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CITY OF OAKLAND

AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deanna J. Santana
FROM: Department of Human Services
DATE: September 13, 2011

RE: A Resolution Authorizing The City Administrator To Apply For, Accept, And Appropriate Funding In The Amount Of \$250,000 From The State Of California Emergency Housing And Assistance Program Capital Development (EHAPCD) For The Rehabilitation Of The City's Transitional Housing Facility At 3824 West Street For Fiscal Year 2011/2012, And Execute Contracts With Appropriate Contractors Without Returning To Council

SUMMARY

Due to the release of the Statewide Notice Of Funds Availability (NOFA), approximately \$20 million in State of California Emergency Housing and Assistance Program Capital Development (EHAPCD) funds are available for 2011/2012 to acquire, construct, or rehabilitate sites for emergency shelters, transitional housing, or safe haven facilities for homeless persons. The City's Department of Human Services wishes to apply for a \$250,000 loan available through the EHAPCD program for the purpose of performing eligible rehabilitation work to one of the City's transitional housing facilities. Funding for the FY2011/2012 EHAPCD funding will be used for rehabilitation of the property located at 3824 West Street.

Payments on principal and interest of the EHAPCD loans accrue at 3% annually but are deferred for the seven-year term of the loan. The EHAPCD loan principal and interest is deferred at the end of the term, provided the facility remains in use as transitional housing. In essence, the loan functions as a grant, and will not have to be repaid by the City, as long as the transitional housing facility remains dedicated to the homeless for the seven-year term of the loan.

FISCAL IMPACT

Approval of this resolution will authorize the City Administrator to apply for, accept, and appropriate funding in an amount of \$250,000 in State of California EHAPCD funds for the rehabilitation of the FIT SS facility at 3824 West Street in Fiscal Year 2011/2012. The funds will be appropriated into the State of California – Other Fund (2159), DHS Administration Unit Organization (78411), and in a project to be established.

The State of California Emergency Housing and Assistance Program (EHAP) Capital Development Loans are deferred and forgivable, and, if the terms of the loan are satisfied, will

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result in no actual cost to the City. EHAP Capital Development Loans are available in amounts up to \$1,000,000 maximum for the purpose of performing eligible rehabilitation work to facilities providing housing for the homeless. Payments on principal and interest of the EHAP Capital Development loans accrue at 3% annually but are deferred for the seven-year term of the loans. The EHAPCD loans are forgiven at the end of the term provided the affected facilities remain in use as emergency shelters, transitional housing, or safe haven facilities for homeless persons.

In the event of a loan default, the City would have to pay back the loan principal (\$250,000) and accrued interest (3% annually for up to 7 years = \$52,500) for a total of \$302,500 (worse case scenario). Default would only occur if the affected property is not used for the purpose of providing transitional housing to homeless persons during the seven-year term of the loan.

The use of EHAPCD funds to rehabilitate City-owned transitional housing facilities will address the deterioration of these assets and will assist with upholding and enhancing the real value of the properties. Comprehensive rehabilitation of the properties will cut down on the amount of ongoing repairs needed to maintain the facilities in a habitable condition and reduce associated maintenance costs. Rehabilitation of the property will also reduce the risk of liability inherent in the continued use of a distressed building, and ultimately reduces the City's obligation to identify funds to repair and maintain the building.

BACKGROUND

The State of California released the Notice of Funds Availability (NOFA) for Emergency Housing and Assistance Program Capital Development (EHAPCD) Loans on August 15, 2011. The NOFA defined application guidelines, which require detailed cost estimates for the proposed rehabilitation work. The maximum amount of loan funds that the City is eligible for under the EHAP program is \$1,000,000, and staff requests approval to apply for \$250,000.

The property intended for rehabilitation through the 2011/2012 EHAPCD loan program is located at 3824 West Street and is used to administer a transitional housing program in Oakland. Operation of this program is funded through the HUD's Supportive Housing Program (SHP) annual grant. The West Street facility consists of a two-story single family residence, with three bedrooms and is used to provide transitional housing and supportive services to homeless families, as part of the Families In Transition Scattered Site (FIT SS) program. The FIT SS program is administered by the East Oakland Community Project, a local non-profit organization. The FIT SS program serves fourteen families, including over forty-one children annually, in their transition from homelessness to self-sufficiency. The City has no baseline budget for on-going repairs at the West Street facility, so a number of more significant repair problems have been deferred over the years, including roof repairs, flooring, plumbing, heating, electrical, and other major repairs.

In the past, limited funding sources such as Community Development Block Grant (CDBG) funds and mortgage revenue bonds proceeds have been identified to provide temporary and emergency repairs to the transitional housing facilities. However, a reliable ongoing source of

funds for the repair and maintenance of transitional housing properties has never been identified and a gradual deterioration of the properties has occurred as a result. The availability of EHAP funds for the comprehensive rehabilitation of the West Street facility presents an opportunity to shore up the property for the long term, which is vital to the continuation of the transitional housing program.

PROGRAM DESCRIPTION

City's PATH –Transitional Housing Program Strategy

EveryOne Home, Alameda County's Ten Year Plan to End Homelessness, was adopted in 2006 by Oakland and other cities in the County. An Oakland-specific action plan, the Oakland Permanent Access To Housing (PATH) Strategy, was published May 8, 2007. The Plans signaled a significant shift in homeless policy. Rather than focus resources solely on emergency and transitional housing programs, these plans called for redirecting resources towards the development of permanent supportive rental housing units and rent subsidies for the homeless and extremely low income persons, and moving people quickly into permanent supportive housing.

In addition, the City of Oakland has annually received awards under the federal process to fund the City's Families In Transition (FIT) program, the Matilda Cleveland Transitional Housing Program (MCTHP), the Homeless Families Support Network (HFSN) and the Oakland Homeless Youth Housing Collaboration. These programs provide housing to families/young adults for up to twenty-four months with support services to assist families/young adults in reaching a sustainable level of self-sufficiency and, ultimately to prepare these families for permanent housing. The City now provides a total of 78 units of transitional housing for 144 families and 27 units of transition-aged youth housing serving 58 singles.

The rehabilitation of the transitional housing facilities using EHAPCD funds will mean that the City of Oakland and its partner agencies can continue to provide, refine and grow in its skill and scope of housing services that remain integral to breaking the cycle of homelessness.

A resolution has been prepared authorizing the City Administrator to apply for the 2011/2012 EHAP Deferred Capital Development Loan funding, accept the funding if granted, and appropriate the funds for rehabilitation work of the West Street facility.

KEY ISSUES AND IMPACTS

The City's transitional housing facilities are operated by four non-profit contractors under the HUD SHP program. They include Anka Behavioral Health Inc., Covenant House of California, East Oakland Community Project and First Place for Youth. East Oakland Community Project operates the facility at 3824 West Street, which provides transitional housing and support services to families with children, along with nine other scattered-site facilities comprising the Families In Transition program. The remaining nine (9) facilities underwent extensive rehabilitation using state EHAPCD loan funds; completed in 2006.

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As a condition of the loan application, the West Street facility must be tested for asbestos and lead paint, and removal/remediation work will be included in the scope of work as necessary. The EHAPCD funds will specifically be used to replace the kitchen flooring, replace roof and siding, paint the interior of the facility, replace all single-pane windows, upgrade the knob-n-tube electrical system, repair the furnace, and remodel two bathrooms.

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 loan. Although there is a risk of loan default if the transitional housing properties are used for another purpose 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 transitional housing for the homeless, and since no other uses of the properties have been identified or are contemplated, it is deemed unlikely that the City would decide to use the facilities for an alternate purpose and thereby incur default penalties.

SUSTAINABLE OPPORTUNITIES

Economic: 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 City's transitional housing facility will bring the building into line with current code and habitability standards, and remediate possible environmental impacts of asbestos and lead based paint present in the facilities.

Social Equity: The expenditure of City funds for transitional housing rehabilitation will make the facility more habitable for the homeless.

DISABILITY AND SENIOR CITIZEN ACCESS

Although each of the 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 AND RATIONALE


Staff recommends that the City Council adopt the attached resolution authorizing the City Administrator to apply for the EHAP Deferred Capital Development Loan funding, accept the funding if granted, and appropriate said funds for rehabilitation of the City's transitional housing properties.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff request that the City Council adopt the resolution authorizing the City Administrator to apply for, accept and appropriate funding from the State of California Emergency Housing and Assistance Program (EHAPCD) to rehabilitate the City's transitional housing facility for the homeless in the amount of \$250,000 in fiscal year 2011/2012 and execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, and related actions which may be necessary without returning to Council.

Respectfully submitted,

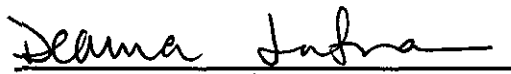


ANDREA YOUNGDahl
Director, Department of Human Services

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

Prepared by:
Stevan Alvarado
Program Analyst II

**APPROVED AND FORWARDED TO THE
LIFE ENRICHMENT COMMITTEE:**



Office of the City Administrator

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City Attorney

2011 AUG 29 PM 1:59 **OAKLAND CITY COUNCIL**

RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE FUNDING IN THE AMOUNT OF \$250,000 FROM THE STATE OF CALIFORNIA EMERGENCY HOUSING AND ASSISTANCE PROGRAM CAPITAL DEVELOPMENT (EHAPCD) FOR THE REHABILITATION OF THE CITY'S TRANSITIONAL HOUSING FACILITY AT 3824 WEST STREET FOR FISCAL YEAR 2011/2012, AND EXECUTE CONTRACTS WITH APPROPRIATE CONTRACTORS WITHOUT RETURNING TO COUNCIL

WHEREAS, the City of Oakland Department of Human Services (DHS) consists of four Transitional Housing Programs (THP): Homeless Families Support Network (HFSN), Families In Transition-Scattered Sites THP (FIT/SS-THP), Matilda Cleveland Transitional Housing Program (MCTHP) and Oakland Homeless Youth Housing Collaborative (OHYHC), which provide transitional housing and services to homeless families and transition aged youth under HUD's Supportive Housing Program (SHP); and

WHEREAS, the City of Oakland Department of Human Services (DHS) Transitional Housing Programs (THP) are housed in several buildings and facilities which are owned or controlled by the City of Oakland; and

WHEREAS, as the owner or controller of the facilities, the City of Oakland is required under state law to provide adequate maintenance and repairs to the facilities to maintain a safe and habitable environment for residents of the transitional housing programs; and

WHEREAS, the City of Oakland has identified a number of conditions at the West Street transitional housing facility that require rehabilitation; and

WHEREAS, the State of California, under the Emergency Housing and Assistance Program (EHAP) Capital Development provides loans to local government entities for the purpose of rehabilitating shelter and transitional housing facilities for the homeless; and

WHEREAS, principal and interest payments for said Capital Development loans are forgivable by the State of California under the EHAP program, provided subject transitional housing facilities are maintained as transitional housing for the homeless for the seven-year term of the loans; and

WHEREAS, the City of Oakland desires to apply to the State of California for EHAPCD funding for 2011/2012, and accept EHAPCD funds if granted, and appropriate such funds for the purpose of providing major repairs to the City's transitional housing facility at 3824 West Street; and

WHEREAS, the City desires to execute contracts with appropriate contractors to rehabilitate the West Street transitional housing facility without returning to Council; now, therefore be it

RESOLVED: That the City Administrator or her designee is hereby authorized to apply for, accept, and appropriate funding in the amount of \$250,000 from the State of California Emergency Housing and Assistance Program (EHAP) for the rehabilitation of the City's West Street transitional housing facility for fiscal year 2011/2012, and in accordance with the program statute, Regulations, and Local Emergency Shelter Strategy; and be it

FURTHER RESOLVED: That the City of Oakland hereby agrees to use the EHAPCD funds for eligible activities in the manner presented in the application as approved by the Department and in accordance with the program statute (Health and Safety Code Section 50800-50806.5) and Regulations (Title 25, Division 1, Chapter 7, Subchapter 12, Sections 7950 through 7976 of the California Code of Regulations); and the Standard Agreement; and be it

FURTHER RESOLVED: That EHAPCD funds received will be appropriated in the State of California – Other Fund (2159), DHS Administration Unit Organization (78411), in a project to be established, and that should additional EHAP funds be received, the City Administrator or her designee is hereby authorized to appropriate same for the purposes described above; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to include in the loan application a copy of this authorizing resolution in a format provided by the state, and negotiate and enter into agreements with appropriate contractors for the performance of the rehabilitation work at 3824 West Street, and to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, and related actions which may be necessary in accordance with this resolution, and its basic purpose, without returning to Council; and be it

FURTHER RESOLVED: That said Agreement(s) shall be approved as to form and legality by the Office of the City Attorney and placed on file with the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and
PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

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