



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Shola Olatoye  
Director, Housing and  
Community Development

**SUBJECT:** 2021 Homekey Recommendations

**DATE:** December 3, 2021

City Administrator Approval

Date: Dec 14, 2021

## **RECOMMENDATION**

### **Staff Recommends That The City Council Adopt A Resolution:**

- 1. Authorizing The City Administrator To Jointly Apply For, Accept, And Enter Into Standard Agreements As A Local Agency Partner For Funds In An Amount Not To Exceed \$120 Million From The California Department Of Housing And Community Development's Homekey Program;**
- 2. Allocating City Matching Funds In A Total Amount Not To Exceed \$9,000,000, And Authorizing Affordable Housing Development Grants From Homekey And City Matching Funds For The Following Homekey Projects: Kingdom Builders Transitional Housing (2317 International Boulevard), The Phoenix (801 Pine Street), Piedmont Place (55 Macarthur Boulevard), Coliseum Way (4801 Coliseum Way), 8400 Edes Avenue, And Bay Area Community Services (BACS) Project Reclamation; And**
- 3. Authorizing Homeless Housing, Assistance, And Prevention Program Grants In A Total Amount Not To Exceed \$10,000,000 To Provide Long-Term Operating Funds For The Piedmont Place And Coliseum Way Homekey Projects; And**
- 4. Waiving City Requirements For Local And Small Local Business Enterprise (L/SLBE) Program, Local Employment Program, And Oakland Apprenticeship Program.**

## **EXECUTIVE SUMMARY**

This agenda report presents the results of the City's 2021 Homekey Request for Proposals (RFP) process pertaining to affordable housing acquisition and development proposals for permanent homeless housing.

A brief summary of recommended Homekey proposals is provided in **Table 1** below, with recommended actions from this resolution. Staff recommend that the City co-apply to State Homekey prior to January 31, 2022 with the top scoring projects 1 through 4. The City has sufficient capital and operating funds to support these top four proposals, which if funded would result in a total of 132 new deeply affordable units and 76 beds of transitional housing (in 34 units) available for occupancy by Fall 2022.

City Council  
December 21, 2021

Staff also recommend that the City co-apply for State Homekey funds for projects 5 (Radisson) and 6 (BACS Project Reclamation), contingent on meeting two conditions. The first condition: the City would only co-apply if both projects secured non-City operating funds to cover the operating funding gaps, The second condition for co-application is for the BACS Project Reclamation team to identify and finalize a list of eligible properties, as well as clarify their tenant eligibility criteria.

**Table 1: Summary of Recommended Homekey Proposals**

Project Name	Address	Council District	Project Sponsors	Homeless Units	Target Population	Recommended Action
1. Kingdom Builders Transitional Housing Program	2317 International Blvd	5 - Gallo	Kingdom Builders Transitional Housing Program (Kingdom Builders Christian Fellowship)	34 transitional units (76 beds)	Homeless Youth, Formerly incarcerated homeless individuals	Co-apply to Homekey with no City funds required
2. The Phoenix	801 Pine St	3 - Fife	East Bay Asian Local Development Corporation (EBALDC) and Allied/ Abode	52 permanent units	Chronically Homeless	Co-apply to Homekey with no new City funds required
3. Piedmont Place	55 MacArthur Blvd	3 - Fife	MPI Homes and Bay Area Community Services (BACS)	44 permanent units	Chronically Homeless	Co-apply to Homekey with City capital and operating commitments
4. Coliseum Way	4801 Coliseum Way	5 - Gallo	Danco and Operation Dignity	36 permanent units	Chronically Homeless	Co-apply to Homekey with City capital and operating commitments
5. Radisson	8400 Edes Ave	7 - Reid	Shangri-La Industries, LLC and Step Up On Second Street Inc.	287 permanent units	Chronically Homeless	Co-apply to Homekey if non-City operating funds are secured
6. BACS Project Reclamation	TBD	TBD	Bay Area Community Services (BACS)	50 permanent units	Chronically Homeless	Co-apply to Homekey if non-City operating funds are secured and eligible properties are identified

State Homekey funding is a limited funding source that is being reviewed on an over-the-counter basis since the application opened on September 30, 2021. Securing City Council approval on Homekey applications as soon as possible will make the City more likely to secure Homekey awards, particularly the limited operating subsidy the State has made available, which

is needed to address the City's dire need for additional homeless housing. In particular, the City is seeking to apply to the State prior to its January 31, 2022 deadline to access a "timeliness boost" of \$10,000 per unit in Homekey subsidy for all of its applications.

## **BACKGROUND / LEGISLATIVE HISTORY**

### STATE HOMEKEY PROGRAM

On September 9, 2021, the California Department of Housing & Community Development (State HCD) issued a Notice of Funding Availability (NOFA) for the second round of its Homekey Program, making approximately \$1.45 billion in grant funding available to local public entities, including cities, counties, or other local public entities, to sustain and rapidly expand housing for persons experiencing homelessness or at-risk of homelessness, and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic.

Of the \$1.45 billion in Homekey grant funds, \$1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the Federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2), and \$250 million is derived from the State's General Fund. Per the State's funding requirements, CSFRF Homekey awards must be expended within eight months of the date of award, and the State's General Fund Homekey awards must be expended by June 30, 2026.

Homekey funds must be used to provide permanent or interim housing for individuals and families experiencing homelessness. The State has established a set-aside of funds for housing serving homeless youth and youth at risk of homelessness, as well as higher per unit subsidy limits for homeless youth and chronically homeless target populations.

Eligible Homekey uses may include:

- Acquisition with or without rehabilitation of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
- Master leasing of properties for non-congregate housing.
- Conversion of units from nonresidential to residential.
- New construction of dwelling units.
- The purchase of affordability covenants and restrictions for units.
- Relocation costs for individuals who are being displaced as a result of the Homekey project.
- Capitalized operating subsidies for units purchased, converted, constructed, or altered with funds awarded under the Homekey Round 2 NOFA for fiscal year (FY) 2021-22.

Homekey requires that projects requesting higher than base Homekey subsidy limits per unit must identify matching funds from sources outside of Homekey. The proposed match sources for Homekey projects include Measure KK and Excess Redevelopment Bond funds, described below in the Fiscal Impact section.

During the inaugural round of Homekey in 2020, the City of Oakland submitted four Homekey applications and secured four Homekey awards. Although one project fell through due to issues

outside of the City's control, three Oakland Homekey projects moved forward to closing: Clifton Hall in Council District 1, Inn at Temescal in District 3, and Project Reclamation in Districts 5 and 7. These three projects resulted in 162 deeply affordable and rapidly deployed units serving unhoused Oaklanders, with 20 of those units provided for the permanent home of the Family Matters Shelter at Clifton Hall. All referrals for the permanently affordable units come through Alameda County's Coordinated Entry System, with priority for Oaklanders coming out of Project Roomkey shelter-in-place hotels. As of December 2021, 2020 Homekey projects are approximately 70 percent occupied, with 98 percent of those units occupied by Black, Indigenous and People of Color (BIPOC) residents, advancing racial equity goals set forth by the City of Oakland. Black residents make up 80 percent of the City's 2020 Homekey units, directly addressing the disproportionate effects of homelessness on Black residents, as 70 percent of those who experience homelessness in Oakland are Black. Both Clifton Hall and Project Reclamation have been recognized for their innovative models, with Clifton Hall featured in a U.S. Department of Housing & Urban Development (HUD) best practices webinar, and Project Reclamation honored at Enterprise's 2021 Soiree by the Bay.

In anticipation of the 2021 Homekey Round, the City issued a Request for Qualifications (RFQ) on June 25, 2021 prior to the State's Homekey NOFA release. The City's intent with the RFQ was to establish a qualified pool of project sponsors who would then be prepared to expeditiously propose ready-to-go projects once the State's Homekey NOFA was released. Out of the RFQ, 29 teams qualified to the State Homekey minimum experience thresholds for Developer/Owner, Property Manager, and Service Provider roles. Once the 2021 State Homekey NOFA was issued on September 9, 2021, the City then issued its 2021 Homekey RFP on October 18, 2021, with guidelines and scoring directly reflecting the priorities and standards of the 2021 State Homekey NOFA.

Seven proposals were submitted to the City's Homekey RFP. All applications were reviewed for completeness and to determine whether the City's and Homekey's minimum standards for project and developer requirements had been met. The applications were then evaluated and ranked per prepared criteria outlined in the RFP solicitations. The point system directly mirrored the State's Homekey scoring. The City also awarded up to 60 additional points out of a maximum of 267 points for the following City priorities:

1. Little to no City subsidy requested
2. Executed purchase contract
3. Rents restricted below 30 percent area median income (AMI) rent limits
4. Full occupancy reached within eight months of award to secure the Homekey operating bonus.

Results of the RFP review are discussed in the next section.

## **ANALYSIS AND POLICY ALTERNATIVES**

The service-enriched housing that is acquired or produced through the Homekey program reaches the deepest levels of affordability by providing urgently needed housing for residents experiencing homelessness. Homekey projects provide **housing, economic, and cultural security** for their residents, and the stewardship of these Homekey projects by responsible and experienced sponsors are a direct investment in **holistic community safety** for their

communities. By mobilizing quickly to leverage any and all available resources to address our most urgent housing needs, Homekey projects also demonstrate the City's commitment to acting as a **responsive, trustworthy government**.

Of the seven proposals submitted to the City's Homekey RFP, four are recommended to immediately move forward to co-apply with the City for Homekey funding pending Council approval, and two are recommended to co-apply for Homekey funding *should* they secure sufficient non-City operating resources. The seventh proposal is not recommended to move forward at this time.

Summaries of each proposal are listed below, and **Attachment A** provides detailed information on all reviewed RFP projects, along with the scoring and funding breakdown.

**1. Kingdom Builders Transitional Housing Program** is recommended to co-apply with the City for Homekey funding. The BIPOC-led Kingdom Builders Transitional Housing Program has converted the former Mitchell Hotel into a transitional housing program to house formerly incarcerated homeless men and youth, following the model of similar transitional housing projects completed by this organization in Oakland. Homekey capital funds would pay off an acquisition loan from the July 2021 acquisition and proposed light remodel of a former single room occupancy (SRO) hotel that has been used as a transitional housing facility since 2017 in East Oakland, a neighborhood with one of the City's highest concentrations of formerly incarcerated persons. The program currently houses chronically homeless formerly incarcerated men and youth. Residents of the 34 Homekey transitional housing units, of which 24 are dedicated for chronically homeless and formerly incarcerated residents and 10 for homeless youth, will have no minimum income or rent requirements, and will receive supportive services that include: housing, food, case management, and job placement and housing placement assistance. The project has active contracts for the State Department of Corrections and Alameda County Probation Department to fully subsidize the housing operations, and therefore requires no capital or operating subsidy from the City.

**2. The Phoenix** is recommended to co-apply with the City for Homekey funding. The Phoenix is located in the West Oakland Prescott neighborhood and will be comprised of 101 total units, with 52 Homekey units targeting people who are chronically homeless and the remainder affordable to households earning no more than 50 percent of AMI. The Phoenix also will include a 7,000 square foot community building which will be home to a robust resident services program. The project is proposed to be constructed from Factory OS manufactured units that will be deployed in a more rapid fashion than is typically possible for new construction projects. The Phoenix is fully entitled, in the building permitting process, and is scheduled to be ready for occupancy at the end of 2022.

The Phoenix is an integral part of a 316-unit mixed-income, mixed-use master plan. The entire master-planned site is approximately 4.65 acres in size; the Phoenix affordable site is 0.90 acres of that total, and will be owned by the applicant team, East Bay Asian Local Development Corporation (EBALDC) and Allied Housing. The project site is currently vacant except for a concrete slab, with no structures or occupants. The master developer, Holliday Development, will construct the project and EBALDC/Allied Housing will acquire the completed building. The project has already secured City funding through the Housing & Community Development Department's (HCD's) 2020 New Construction NOFA that can be counted towards the Homekey match requirements. The project also has secured capital and operating funds through the

Housing for a Healthy California (HHC) Program funds, and has been invited to apply to the Oakland Housing Authority for Project-Based Section 8 vouchers for 25 percent of total units. As such, the project does not require additional City operating or capital funds for this Homekey application.

**3. Piedmont Place** is recommended to co-apply with the City to Homekey with capital and operating subsidy allocations. The acquisition of Piedmont Place using Homekey funds would convert a 45-room hotel into permanent housing for people who are chronically homeless. The property consists of two buildings, and of the 44 proposed affordable units, five units have full kitchens and all other remaining units are equipped with kitchenettes that contain a sink, microwave, and fridge. The property is located between the Uptown and Piedmont Avenue neighborhoods, with immediate access to these neighborhoods' food, transportation, parks, and medical resources. Sponsors Bay Area Community Services (BACS) and Memar Properties, Inc. (MPI) Homes are under contract to purchase the property by March 31, 2022. BACS will provide comprehensive, wrap-around supportive services on site. The property is in excellent condition, and project sponsors are eager to engage with the community in preparation for this project. Piedmont Place is requesting up to \$3,300,000 in City capital for acquisition and rehabilitation, and approximately \$4,400,000 in City operating funds to cover up to 15 years of operations. Staff anticipate that the capital request may adjust slightly depending on the Homekey application and underwriting process, with guidance from State Homekey. Therefore, staff have rounded up in the capital request to allow for such adjustments. Further, should their operating subsidy funding be available, the Oakland Housing Authority (OHA) may rely upon the City's RFP process to allocate operating funds towards top scoring Homekey projects, and potentially could provide operating funding that would lower the amount of City operating subsidy needed for this project. Staff recommend an allocation of approximately \$3,350,000 in City operating funds in the form of a capitalized operating reserve to sustain operations through Year 12.

**4. Coliseum Way** is recommended to co-apply with the City to Homekey with capital and operating subsidy allocations. Coliseum Way proposes to convert the existing Inn by the Coliseum into 36 units of permanent supportive housing and one manager's unit. All units would target people experiencing homelessness earning no more than 30 percent AMI, at least six units would target those who are chronically homeless. Sponsors Danco Communities and Operation Dignity intend to create a lounge area, community kitchen, office spaces for onsite supportive services and property management, as well as upgrades to the grounds including a dog walk and other landscaping. In addition, the existing industrial laundry room will be converted into a laundry area accessible for tenants to use free of charge. At least 12 of the larger units will be upgraded to include kitchenettes, with the potential for more. Coliseum Way is requesting \$4,200,000 in City capital and approximately \$8,500,000 in City operating funds to cover up to 15 years of operations. Similar to Piedmont Place, staff anticipate that these amounts may adjust pending State underwriting and guidance, and if OHA makes any operating resources available to Homekey projects. Staff recommend an allocation of approximately \$6,650,000 in City operating funds in the form of a capitalized operating reserve to sustain operations through Year 12.

**5. 8400 Edes Avenue** is recommended to co-apply with the City to Homekey contingent on securing approximately \$30,700,000 in operating subsidy allocations outside of the City's resources.

Shangri-La Industries, LLC (SLI) and Step Up on Second Street, Inc. (Step Up) will form a single asset entity partnership for the purpose of acquiring the Radisson Hotel near the Oakland Airport. Initially built in 1962, the 290-unit hotel includes 305 parking spaces and currently features queen, double queen, king, and suites layouts that will be converted into 287 permanent supportive housing units for people who are chronically homeless with incomes below 30 percent AMI. The renovation scope to take place over six months includes adding kitchenettes in each unit, access control points, and upgrades to finishes, mechanical, electrical, and plumbing system, accessibility compliance, and exterior landscape and hardscape upgrades. SLI is contributing its own equity to provide all required matching funds and gap funds needed for the acquisition and construction of the project, but is seeking approximately \$30,700,000 funds in operating subsidy. As this project scored fifth and its operating subsidy needs exceed the City's available resources, staff is seeking City Council approval to apply to Homekey only if the project secures these operating funds through private, philanthropic, or other non-City sources to reach feasibility for operations and service delivery. In addition, further discussion of the proposed services model, including appropriate services ratios, will be necessary before moving forward to Homekey application.

**6. BACS Project Reclamation** is recommended to co-apply with the City to Homekey contingent on a) securing approximately \$3,350,000 in operating subsidy allocations outside of the City's resources and b) finalizing a list of Homekey-eligible scattered site properties.

Similar to BACS' 2020 Project Reclamation proposal, BACS is proposing to acquire ten single-family homes to convert to deeply affordable shared housing for individuals exiting chronic homelessness. BACS will be the developer, owner, and operator of the program. Generating a projected 50 units (doors) of housing across 10 homes, this program is nimble and lean, comparatively, in terms of capital and operating cost needs. However, unlike last year, BACS has not yet provided a list of proposed addresses to include in the application, which is a requirement to apply to Homekey. BACS also needs to clarify their target population for these units and provide additional detail on the staffing and supportive services model.

Based on lessons learned from the 2020 model, this proposal seeks operating subsidy in order to reduce the rent to be affordable to tenants with Supplemental Security Income levels (approximately 11 percent AMI). The request of approximately \$3,500,000 operating subsidy exceeds the City's available resources; staff is seeking City Council approval to apply to Homekey only if the project secures these operating funds through private, philanthropic, or other non-City sources, and identifies the addresses to be included in the Homekey application.

**7. 36 Foot Coop** is not recommended for Homekey application at this time. Staff have determined that the project could not feasibly meet the Homekey deadlines for construction completion and occupancy in its current stage.

The 36 Foot Coop was created in January 2021 by volunteers with the Landless People's Alliance working with residents of the Alameda Ave./E. 8th St. (Home Depot) encampment to secure access to other land where people could create a co-governed community. The team began conversations with the City's surplus land team to use the 4 vacant parcels on Foothill Boulevard for emergency housing. However, the City's priority is to use the property for permanent affordable housing. The 36 Foot Coop team revised their project proposal accordingly for its Homekey submission. The team includes many stakeholders and partners, including the Bay Area Community Land Trust, Unity Council and an architecture class from the

University of San Francisco that has engaged unhoused volunteers through a community design process. The proposal includes 82 units for homeless residents using rapid modular construction. Based on staff's initial review with the Planning & Building Department, the design appears to be in early conceptual phase, and staff have flagged concerns with basic code compliance in the proposed unit configurations and sizes that suggest no clear path to permitted construction, even with the fastest City streamlining, that could meet the State's requirements of completing construction within 12 months of Homekey award.

Despite the challenges with meeting Homekey and City code requirements, this proposal brings a unique, community-based model that has the potential to result in a visionary pilot for resident-led housing solutions. Staff recommend that this team continue to work on their proposal to address team development and design capacity, to better shape the proposal to meet code and permitting requirements (e.g. minimum unit size standards and configurations), and refine budgets and schedules accordingly. With this additional work and more clarity on the roles and responsibilities of each organization involved on the project team, the project could apply to the next Homekey solicitation expected in Summer-Fall 2022, or the team could consider responding to City requests for proposals for City-owned sites outside of the Homekey program.

### ***Contract Compliance Waiver***

Standing-up new homeless housing projects are already challenging under standard affordable housing funding conditions, and the Homekey regulations add urgent deadlines for acquisition, construction, and occupancy. In the interest of streamlining as many City processes as possible for the fastest creation of homeless housing within State Homekey deadlines, staff recommend waiving any applicable Local and Small Local Business Enterprise (L/SLBE) Program, Local Employment Program, and Oakland Apprenticeship Program requirements.

### ***Alternatives***

As an alternative to the above recommendations, City Council could choose to not provide application approval for Radisson or BACS Project Reclamation projects and instead require staff to return for approval once projects have secured the necessary operating funds and BACS has identified the list of proposed Homekey sites.

While this approach would be a reasonable alternative, staff do not recommend withholding the approval to apply for Homekey funds, as the timeline of returning to Council for approval in January would likely result in missing the "timeliness boost" period that ends on January 31, 2022, costing projects \$10,000 per unit in additional Homekey subsidy.

### **FISCAL IMPACT**

If awarded Homekey funds, the City and project sponsors would execute a Standard Agreement with the State. The State would issue Homekey funds directly to the City, which the City then grants to project sponsors through a grant agreement that also includes any approved local funding. As with the 2020 Homekey round, the State is requiring that 2021 Homekey funds be issued as grants to project sponsors rather than the residual receipts loan structure that the City typically uses. The grants would be secured by deeds of trust and regulatory agreements recorded against the properties to enforce affordability, income, rent, and occupancy restrictions. The City's policy is to subordinate the City's deed of trust to other financing on a case-by-case basis, but not to subordinate the City's regulatory agreement to private financing.



As described in the section above and shown in **Attachment A**, two projects would require City capital and operating subsidy: Piedmont Place and Coliseum Way. The funding sources for those projects are described below:

**Measure KK (Funds 5331 & 5333).** Up to \$4,017,588 of Measure KK funds are recommended for allocation to the Piedmont Place and Coliseum Way Homekey projects.

In November 2016, Oakland voters passed Measure KK, the Affordable Housing and Infrastructure Bond Law, authorizing the City to issue \$600 million in general obligation bonds to fund various City infrastructure and affordable housing projects.

On November 29, 2016, the City Council adopted Ordinance No. 13403 C.M.S. enacting the City of Oakland Affordable Housing and Infrastructure Bond Law (Chapter 4.54, Article IV, Oakland Municipal Code). One hundred million (\$100,000,000) was set aside for development activity related to anti-displacement and affordable housing preservation where funds may be spent on the acquisition, rehabilitation, or new construction of affordable housing, as set forth in the Affordable Housing and Infrastructure Bond Law.

On June 19, 2017, the City Council adopted Resolution No. 86774 C.M.S. identifying the programs that are authorized for funding with proceeds from the first \$55 million tranche of Measure KK Bond funds.

Subsequently, on June 29, 2017 the City Council adopted Resolution No. 86814 C.M.S. allocating \$14 million for the Acquisition of Transitional Housing Facilities, along with several other program uses. Of the \$14 million, \$2,517,588 remains available.

Per Resolution No. 87981 C.M.S., the City is also authorized to include \$1,000,000 in Series 2020B-2 of Measure KK, Infrastructure and Housing Bond for the acquisition and/or rehabilitation costs of transitional housing facilities. When combined with the \$2,517,588 set-aside for Acquisition of Transitional Housing, Measure KK has \$3,517,588 available for permanent housing acquisitions for homeless individuals.

This resolution proposes to re-allocate \$500,000 from the Accessory Dwelling Unit (ADU) set-aside towards Homekey acquisitions and rehabilitations, resulting in a total of \$4,017,588 of Measure KK funds available for allocation to Homekey projects. Staff recommend that the ADU set-aside be reprogrammed for Homekey acquisitions and rehabilitations because the City has been awarded \$3 million in State CalHOME funding to create the intended ADU program, and the CalHOME rules are incompatible with the Measure KK rules. Specifically, CalHOME does not allow affordability restrictions on the ADUs, while Measure KK would require a 55-year regulatory term. Staff are earnestly working on program design and implementation of the new ADU program, which will focus on legalizing unsafe existing ADUs for low-income homeowners in opportunity zones.

**Excess Redevelopment Bond Funds (Funds 5611 and 5612).** This resolution and staff report recommend up to \$3,904,705 in Excess Redevelopment Bond Funds to be allocated to the Piedmont Place and Coliseum Way Homekey projects.

Per Assembly Bill 1484, the Oakland Redevelopment Successor Agency (ORSA) may spend "excess" bond proceeds (i.e. pre-2011 tax allocation bond proceeds). The spending must comply with bond covenants and be restricted to project areas for which the bonds were issued. But since affordable housing anywhere in the City of Oakland is a benefit to the Central District project area, these funds can be used outside of the project area. Excess proceeds include future excess bond proceeds or income received on bond-funded projects. This may include land sale proceeds, lease revenue, and loan principal and interest payments. In alignment with the Bond Spending Plan adopted by City Council on December 15, 2020 through Resolution No. 88459, up to \$3,904,705 will be made available from excess bond fund proceeds for Homekey and other affordable acquisition projects.

***HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) (Fund 2109)***

At this same December 21, 2021 meeting, staff are recommending that the City Council adopt a resolution accepting, appropriating, and allocating Oakland's \$11,325,941 of HOME Investment Partnership Program grant funds from the American Rescue Plan (ARP) Act. Eligible uses of HOME-ARP funds include affordable rental housing and acquisition and development of non-congregate shelter, which would apply to Homekey acquisitions and rehabilitations. Staff request that up to \$4,977,707 in HOME-ARP funds be made available for capital match for the Piedmont Place and Coliseum Way Homekey projects.

***Homeless Housing, Assistance and Prevention (HHAP) Grant (Fund 2159)***

At this same December 21, 2021 meeting, staff are recommending that City Council adopt a resolution accepting, appropriating, and allocating up to \$10,000,000 of HHAP grant funds to provide long-term operating funds for Homekey projects. Staff request that all \$10,000,000 of HHAP funds be made available for operating match and support for the Piedmont Place and Coliseum Way Homekey projects.

**PUBLIC OUTREACH / INTEREST**

Several public pre-application meetings were held in preparation for both the Homekey RFQ and Homekey RFP on July 15, 2021 and October 25, 2021. Notice of these sessions were sent to HCD's public email distribution list, shared with Councilmembers, and placed on the City's website. Pre-application Q&A meetings covered the application process, California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) requirements, as well as the City's employment and contracting programs. All were well attended, ranging from approximately 10 to 60 attendees for each meeting. In addition, staff presented the RFQ and RFP opportunities at East Bay Housing Organization (EBHO) monthly meetings in 2021 on July 28<sup>th</sup>, August 25<sup>th</sup>, September 22<sup>nd</sup>, and October 27<sup>th</sup>. Staff also issued direct emails to developer and service providers that work with Alameda County and the City. The City's Homekey page<sup>1</sup> served as the clearinghouse of Homekey information for the City, included an opportunity to sign up for email updates, served as the application portal for the RFQ and RFP. In addition, the City's Homekey page provided a mechanism for property owners to offer their properties for consideration to project teams.

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<sup>1</sup> <https://www.oaklandca.gov/topics/city-homekey>

## **COORDINATION**

As Homekey is a cross-agency effort, this report and legislation were prepared in coordination with many departments. HCD staff consulted with Planning and Building Department staff to coordinate CEQA determinations, planning and zoning conformity, and to identify possible barriers to development. The Office of the City Attorney was consulted to ensure legality of funding commitment resolutions. The Budget Bureau was consulted to confirm funding amounts. The Human Services Department identified homeless services funds to be used for operating support and reviewed proposed service plans for all proposals. The Economic and Workforce Development Department participated in review of proposals and was consulted with regards to use of Excess Bond Fund Proceeds.

The City has continued to seek out varied and creative sources of additional operating support for the production of extremely low-income housing. One partner, the Oakland Housing Authority (OHA), has a shared focus of providing permanent housing for extremely low-income and/or homeless families. While both agencies have bemoaned the lack of additional federal Section 8 rental subsidies to Oakland, Staff from both agencies have worked to creatively suggest that OHA commit VASH vouchers and direct operating subsidy to eligible Homekey projects. On December 6, 2021, the OHA Board of Commissioners voted to provide direct support to City Council approved eligible Homekey applicants. If inclined, project sponsors will be invited to apply directly to OHA via their competitive procurement process in early January 2022.

## **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The creation of affordable housing positively impacts the economics of a community by ensuring that unhoused residents and residents with lower incomes can attain economic stability and security, improved quality of life, and increased disposable income. Providing more affordable housing across the City through Homekey proposals will result in improved outcomes for Oakland's residents and neighborhoods.

***Environmental:*** The lack of housing options in Oakland worsens air pollution, as community members are forced to drive long distances to their jobs and other resources. Considerable evidence shows that households living near employment-dense areas and transit corridors have lower carbon footprints than those living in less dense areas further from transit. Affordable housing located near transit is particularly impactful, as low-income households are more likely not to own cars if they have access to quality transportation options. The City and the State's Homekey scoring boosts proposals that are near amenities, including proposals within a half mile of transportation stops.

***Race and Equity:*** No race and equity analysis was performed, but staff have identified the following race and equity indications. The 2019 Point-in-Time count (PIT count) shows that Oakland has the highest concentration of people experiencing homelessness in Alameda County. Recent systems modeling work in Alameda County, done in conjunction with technical assistance provided by the U.S. Department of Housing and Urban Development, used a racial equity framework to identify the needs of African Americans experiencing homelessness. Racial disparities were specifically identified in rates of entry into homelessness and rates of return to homelessness. Staff expect that COVID-19 has exacerbated this problem. Not surprisingly,

permanently deeply affordable housing was identified as one of the primary resources needed to end people's homelessness. Through the delivery of new homeless units under the Homekey program, HCD will create housing that is targeted for those who are unsheltered and with extremely low incomes. The Homekey program presents an incredible opportunity to address racial and economic inequity through rapidly delivering deeply affordable and permanent supportive housing units for Oakland's unhoused residents.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

Under CEQA, the City is required to review possible environmental impacts of all projects prior to a definitive commitment of funding, unless the project is exempt from CEQA review. The six projects recommended for funding awards have met this threshold, as follows:

The Phoenix: As approved through Resolution No. 88249 C.M.S., a detailed CEQA Analysis was prepared concluding the proposed development satisfies each of the following CEQA guidelines and, therefore, no further environmental analysis is required: (A) a project Consistent with a Community Plan (City of Oakland General Plan Land Use and Transportation Element (LUTE) Environmental Impact Report (EIR) (1998)) and Zoning (CEQA Guidelines Section 15183); (B) CEQA streamlining as a Qualified Infill Project (CEQA Guidelines 15183.3), (C) the 1998 LUTE EIR and the 2014 West Oakland Specific Plan (WOSP) EIRs apply and thus no further environmental analysis is required (CEQA Guidelines Section 15168), and (D) The City finds the CEQA analysis constitutes an Addendum to the 2014 WOSP EIR (CEQA Guidelines Section 15164).

For all other recommended projects – Kingdom Builders Transitional Housing, Piedmont Place, Coliseum Way, 8400 Edes Ave, and BACS Project Reclamation – the acquisition of existing facilities are exempt from CEQA pursuant to Health and Safety Code section 50675.1.2.4. This statute exempts projects using Homekey grant funds from CEQA review and satisfying the specified conditions as well as CEQA Guidelines 15301 (existing facilities) and 15326 (acquisition of housing). The City will file a notice of exemption with the Office of the Alameda County Recorder.

### **NATIONAL ENVIRONMENTAL PROTECTION ACT (NEPA)**

For any projects receiving federal funds, execution of grant documents or other documents legally committing the City to fund the projects shall be expressly conditioned on compliance with the requirements of NEPA, as certified by the City Administrator.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt a resolution

1. Authorizing the City Administrator to jointly apply for, accept, and enter into standard agreements as a local agency partner for, funds in an amount not to exceed \$120 million from the California Department of Housing and Community Development's Homekey Program;
2. Allocating City matching funds in a total amount not to exceed \$9,000,000, and authorizing affordable housing development grants from Homekey and City matching funds for the following Homekey projects: Kingdom Builders Transitional Housing (2317 International Boulevard), The Phoenix (801 Pine Street), Piedmont Place (55 Macarthur Boulevard), Coliseum Way (4801 Coliseum Way), 8400 Edes Avenue, and Bay Area Community Services (BACS) Project Reclamation; and
3. Authorizing Homeless Housing, Assistance, and Prevention program grants in a total amount not to exceed \$10,000,000 to provide long-term operating funds for the Piedmont Place and Coliseum Way Homekey projects; and
4. Waiving City requirements for Local and Small Local Business Enterprise (L/SLBE) Program, Local Employment Program, and Oakland Apprenticeship Program.

For questions regarding this report, please contact Christina Mun, Acting Deputy Director, HCD, at 510-238-3360.

Respectfully submitted,

*Shola Olatoye*

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SHOLA OLATOYE  
Director, Housing and Community Development  
Department

Prepared by:  
Christina Mun  
Acting Deputy Director, Housing and  
Community Development Department

Attachments (1)

A: Summary of Homekey RFP Proposals