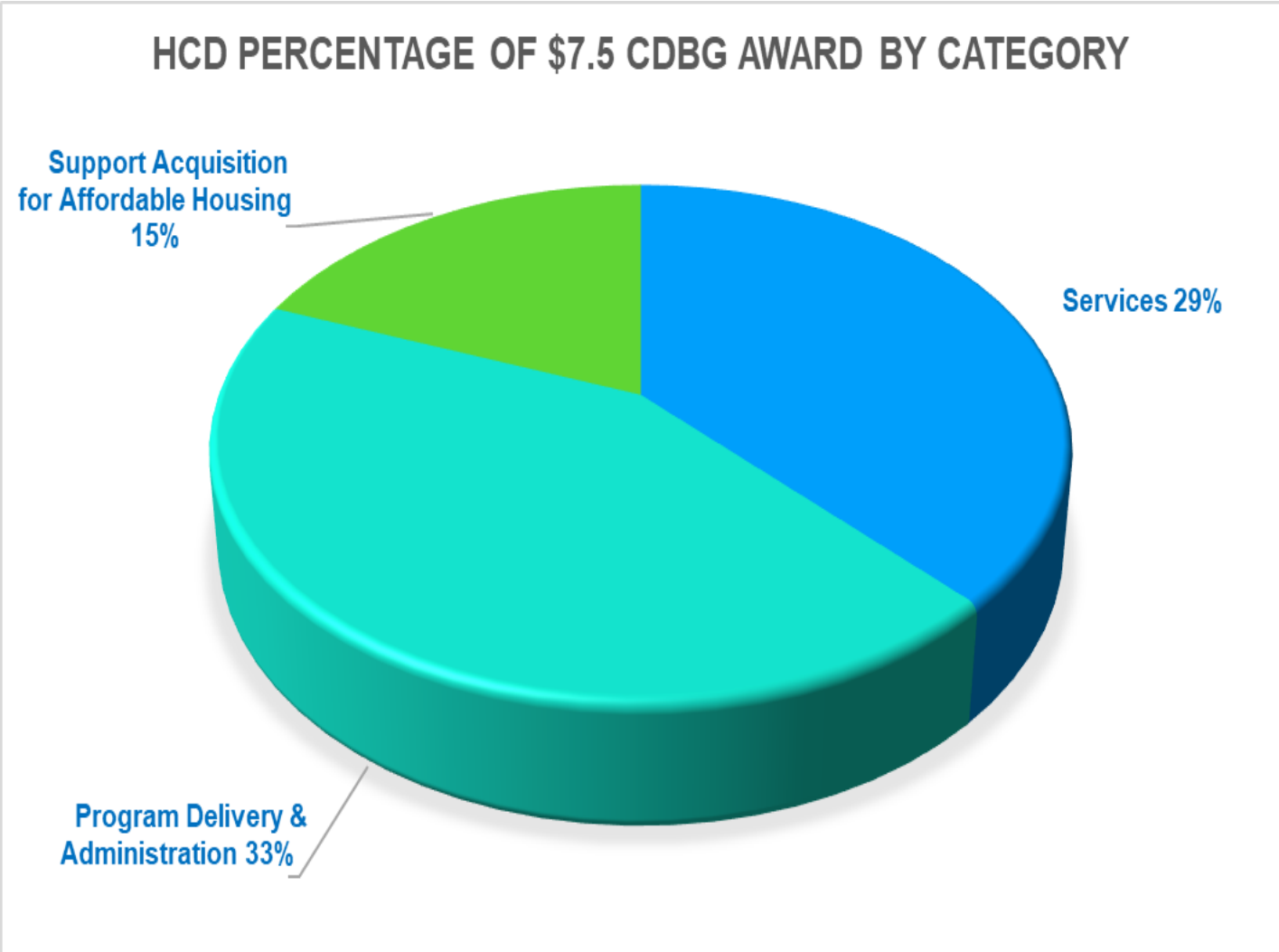
*includes staff costs

HCD FY 22/2023 CDBG Budget



CDBG Uses in millions*

FY 2022/23 COMMUNITY DEVELOPMENT BLOCK GRANT ALLOCATIONS	
Awarded	CDBG Uses In Millions
Community Homeless Services	1.1
Economic Development	0.6
Housing Community & Development (HCD)	5.8
<i>Services (incl Fair Chance & CCR)</i>	2.2
<i>Program Delivery & Administration (incl RLS)</i>	2.5
<i>Support Acquisition for Affordable Housing</i>	1.1
2022/23 CDBG Totals	7.5



*includes staff costs. Does not include \$850k revolving loan funds

FY24/25 Reorganization



Opportunities and Solutions

- 1. The Big Picture: Combining Housing & Homelessness allows one Dept. to hold all phases of the housing experience**
 - Funding landscape from prevention through permanent placement
 - Identify funding and service gaps
- 2. Consultant Assistance: Change Management**
 - Integrating functions
 - Org Structure
 - Skill set alignment
 - Staff morale
 - Department culture
- 3. Consultant Assistance: Service Efficiencies**
 - Evaluate the effectiveness of internal vs. outsourcing services
 - Historically, HCD has not managed direct services efficiently & doesn't have funding for services

FY24/25 Reorganization



Opportunities and Solutions

4. Maintain clear department priorities

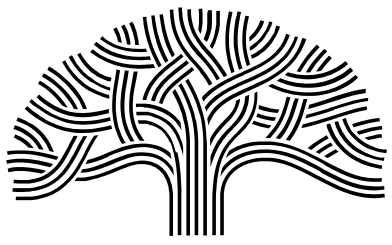
- Core function and budget priorities around producing and preserving housing
- Clarify metrics for success for this new team
- Understand Council's and Mayor's expectations for the new department?

5. Identify funding sources to operationalize merger and scale existing services:

- Larger portion of Measure U funds
- Increased advocacy and policy analysis capacity to bring in additional funds
- Explore funding for innovation - more units, faster and cheaper
 - Partner with CDFIs and other funding agencies
 - Public/Private partnerships
- A proportionate equivalent of HSD's administrative/fiscal team
- Sources to cover increased service delivery demands and expectations

6. Maintain coordination & collaboration with PBD, EWDD, OakDOT and DPW

- Place based community development
- Leverage funding across silos
- Improve internal processes - more units, faster and cheaper



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Thank You!

