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CITY OF OAKLAND 2015 JAN 29 PM 1:14

AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Michele Byrd

SUBJECT: Consolidated Annual Performance
and Evaluation Report (CAPER) and
Development of the Five-Year
Consolidated Plan

DATE: January 26, 2015

City Administrator
Approval

Date

1/28/15

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Staff recommends that the City Council convene:

A Public Hearing and review the Consolidated Annual Performance and Evaluation Report (CAPER) submitted to the U.S. Department of Housing And Urban Development (HUD) for Fiscal Year 2013-2014.

EXECUTIVE SUMMARY

This report transmits to the City Council the Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year (FY) 2013-14, as required by the Department of Housing and Urban Development (HUD).

The CAPER was submitted to HUD in late September to comply with reporting requirements. That report also contains a description of the activities completed with grant funds during FY 2013-14. This report provides an overview of the Executive Summary of the CAPER. The full CAPER Report is available at www.oaklandnet.com/government/hcd and copies are available for pick-up from the Housing and Community Development Department (HCDD).

OUTCOME

City Council's recommended action to give direction to staff to development the fifth Five-Year Consolidated Plan FY 2015-2020.

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BACKGROUND

Each year, the City of Oakland receives Federal grant funds under the Community Development Block Grant (CDBG) program and other programs. In June 2010, the City submitted to the U.S. Department of Housing and Urban Development (HUD) a Five Year Consolidated Plan for Housing and Community Development outlining needs, priorities, strategies and proposed actions. In addition, each year the City prepares an annual action plan prior to the program year as well as an annual performance report at the end of the program year.

As required by HUD, the City Council will hold two public hearings – one to review program performance (CAPER) and one to review proposed program allocations and obtain additional public comments on the proposed annual action plan.

ANALYSIS

HUD allocates Federal funds to eligible localities for housing and community development activities. These funds are from four formula grant programs – Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). As a condition of receiving these grant funds, Federal regulations require jurisdictions to prepare a Five-Year Consolidated Plan to assess affordable housing and community development needs and present priorities and strategies for addressing those needs. The City prepared and submitted its fourth five-year Consolidated Plan in 2010, covering a five year period from 2010-15. HUD regulations also require jurisdictions to prepare the CAPER evaluating activities and objectives performed under the use of the formula grant funds.

Consolidated Annual Performance and Evaluation/Description/Summary

The Consolidated Annual Performance and Evaluation Report provides information on accomplishments in the City of Oakland, for the program year July 1, 2013 through June 30, 2014. The CAPER outline goals that were accomplished set forth in the Annual Action Plan of the Consolidated Plan for providing affordable housing, supportive services for the homeless and persons with special needs, and non-housing community development.

The full CAPER includes narrative sections that provide a summary of the City's progress during the reporting period to address the City's stated housing and community development goals and objectives. The information corresponds to each priority area established in the Consolidated Plan for July 1, 2010 through June 30, 2015. At the request of a Councilmember or their staff, CDBG staff will furnish the Councilmember with a CAPER report (also available online at www.oaklandnet.com/government/hcd). Below are sample summarized narratives from the CAPER:

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Housing and Homelessness Accomplishments

The Five Year Consolidated Plan established priorities and goals for addressing issues of affordable housing and homelessness. The summary below is organized according to those priority areas.

For the 2013-14 program years, the City's housing and homeless programs, funded through CDBG, HOME, HOPWA and ESG funds with leveraged funds, achieved:

Preservation/Expansion of the Supply of Affordable Rental, Ownership and Special Needs Housing

- Awarded a total of \$4,352,000 to two new construction projects, including HOME and local Affordable Housing Trust Fund dollars (Civic Center 14 TOD and 11th and Jackson).
- Awarded a total of \$750,000 to Oakland Home Renovation Project to acquire and rehabilitate five single family homes for resale to low-income households.
- Executed Loan Agreement for the new construction project, 1701 Martin Luther King Jr. Blvd., including 25 affordable low-income rental units and one manager's unit.
- Continued construction of Cathedral Gardens, including 99 units of affordable housing and one manager's unit.
- Completed construction of MacArthur Apartments, including 31 units of affordable rental housing and one manager's unit.
- Initiated construction of MacArthur Transit Village (aka Mural Apartments), including 89 units of affordable housing and one manager's unit.
- Completed the construction of Saint Joseph's Affordable Family Apartments (aka Terraza Palmera).
- Work continued on the rehabilitation of C.L. Dellums Apartments, 73 units of affordable rental apartments.
- Completed the rehabilitation of the California Hotel, a 137 unit SRO with full occupancy reached in December 2013.
- Completed the rehabilitation of Drasnin Manor, an existing building with 25 units of affordable family rental housing and one manager's unit.
- Completed the second and final phase of rehabilitation of Effie's House, an existing building with 20 units of affordable rental housing and one manager's unit.
- Completed the rehabilitation of Kenneth Henry Court, an existing building with 50 units of affordable family housing and one manager's unit.
- Completed the rehabilitation of Madison Park Apartments, an existing building with 96 units of affordable housing and two manager's units.
- Construction slated to begin in FY 2014-15 on the rehabilitation of the Madrone Hotel, a 31 unit SRO.

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- Construction slated to begin in FY 2014-15 on the rehabilitation of Marcus Garvey Commons, 22 affordable rental units that rent at low income levels to families.
- Rehabilitation of the Savoy (that consisted of joining two adjacent SROs--The Oaks Hotel and Jefferson Oaks Apartments) was completed in FY 2012-13 and project close-out was completed in FY 2013-14. The building includes a total of 101 affordable units and one manager's unit.
- Construction was completed on Brookfield Court, 12 units of duet-style homeownership units.
- Sold eight affordable homeownership units in Pacific Renaissance Plaza.

Assistance to Homeowners, Tenants and Neighborhoods Facing Foreclosure

- Launched Oakland Sustainable Neighborhoods Initiative (OSNI), a public-private partnership to revitalize International Boulevard Corridor areas without displacing long-time residents and small businesses.
- Wrote Oakland Housing Equity Roadmap, a comprehensive action plan for new City policies and programs, including public/private initiatives, to address Oakland's priority housing problems, including anti-displacement of long-time residents, housing habitability, unmet housing needs of working class families and new funding resources or private development incentives to build new affordable housing.
- Launched the Community Buying Program, that organizes nonprofit and for profit developers to transform abandoned properties into new affordable housing opportunities. Accomplishments include the development of a "soft landing" program to prevent displacement of long-time homeowners experiencing foreclosure, completed one property transaction, successfully negotiated transactions with County Tax Collector for 34 properties and pending transactions on 16 additional bank controlled properties.
- Launched the Homeownership Preservation Loan Fund that provides up to \$50,000 to prevent foreclosure of long-time homeowners. Administered by Unity Council, the Fund has served three families since its inception in spring 2014.
- Launched the Pay It Forward Fund (tenant anti-displacement) that provides up to \$5,000 to prevent displacement of tenants. Administered by Catholic Charities, the Fund has provided 24 grants since its inception in spring 2014.
- Continued supporting comprehensive foreclosure prevention services that provides outreach services to over 3,000 households, counseling or legal services to homeowners and related counseling or legal services tenants.
- Continued operations of the Housing Assistance Center, a one-stop housing services and referral system, which served over 4,000 vulnerable residents in FY 2013-14.
- Continued operations of the defaulted & foreclosed properties registration & maintenance program. Over 1,200 properties were registered by banks, 449 properties spot-inspected

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by City Code Enforcement, and over \$1.4 million in fees and penalties directly collected. The FY 2013-14 blighted properties rate based upon spot inspections was three percent (3%) compared to fifty percent (50%) when the program began in 2012.

- Continued operations of the Investor-owned properties registration and maintenance program, over 90 properties were registered by inspectors, 74 properties inspected by City Code Enforcement and \$73,000 in fees and penalties directly collected.
- Supported the Healthy Housing Integrated Case Management program, City Code Enforcement and County Public Health staff provided integrated services to 45 families with health problems due to their housing conditions.

Assistance to First-Time Homebuyers

- The CalHome Program made three loans totaling \$122,000.
- The Mortgage Assistance Program (MAP) made five loans totaling \$295,000.
- The LHTF (SAM) Program was developed and administered to fund 16 loans totaling \$942,248.
- The BEGIN project-specific Mortgage Assistance Program was developed and a \$427,850 fund draw was prepared to assist ten households in contract.
- The Homeownership Education Program enrolled 518 into homebuyer workshops; 306 attended and 275 participants completed the program and received certificates.

Economic Development Accomplishments

FY 2013-14 saw a dynamic positive movement in the Oakland economy. Some highlights:

- **Vator Splash Conference Celebrates Oakland.** With more than 300 businesses and an estimated \$242 million in venture capital invested in the last fifteen months, Oakland's tech community is growing. On May 6th and 7th, the international tech conference Vator Splash convened investors and entrepreneurs in Jack London Square for a start-up competition. Organizers moved the flagship event from San Francisco in recognition of Oakland's emerging technology cluster. Many Oakland start-ups participated in the competition, including Clef, a mobile security app, and OppSites, a real estate listing app, which won the grand prize. For more information about Oakland's tech ecosystem, go to <http://liveworkoakland.com/>, an information portal formed through a partnership with The Kapor Center for Social Impact. The site tracks the diversity and depth of tech innovation in Oakland, including a database of technology companies as well as makers, designers, and artisans who are creating and using tech tools.

- **Oakland a Leader in Community-Based Financing Tools; City Launches Kiva Zip.** Microfinance leader Kiva, in partnership with the City, now offers a way to support new businesses and job growth through Kiva Zip, an online crowdfunding tool offering loans to micro-businesses. The City of Oakland is a trustee of Kiva Zip, endorsing loans to small businesses. The loans issued to date have a 100% repayment rate. Recent loan recipients include: OwlNWood, Pollinate and Loakal/5733.
- **Foothill Square Opens: More Retail on the Way.** In the spring, the City celebrated the re-opening of the Foothill Square Shopping Center in East Oakland and welcomed new tenants to the rebuilt and remodeled mall. The project includes a 75,000-square-foot Foods Co. grocery store, a Ross department store, Anna's Linens, a Wells Fargo branch and other businesses. Economic Development staff has worked with the developer for ten years to bring this project to fruition. Since 2011, over 700,000 square feet of retail has opened in Oakland. This summer, a Sprouts grocery store will break ground on Broadway, and Safeway is expanding in several locations.
- **The Hive Opens on Broadway.** In May, the Hive, a new mixed-use project developed by Signature Development Group, had its official ribbon-cutting. Located in the Uptown neighborhood, the project is home to Impact HUB Oakland, a co-working space offering innovative programs and community events. Other tenants include Numi Tea, Balfour Beatty Construction, Drake's Brewing Co., Calaveras, Flynn Architecture, Truve Fitness, and Red Bay Coffee. A second phase of the project will include 104 new apartments.
- **Oakland Establishes Hiring Agreement with CVS Pharmacies.** The City has been growing a talent bank through its workforce investment programs and can now offer businesses custom hiring services. The Workforce Development unit has established a Memorandum of Understanding with CVS Pharmacies to act as a hiring agency for CVS stores in Oakland, screening applicants through its workforce programs to fill 70 vacant positions.
- **Leader in the Maker Movement.** From Rolls Royce to independent industrial artists, Oakland's makers are revitalizing the City's manufacturing sector and have burst onto the national stage. With leadership from Economic Development staff, Oakland was one of the first twelve cities to sign on to the National Mayor's Maker Challenge and former Mayor Jean Quan was invited to the White House to showcase the accomplishments of the Oakland Makers. Blue Sprout, a new industrial manufacturing co-working space offering mentorship, facilities and access to capital, recently opened in Oakland. Planning for this fall's East Bay Mini Makers Faire is underway. The City is part of a consortium of East Bay community colleges and workforce boards that received a \$15 million "Design It, Build It, Ship It" grant to support job training programs for manufacturing workers.
- **Sungevity Expands, SfunCube Incubator Leaves Nest.** SfunCube ("Solar for universal need"), a solar incubator dedicated to the rapid development and delivery of solar energy, has moved into a new location in the LEED-certified Wakefield Building at 17th and Broadway in Uptown Oakland. SfunCube was formerly co-housed in Jack London

Square with Oakland solar stalwart, Sungevity. The SfunCube move makes room for Sungevity's expansion to more than 400 employees. Sungevity was recently recognized by B Corp as one of the "Best for the World" companies for using the power of business to solve social and environmental problems.

- **AC Transit Investing in BRT Corridor, Businesses.** AC Transit is investing \$178 million to build a Bus Rapid Transit (BRT) system connecting Downtown Oakland to San Leandro. This significant public transit upgrade will also bring new lighting, art, parking and pedestrian and bicycle safety improvements to the entire length of International Boulevard. In addition, Oakland, with leadership from Economic Development staff and AC Transit are providing over \$7 million in business development and financing support to help local businesses prepare for and thrive in a new economic environment when the BRT is complete.
- **Broadway Valdez and West Oakland Specific Plans Adopted.** By the end of the year, Oakland's Planning Department will have completed an unprecedented four specific plans to help guide development and investment in Oakland neighborhoods. The specific plans create a streamlined entitlement process for new development projects that are consistent with the plans. In June, the City Council adopted the Broadway Valdez District Specific Plan, which prioritizes retail and mixed-use development along Broadway between Grand Avenue and Interstate 580. In July, the Council adopted the West Oakland Specific Plan, identifying opportunity sites for new jobs, services and housing, while helping balance the neighborhood's broad range of uses. The Lake Merritt Station Area plan and the Coliseum Area Specific Plan will move forward for adoption in the fall and winter.
- **Visual Supply Co (VSCO) Pulls \$40M Series A, Launches Journal, \$1 Million Artists Initiative.** VSCO, a creative platform for photographers, designers and artists is building its new headquarters at 1500 Broadway, shortly after bringing in \$40 million in Series A funding from Accel Partners. "Oakland embodies the grit and creative spirit of VSCO," says CEO Joel Flory. Through the development of photography tools (the VSCO Cam® app and VSCO Film®,) and beautiful curated platforms (VSCO Grid™ and VSCO Journal), the company is redefining the process around creating, editing and sharing images. VSCO is supporting its international creative base through the VSCO Artist Initiative, a \$1 million scholarship fund providing artists with resources to pursue their projects.
- **Mayor's Summer Jobs Program Expanding to Year-Round; WIB receives \$1 Million for On the Job Training.** More than 2,100 Oakland youth participated in the 2014 Mayor's Summer Jobs Program. Oaklanders ages 16-21 spent six weeks working for employers including the Port of Oakland, BART, Turner Construction and the City. The City recently funded a youth employment coordinator to expand the program to offer year-round employment opportunities. Last month, the Oakland Workforce Investment Board received a \$1 million grant to provide companies with incentives to create on-the-job training (OJT) opportunities for unemployed job seekers.

Commercial Lending

For the current reporting period, July 1, 2013 – June 30, 2014, City staff and community partners have worked to improve existing services. During this review period, the Commercial Lending staff accomplished the following by utilizing City and federally funded commercial loan programs:

- Underwrote 24 new loans totaling \$2,265,300.
- Leverage \$3,201,401 in private financing and investment capital.
- Created 65 job opportunities in Oakland.
- Retained 30 jobs within Oakland businesses.

Public Services and Infrastructure (Neighborhood Improvements) Accomplishments

1. Public Services

Funding for public service activities was allocated for 14 subrecipient agreements awarded to 13 private, nonprofit agencies that serve low- and moderate-income persons in the seven Community Development Districts of Oakland. Funding for three additional programs that were to be carried out by subrecipients were reprogrammed, because the subrecipients were unable to fully comply with and complete contract development requirements. In addition, two City-administered programs were funded. The programs implemented by the recipients and the City are:

- Anti-Crime – 150 low and moderate-income beneficiaries: One subrecipient provided workshops and town hall meetings on crime prevention and personal safety as well as multi-language publications on crime statistics and services for 150 limited-English-speaking seniors.
- Homeless – Nine low and moderate-income beneficiaries: One subrecipient provided case management, support services and educational and employment instruction for nine high-risk, homeless young adults. A second subrecipient was funded to provide job training and search skills as well as career coaching and case management for 35 persons in the homeless and reentry population, but the funds were reprogrammed, because the agency was unable to comply with contract requirements.
- Microenterprise and Business Assistance – 12,239 low and moderate-income beneficiaries: One subrecipient provided green business education and technical assistance to 16 microbusinesses. A second subrecipient provided neighborhood and commercial business development assistance and community revitalization coordination

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benefitting 12,223 residents. A third subrecipient was funded to provide training to assist 12 bi-lingual women in development management and entrepreneurial skills, but the funds were reprogrammed, because the agency was unable to comply with contract requirements.

- Senior Services – 85,427 low and moderate-income beneficiaries: One subrecipient provided food subsidies for distribution agencies serving 85,320 low- and moderate-income seniors. One subrecipient provided health, nutrition and day care services for four seniors and disabled persons diagnosed with Alzheimer's and others forms of dementia; as well as training and information for their caregivers. One subrecipient provided in-home care management and medical visits for 60 frail or disabled house-bound seniors. One subrecipient provided social activities, meals, support services and information and referral for 43 limited-English-speaking seniors.
- Tenant/Landlord Counseling – 85 low and moderate-income beneficiaries: One subrecipient provided advocacy and legal services and assistance for 85 tenants with housing-related problems.
- Youth Services – 1,932 low and moderate-income beneficiaries: Five subrecipients and two City-administered programs provided enrichment and support services, academic tutoring and education, skills training, personal development, monitoring of safe passage to schools, computer training and instruction, recreation and athletic activities, as well as intervention counseling. An additional subrecipient was to have provided peer-led violence prevention workshops for 160 middle school students but was unable to comply with contract requirements and the funds were reprogrammed.

2. Infrastructure (Neighborhood Improvements)

Funding was allocated for 13 capital improvement projects located in predominantly low and moderate-income areas. Three were administered by three private, non-profit subrecipients, and ten administered by the City.

- Improvements to one City-owned branch library and nine parks and recreation facilities are underway.
- Two subrecipient were awarded funding for two improvement projects. The façade improvements to a community based multi-cultural arts center are underway. The improvements to an emergency housing shelter have been completed.
- One subreceptient was awarded funding for a housing related improvement project that provided exterior/interior home repairs and safety and accessibility modifications for 39 housing units occupied by elderly and disabled homeowners.

Development of the Five-Year CDBG Consolidated Plan

The City's fifth five-year Consolidated Plan is in preparation and is due to be submitted to HUD on May 15, 2015. The City was awarded technical assistance (TA) from HUD to assist a team of staff with the preparation of the five-year plan. The HUD consultants have given directives of new strategies and long-range approaches the HUD headquarters office have highly suggested. The approach recommended by the TA consultants for the City is to determine outcomes for the awarded yearly CDBG allocations focusing on strategic initiatives within a qualified CDBG community that final outcomes are driven based on programs and/or designated area(s) in the City to focus directly upon. As part of this approach, the TA consultants recommend designating areas in the city as Neighborhood Revitalization Strategy Areas (NRSA).

The U.S. Department of Housing and Urban Development (HUD) encourages the establishment of a Neighborhood Revitalization Strategy Area (NRSA) as a means to create communities of opportunity in distressed neighborhoods. The goals of these areas are to reinvest in human and economic capital, and economically empower low-income residents as part of an overall community revitalization strategy. Comprehensive community revitalization strategies seek to create partnerships among federal and local governments, the private sector, community organizations and neighborhood residents.

The City of Oakland proposes to designate areas as NRSA's that encompass the city's most distressed areas. Within the NRSA, the Housing and Community Development Department (HCDD) will afford much greater flexibility in the use of CDBG funds. As outlined in the following sections, proposed NRSA's will meet the threshold for low-moderate income (LMI) residents and are primarily residential. This strategy has five-year duration and is integrated into the Five Year Action Plan and Consolidated Annual Performance Evaluation Report as a component of the DHCD's activities.

Benefits of a Neighborhood Revitalization Strategy

The City of Oakland plans to take advantage of the following benefits an NRSA offers as described in amendments to the CDBG regulations at 24 CFR 570. They are as follows:

- **Public Service Cap Exemption:** Public Services carried out pursuant to the strategy by a Community-Based Development Organization (CBDO) will be exempt from the public service cap (24 CFR 570.204(b)(2)(ii)); and
- **Job Creation/Retention as Low/Moderate Income Area Benefits:** Job creation and retention activities undertaken pursuant to the strategy will be qualified as meeting area benefit requirements, thus eliminating the need for a business to track the income of persons that take, or are considered for, such jobs (24 CFR 570.208(a)(1)(vii) and (d)(5)(i)); and

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- **Aggregation of Housing Units:** Housing units assisted pursuant to the strategy may be considered to be part of a single structure for purposes of applying for low-and moderate-income national objective criteria, thus providing greater flexibility to carry out housing programs that revitalize a neighborhood (24 CFR 570.208(a)(3) and (d)(5)(ii)); and
- **Aggregate Public Benefit Standard Exemption:** Economic development activities carried out under the strategy will be exempt from the aggregate public benefit standards, thus increasing a grantee's flexibility for program design as well as reducing its record-keeping requirements (24 CFR 570.209 (b)(2)(v)(L) and (M)).

The City of Oakland is proposing two areas for consideration of an NRSA designation, the International Boulevard Corridor and the San Pablo Corridor. The City of Oakland will use the following benefits as a way to promote the revitalization of the International Boulevard and San Pablo Blvd corridor:

- Offer a Public Service Cap Exemption to those services carried out pursuant to the strategy by a Community-Based Development Organization (CBDO).
- Job creation and retention activities undertaken pursuant to the strategy will be qualified as meeting area benefit requirements, thus eliminating the need for a business to track the income of persons that take, or are considered for, such jobs.
- Housing units assisted pursuant to the strategy can be considered to be part of a single structure for purposes of applying for low-and moderate-income national objective criteria, thus providing greater flexibility to carry out housing programs that revitalize a neighborhood.
- Economic development activities carried out under the strategy will be exempt from the aggregate public benefit standards, thus increasing a grantee's flexibility for program design as well as reducing its record-keeping requirements.

The International Boulevard and San Pablo corridors are two areas plagued with many social and economic challenges. Broad community objectives have been developed and key strategies are outlined in this plan to help improve the quality of life and transform these two areas into place where people desire to live, work and play. Key strategy areas include housing and neighborhood development, infrastructure, public safety, code enforcement, zoning and land use, and economic development. The desire to decrease violent crime, increase homeownership, and strengthen the neighborhood economic corridors is a small sample of objectives this plan is looking to achieve.

The following information is the framework staff has determined to propose consideration of the two areas, the International Boulevard Corridor and the San Pablo Corridor as NRSA designations:

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Public/Private Partnership Initiative to Revitalize the International Boulevard Corridor—the Oakland Sustainable Neighborhoods Initiative (OSNI)

Oakland is experiencing extraordinary economic growth and interest from investors, new businesses and new residents. The new growth and interest have concurrently fueled unprecedented market escalation and the displacement of long-time residents. In February 2013, the City of Oakland launched a new public/private initiative, the *Oakland Sustainable Neighborhoods Initiative (OSNI)*. This initiative was launched as part of a growing national movement to integrate equity and sustainability principles into economic development and prosperity plans. Supported by planning grants from the State Strategic Growth Council, California Endowment and Great Communities Collaborative, OSNI members are working together to transform this nation’s most ethnically diverse area, the International Boulevard Corridor (IB Corridor), into a model of equitable and sustainable development. The principles guiding the community revitalization initiative include the following:

1. Develop the leadership of residents to understand development and create vehicles for resident engagement and governance.
2. Honor the expertise and leadership role of long-time community development agencies in the Corridor to lead development plans and efforts.
3. Prioritize anti-displacement strategies for long-time residents and small businesses to enable them to remain and benefit from new economic growth and development.
4. Create partnership platforms for City staff and community based organizations and other public and private agencies to foster innovation and secure implementation resources.

A nine and one-half mile corridor that stretches from Lake Merritt to the San Leandro border and a one-fourth (¼) mile radius on each side of International Boulevard, the IB Corridor is home to 12,776 households and 8,639 small businesses. A new Bus Rapid Transit system, set to break ground in 2015, will add a transit investment of over \$174 million to the community. The Corridor is comprised of six main neighborhood areas as illustrated below.



In addition, a similar place-based initiative was launched by the East Bay Asian Local Development Corporation (EBALDC) to revitalize the San Pablo Corridor, funded by Citibank Foundation. The San Pablo Corridor Initiative has not yet completed its planning process to

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identify revitalization priorities and implementation resources. Staff plans on recommending prioritizing future CDBG and other available funds for San Pablo Corridor priorities.

Promise Zone Application

The City recently submitted an application to the White House and United States Department of Housing & Urban Development to designate the International Boulevard Corridor as a new *Promise Zone*, a highly competitive national competition that provides *Promise Zone* designated areas with economic development tax incentives and prioritization of future Federal competitive funds. The International Boulevard Corridor Initiative was the only place-based initiative in Oakland that fully met the criteria for the *Promise Zone* application. The San Pablo Corridor Initiative, led by the East Bay Asian Local Development Corporation, met some of the application criteria, but had not completed its collaborative planning process and identification of community development priorities and available implementation resources at the time of the application deadline. If the City receives a *Promise Zone* designation for the International Boulevard Corridor, it would be able to pursue a designation for San Pablo Corridor in a later competitive round.

The *Promise Zone* application required the City to provide preliminary commitment of funding, pending Council approval, as well as secure funding commitments from other public and private agencies. As part of the *Promise Zone* application process, City staff secured overall commitments of over \$850 million in public and private funds to engage in dedicated community revitalization and anti-displacement activities over the next ten years.

PUBLIC OUTREACH

A *Public Notice* is required to review and receive written comments on the CAPER prior to the required September 30, 2014 submission to HUD. A Notice was run in the Oakland Tribune September 12, 2014 announcing the availability of the draft CAPER and the date, time all written comments were due by September 26, 2014. There were no written comments submitted during the comment period to discuss and review the CAPER.

A *Public Hearing* will be held Tuesday, February 17, 2015 in the City Council Chambers to present the final CAPER to Council.

COORDINATION

Staff in the Housing and Community Development Department, Economic and Workforce Development Department submitted updated information pertaining to accomplishments allocated by CDBG funded projects and services for FY 2013-14. Since there are no fiscal impacts, the City Administrator's Budget Office and the City Attorney's Office are not required to review this report.

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COST SUMMARY AND IMPLICATIONS – PowerPoint Presentation

Staff has prepared charts to illustrate the impact of funding reduction in CDBG grant allocations over the past and recent years, (see **Attachments A, A-1, B, B-1 and C**). The purpose of these illustrations of CDBG funds is to show that it is imperative that the CDBG process is re-directed and/or revised how it currently functions.

Specifically, there are several key issues to be addressed:

1. The funding of District Programs should be re-directed to support the IB/San Pablo Boulevard initiatives focusing on public service and housing related services programs and capital improvement projects based on need assessments in those specific districts that support the BRT development or HUD designated Neighborhood Revitalization Strategy Areas (NRSA). One of the objectives of the NRSA concept is that the strategy developed by the City will provide for the economic empowerment of the low and moderate-income residents and achieve substantial improvement in the delineated areas, generally within a five-year time period, through concentration of effort in an area of manageable size. Due to the Federal Government's (HUD) gradual reduction of the CDBG allocations, and the recommendations of the City's assigned HUD technical assistance consultant team, it is beneficial for the City to revise and/or restructure the manner in which the City utilizes its future CDBG grant allocations.
2. The functions of the Community Development (CD) District Board need to be re-addressed. Staff submitted a Council Report in August 2012, prior to the two-year 2013-2015 CDBG budget allocation. **Attachment D** outlines the Council approved option one to maintain the seven CD District Boards at the responsibility of each Councilmember.

In 2001, the boundaries of the Council Districts and the CD Districts were made coterminous and Council members have since assumed a more proactive role in the functioning of the Board in their respective Districts as well as in identifying funding priorities. The Boards were changed from recommending to advisory bodies, and staff now plays a support role when requested, without the discretion previously held to exercise oversight of the structure and process.

In late 2012, CDBG staff assisted each Councilmember with the re-establishing of their CD District Boards. Since the prospective grant applicant presentations to the seven CD District Boards on February 23, 2013, there has not been any update reports regarding monthly meetings. Staff recommends that the CD District Boards are restructured to a Citywide Advisory Board similar to the Alameda County – Oakland Community Action Partnership (AC-OCAP) Board or its functions are combined with OCAP as a

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subcommittee with the oversight of the seven districts. Alternately, the CD District Boards may convene annually to make funding recommendations for CDBG allocations.

3. CDBG took on costs of programs and staffing that were once funded by Redevelopment funds. Additionally, grant funds have been decreased, both of which have led to fewer dollars available to administer CDBG programs.

The City's leadership has leveraged \$870 million to implement International Boulevard Corridor revitalization priorities over the next ten years. Out of the \$870 million, \$457 million includes existing commitments that through the collaborative efforts are being aligned to benefit Corridor residents. For example, new systems will be set up to utilize the County's existing wage subsidy program that's currently available Countywide to incentivize employers to hire corridor residents. Out of the \$413 million in new partner commitments, \$230 million are new private funds dedicated just to International Boulevard Corridor efforts that may not be available if the City is unable to prioritize its available funds, including CDBG fund, for Corridor priorities. These dedicated funds are for new affordable housing, economic development community facility catalyst projects, new commercial lending products for businesses and commitments from Oakland's different chambers of commerce to recruit businesses to hire Corridor residents. The City's commitment has been extremely significant in leveraging resources from other organizations.

SUSTAINABLE OPPORTUNITIES

Economic: CDBG grants fund and support organizations that provide economic development, public facilities, infrastructure and social services for low and moderate-income communities and expand social service and construction jobs. Projects that receive funding through HOME and HOPWA will expand the affordable housing inventory and generate construction and professional service jobs. ESG will support homeless persons with basic shelter and essential supportive services. It can assist with the operational costs of the shelter facility and for the administration of the grant. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs.

Environment: The CDBG provides funding for services to rehabilitate blighted or substandard housing, remove hazards such as lead-based paint and other health and building safety issues that help preserve existing City housing stock and improve the environment. The CDBG also provides funding for the Residential Lending Program, which administers the housing rehabilitation programs. Staff encourages construction contractors, property owners and housing developers to make substantial use of recycled content building materials, energy-conserving building designs and appliances as well as water conserving fixtures and landscaping. Housing

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Development loans support construction projects that will meet or exceed the green building standards developed by StopWaste of Alameda County and must be GreenPoint Rated. Also, housing development projects are infill projects near transportation and reduce pressure to build on agricultural and other undeveloped land and reduce dependency on automobiles.

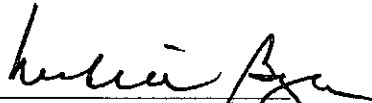
Social Equity: Services and housing provide benefit to neighborhoods, low-moderate community, elderly and disabled and contribute to the safety, security and well-being of homeowners.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Lisa Brown, CDBG/Commercial Lending Manager, at (510) 238-2064.

Respectfully submitted,



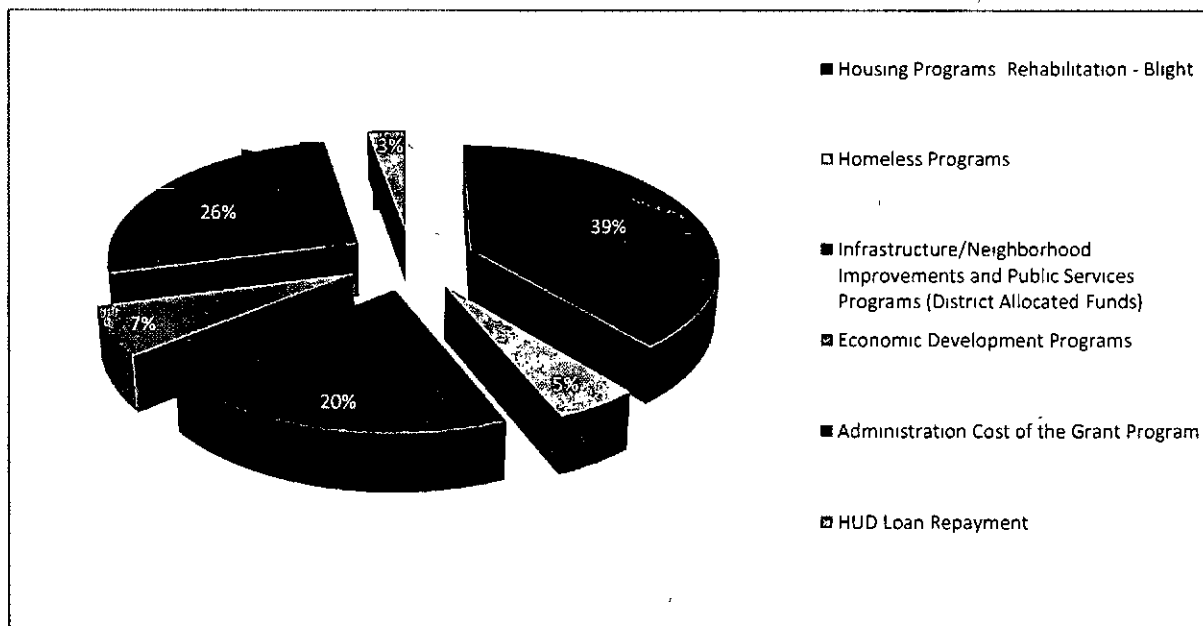
Michele A. Byrd, Director
Housing and Community Development Department

Prepared by:
Lisa D Brown, Manager
Community Development Block Grant Programs/Commercial Lending

- Attachment A: FY 2013-2014 CDBG Allocation
- Attachment A-1: Infrastructure/Neighborhood Imp. & Public Services Programs District Allocated Funds for FY 13-14
- Attachment B: FY 2014-2015 CDBG Allocation
- Attachment B-1: Infrastructure/Neighborhood Imp. & Public Services Programs District Allocated Funds for FY 14-15
- Attachment C: Trends of CDBG Allocation FY 2000-2015
- Attachment D: CD District Restructuring – Option 1

Item: _____
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2013 - 2014 CDBG Allocation				CDBG Allocation Plus Leveraging Funds	%
Activity Type	CDBG Allocation	* Leveraging Funds			
Housing Programs Rehabilitation - Blight	\$2,415,504	\$861,786	\$3,277,290	39%	
Homeless Programs	\$247,391	\$158,445	\$405,836	5%	
Infrastructure/Neighborhood Improvements and Public Services Programs (District Allocated Funds)	\$1,741,690		\$1,741,690	21%	
Economic Development Programs	\$559,300		\$559,300	7%	
Administration Cost of the Grant Program	\$2,226,693		\$2,226,693	26%	
HUD Loan Repayment	\$237,000		\$237,000	3%	
City Received Allocation Total	\$7,427,578	\$1,020,231	\$8,447,809	100%	



* Housing Programs includes leveraging of \$800,000 from program income funds and \$61,786 from reprogrammed fund

* Homeless Programs include leveraging funds of \$158,445 from reprogrammed funds

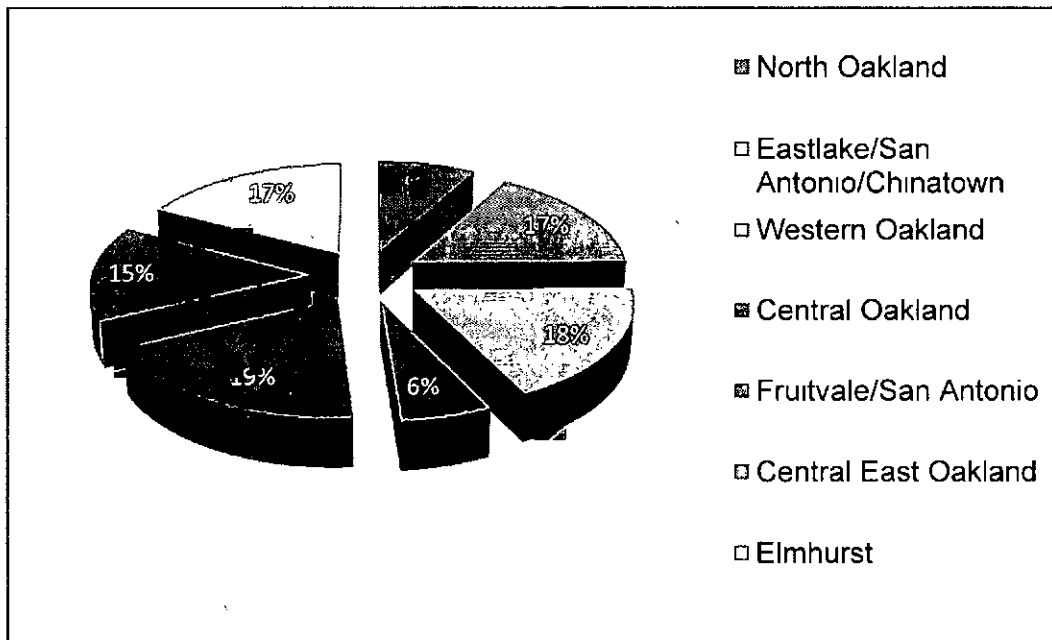
* Housing Programs includes \$800,000 program income and reprogramming of \$61,786

* Homeless Programs includes \$158445 from reprogramming

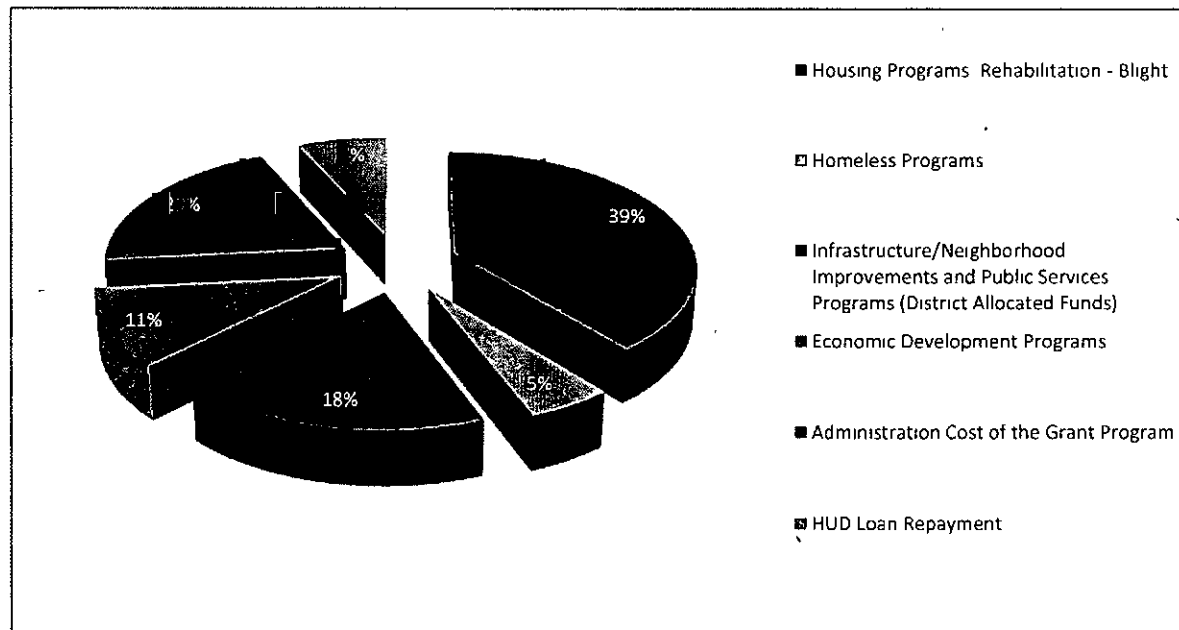
Attachment A-1

Infrastructure/Neighborhood Improvements & Public Services Programs District Allocated Funds 2013 - 2014

CD District	%	District Allocated Funds
North Oakland	8.1%	\$141,076.89
Eastlake/San Antonio/Chinatown	16.7%	\$290,862.23
Western Oakland	17.9%	\$311,762.51
Central Oakland	6.1%	\$106,243.09
Fruitvale/San Antonio	19.1%	\$332,662.79
Central East Oakland	14.9%	\$259,511.81
Elmhurst	17.2%	\$299,570.68
All 7 CD Districts	100%	\$1,741,690.00



2014 - 2015 CDBG Allocation				CDBG Allocation Plus Leveraging Funds	%
Activity Type		CDBG Allocation	Leveraging Funds		
Housing Programs Rehabilitation - Blight		\$2,363,657	\$800,000	\$3,163,657	39%
Homeless Programs		\$405,836		\$405,836	5%
Infrastructure/Neighborhood Improvements and Public Services Programs (District Allocated Funds)		\$1,491,729		\$1,491,729	18%
Economic Development Programs		\$875,241		\$875,241	11%
Administration Cost of the Grant Program		\$1,612,045		\$1,612,045	20%
HUD Loan Repayment		\$546,760		\$546,760	7%
City Received Allocation Total		\$7,295,268	\$800,000	\$8,095,268	100%

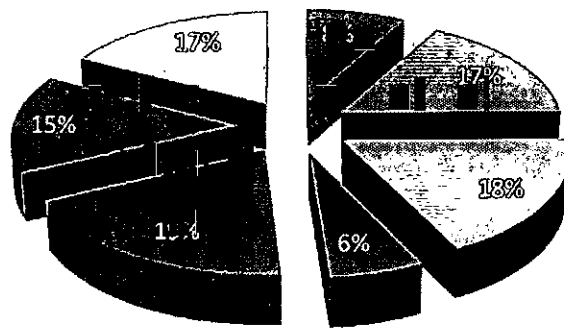


* Housing Programs includes leveraging of \$800,000 from program income funds

Attachment B-1

Infrastructure/Neighborhood Improvements & Public Services Programs District Allocated Funds 2014 - 2015

CD District	%	District Allocated Funds
North Oakland	8.1%	\$120,830.05
Eastlake/San Antonio/Chinatown	16.7%	\$249,118.74
Western Oakland	17.9%	\$267,019.49
Central Oakland	6.1%	\$90,995.47
Fruitvale/San Antonio	19.1%	\$284,920.24
Central East Oakland	14.9%	\$222,267.62
Elmhurst	17.2%	\$256,577.39
All 7 CD Districts	100%	\$1,491,729.00

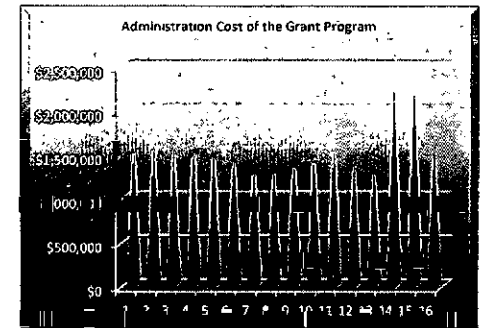
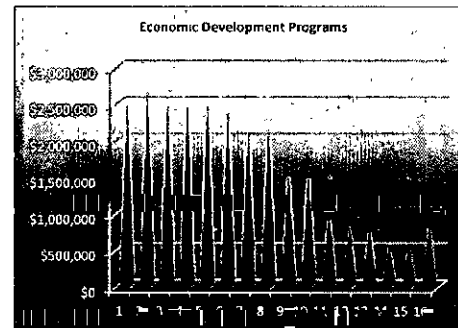
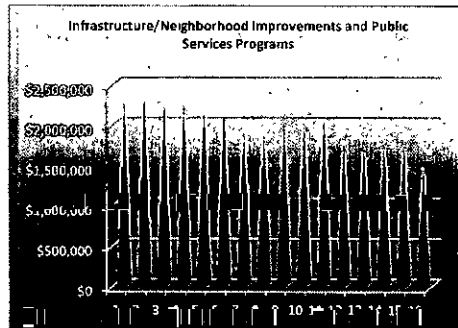
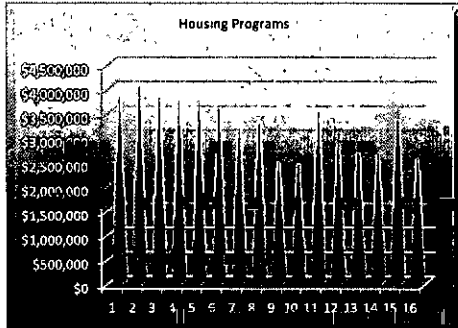


- North Oakland
- Eastlake/San Antonio/Chinatown
- Western Oakland
- Central Oakland
- Fruitvale/San Antonio
- Central East Oakland
- Elmhurst



City of Oakland
Housing and Community Development
Community Development Block Grant (CDBG)
Allocations
Fiscal Years 2000 - 2015

Activity Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Projected 2015
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Housing Programs	\$3,904,120	\$4,053,840	\$3,816,340	\$3,840,280	\$3,785,180	\$3,614,533	\$3,268,396	\$3,286,959	\$2,497,946	\$2,519,614	\$3,552,649	\$2,879,990	\$2,756,566	\$2,662,895	\$3,683,126	\$2,631,017
Infrastructure/Neighborhood Improvements and Public Services Programs	\$2,260,280	\$2,346,960	\$2,209,460	\$2,223,320	\$2,191,420	\$2,092,625	\$1,892,229	\$1,902,976	\$1,998,357	\$2,015,691	\$2,095,152	\$1,743,152	\$1,668,448	\$1,741,690	\$1,741,690	\$1,417,143
Economic Development Programs	\$2,568,500	\$2,667,000	\$2,510,750	\$2,526,500	\$2,490,250	\$2,377,983	\$2,150,260	\$2,162,473	\$1,498,768	\$1,511,768	\$1,002,029	\$833,681	\$797,953	\$559,300	\$559,300	\$831,479
Administration Cost of the Grant Program	\$1,541,100	\$1,600,200	\$1,506,450	\$1,515,900	\$1,484,150	\$1,426,790	\$1,290,156	\$1,297,484	\$1,415,503	\$1,427,781	\$1,548,591	\$1,364,208	\$1,305,742	\$2,226,693	\$2,226,693	\$1,531,443
HUD Loan Repayment									\$915,914	\$923,858	\$910,936	\$757,892	\$725,412	\$237,000	\$237,000	\$519,422
City Received Allocation Total	\$10,274,000	\$10,668,000	\$10,043,000	\$10,106,000	\$9,961,000	\$9,911,930	\$8,601,041	\$8,649,883	\$8,326,488	\$8,398,713	\$9,109,357	\$7,578,921	\$7,254,122	\$7,427,578	\$8,447,809	\$6,930,504



OPTION 1 – Approved by Council at the 10/25/12 City Council Meeting:

- **MAINTAIN THE 7 CD DISTRICT BOARDS AT THE RESPONSIBILITY OF EACH COUNCILMEMBER**
 - Effective January 2013, CDBG Staff will conduct a joint training/review on the CDBG funding process for all contract development/funding recommendation process of all *current* CD District Boardmembers.
 - All approved CDBG proposal recipients will present their proposal to the seven CD District Boardmembers at a joint meeting.
 - Each Councilmember will have the responsibility to organize his/her District Board and each District Boards prepares final recommendations for submission to City Council for final approval with technical assistance from CDBG staff.
 - The final recommendations will be reported back in a staff report to CD District Boardmembers and City Council respectively.
 - After the FY 13-15 contract development process; CDBG will conduct a joint needs assessment for the entire City and each District.
 - Beyond this CDBG process, the Councilmembers will be responsible for his/her District meeting.