

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 DEC 26 AM 10:18

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Department of Human Services
DATE: January 8, 2008

RE: **An Ordinance Authorizing The Renewal Of A Lease On A City-Owned Property Located At 1226-73rd Avenue To Mercy Properties California To Continue The Long Term Use Of The Property For An Additional Five Years, from December 1, 2007 to November 30, 2012 As Housing Under HUD's Shelter Plus Care Program**

SUMMARY

The City-owned four-unit property at 1226-73rd Avenue has been used to provide housing for homeless persons since 1995. The City has had a lease with non-profit agencies to operate the building and to provide services to residents. The current lease on the property with Mercy Properties California has expired and they have requested a renewal of the lease to continue serving the residents in the property.

FISCAL IMPACT

Approval of this ordinance will authorize the City Administrator to enter a lease agreement for 5 years. The City does not expect to receive any revenue from leasing the property to Mercy Properties California.

BACKGROUND

The City adopted Ordinance No. 11618 C.M.S in 1993, authorizing a five-year lease with Catholic Charities to operate a Shelter Care Plus program in the property at 1226-73rd Avenue for hard-to-serve homeless persons with disabilities. A collaboration of Alameda County, the City and nonprofit providers applied for and received funding from the Department of Housing and Urban Development (HUD)'s Shelter Plus Care program to provide rental assistance in connection with supportive services to residents.

The lease was amended in 1999 when Catholic Charities declared bankruptcy and Mercy Housing California assumed responsibility for Catholic Charities' projects and programs. In 2000 Mercy Housing California changed its name to Mercy Properties California and continues to operate the 73rd Avenue property. Under the lease, the rent the City is to receive from Mercy Properties California is set at the balance remaining after Mercy Properties California has collected rents from the tenants and deducted their operating expenses. To date, the City has not

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Community and Economic Development Committee

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received any revenue from the property since the rents from tenants, including the rent subsidy from HUD, barely cover the operating expenses, including maintenance costs.

An Ordinance authorizing the City Administrator to execute a lease agreement with Mercy Properties California is required in order for Mercy Properties California to continue operating the Shelter Plus Care program in the property.

KEY ISSUES AND IMPACTS

A renewal of the lease will enable Mercy Properties California to continue to offer housing and supportive services for the chronically homeless population who are disabled. The Shelter Plus Care program allows for the provision of housing and supportive services on a long-term basis for homeless persons who primarily have serious mental illness, chronic problems with alcohol and/or drugs and acquired immunodeficiency syndrome (AIDS) or related diseases. Since this population is very difficult to house, and it is difficult for them to find housing, it is necessary for the City to continue to provide this resource in the community.

Since Mercy Properties California has operated this property well for several years and the services offered are so specialized, the City would be well served by continuing the leasing agreement with Mercy Properties California to operate the property for use as housing for homeless persons.

PROGRAM DESCRIPTION

Mercy Properties California operates a Shelter Plus Care program at 1226-73rd Avenue. The program provides housing and supportive services for homeless persons with disabilities. The program allows for the hard-to reach homeless population a choice in housing, and it provides services in response to the needs of the population it serves.

Mercy Housing was founded by the Sisters of Mercy of Omaha in 1981, who, in response to a lack of adequate housing and the many health and education problems they encountered started buying up at-risk properties and renovating them. Today, Mercy Housing is a national organization that acquires and develops enriched housing for a variety of low-income populations including families with special needs. Over the years, Mercy Housing established its own nonprofit companies to handle property management and supportive programs. The California agency was established in 1988, and it has developed many housing projects in San Francisco and the Bay Area. Mercy Properties California has extensive experience providing housing and services to low income households. It currently owns and operates a number of projects in Oakland including the Hamilton Apartments on 21st Street and Telegraph Avenue.

SUSTAINABLE OPPORTUNITIES

Economic:

Programs and services for homeless provide opportunities for stability, training and support that assist residents with their transition to self-sufficiency and economic independence.

Environmental:

Rehabilitation of the property will bring the units in line with current code and habitability standards.

Social Equity:

The renewal of the lease will provide housing for the homeless.

DISABILITY AND SENIOR CITIZEN ACCESS

The property is in compliance with disabled and senior citizen access standards.

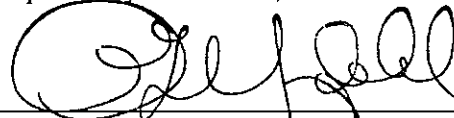
RECOMMENDATION

That the City Council pass the attached ordinance authorizing the City Administrator to execute a 5-year lease agreement with Mercy Properties California for the property located at 1226-73rd Avenue as long term housing under the Shelter Plus Care program..

ACTION REQUESTED OF THE CITY COUNCIL

Approve the ordinance authorizing the City Administrator to renew the lease with Mercy Properties California for the City-owned property at 1226-73rd Avenue by executing a 5-year lease agreement.

Respectfully submitted,

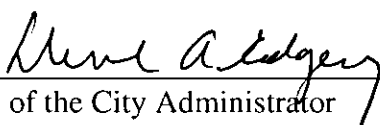


ANDREA YOUNGDAHL
Director, Department of Human Services

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

Prepared by:
Gladys Moore
Project Coordinator

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:


Office of the City Administrator

Item: _____
Community and Economic Development Committee
January 8, 2008

FILED
OFFICE OF THE CITY CLERK
OAKLAND

APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCIL MEMBER _____
AM 10:18

Deh Biaboy
City Attorney

OAKLAND CITY COUNCIL
ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE RENEWAL OF A LEASE ON A CITY-OWNED PROPERTY LOCATED AT 1226-73RD AVENUE TO MERCY PROPERTIES CALIFORNIA TO CONTINUE THE LONG TERM USE OF THE PROPERTY FOR AN ADDITIONAL FIVE YEARS, FROM DECEMBER 1, 2007 TO NOVEMBER 30, 2012 AS HOUSING UNDER HUD'S SHELTER PLUS CARE PROGRAM

WHEREAS, the City of Oakland owns a 4-unit complex at 1226-73rd Avenue that is comprised of two two-bedroom and two one-bedroom units ("the property"); and

WHEREAS, the property was first leased to Catholic Charities in 1995, with a collaboration of Alameda County, the City and nonprofit providers applying for and receiving funding from the Department of Housing and Urban Development (HUD)'s Shelter Plus Care program to provide rental assistance in connection with supportive services for hard-to-serve homeless persons with disabilities; and

WHEREAS, funds from tenant rents barely cover operating expenses including maintenance items for which Mercy Properties California has responsibility, and the property currently is in need of repairs that could impact the health and safety of the residents; and

WHEREAS, Ordinance No. 11618 C.M.S. passed in 1993 authorized a five-year lease with Catholic Charities and the lease was subsequently amended in 1999 when Catholic Charities declared bankruptcy and Mercy Housing California assumed responsibility for Catholic Charities' projects and programs; and

WHEREAS, Mercy Housing California which changed its name to Mercy Properties California in 2000, and continues to operate the 73rd Avenue property; and

WHEREAS, the City desires to continue leasing the property to Mercy Properties California for an additional five years, from December 1, 2007 to November 30, 2012 to continue to operate a program under the Shelter Plus Care program;

WHEREAS, Ordinance Number 10142 C.M.S., which established procedures for the sale and lease of City-owned real property which is not surplus property, allows for negotiated leases in certain circumstance; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Administrator is authorized to enter into a 5 year lease agreement from December 1, 2007 to November 30, 2012 with Mercy Properties California for the use of the property at 1226-73rd Avenue as long term housing under the Shelter Plus Care program. The rent received by the City for the property shall be set as the balance available after Mercy Properties California has collected tenants' rent and deducted its operating expenses.

Section 2. All Agreements shall be reviewed as to form and legality by the Office of the City Attorney and copies shall be filed with the City Clerk.

Section 3. Pursuant to Ordinance Number 10142 C.M.S., the City Council determines that the best interests of the City would be served by leasing the property by means of a negotiated lease because of the need to utilize the specialized experience of Mercy Properties California in operating the property for use as housing for homeless persons.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

NOTICE AND DIGEST

AN ORDINANCE AUTHORIZING THE RENEWAL OF A LEASE ON A CITY-OWNED PROPERTY LOCATED AT 1226 – 73RD AVENUE TO MERCY PROPERTIES CALIFORNIA TO CONTINUE THE LONG TERM USE OF THE PROPERTY FOR AN ADDITIONAL FIVE YEARS, FROM DECEMBER 1, 2007 TO NOVEMBER 30, 2012 AS HOUSING UNDER HUD'S SHELTER PLUS CARE PROGRAM

By this ordinance, the City Council authorizes renewal of a lease on City-owned property located at 1226 – 73rd Avenue to Mercy Properties California for an additional five year period, from December 1, 2007 to November 30, 2012, as housing under HUD's Shelter Plus Care Program