



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2018 JUL -5 PM 12:50

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Michele Byrd  
Director, Housing and  
Community Development

**SUBJECT:** FEMA Grants for Residential Soft  
Story Seismic Retrofits

**DATE:** June 22, 2018

City Administrator Approval

*Christine Del for SBL*

Date:

*7/3/18*

## RECOMMENDATION

**Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator To Apply For, Accept, And Appropriate Up To A Total Of \$15,000,000 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 5-9 Unit Soft Story Apartment Seismic Retrofit Grant Up To \$5,000,000 And (2) A 10+ Unit Soft Story Apartment Retrofit Grant Up To \$5,000,000; And (3) A Soft Story Apartment Retrofit Grant For Publicly Supported Buildings For Up To \$5,000,000; With All Local Matching Funds To Come From Participating Property Owners And Requiring No Commitment of City Funds.**

## EXECUTIVE SUMMARY

Approval of the proposed resolution will authorize the City Administrator to apply, accept, and appropriate up to \$15,000,000 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). The City will submit three applications for seismic retrofit projects, each requesting up to \$5,000,000 in HMGP funds that will be met with the required local match through contributions from participating property owners, requiring no commitment of City funds.

These projects will become part of the existing Safer Housing for Oakland Program (SHOP), a soft story apartment seismic retrofit grant program (Soft Story Program) with a focus on properties that ranked high under the previous HMGP funded grant program but could not move forward in the process due to the costs associated with a "soft-story" retrofit and available funds. The first project will dedicate funds for properties with 5-9 units and the second will dedicate funds for properties with 10 or more units. The third project will focus on buildings that have received public funds for affordable housing, which have a higher barrier to recovery due to the need for public resources for rehabilitation and re-housing of vulnerable occupants, exceeding typical costs for similar buildings. If awarded, all grant funds must be fully expended and both projects must be completed within 36 months of the receipt of funding.

Item: \_\_\_\_\_  
CED Committee  
July 17, 2018

## **BACKGROUND / LEGISLATIVE HISTORY**

In June 2016, the City submitted two applications to FEMA's Hazard Mitigation Grant Program to launch residential seismic retrofit grant programs. One of these programs is the SHOP Program, which requested \$3,000,000 in funding for "soft story" apartment buildings of 5 or more units. Phase I funding from FEMA was awarded for program and pipeline development in September of 2016 and 251 applications for assistance were received. City's Phase I deliverables including a master list of 60 priority eligible properties was submitted to funding agencies in March 2017. Review of those properties for Phase II funding is still ongoing and the City expects the number of approved properties will far exceed the number of seismic retrofit projects that the expected award can fund. The Department of Housing and Community Development would like to pursue additional HMGP funding to retrofit more vulnerable housing units, including properties that are not ultimately selected for the current Phase II due to limited resources.

On October 10, 2017, President Donald J Trump declared a major disaster in California based on damage caused by the California Wildfires, triggering additional FEMA HMGP funding opportunities for the state of California. As before, 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 and this round of funding was increased to up to \$5,000,000 per application. This requires the grantee to provide for each award a local match of 25 percent up to \$1,666,667 for a maximum total project cost of \$6,666,667.

On January 30, 2018, the Department of Housing and Community Development submitted three Notices of Interest (NOI) to CalOES expressing the intent to apply for the maximum grant amount of \$5,000,000 per project in HMGP funds to support SHOP. Both NOIs were approved and the City was invited to submit all three applications. If the City's proposed retrofit projects are selected for funding, the combined programs would provide a total of up to \$15,000,000 in HMGP grant 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 the largest and most damage-prone soft story apartment buildings and will require owners to match funds equal to or in excess of 25% of the total project cost.

## **ANALYSIS AND POLICY ALTERNATIVES**

Earthquakes are the most pervasive safety hazard throughout the San Francisco Bay Area, as they 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 due to an 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 of 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.

***Safer Housing for Oakland (SHOP): A Soft Story Apartment Seismic Retrofit Program***

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.

The City has requested additional HMGP funding to support implementation of SHOP, which was established to provide financial support to rental property owners to complete code-compliant retrofits of soft story housing. This will augment the previous HMGP funding award that established this Program in 2016. Unlike the first round of funding that required the City to dedicate matching funds, these applications will leverage the outreach and Program design already conducted so that award funds can be focused solely on project costs. 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 additional HMGP funding, the project will be phased. Phase I will include an assessment of applications that were not possible to complete with the initial HMGP award. 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.

***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 four years on a soft story retrofit ordinance. This ordinance would require the seismic evaluation and retrofit of certain multifamily residential buildings known to be seismically vulnerable. This ordinance is likely to be brought forward in the next year and these additional grants for SHOP will provide an important funding source to complement it's passage and implementation.

### **FISCAL IMPACT**

If City Council adopts the recommended resolution, no commitment of City funds will be required. If awarded, funds received will be appropriated to FEMA (Fund 2124), Residential Lending (Org 89939) and Housing Administration (Org 89919).

### **PUBLIC OUTREACH / INTEREST**

Outreach to over 2300 owners of soft story rental properties was conducted in 2016 as part of Phase I of the initial HMGP award, which resulted in 250 SHOP applications for assistance. This is a far greater number than the projected 30-50 projects that the initial award is expected to fund. No additional outreach was necessary for this item because the existing applications will continue to feed the pipeline of projects for any subsequent awards.

### **COORDINATION**

The Department of Housing and Community Development has consulted with the Bureau of Building - Engineering Services Division, the Office of Emergency Services, and the City Administrator's Office on this report and program.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** Project funds awarded from HMGP 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

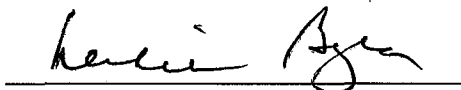
Rent Adjustment Ordinance. Retrofits protect housing occupied by elderly, disabled, low-income or otherwise vulnerable residents, who are most likely to be permanently displaced or rendered homeless due to earthquake damage.

**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 fifteen million dollars (\$15,000,000) in hazard mitigation grant program funds from the federal emergency management agency and the State of California governor's office of emergency services for three "soft story" apartment retrofit grants up to five million (\$5,000,000) each; no City commitment of funds is necessary as required local matching funds will come solely from participating property owners.

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:  
Jean Casey, Project Manager  
Residential Lending and Rehabilitation Services

FILED  
OFFICE OF THE CLERK  
OAKLAND

2018 JUL -5 PM 12:50

Approved as to-Form and  
Legality

  
Deputy City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

---

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, OR DESIGNEE, TO APPLY FOR, ACCEPT, AND APPROPRIATE UP TO A TOTAL OF \$15,000,000 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 5-9 UNIT SOFT STORY APARTMENT SEISMIC RETROFIT GRANT UP TO \$5,000,000;(2) A 10+ UNIT SOFT STORY APARTMENT RETROFIT GRANT UP TO \$5,000,000; AND (3) A SOFT STORY APARTMENT RETROFIT GRANT FOR PUBLICLY SUPPORTED BUILDINGS FOR UP TO \$5,000,000**

**WHEREAS**, on October 10, 2017, President Trump issued a major disaster declaration based on damage caused by the California Wildfires; 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 Five Million Dollars (\$5,000,000) to sub-grantees within California to support long-term hazard mitigation measures in accordance with State and local priorities, requires the commitment of non-federal local matching funds of at least 25% of the total project cost up to One Million Seven Hundred Thousand Dollars (\$1,700,000); and

**WHEREAS**, City staff have identified residential seismic retrofits for 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**, pursuant to Council direction, City staff are currently working on an ordinance requiring mandatory seismic retrofit of certain multi-unit “soft story” residential buildings that pose a substantial risk of death and injury to occupants and of financial loss to property owners, as well as a loss of critically needed housing units in Oakland; and

**WHEREAS**, many owners of 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**, the City wishes to submit one application to CalOES for the maximum amount of up to Five Million Dollars (\$5,000,000) in HMGP funding for five-to-nine unit buildings under the Safer Housing for Oakland, a “soft story” apartment seismic retrofit grant program (“Soft Story Program”); and

**WHEREAS**, the City wishes to submit one application to CalOES for the maximum amount of up to Five Million Dollars (\$5,000,000) in HMGP funding for ten-or-more unit buildings under the Safer Housing for Oakland Soft Story Program; and

**WHEREAS**, the City wishes to submit one application to CalOES for the maximum amount of up to Five Million Dollars (\$5,000,000) in HMGP funding for buildings that have received public funds for housing under the Safer Housing for Oakland Soft Story Program; and

**WHEREAS**, the City will leverage activities funded by a previous HMGP award to administer these grants so that resulting funds can be applied only to project costs, allowing local matching funds for these additional awards to come solely from participating property owners and resulting in no further commitment of City funds; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator or her designee to execute and file three applications to CalOES and FEMA for an amount up to Five Million Dollars (\$5,000,000) in funding for each application for a total of Fifteen Million Dollars (\$15,000,000) in combined funding from the HMGP to support the Soft Story Program, to accept such funding if awarded, and to appropriate such funding to the Safer Housing for Oakland Program, FEMA Fund (2124), Housing Administration (Org 89919), and Residential Lending (Org 89939), Project number TBD; and be it

**FURTHER RESOLVED:** That should additional funds be received for 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

**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 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, GIBSON MCELHANEYGUILLEN, KALB, KAPLAN, ,  
AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California