



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, HCCD

SUBJECT: Bay Area Community Services
(BACS) Scattered Small Sites Project

DATE: August 25, 2020

City Administrator Approval 

Date: Aug 26, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

(1) Authorizing The City Administrator To Apply For, As A Local Agency Partner, Up To \$10 Million Of Funds From The California Department Of Housing And Community Development Under The Homekey Program (Homekey Funds);

(2) Accepting And Appropriating Up To \$10 Million In Homekey Funds, As A Local Agency Partner, For Acquisition Of Scattered Small Sites By Bay Area Community Services (BACS) For Permanent Affordable Housing; And

(3) Awarding A Grant Agreement To BACS, In An Amount Not To Exceed \$10 Million, To Acquire Scattered Small Sites For Permanent Affordable Housing.

EXECUTIVE SUMMARY

Bay Area Community Services (BACS) and its Housing Corporation will aggressively pursue the acquisition of up to 20 homes in addition to other homes already purchased that qualify under Project Home Key for individuals who are experiencing homelessness and at severe risk of COVID- 19. The acquisition of these homes will ensure that 100 bedrooms of deeply affordable, permanent housing with services is achieved on or before December 30, 2020 through a rapid and aggressive development approach. The goal is to house 100 individuals in safe, quality homes before the deadline and to ensure that these individuals have a safe and healthy place to Shelter in Place. This project, Project Reclamation, is a grassroots Co-Living model aimed to eliminate barriers to access deeply affordable permanent housing with supportive services for homeless individuals at risk of COVID-exposure. Individuals experiencing homelessness will be targeted from existing Project Room Key programs and/or the Coordinated Entry System, which BACS operates for the City of Oakland.

Special City Council
August 28, 2020

REASON FOR URGENCY

As discussed in the next section, the City has applied jointly with Bay Area Community Services (Sponsors) for funding from the State's Homekey grant program, which is a competitive program. Because Homekey capital funds are derived from the State's direct allocation of federal Coronavirus Aid Relief Funds, these capital Homekey funds (for acquisition and rehabilitation) must be expended by December 30, 2020. Staff is seeking City Council approval during this special meeting to ensure that the City's Homekey applications are in position to accept Homekey allocations by early September, and projects are in position to close in advance of the December 30, 2020 Homekey expenditure deadline.

BACKGROUND / LEGISLATIVE HISTORY

HOMEKEY

On July 16, 2020, the Department announced the availability of approximately \$600 million in Homekey funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness who are at high risk of for serious illness and are impacted by COVID-19.

The Homekey grant funding will be made available to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing.

Of the \$600 million in Homekey grant funds, \$550 million is derived from the State's direct allocation of the federal Coronavirus Aid Relief Funds (CRF) for acquisition and rehabilitation. The remaining \$50 million is derived from the State's General Fund and is for operating subsidy. Each Homekey allocation must comply with the following expenditure deadlines:

- The \$550 million in CRF must be expended by December 30, 2020. For acquisitions, grantees must expend the funds by the expenditure deadline and the Project escrow must be closed by December 30, 2020.
- The \$50 million in State General Funds for operating subsidy must be expended by June 30, 2022.

The City jointly applied with BACS for \$10,000,000 in Homekey capital funding for this project. Because the Project does not exceed \$100,000 per door in Homekey funding, no City matching funds are required for this project.

BACS SCATTERED SITES

BACS proposes purchasing up to 20 homes from now until November 2020, and has already made offers and purchased several homes. Please see Table 1 for details. This effort will quickly and efficiently bring on 100 rooms of housing for individuals experiencing homelessness who are at risk of COVID and will safely assure they can shelter in place in their own bedroom.

Table 1: BACS Scattered Sites Property List

<i>Address</i>	<i>Price</i>	<i>Bedroom</i>	<i>Bathroom</i>	<i>Zip Code</i>	<i>Notes</i>
6922 Weld Street	\$499,950	5	2	94621	OFFER ACCEPTED
2714 Oliver Ave	\$575,000	5	2	94605	Offer submitted 8/11/2020
10034 Voltaire Ave	\$579,000	5	2	94603	OFFER ACCEPTED
2328 14Th Ave	\$599,000	5	2	94606	Offer submitted 8/11/2020
3229 Delaware St	\$599,000	5	2	94602	OFFER ACCEPTED
7404 Weld St	\$599,888	5	2	94621	Offer submitted 8/11/2020
1529 55Th Ave	\$625,000	5	2	94605	Offer submitted 8/11/2020
2002 96Th Ave	\$648,888	4	2	94621	OFFER ACCEPTED
2700 79th st	\$499,000	4	2	94621	OFFER ACCEPTED
1716 96th	\$600,000	4	2	94603	Offer submitted 8/11/2020
9638 D Street	\$600,000	4	2	94603	Offer submitted 8/12/2020
3579 Galindo St.	\$815,000	6	3	94601	OFFER ACCEPTED
10785 Phippen St.	\$600,000	4	2	94603	Offer submitted 8/11/2020
7350 Holly St.	\$550,000	4	2	94621	Offer submitted 8/11/2020
2244 109th ave	\$599,000	5	2	94603	already purchased
918 Royal St	\$605,000	6	2	94601	already purchased
6736 Macarthur Blvd	\$525,000	6	2	94605	already purchased
7515 Weld St	\$495,000	6	2	94609	already purchased
1401 W. 4th	\$502,000	6	2	94603	already purchased
6480 Seminary	\$505,000	6	2	94602	already purchased

The homes will have an average bedroom capacity of 5.5, creating a total of 100 individual bedrooms of deeply affordable permanent housing with services, using a co-living approach which promotes preservation of units in the local community and fights against gentrification that has ravaged communities of color. 95% of individuals living in BACS Co-Living models maintain their housing. The model is highly efficient in that it does not require a lifetime operating subsidy because the asset is owned and the rental income and some services revenue covers all operating expenses over time.

Project Reclamation is a grassroots Co-Living model aimed to eliminate barriers to access deeply affordable permanent housing with supportive services for homeless individuals at risk of COVID-exposure. Individuals experiencing homelessness will be targeted from existing Project Room Key programs and/or the Coordinated Entry System, which BACS operates for the City of Oakland. BACS' Housing First programming provides wraparound services to individuals to help deter negative housing outcomes while understanding with chronic homeless populations it often takes more than one placement regardless of the quality of services for more stable housing placements to 'stick' for successively longer periods of time.

BACS relies on census tract information to conduct its data analysis, research and analysis (including site planning, acquisition selection strategy, neighborhood data to ensure that our target population is safe and welcomed in the community, and more. This program will work with the Continuum of Care to ensure that BACS permanent housing and services is coordinated

and targeted to individuals deemed the most vulnerable and who are at risk of COVID-19 and that individuals living in Project Room Key are prioritized.

ANALYSIS AND POLICY ALTERNATIVES

The City and its developer partners have jointly applied for \$36,569,527 in Homekey funds for the following affordable housing projects:

Project Name	Address	Developer	Number of Affordable Units
Clifton Hall	5276 Broadway, Oakland CA 94618	TBD	63 units (21 family shelter, 42 permanent senior housing)
Inn at Temescal	3720 Telegraph Ave, Oakland, CA 94609	Operation Dignity and Danco Communities	22 units
11 th and Franklin	392 11 th Street, Oakland, CA 94607	Oakland and the World (OAW), McCormack Baron Salazar (MBS), and Memar Properties	82 units
BACS Scattered Sites: Project Reclamation	Up to 20 small sites throughout Oakland	Bay Area Community Services (BACS)	Up to 100 units

The Co-Living scattered site economic model is to acquire the full cost of capital for the single-family homes with public Home Key funds. The operating costs are covered through rental income from the tenants. The in-kind support for furniture, simple renovations, and execution of legal and inspections is provided by foundation and private support. The houses are operated in perpetuity as permanent housing for the target population and operating expenses are covered by rental income and foundation/in kind support which BACS has demonstrated success in operating since the 1980s.

The BACS Co-living model is different than traditional shared housing; it revamps the shared housing model (in what formerly were Single Residence Occupancies, etc.) in a way that preserves homes and communities for the community and fights against gentrification. The development of smaller scale, neighborhood-based versions of co-living for individuals experiencing homelessness in environments that are high quality and provide the same pride as home ownership for individuals is an innovative development strategy that diversifies the housing stock and models of production and preservation for our community. This concept can be tested and replicated state-wide as an alternative to big-box developments and can prove there is a pathway to an efficient model that can leverage and use existing real estate to create sustainable solutions to ending homelessness in any community.

BACS supports the co-living model because it does not group large numbers of individuals experience housing in one large building but instead in single family homes, where each of them have the pride of walking up to a home that has a bedroom that is theirs for as long as they

want it. BACS's longest standing tenant in our Co-Living has lived there for more than two decades.

FISCAL IMPACT

There is no fiscal impact to the City, as there is no capital or operating subsidy requested for this Project. The project will rely on rental income and some limited services income, and potentially some private philanthropic dollars to support operations. Furthermore, since all of BACS clients/tenants are Medi-Cal beneficiaries, and BACS is an eligible provider, this revenue provides increased support to this deeply affordable permanent housing with supportive services.

PUBLIC OUTREACH / INTEREST

BACS has been in Oakland since 1953 when 11 churches came together to create the first non-profit services organization to help vulnerable older adults and community members. Over the last 67 years, BACS continuously provides deep and intentional community outreach for all of its programs and services. Each program creates a coordinated outreach approach that may include neighborhood outreach, outreach to businesses, faith-based institutions, and outreach to the community it serves. BACS has a street outreach team that is embedded in all of the areas that the unhoused population frequents and provides deep support for the community. BACS holds neighborhood and community meetings for areas that it creates new programs in to help the neighborhood get to know the resources, support structures, and more. BACS also holds periodic and regular neighborhood events for the community to come together on behalf of the community. This community outreach is critical to being a good neighbor and providing a neighborhood approach that is meaningful to the community.

COORDINATION

The Homekey applications have required close collaboration between the HCDD, the Community Housing Services division of the Health and Human Services Department, the Planning & Building Department, Economic and Workforce Department, Finance, the Mayor's Office and the City Attorney's Office.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Bay Area Community Services (BACS) has a proven track record of creating sustainable communities that are uplifted and brought out of homelessness into high quality homes. BACS has extensive history working with the chronic homeless population and is the largest homeless provider of integrated homeless and behavioral health services in Alameda County. Currently, BACS offers over 20 programs whose services target chronically homeless individuals, between four counties, and concentrated in Oakland. The programs in Alameda County range from interim housing models (Housing Fast Support Network, City of Berkeley's STAIR Center); to Respite models (Medical Respite program); to housing navigation programs (Oakland's Housing Resource Center, Housing Education and Counseling); to homeless/behavioral health housing programs (Oakland Project Connect, Senior Homeless Programs); and lastly to a scattered site

permanent supportive housing model (Landlord Liaison and Co-Living Deeply Affordable Housing with Supportive Services). BACS peer staff work in the encampments and on the streets 7 days a week/365 days a year.

BACS has acquired, owned, operated, and property managed small-site, scattered, Co-Living properties for individuals experiencing homelessness. Projects have included HUD 202 Properties, Shelter Plus Care properties, properties where the capital was granted but not the operating subsidy, and properties where private funds have been used to purchase the properties as well as provide operating support. Further, BACS Housing Corporation has purchased and acquired properties without any financial support where BACS has provided a down payment of 30% of the offer and financed the other 70% of the property with a special loan product from our bank, West America, who devised a special loan product for our non-profit to be able to quickly and competitively secure properties for our clients experiencing homelessness.

The Property Management Arm at BACS is responsible for the full suite of property management functions at BACS including lease up, rent collection, certification, lease management/violations, maintenance and repair/vendor management, turnover, security/asset management, loss management. BACS has had a Property Management function for decades. BACS Property Management oversees properties for the target population of literally homeless, chronically homeless, mentally ill, and individuals with justice-involvement, substance use/abuse, and individuals living well below the Area Median Income. BACS possess a web-based Property Management software named Appfolio to oversee its full suite of services.

SUSTAINABLE OPPORTUNITIES

The housing development project recommended for funding will address the “3 E’s” of sustainability in the following ways:

Economic: This project will generate a few construction, professional services, and ongoing property management jobs in Oakland. With no subsidy required from the City, the Project has no fiscal impact while providing up to 100 doors of housing for people experiencing or at risk of homelessness.

Environmental: Through the acquisition of already existing homes in good condition, there will be less construction and less impact on the environment. This also reduces the pressure to build on agricultural and other undeveloped land. Each already purchased home and home that BACS and its Housing Corporation has put an offer on are within 0.5 mile of essential services including grocery, health, pharmacy, etc. BACS has verified that each home is within proximity as required.

Further, each property is located within 0.3 miles to transportation. The proximity to public transit which enables residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development.

Race and Equity: The overarching principle and philosophy of BACS and its Housing Corporation is to ensure that communities of color, predominantly Black/African American adults who are disproportionately over-represented and inadequately served, have access to housing in the neighborhoods they are from generationally; to support the community to heal through structural racism, red-lining, and generational traumas; to provide a key and a door and a

beautiful sanctuary of a nicely kept single family home with a front/back yard they can spend time in, and to contrast the majority of affordable housing developments that tend to be large-scale, placed in areas where they are not part of actual neighborhoods, and to ensure that deeply affordable housing with services can take on a diverse, innovative, out-of-the-box, non-traditional format where BACS can demonstrate that small-sites can 'pencil'; that they can be deeply affordable, and they do not need traditional lifetime expensive operating subsidies to serve the same community members served by expensive big-box models with expensive operating subsidies.

BACS Scattered sites will promote social, racial and health equity by providing permanent supportive housing to Oakland residents experiencing chronic homelessness. City data shows that 70% of people experiencing homelessness in the city are African-American – far higher than their 24% share of the Oakland population. African Americans are also disproportionately impacted by COVID-19. Providing permanent housing to these at-risk individuals promotes racial, social, and health equity for the City of Oakland.

CEQA

Under AB 83 (2020), there is a statutory exemption from the California Environmental Quality Act (CEQA) for activities funded by Homekey. (Health & Saf. Code, § 50675.1.2.) The CEQA exemption may apply when Homekey funds—which consists of \$550 million from the State's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million from the state General Fund—are used to provide housing for those who are impacted by the COVID-19 pandemic and experiencing homelessness or at risk of homelessness. (Health & Saf. Code, §§ 50675.1.1, 50675.1.2; Homekey Program 2020 Notice of Funding Availability (Homekey NOFA), sec. 100.)

The City plans to use the CEQA exemption provided through the Homekey program. This project fits within the Homekey exemption parameters as an existing facility that will be used to provide housing for individuals experiencing homelessness. The acquisition and conversion of an existing facility at a site that is currently fully developed in an urban and residential neighborhood will not have a significant impact on the environment and is exempt from environmental review.

The City of Oakland's Planning & Building department has filed a Notice of Exemption for the project under Homekey.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt The Following Resolution:

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For questions regarding this report, please contact Shola Olatoye, Director of the Department of Housing and Community Development, (510) 238-3714, SOlatoye@oaklandca.gov.

Respectfully submitted,



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