



# AGENDA REPORT



**TO:** Honorable Mayor & City Council

**FROM:** Councilmember Kaplan  
At-Large District

Council President Fortunato  
Bas  
District 2

Councilmember Fife  
District 3

Councilmember Jenkins  
District 6

**SUBJECT:** Coliseum Connections Relocation  
Payments

**DATE:** July 6, 2023

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## RECOMMENDATION

Councilmembers Kaplan, Fife, Jenkins, and Council President Fortunato Bas recommend that the City Council adopt an emergency ordinance

- 1. Amending Resolution No. 89605 C.M.S, Which Allocated \$750,000 In Former Redevelopment Funds In The Affordable Housing Trust Fund To The Affordable Housing Health And Safety Rehabilitation Program And Authorized The Use Of Those Funds For Relocation Assistance To Low Income Tenants, To Allow The Use Of Such Funds For Relocation Of Tenants Of The Coliseum Connections Project At 801 71<sup>st</sup> Avenue Without Regard To Income, And To Allocate An Additional \$650,000 In Former Redevelopment Funds For This Purpose,**
- 2. Waiving The Low Income Restrictions In Oakland Municipal Code Section 15.62.040.C On The Use Of Former Redevelopment Funds For Relocation Or Rehousing Of Coliseum Connections Tenants, And**
- 3. Amending Resolution No. 89672 C.M.S., Which Authorized Contracts For Lodging Displaced Coliseum Connections Tenants Until The Earlier Of July 31, 2023, Or The Completion Of Repairs, To Extend This Authority To The Date Coliseum Connections Is Ready For Re-Occupancy**

## EXECUTIVE SUMMARY

On December 31, 2022, residents of the Coliseum Connections housing development were displaced by flood damage from the historic winter storm. Tenants were subsequently relocated to area hotels. The estimated time of completion for repairs to the Coliseum Connections building has extended beyond the original date of completion which was between April and May 2023.

Various resolutions have been passed over the course of 2023 to provide City funds for hotel stays for displaced tenants, capital for repairs to Coliseum Connections, relocation assistance funding to below-

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market-rate tenants, and reimbursement of City funds under the Federal Emergency Management Agency's (FEMA) "Non-Congregate Shelter," program.

Due to restrictions on available funding, until this point, displaced market-rate tenants have not been eligible to receive relocation payments if they were interested in moving out of the temporary hotel housing into alternative housing prior to the completion of Coliseum Connection repairs. This resolution authorizes the use of and allocates City Boomerang funds for relocation payments for market-rate tenants, and extends the City's ability to cover hotel payments from July 31st, which is the current deadline under Resolution No. 98672 C.M.S., until the date of completion of Coliseum Connection's repairs.

### **REASON FOR URGENCY**

The co-sponsors of this item are requesting this resolution bypass committee via Rule 24, as the Coliseum Connection tenants have been living in hotels since January 1 of this year, and have communicated clearly their desire to have the option to relocate out of the hotels. The urgency to allow all tenants, regardless of whether they were below-market-rate or market-rate tenants, the option to relocate out of hotels to alternative housing cannot be understated. With this resolution, market rate tenant households will have the option to receive relocation payments and be better equipped to find alternative housing placements.

### **BACKGROUND / LEGISLATIVE HISTORY**

The Coliseum Connections project is a 110-unit apartment building with 55 market-rate units and 55 deed-restricted affordable housing units. The City provided \$12,000,000 in capital subsidy to support the development of the affordable portion of the project in 2016, and the City also successfully co-applied with the project for \$14,844,762 in funding from the State of California's Affordable Housing and Sustainable Communities program in 2016.

The building was rendered uninhabitable when flooding on December 31st damaged the building's electrical panel. The estimated time for repair continues to extend beyond what was initially communicated to the City, which was between April and May 2023. The 108 households who lived in Coliseum Connections at the time of the disaster (two units were vacant) were all relocated to area hotels on January 1. As of July 6, 54 households were still residing in area hotels.

The cost of the hotels was initially provided by the property owner, UrbanCore, but the developer indicated that they lacked the financial capacity to cover the cost of hotel stays past Monday, February 13.

The City Council authorized the City to spend up to \$2 million to cover hotel stays through April 30, 2023, and seek Federal Emergency Management Agency (FEMA) reimbursement by enacting Resolution 89591 C.M.S. on February 13, and the City assumed financial responsibility for hotel stays the same day. Then on February 21 under Resolution 89605 C.M.S., City Council allocated up to \$300,000 for capital repairs under the Department of Housing & Community Development (DHCD) Health & Safety Rehabilitation Program which provides urgent capital for emergency repairs to DHCD's portfolio, as well as up to \$750,000 to assist affordable tenants with relocation assistance and expenses either directly or through a relocation consultant.

### **Temporary Housing: FEMA-Reimbursable Hotel Coverage**

Because flooding resulted in displacement for Coliseum Connections tenants, the owner and property manager relocated tenants to hotels in the immediate area to provide a temporary housing solution. While the extent of repairs needed was not clear at first, in February it became apparent that repairs would require several weeks of work – the completion date was estimated to be May 2023; however, the completion date is now expected to be late summer or early fall. This ordinance would extend the City’s ability to cover hotel payments from July 31st, which is the current deadline under Resolution No. 98672 C.M.S., until the date repairs are complete.

During the first week of February, the owner informed staff from the City, County of Alameda, and BART that they would no longer be able to pay for hotel coverage starting on February 11, 2023. The County and BART did not offer funding to cover this need. The City does not have this type of flexible funding at the amounts necessary to sustain hotel coverage. However, in early February, FEMA signaled to the City that hotel coverage would likely be eligible for reimbursement under their Non-Congregate Shelter program.

The owner agreed to cover hotel coverage two more days through February 12, 2023, while the City sought City Council (Council) authority to take over the hotel payments; in order to comply with FEMA requirements, the City also included a small local “match” sourced from CDBG for 6.25% of the total cost, or approximately \$150,000 in CDBG funds; as well, the resolution allowed for the City to contract with MGT, a firm that helps the City navigate FEMA reimbursements. In order to prevent the risk of homelessness faced by residents, the City began taking over the hotel payments starting February 13, 2023.

### **Code Compliance Relocation Ordinance**

Under the Code Compliance Relocation (CRC) Ordinance, the City typically does not step into a direct funding role. Rather, DHCD typically facilitates information about the ordinance when tenants are displaced by code actions – Planning & Building staff will notify DHCD about code relocations and DHCD staff follow up to inform tenants and owners of the obligations under the ordinance. The requirements of the ordinance fall to the owner to comply with. However, with this catastrophic storm event and subsequent mass displacement of tenants, the City has made the unusual decision to step in and provide certain direct payments to tenants as allowed under the ordinance. Under the ordinance, the City can demand repayment of these payments from the owner, and ultimately can place liens on the property if they remain unreimbursed by the owner.

On January 19, 2023, the City sent a letter informing Michael Johnson that the City prepared to provide to Coliseum Connection Apartment tenants, Immediate Vacation Benefit for \$500 payments that had not been made by the property owner to eligible tenant households as mandated by OMC 15.60.090. Further, the correspondence requested the rent roll of Coliseum Connection tenants and informed M. Johnson, that the City may record a lien on the property with the County if the owner does not reimburse the City for the \$500 payments made to tenants in a timely manner.

Because the owner did not issue the \$500 one-time Immediate Vacation Benefit to tenants dictated by the CCR Ordinance, the City chose to step in on January 24, 2023, to begin accepting applications and issue these \$500 checks directly to tenants. All residents of Coliseum Connections are eligible but must complete an application to receive payment. As of March 13th, 96 applications were received and processed. All 96 applications have received their checks, which were handed personally to tenants by City staff either at the hotels or arranged for pick up at 250 Frank Ogawa Plaza per tenant preference.

On February 13th, City Attorney Barbara J. Parker sent a letter to Michael Johnson memorializing obligations under and non-compliance with the City's relocation ordinance, which requires direct payments made to tenants for permanent relocation. On March 6th, Michael Johnson responded that the owner and property manager had already incurred over \$1.164 million in payments, and he posited that this amount exceeds the required amount of relocation assistance under the ordinance and therefore has no further obligation under the ordinance. Per Resolution 89605 C.M.S., the \$300,000 emergency repair loan must require compliance with the relocation ordinance as a condition of the loan.

While DHCD administers the code relocation ordinance program, DHCD typically only has a small amount of Community Development Block Grant (CDBG) available to support the program. As such, providing the \$500 direct payments to tenants has essentially spent down the small amount of CDBG allocated to this program, and City staff had to identify other resources (Boomerang funds via Resolution 89605 C.M.S.). Consequently, this resolution allocates \$1.4 million from the City's Boomerang funds for tenant relocation, and amends the ordinance to allow market-rate tenants at Coliseum Connections to access these funds, in addition to below-market-rate tenants.

### **ANALYSIS AND POLICY ALTERNATIVES**

This ordinance allows for relocation payments to Coliseum Connection market-rate tenants and allocates funding for that purpose. Until this point, market-rate tenants were able to wait for their Coliseum Connections unit at the hotel or access OPC relocation services to help find alternate permanent housing. However, these tenants did not have access to a relocation payment from the City because the City did not have any sources that covered this cost for tenants who are not low-income.

With the passage of this legislation, market-rate tenants will have access to a portion of \$1.4 million of City Boomerang funds for relocation payments. This will allow all tenants at Coliseum Connections who were impacted by the flood to receive relocation payments if they choose to vacate a hotel and instead make other housing arrangements.

The intention of the relocation payments is to help tenants find another apartment or long-term housing placement. However, tenants will continue to have a right to return to their original units in Coliseum Connections if they exercise that return option within a specified timeline after the building reopens. There are also no restrictions on how the relocation payments are spent- they are distributed as a single lump sum check instead of being tied to proof of alternative housing. To avoid a scenario where someone stays in hotels for the duration of repairs and receives a relocation payment immediately before returning to their original apartment in Coliseum Connections, which would potentially endanger FEMA reimbursement for hotel expenses, the resolution contains a relocation payment deadline of August 7, 2023. Tenants must indicate their intention to receive the relocation payment no later than August 3, 2023.

DHCD staff note that in the current constrained budget situation, expanding relocation assistance to market rate households requires tradeoffs with other housing priorities. The funds earmarked to pay for the expansion of relocation assistance to market rate tenants will reduce the funds available for the new construction of deeply affordable permanent affordable housing.

This legislation also extends the expenditure authority to pay for hotel rooms for the Coliseum Connections tenants who elect to remain in the City's Non-Congregate Shelter program until the

Coliseum Connections building is ready to be reoccupied. This ensures reliable shelter for those who cannot find housing on the private market or prefer to remain in hotels. No appropriation increase for hotel expenses is necessary for this resolution as Resolution No. 98672 C.M.S. already contains an adequate ceiling on hotel expenditures. This expenditure ceiling was not hit in July, as had been previously projected, due to the ongoing decline in the number of residents continuing to stay in hotels. This has resulted in actual costs coming in under projections. However, as most of the hotel bills are anticipated to be FEMA-reimbursable, the fiscal impact on the City from this cost saving is negligible.

### **FISCAL IMPACT**

This resolution allocates \$1.4 million of City Boomerang funds for relocation payments to Coliseum Connection's tenants. Boomerang funds are former redevelopment agency property tax increment revenues that come back to the City.

### **PUBLIC OUTREACH / INTEREST**

Coliseum Connection tenants have organized effectively to bring this request forward to the City Council at various public meetings.

### **COORDINATION**

Co-sponsors have partnered with our Housing and Community Development Department, City Attorney's Office, Finance Department, and City Administrator's Office to draft this legislation.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** By utilizing the City's Boomerang funds, this item would enable displaced Coliseum Connections market-rate tenants to relocate out of hotels if they so choose. Currently, these tenants do not have access to relocation payments like below-market tenants. This ordinance would lift restrictions on Boomerang funds to allow market-rate tenants to access these funds.

***Environmental:*** This item has no significant environmental impacts.

***Race & Equity:*** While the City has been able to provide relocation payments to below-market-rate tenants, until this point, market-rate tenants have not been eligible for similar relocation payments. While low-income tenants face a disproportionately difficult challenge in securing alternate housing, market-rate tenants may also face similar challenges in securing housing. Additionally, all tenants, regardless of whether they were below-market-rate or market-rate tenants, have been living in hotels much longer than the estimated time it would take to complete repairs to Coliseum Connections. Because the City has available funds, ensuring all tenants are able to receive relocation payments is a priority for the Council.

### **ACTION REQUESTED OF THE CITY COUNCIL**

**Councilmembers Kaplan, Fife, Jenkins, and Council President Fortunato Bas Recommend that the City Council adopt an emergency ordinance**

- 1. Amending Resolution No. 89605 C.M.S, Which Allocated \$750,000 In Former Redevelopment Funds In The Affordable Housing Trust Fund To The Affordable Housing**

**Health And Safety Rehabilitation Program And Authorized The Use Of Those Funds For Relocation Assistance To Low Income Tenants, To Allow The Use Of Such Funds For Relocation Of Tenants Of The Coliseum Connections Project At 801 71<sup>st</sup> Avenue Without Regard To Income, And To Allocate An Additional \$650,000 In Former Redevelopment Funds For This Purpose,**

- 2. Waiving The Low Income Restrictions In Oakland Municipal Code Section 15.62.040.C On The Use Of Former Redevelopment Funds For Relocation Or Rehousing Of Coliseum Connections Tenants, And**
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For questions regarding this report, please contact Kimberly Jones, Chief of Staff, at [KJones3@oaklandca.gov](mailto:KJones3@oaklandca.gov).

Respectfully submitted,

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