

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Scott Means
Interim Director, Human
Services

SUBJECT: Jack London Inn Emergency
Homelessness Services Program

DATE: April 24, 2024

City Administrator Approval


Jestin Johnson (Apr 26, 2024 09:56 PDT)

Date: Apr 26, 2024

RECOMMENDATION

RESOLUTION (1) AWARDING A GRANT AGREEMENT TO HOUSING CONSORTIUM OF THE EAST BAY IN AN AMOUNT NOT TO EXCEED \$6,800,000 FOR FISCAL YEAR 24/25, FOR THE COSTS TO LEASE THE 110-ROOM JACK LONDON INN AND TO OPERATE AN EMERGENCY SHELTER PROGRAM PRIORITIZING UNSHELTERED OAKLANDERS WHO ARE MEDICALLY FRAGILE AND/OR AGE 55 AND OLDER AND (2) AUTHORIZING THE CITY ADMINISTRATOR TO EXTEND THE GRANT THROUGH JUNE 30, 2026 FOR AN ADDITIONAL \$6,800,000 CONTINGENT ON FUND AVAILABILITY IN THE BIENNIAL BUDGET FOR FISCAL YEARS 2025-27

EXECUTIVE SUMMARY

The Community Homelessness Services Division has contracted with Housing Consortium of the East Bay (HCEB) since May 1, 2021, to operate an emergency shelter program prioritizing medically fragile and/or age 55 and older unsheltered Oaklanders at Lake Merritt Lodge.

Adoption of the proposed resolution would authorize the City Administrator to provide a grant to Housing Consortium of the East Bay to lease and operate the Jack London Inn for the same purposes. This property will replace the current program at Lake Merritt Lodge and comes with a lease option to buy.

REASON FOR URGENCY

Lake Merritt Lodge has become an unsustainable location for this vital program. The annual budget for the facility's lease is just short of \$6,000,000. The site provides shelter for up to 89 households at any given time. Dedicated parking is unavailable for this site, creating challenges with the parking attached to the neighboring senior center. The lease is scheduled to end on June 30, 2024. The owner has also conveyed the desire to terminate the lease and placed the property on the market for sale.

City Council
May 7, 2024

The Jack London Inn (JLI) is currently available to lease. The facility has 110 rooms, as compared to 92 rooms (89 shelter rooms) at Lake Merritt Lodge. Jack London Inn is a hotel in good condition. There are 80 parking spaces available for staff and participants. Additionally, it has an adjacent dining area, formerly the restaurant Chicken and Waffles, that may be used as a multi-purpose space. The estimated annual cost for the Jack London Inn and the adjacent diner space is approximately \$4,700,000, which is a considerable decrease from the nearly \$6,000,000 annual budget for the Lake Merritt Lodge (LML) lease.

The Jack London Inn is receiving proposals from multiple entities regarding leasing the space. Housing Consortium of the East Bay is prepared to commence a lease with the owners of JLI upon approval of this proposed resolution. The goal is to have a signed lease on June 1, 2024, to successfully relocate participants to the new program site prior to the end of the LML lease.

City staff are requesting that the Council approve this move to ensure we are able to provide this vulnerable population quality care in a modern facility.

BACKGROUND / LEGISLATIVE HISTORY

Homelessness has been, and continues to be, a crisis throughout California, with Oakland being the most impacted City in Alameda County. Oakland residents are regularly displaced from their homes to the streets of the City and need urgent support. As of the most recent 2022 point-in-time count numbers, the number of homeless persons in Oakland has nearly doubled over the last five years to more than 5,000. Of those counted, there are an estimated 3,337 individuals living without shelter. The homelessness problem affects Oakland's population disproportionately, a majority of the unsheltered identify as Black or African American, while Black and African American households are a minority in the City's overall population. Similarly, the majority of homeless residents identify as male.

On March 29, 2021, the City Council approved Resolution [88572](#) authorizing the City Administrator, or designee, to negotiate and enter into an occupancy agreement for Lake Merritt Lodge and to select a service provider for building and program operations at the site.

On April 27, 2021, the City entered into a lease agreement with VIMA Harrison LLC for Lake Merritt Lodge. The parties renewed the lease annually through fiscal year 23/24. The current lease expires June 30, 2024.

On July 12, 2021, the City entered into a professional services agreement with Housing Consortium of the East Bay to provide operations and programming at Lake Merritt Lodge for medically fragile and/or age 55 and older unsheltered Oaklanders. The parties have amended the agreement several times. The current agreement expires on June 30, 2024.

ANALYSIS AND POLICY ALTERNATIVES

The City of Oakland manages four emergency shelter programs for single adults and one for families: Crossroads Shelter, Homebase, Lake Merritt Lodge, St. Vincent de Paul, and Family Matters.

Since its inception in FY 21-22, Lake Merritt Lodge has served 268 Oakland residents and has assisted 105 residents in finding permanent housing. 79% of those supported with transitioning to permanent housing identify as Black or African American. Less than 5% of the total served exited to homelessness and 2% exited to an institutional setting. 69% of the program participants served are male, and 65% are Black. These percentages are consistent with the demographics of persons experiencing homelessness in Oakland. This shelter, run by Housing Consortium of the East Bay (HCEB), remains one of the highest performing programs in the Oakland shelter system.

Located in District 3, this program historically served high-risk individuals needing physical distancing as a precautionary measure in response to the COVID-19 pandemic, such as people over 55 years of age or people with certain underlying health conditions. Participants stay in a dorm style setting. Each adult-only household has a private room with twin beds, storage space, and a private bathroom. There are open community spaces in and outdoors. Hot meals are provided daily, and a licensed nurse is on site weekdays to support participant health. Services also include on-site security, case management, housing navigation, and landlord liaison.

HCEB will maintain the services currently provided at Lake Merritt Lodge at the new facility location, Jack London Inn (JLI). In addition, the program will expand to serve a minimum of twenty (20) additional homeless Oaklanders. Jack London Inn will provide enhanced support to the program through on-site parking for staff and participants, larger rooms with queen- or king-sized beds, in room microwaves, and in room mini-refrigerators. Details such as dedicated parking and space to store your food and medication are considered harm reduction tools reducing daily stressors. Additionally, the Inn will provide security 24 hours per day, seven days per week. The facility includes open community space for participants, commercial kitchen and laundry space, and ample workspace for staff. The Jack London Inn is approximately 1.5 miles from Lake Merritt Lodge. Participants will be supported with transitioning their belongings and themselves to the new location.

The City originally entered into a direct lease agreement with the owner of Lake Merritt Lodge utilizing a then standard lease template from the COVID hotel program coined Project RoomKey. This was a State initiated program funded on the County level intended to support and protect homeless individuals extremely vulnerable to health concerns caused by COVID including the possibility of death. This program included high costs including high daily meal costs. This transition provides the City with the opportunity to reexamine and redevelop the process by which we develop and fund homeless interventions. The City will no longer directly hold the lease and will focus on the government role of funder to the grantee. While the costs remain higher than other programs in our system, such as the outdoor navigation centers (community cabin and safe parking sites), we see these programs work in supporting the homeless population we aim to serve. Of the 268 clients served, 220 are classified as chronically homeless. The average length of stay* varies in the range of 280 – 481 days. A total of four (4) people stayed in the program less than 30 days and 27 people stayed less than 90 days. 152 people stayed between 6 months and 2 years, the standard range of time we would expect is needed to provide stability and support for the chronically homeless population. As of March 31, 2024, only 30 people have stayed in the program beyond two years. This data implies people are generally comfortable in this program and receiving the support and time needed to transition into permanent housing.

*The data currently does not compare length of stay to exit type

The owner of Lake Merritt Lodge, new to providing shelter services in her owned facility, graciously opened her doors to the unhoused Oakland community in 2021. She has been a City partner over the last three years dedicated to supporting the homeless community. She recently notified the City she is no longer interested in continuing the lease and has listed the property for sale. The City and owner have mutually determined to part ways on this specific endeavor.

The owner of Jack London Inn is familiar with shelter programming in hotels as she supported other jurisdictions during the COVID pandemic. She is excited to support the Oakland community with her property and has bid at a lower price than comparable sites of this size.

The lease of JLI includes the diner space formerly leased by Chicken and Waffles. This space will be used as a multi-purpose room. The City and HCEB will explore options to set the space up as a functional kitchen. County health inspectors have been on site and provided general direction prior to a full inspection of the space. While the decision to transition from one location occurred rapidly, The Community Homelessness Services Division understands the importance of engaging the community and City leadership during these process and program decisions and is open to holding community information sessions in this space.

Staff recommends the City support the lease and operation of the Jack London Inn to set up a 110-bed shelter on the borders of Districts 2 and 3 to support homeless Oakland residents and provide a cost savings to the City. While the COVID pandemic is deemed over, this shelter will continue to prioritize medically fragile individuals with the ability to refer homeless households directly into the program. Should vacancies occur without immediate referrals from the medically fragile population there will be an option to fill beds with non-medically fragile households to ensure full utilization of the program. This is current practice at both the Lake Merritt Lodge and Homebase programs sites. However, these referrals are rare as many of our unhoused community members have underlying health conditions or are aged 55 and older. Participants sheltered at JLI will continue to be supported with transitioning directly from the program site into permanent housing utilizing City funded services and leveraging County programming.

This proposed resolution will advance the Citywide **Housing, Economic, and Cultural Security** priority by increasing the number of clean, dignified shelter beds accessible to the homeless community in Oakland. Participants in this program will continue to benefit from the support in a program where case management, housing navigation, and other support services are available.

Breakdown of Proposed Annual Expenses

Category	Annual Budget
Jack London Inn and Diner Lease	\$4,665,847.50
Shelter Operations	\$2,088,622.00
Total Cost	\$6,754,469.50

FISCAL IMPACT

Funding for the lease and the emergency shelter program in FY 24-25 has been identified in the General Purpose Fund (1010), Community Housing Services Org (78411), DP780 Administrative Project (1000017), and Fostering Safe and Healthy Communities Program (SC22).

This funding will create annual budget savings of \$2.25 million in ongoing operational costs in the General-Purpose Fund.

PUBLIC OUTREACH / INTEREST

No direct public outreach was conducted in the completion of this report.

COORDINATION

Several City departments, including the Human Services Department, Economic & Workforce Development Department, Finance Department, and Office of the City Attorney, have coordinated in drafting this proposed lease.

SUSTAINABLE OPPORTUNITIES

Economic: The homelessness crisis has an ongoing fiscal impact on the City of Oakland. It also has a component of human suffering for unhoused residents and their housed neighbors that cannot be calculated through the scope of this report. Assuming unhoused residents were supported in maintaining their foothold in the City of Oakland, to which they are equal to access as any other resident, would require the City to have more funding available than what it can generate alone. This is an economic issue that is not just a problem within the City of Oakland, but the entire Bay Area, and would likely need economic interventions from the State and Federal levels to fundamentally right this crisis.

Environmental: The homelessness crisis impacts the health of the City's local environment. Encampments and associated debris and waste can foul the City's local water and soil.

Race & Equity: There are significant racial equity considerations to homelessness in Oakland. At a high level, the homelessness crisis is fundamentally an equity issue. The 2022 PIT Count estimated that 5,055 people in Oakland are unhoused, with a majority of those individuals coming from Oakland's black community. Black residents of Oakland are over-represented in this population at roughly 70% compared to their representation in the City's general population at roughly 24% per the latest U.S. Census 2020 data. The data indicates this issue, per the City's commitment to racial equity, is a high priority problem to solve in order to advance the aims of the City's vision as articulated in Municipal Code 2.29.170.1 as well as the City's recently passed Resolution [89249](#), Racism is a Public Health Crisis. This Resolution was jointly offered to the City Council in June 2022 by the City Administrator, the City Attorney, and the Director of Oakland's Department of Race & Equity, which the City Council ratified.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Staff has determined that the actions authorized by this proposed resolution are exempt from CEQA pursuant to CEQA Guidelines section 15301 (existing facilities) as a lease of an existing property with no change of use, and Government Code section 8698.4(a)(4) as a lease for the purpose of providing emergency shelter.

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact C'Mone Falls, Manager, Community Homelessness Services Division at 510-238-6186.

Respectfully submitted,

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