



City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION:

- 1) **AUTHORIZING THE CITY ADMINISTRATOR OR HIS OR HER DESIGNEE TO NEGOTIATE AND ENTER INTO A LEGALLY BINDING AGREEMENT WITH ALAMEDA COUNTY TO PARTICIPATE IN THE AFFORDABLE AND SUPPORTIVE HOUSING OPERATING SUBSIDY PROGRAM FOR PEOPLE EXPERIENCING HOMELESSNESS, THAT DELEGATES TO ALAMEDA COUNTY THE AUTHORITY TO: (a) APPLY FOR STATE OF CALIFORNIA PERMANENT LOCAL HOUSING ALLOCATION FUNDS; (b) ACCEPT SAID FUNDS ON BEHALF OF THE CITY OF OAKLAND; AND (c) ADMINISTER THE AFFORDABLE AND SUPPORTIVE HOUSING OPERATING SUBSIDY PROGRAM FOR PEOPLE EXPERIENCING HOMELESSNESS ON BEHALF OF THE CITY; AND**

- 2) **ADOPTING THE FIVE-YEAR PLAN FOR THE AFFORDABLE AND SUPPORTIVE HOUSING OPERATING SUBSIDY PROGRAM FOR PEOPLE EXPERIENCING HOMELESSNESS, FOR THE PERMANENT LOCAL HOUSING ALLOCATION PROGRAM**

WHEREAS, the 2019 Alameda County Homeless Point-In-Time count indicates that the City of Oakland has experienced a forty-seven percent (47%) increase in homelessness between 2017 and 2019 and that the homeless population is disproportionately African American; and

WHEREAS, the 2019 Oakland PATH Framework has identified the need for 1,500 deeply affordable housing units and 2,000 permanent supportive housing units to address the current level of homelessness in the City of Oakland; and

WHEREAS, the State of California Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated February 26, 2020, under the Permanent Local Housing Allocation (“PLHA”) Program that provides an ongoing revenue stream to certain local jurisdictions and is designed to increase the supply of affordable homes; and

WHEREAS, the City of Oakland is eligible for PLHA funds on a non-competitive, formula basis, as is Alameda County (“County”): and

WHEREAS, the City and the County have been working collaboratively to coordinate activities to bring County resources, including supportive services funding, to Oakland housing developments serving people experiencing homelessness; and

WHEREAS, the City and County have co-created a program design called the Affordable and Supportive Housing Operating Subsidy Program for People Experiencing Homelessness (“Program”) to increase the supply of housing for people experiencing homelessness who are at or below thirty percent (30%) of Area Median Income, described in *Exhibit A*; and

WHEREAS, the City finds that the Program will assist in addressing the need for deeply affordable and permanent supportive housing identified in the 2019 Oakland PATH Framework; and

WHEREAS, the City finds that the County has the capacity to both apply for PLHA funds and administer the Program on behalf of the City, while the City has limited staff capacity to conduct these activities; and

WHEREAS, the City desires that the County apply for PLHA funds on behalf of the City of Oakland and if awarded, administer the PLHA funds on behalf of the City for a period of up to five (5) years, in a manner that ensures that Oakland’s PLHA allocation is awarded to developers selected by the City, used in the City of Oakland and in accordance with the Program as described in *Exhibit A*; and

WHEREAS, this action is exempt from the California Environmental Quality Act (“CEQA”) under the following, each as a separate and independent basis, including but not limited to, the following: CEQA Guidelines: Section 15378 (regulatory actions), Section 15061(b)(3) (no significant environmental impact), and Section 15183 (actions consistent with the general plan and zoning); now, therefore be it

RESOLVED: That the City Administrator or his or her designee is hereby authorized to negotiate and enter into a legally binding agreement with Alameda County to authorize the County to apply for State of California permanent local housing allocation funds allocated to the City for a period of up to five (5) years; accept said funds on behalf of the City; and administer the affordable and supportive housing rental subsidy program for people experiencing homelessness on behalf of the City on the condition that Oakland’s PLHA allocation be awarded to developers selected by the City and that all of Oakland’s allocation be used for housing in the City; and be it

FURTHER RESOLVED: That said agreement shall be reviewed and approved by the City Attorney’s Office for form and legality prior to execution by the City; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is hereby authorized to take any other action consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES – FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____
ASHA REED
Acting City Clerk and Clerk of the Council
of the City of Oakland, California

Exhibit A

Five Year Plan for the Affordable and Supportive Housing Operating Subsidy Program

Pursuant to PLHA Guidelines Section 302(c)(4)

The Manner in which Allocated Funds Will Be Used for Eligible Activities

Alameda County will establish an operating subsidy program to provide long-term subsidy contracts for permanent housing units set-aside for people experiencing homelessness. Called the “Affordable and Supportive Housing Operating Subsidy Program” (“Program”), housing units will be deeply subsidized and restricted for occupancy by qualified households for a subsidy contract period of no less than 15 years.

Qualified households will:

- (1) have incomes at or below 30% AMI;
- (2) be experiencing homelessness at the time of move-in, and
- (3) be prioritized/referred through the county-wide system of coordinated entry; notwithstanding that the City may select alternative referral processes for its projects.

The Program is intended to be compatible with other funding programs, which may further restrict eligibility for the subsidized units.

The Program will utilize Alameda County's entitlement funds and City of Oakland (City) entitlement funds. The City and County have executed a binding legal agreement for use of these funds. The County will receive and administer the City's allocation of PLHA funds for a period of five years. The City's entitlement funds will be used to subsidize eligible housing units and projects selected by the City; the County will select qualified projects to receive the County's entitlement funds.

Alameda County's Department of Housing and Community Development (HCD) will be the applicant and responsible party for the PLHA Program and will administer the Program activities including jurisdictional coordination, state reporting and compliance. Additional Program partners include:

- The County Health Care Services Agency (HCSA) will consult with HCD and the City on selected projects to facilitate referrals of eligible homeless households from the countywide coordinated entry system to fill vacancies, and to review the suitability of services in selected permanent supportive housing.
- The Housing Authority of the County of Alameda (HACA) will contract with HCD to administer the provision of operating subsidies to housing sponsors selected by the City and County. The responsibilities of HACA will include: execute and administer operating subsidy contracts with affordable housing sponsors, establish an annual operating subsidy plan for each housing unit, identify the subsidy and tenant portion of rent, and other responsibilities as required for implementation of the subsidy program. HACA will make monthly subsidy payments to the housing sponsor and will provide up to one month of vacancy

payments for each unit turnover. HACA will also conduct initial and annual unit inspections for all assisted units.

The operating subsidy will equal the difference between rent that is affordable to a person with income at or below 30% AMI, such as a person with income from SSI benefits, and 50-60% AMI TCAC Rents.

Five percent of the funds would be used by Alameda County to cover administrative costs as appropriate. Alameda County would be responsible for meeting all requirements and submitting reports for the state's PLHA program.

How the Local Government Will Prioritize Investments to Increase Housing for Households with Income at or below 60 Percent of Area Median Income

All projects funded under the Program must restrict assisted units to occupancy by households at 30% AMI or below, experiencing homelessness at the time of entry, and referred by coordinated entry. Each participating jurisdiction will educate its housing sponsors on the Program and solicit their interest in participation and prioritize proposals. The jurisdiction will select the qualified projects and units to receive at least 15-year operating subsidy commitments funded from that jurisdiction's PLHA allocation. These long-term subsidy contracts will assist jurisdictions in creating more deeply affordable and supportive housing units, leveraging other funding for assisted projects.

Selected housing sponsors will enter into a contract with HACA, the County, and (for projects selected by the City of Oakland) with the City for operating subsidies, with tenants paying rent in an amount that is affordable to them. HCSA, through its Coordinated Entry System for referral of homeless applicants, will provide prioritized lists of potential tenant referrals that meet CES's initial screening for income, homeless status and other applicable criteria (e.g. disability). HACA will verify income and eligibility of households and monitor for continued eligibility and affordability for the operating subsidy contract period through its initial eligibility screening, and ongoing procedures for rent calculation, unit inspections and household recertification.

How the Plan is Consistent with the Programs Set Forth in the Local Governments' Housing Elements

Alameda County's Housing Element, adopted on May 5, 2015, identifies the County's RHNA requirements for unincorporated areas of the County, as needing additional development of 215 units for extremely low-income (ELI) households and 215 units for very-low-income (VLI) households between January 2015 and June 2023.

The Housing Element identifies a lack of operating and rental subsidies as a common barrier to construction and operation of ELI units. See: <https://www.acgov.org/cda/planning/generalplans/documents/CompleteHousingElementBOSAdopted050515.pdf>

Alameda County's most recent RHNA progress report for unincorporated areas of the county identifies 126 RHNA credits for the combined ELI/VLI category; leaving 304 remaining RHNA units needed.

The City of Oakland's Housing Element 2015-2023, adopted December 9, 2014, identifies 2,059 ELI-VLI units needed. Its 2019 progress report indicates 662 VLI RHNA credits, and 1,397 VLI units still needed. See: <https://www.oaklandca.gov/topics/read-the-housing-element>

The City's Housing Element identifies the following housing issue:

“While the City of Oakland has a significant inventory of affordable housing, there are very long waiting lists for these units and most of them do not have supportive services or are not affordable to the current homeless population. There is tremendous unmet need for housing for 1,412 unsheltered homeless households or those at risk of being homeless.” (Since the writing of this Housing Element, Oakland's homeless population has continued to increase, and doubled in the past two years.)

To address this, the Housing Element Goal 2: Promote the Development of Adequate Housing for Low- and Moderate Income Households, includes the following policy objective:

"Policy 2.9 PATH PLAN FOR THE HOMELESS Expand the City's Permanent Access to Housing (PATH) Plan to prevent and end homelessness and increase housing opportunities to the homeless through acquisition, rehabilitation and construction of housing, master leasing and short-term financial assistance."

Description of How Allocated Funds Will Be Used for the Proposed Activity

All allocated funds will be used for operating subsidies for units serving persons experiencing homelessness, with incomes at 30% of AMI or less; and for administrative and program costs related directly to the Program.

Description of Major Steps/Actions and Proposed Schedule for the Implementation and Completion of the Program

A. First Six Months/Program Set-Up:

1. Alameda County announces PLHA funding award to City.
2. HCD and HACA execute a contract that stipulates the terms for how HACA will implement the Program and use of PLHA funds in accordance with the Standard Agreement that Alameda County HCD has executed with the State.
3. Alameda County receives PLHA funds from the State, and transfers funds to HACA for deposit in restricted accounts.
4. HCD convenes City, HACA, and HCSA to establish a plan for ongoing implementation and reporting for all entities, including the project selection process, the timeline for selection of projects, execution of contracts between HACA and housing sponsors, and disbursement of funds.

B. Year One

1. HCD and City publicize the funding availability among housing sponsors and undertake project selection (which may include utilization of a previous NOFA process or an upcoming NOFA).

2. The City selects projects for funding commitments from the City's PLHA allocation and provides HCD information on its process for selecting projects.
3. The County selects projects for funding commitments from the County's PLHA allocation and communicates selected funding commitments for both the County and the City to HACA.
4. HACA will calculate the total funding needed to provide rental assistance to the selected housing units for at least 15 years, in consultation with the City and HCD.
5. HACA enters into long-term subsidy contracts with selected sponsors. The County and City will be a party to these contracts. HACA will provide appropriate documentation regarding this funding commitment to the project, City, HCSA, and HCD.

C. Ongoing Implementation, Years Two to Five:

1. HCD draws down County and City PLHA funds annually, and transfers funds to HACA each year.
2. City and HCD conduct an annual selection process and make funding commitments to qualified/selected projects.
3. HCD will manage accounting, compliance and reporting responsibilities for the Program; including semi-annual reporting to the City.
4. HACA will manage the funds in restricted accounts and track distributions to projects.
5. HACA will continue to enter into contracts with housing sponsors selected each year, with County and the City as parties to the contracts, qualify and certify units and households, and make and track payments.
6. HACA will annually adjust its operating subsidy plan for each housing unit in consultation with City and HCD, identifying the subsidy and tenant portion of rent for each housing unit. Subsidy payment amounts will be adjusted to reflect changes in rent levels based on changes to County AMIs and level of SSI benefits.