

CITY OF OAKLAND
COUNCIL AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Director of Housing and Community Development
DATE: December 14, 2004

RE: REPORT REGARDING (1) THE EVALUATION OF YEAR 2003-2004 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS (2) REVIEW OF OAKLAND'S CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER) FOR COMMUNITY DEVELOPMENT BLOCK GRANT, HOME, HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS AND EMERGENCY SHELTER GRANT PROGRAMS PERFORMANCE FOR THE YEAR 2003-2004 and (3) RESOLUTION ALLOCATING AN ESTIMATED AWARD OF \$10,023,000 OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR FY 2005-2006 BETWEEN THE CATEGORIES OF HOUSING, ECONOMIC DEVELOPMENT, NEIGHBORHOOD PROGRAMS AND ADMINISTRATION AND ALLOCATING AN ESTIMATED \$1,800,000 IN PROGRAM INCOME TO HOUSING AND ECONOMIC DEVELOPMENT ACTIVITIES.

SUMMARY

This report transmits to the City Council the evaluation report of the 2003-04 Community Development Block Grant (CDBG) activities, written by Gibson and Associates, and the Consolidated Annual Performance and Evaluation Report (CAPER) required by the Department of Housing and Urban Development (HUD). This report also contains the Mayor/City Administrator's recommendation of the percentage allocation among eligible CDBG activities for the FY 2005-06-program year.

The evaluation report discusses the impact of programs funded with CDBG and includes a number of findings and recommendations to further enhance the CDBG programs and the future evaluation thereof. Exhibit A is a copy of the Executive Summary of the Evaluation Report conducted by Gibson and Associates. The full Evaluation Report is available on our website (www.oaklandnet.com/government/hcd) and copies are available for pick-up from Community and Economic Development Agency (CEDA).

The CAPER was submitted to HUD in November to comply with reporting requirements. That report also contains a description of the activities completed with grant funds during FY 2003-04. Exhibit B is a copy of The Narrative Regarding Annual Performance and The Housing and Homelessness Goals & Accomplishments of the CAPER. The full CAPER Report is available on our website and copies are available for pick-up from CEDA.

This report also recommends the allocation of CDBG funds, including program income, among program activities as provided for in the process noted here. The following proportional allocation, based on preliminary estimates from HUD of the CDBG Grant allocation for FY 2005-06, is recommended as follows:

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Housing	38%	\$3,808,740
Economic Development	25%	\$2,505,750
Neighborhood Programs	22%	\$2,205,060
Administration	15%	\$1,503,450

In addition to this allocation, \$1,800,000 in program income is anticipated to be generated from repayment of housing rehabilitation loans. Of this amount, it is recommended that 80% be allocated to housing activities and 20% to economic development activities.

FISCAL IMPACT

By adopting the allocation of funds as noted, the City Council will determine the proportional allocation of funds for the 2005-06 fiscal year and the activities eligible for funding.

In addition to allocating the new grant funds, the City Administrator is recommending that the City Council act now to allocate program income. Inclusion of the allocation now will provide the CDBG review process with a more accurate estimate of funding available for programs.

The \$1,800,000 in program income is almost entirely derived from residential rehabilitation loan repayments. A small amount comes from servicing fees for loans. The amount is an estimate of what we expect to collect during the next fiscal year. If the amount is lower than estimated, the budgets for housing and economic development programs will be reduced.

BACKGROUND

Each year, the City of Oakland receives federal grant funds under the Community Development Block Grant (CDBG) program and other programs. In June 2000 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. During the next fiscal year staff will hold meetings for input and discussions for the five (5) year Consolidated Plan for the period of July 1, 2005 through June 30, 2010, required by the U.S. Department of Housing and Urban Development (HUD). In addition, each year, the City prepares an annual action plan prior to the program year, and an annual performance report at the end of the program year. The City has also adopted a citizen participation plan describing the process for involving low and moderate income persons in the development of these plans.

The Community Development District Boards continue to be the core of the citizen participation process. The District Boards will receive the staff analysis of projects proposed for funding and, with general citizen input, make recommendations to the Mayor/City Administrator. The

District Boards and the City Council will have the benefit of the evaluations conducted when making decisions. As required by HUD, the City Council will hold two public hearings – one to review program performance and assess community needs (tentatively December 21, 2004), and one to review proposed program allocations and obtain additional public input on the proposed annual action plan. Final City Council approval of the annual action plan and proposed allocations of funds for FY 2005-06 can occur at the second public hearing, to be held in May 2005.

The City Council has also mandated that programs funded by CDBG funds be evaluated for efficiency and effectiveness. For the past four years, these evaluations have been performed by an outside consultant, Gibson and Associates.

KEY ISSUES AND IMPACTS

The City's Consolidated Plan identifies substantial unmet needs for affordable housing, services for homeless families and individuals, economic development, public services, and neighborhood facilities. The City uses federal grant funds to address these needs. However, these funds continue to be inadequate to address more than a fraction of the total needs. As a result, the annual Consolidated Plan process is used to set priorities among competing needs.

The Community Development Block Grant Program was restructured by the City Council in 2000. At that time, the Citizen Participation Plan was amended and a new structure for the District Councils was implemented. The City Council expressed particular concern about the efficiency and effectiveness of CDBG-funded programs, and directed staff to conduct annual program evaluations to ensure that scarce federal grant resources were being used to their maximum advantage.

PROGRAM DESCRIPTION

I. Status of Community Development District Boards

There are still seven CD District Boards with 15 members each. Some boards do not have a full complement of board members. Selection of the Chairperson and Vice-Chairperson is by appointment of the City Council member or through an election. Since the term limits of the board members are now two (2) years, a general election for new Board members was not needed this year. The boards received orientation, training, and results of the FY 03-04 evaluations, in preparation for making recommendations

II. Seventeen Member Citizen Advisory Committee (CAC)

The Citizen Advisory Committee (CAC) role is to recommend to the City Administrator which programs to fund from the CDBG Program. CAC recommendations will be made during the month of April 2005. Each Council Member appoints two representatives to the seventeen member Citizen Advisory Committee, with the exception of the President who appoints three

III. Evaluations

The City contracted with the Oakland-based consulting firm of Gibson & Associates to conduct evaluations of 25 programs assisted with CDBG funds in FY 2003-04. These programs were those that had the highest funding levels, histories of unresolved issues or were newly funded in 2003-04. Attached is a copy of the Executive Summary of the evaluation report. Copies of the completed document are available for review in the offices of CEDA and the City Clerk and on the city's website. Every elected member of the seven CD District Boards has received a copy of the complete evaluation.

The scope of services for this evaluation includes:

1. An assessment of 25 programs funded through the 2003-04 Community Development Grant Program (CDBG). The evaluations for 2003-04 included an improved, deeper scope of evaluation by increasing the level of field research, client interviews and program observation;
2. An update on the implementation of recommendations made in prior year's evaluations.

The report provides evaluations of specific programs carried out by the City and non-profit agencies and findings and recommendations regarding potential enhancements to the CDBG programs and the evaluation processes. In this year's evaluation, Gibson & Associates provides greater detail in the reports of each program's evaluation and presents the information in a variety of formats to make the report findings more reader friendly.

The evaluation provides thirty-seven General Findings; in the table below are those that are most significant. The evaluation also provides five recommendations, which are also included in the table, along with a response from staff.

Findings
1. The City-operated housing programs have improved their operations since our evaluations began in the 1999-2000 program year. In every case, the key has been increased focus on quantified and measurable objectives.
4. The Home Maintenance and Improvement Program, CDBG's largest program, exceeded its objectives for loan applications, but is experiencing growing delays related to new federal requirements.
7. The City's Vacant Housing Program to address abandoned or neglected vacant properties improved its performance in 2003-04, but two initiatives are still struggling and the Community Land Trust closed.
9. Budget and staff reductions adversely affected the Neighborhood Commercial Revitalization (NCR) program's performance, leaving it short of its goals for façade improvement projects and reducing support to merchant associations.
12. The Neighborhood Commercial Revitalization program met most of its objectives, despite the staff reductions. The greatest exception was the Façade Improvement Program, the largest single CDBG-funded effort of NCR, which completed 25 projects, short of its goal of 40 projects.
19. Companies borrowing through two of OBDC's loan programs are consistently exceeding overall the federal requirement for the number of jobs created or retained. A total of 21 jobs has been created in these programs compared to the 16 required.
27. All public service programs demonstrated positive impact on clients an document specific measurable

<i>accomplishments with their clients.</i>
28. Many agencies exceeded service delivery targets and scored highly on client satisfaction measures.
35. Additional progress this year has been made by CEDA in adopting a two-year contracting cycle, which will ameliorate some of the difficulties experienced because of long delays in the contracting process.
36. CEDA has successfully adopted a system of using Memoranda of Understanding with City agencies in 2003-04 for the first time.

Recommendations
1. CEDA should continue to be flexible, balancing the goals of developing affordable housing, eliminating blight and returning blighted properties to the tax rolls. Response: CEDA will continue to develop affordable housing, eliminate blight by allocating funds to continue this effort.
2. NCR staff should continue to work with the Redevelopment Agency to deliver services to the merchant associations and to ensure that the Façade Improvement Program meets its target in 2004-05. Response: NCR staff is currently working with the Redevelopment Agency to see how the Agency may assist in meeting the goal of providing services to merchant associations and façade improvement projects.
3. All agencies should design and implement mechanisms to document the impact their services have on clients. Response: CDBG staff will work with Gibson and Associates to develop a tool for agencies to use to document the impact their services have on clients.
4. OBDC and other City economic development entities, such as NCR and Business Development, should be strongly encouraged to coordinate their efforts.. Response: Coordination efforts between OBDC and City economic development were augmented in the beginning of FY 04-05.
5. CEDA staff should meet with Oakland Fund for Children and Youth (OCYF) to contrast and compare the steps being taken in the contracting process. Response: CEDA staff will contact OCYF staff to discuss the contracting process.

IV. The Consolidated Annual Performance and Evaluation Report (CAPER)

The Consolidated Annual Performance and Evaluation Report provides information on accomplishments in the City of Oakland, for the program year July 1, 2003 through June 30, 2004, in meeting goals 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. Exhibit B is a copy of The Narrative Regarding Annual Performance section of the CAPER.

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 published June 27, 2000. Specific information regarding investments and expenditures during the year, as well as specific accomplishments for individuals, is contained in the HUD Integrated Disbursement Information System (IDIS).

Housing and Homelessness

The Five Year Consolidated Plan established priorities and goals for addressing issues of affordable housing and homelessness.

For the period July 1, 2003 through June 30, 2004, the City's housing programs achieved the following accomplishments.

Preservation Expansion of the Supply of Affordable Housing

- 142 units of rental housing for families were completed, and 465 were underway.
- 2 units of new ownership housing were completed, and 219 were underway.
- 105 existing affordable units were preserved and renovated, and 130 units were underway.
- 83 units of public housing were rebuilt, and 80 units are underway.

Five-year goals for preservation and expansion of the supply of affordable housing will be exceeded.

Assistance to First-Time Homebuyers

- 53 first-time homebuyers were assisted with the purchase of existing homes.

Five year goals for homebuyer assistance will not be met, primarily because rapid increases in sales prices required an increase in maximum loan amounts starting two years ago, which has reduced the number of households that can be assisted.

Housing Rehabilitation and Neighborhood Improvement

- Rehabilitation work was completed on 46 owner-occupied homes, and 25 were underway.
- Minor and emergency repairs were completed on 196 properties.
- 14 units completed work to abate lead-based paint hazards.

Five year goals for rehabilitation of owner occupied homes and for exterior painting of owner occupied homes will not be met, due to increased costs (especially as a result of costly new federal requirements for abatement of lead paint hazards), and because anticipated funding sources did not prove feasible. Five-year goals for minor and emergency rehabilitation are likely to be met.

Exhibit B also provides a table with details showing goals and accomplishments for FY 2003-04, and the five-year goals and cumulative accomplishments to date.

Economic Development

Economic development accomplishments for FY 2003-04 include the following:

- The National Development Council assisted in the structuring and approval of development of complex financing structures for approximately 8 projects.
- Business Development assisted 201 businesses to remain in Oakland, retained 7,547 jobs in Oakland, attracted 18 new businesses and created 887 jobs, many of which benefited low and moderated income residents and neighborhoods.
- The Neighborhood Commercial Revitalization (NCR) Program completed 25 façade improvement projects, provided information to 125 businesses, provided assistance to 15 merchant associations, implemented 6 streetscape improvement projects in East Oakland, maintained baseline data for 7 NCR areas. Assisted in the establishment of one (1) new BID in Temescal and reauthorization of four (4) existing BIDs in Rockridge, Montclair, Lakeshore/Lake Park BID and Fruitvale.
- The Oakland Business Development Corporation (OBDC) was successful in marketing the City loan programs and underwrote one (1) EEC loan, three (3) EDA loans, as well as, NEDF and Micro loans.
- The Oakland Small Business Growth Center provided technical assistance and business services to micro-enterprise businesses and provided ten (10) Brown Bag Sessions.

Public Services and Infrastructure (Neighborhood Improvements)

(A) Public Services

CDBG funds were used for 30 programs operated by 25 private, nonprofit agencies (“subrecipients”) that serve low- and moderate-income persons in the seven Community Development Districts of Oakland. In addition, 7 City-administered programs were funded. The activities are in the categories identified in the Strategic Plan for Non-Housing Community Development Needs contained in the Consolidated Plan for July 1, 2000 to June 30, 2005. The number of programs by category is as follows:

Domestic Violence Intervention	2
Employment Education and Job Training	3
Homeless Food Services	4
Senior Services	7
Social Services	4
Substance Abuse Intervention and Prevention	1
Youth Services	15

(B) Infrastructure (Neighborhood Improvements)

Consistent with the Five-year Strategy to meet the needs of low- and moderate-income Oakland residents, funds from the FY03-04 grant were allocated for one (1) private, nonprofit agency to assist with the acquisition and renovation of a residential shelter that serves homeless persons and persons with HIV/AIDS.

V. Request for Proposals (RFP) for FY 2005-07 Funds

The City's Request for Proposals for CDBG funding for FY 2005-07 was available during the week of August 14, 2004. The CDBG Office did a mailing of over 800 applications to individuals and/or organizations from the mailing list that is currently on file. This mailing list includes individuals and/or organizations previously requesting information from the CDBG Office, individuals who are currently serving on CDBG Boards for each District, all providers who are currently receiving CDBG Funding and Councilmembers and aides. The CDBG Application was available on the City of Oakland Website for anyone to download and complete. Also, there was an advertisement in the Oakland Tribune announcing the availability of the CDBG Application. This advertisement included all the information on how to obtain an application via the City of Oakland Website or to call the CDBG Office and request a copy.

VI. Proposed Allocation of FY 2005-06 Funds By Program Category

The Department of Housing and Urban Development (HUD) has not yet notified the City of Oakland of its 2005-06 entitlement amount; however, we do have a preliminary estimate amount of \$10,023,000. Staff recommends the proportional allocation of CDBG funds using the same percentages used for the FY 2004-05 allocations, with the provision that actual dollar amounts in each category may change once HUD confirms the City's 2005-06 entitlement.

Program Area	FY 2004-05		FY 2005-06	
	Percent	Amount	Percent	Amount
Housing Programs	38%	\$3,816,340	38%	\$3,808,740
Economic Development	25%	\$2,510,750	25%	\$2,505,750
Public Service/Infrastructure	22%	\$2,263,010	22%	\$2,205,060
Administration	15%	\$1,515,900	15%	\$1,503,450
Total	100%	\$10,106,000	100%	\$10,023,000

In addition to this allocation, \$1,800,000 in program income is anticipated to be generated from repayment of housing rehabilitation loans. Of this amount, it is recommended that 80% be allocated to housing activities and 20% to economic development activities.

There are a number of guiding principles around priorities for awarding CDBG funds. Each proposal submitted will receive a screening to determine that it is complete, to ensure compliance with federal eligibility regulations, to determine the reasonableness of cost and to ensure that each proposal addresses a City Council established priority need.

SUSTAINABLE OPPORTUNITIES

Economic: As noted in this report, a significant portion of CDBG funds is used to promote economic development, employment, public facilities and infrastructure for the benefit of low and moderate income communities.

Environment: Many activities funded by federal housing and community development grants address such issues as removal of blight, and abatement of environmental hazards such as lead-based paint and other building conditions. Housing rehabilitation and new construction programs encourage contractors to use green building techniques, including energy-efficient design, use of recycled building materials, and water-conserving fixtures and landscaping.

Social Equity: By definition, these programs are targeted to improving conditions for low and moderate income communities.

DISABILITY AND SENIOR CITIZEN ACCESS

Many of the grants and loans funded by federal housing and community development grant funds are used to provide housing, facilities and services for senior citizens and persons with disabilities. All new housing constructed with federal funds must provide accessibility features for persons with disabilities.

RECOMMENDATION

Based on the analysis in the 2000 Consolidated Plan and the above information, staff recommends that FY 2005-06 CDBG funds be allocated in similar proportions that were used for the FY 2004-05 programs, as follows:

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Housing	38%	\$3,808,740
Economic Development	25%	\$2,505,750
Neighborhood Programs	22%	\$2,205,060
Administration	15%	\$1,503,450

It is further recommended that from the estimated program income of \$1,800,000, 80% is allocated to housing activities and 20% to economic development activities.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council accept this report and approve the attached resolution providing allocations among program categories for fiscal year 2005-06 based on the preliminary estimate from HUD of \$10,023,000 and for the allocation of an estimated \$1,800,000 in program income.

Respectfully Submitted,



DAN VANDERPRIEM

Director of Redevelopment, Economic Development
and Housing

Reviewed by:

Janet M. Howley, Interim Director
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Prepared by:

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Attachments

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE


Office of the City Administrator

Executive Summary

Oakland allocated \$10,106,00 through the Community Development Block Grant (CDBG) program for fiscal year 2003–04, which combines with program income of \$1,800,000 for a total of \$11,906,000.¹ This represents a lower funding amount than last year's CDBG allotment, which was \$12.5 million. The overall goals of this federal program are to:

- ✦ Benefit people with low- and moderate-incomes
- ✦ Aid in the prevention or elimination of slums or blight, and
- ✦ Meet community development needs having particular urgency

Within those parameters, communities have wide latitude to tailor programs to address local conditions and needs. Accounting for \$5,247,783 or 44% of the grant, Oakland's first priority was housing, including the development of affordable housing, rehabilitation of housing, rental assistance for low-income families, housing for seniors and other people with special needs, the prevention and reduction of homelessness, landlord-tenant mediation, and fair housing enforcement. Economic development programs, such as technical assistance to young businesses, façade improvement, and public benefit commercial loans to support business expansion and job creation and retention comprised \$2,824,597 or 24% of the funds. Neighborhood/public service programs including anti-crime, employment training, hunger relief, senior services, substance abuse services, youth services totaled \$2,317,720 or 19%. The remaining \$1,515,900, or 13% of CDBG funds were spent on program planning and coordination (administration). To deliver CDBG projects, Oakland contracted with community-based organizations and also funded City programs operated by Community and Economic Development Agency (CEDA) and other city agencies such as Oakland Parks and Recreation and Public Works.

As it has since 1999, Oakland selected Gibson & Associates (G&A) to evaluate the CDBG program comprehensively. This year CEDA and the City Council requested that G&A focus evaluation resources on a targeted selection of programs from each of the sectors. The evaluation reflects the performance of 23 of the 60 (38%) of the number of CDBG programs funded for 2003–04. These programs, however, comprise 66% of this year's CDBG total funding.

As we have in the past, for each program, we answered five questions developed by the City Council and CEDA.

- ✦ Did the project maintain and report data adequate to evaluate their goals and objectives?
- ✦ Did the project deliver services as described in the goals and objectives?
- ✦ Did the clients benefit from services?
- ✦ Did the community benefit from services?
- ✦ How does the project leverage its fiscal resources?

In preparing answers to these questions, G&A evaluators met with program managers, usually on multiple occasions and observed the programs in operation. Evaluators attended sessions with clients, workshops and seminars as well as events in the community that the programs organized or in which they were presenters or major participants. Evaluators also reviewed CDBG contracts, scopes of services, program data and files, and results of agency conducted client satisfaction surveys. Additionally, wherever possible we conducted direct interviews with clients to obtain an independent assessment of satisfaction.

INDIVIDUAL PROGRAM SUMMARIES

The individual program evaluations contain detailed descriptions of each program, their operations and performances against objectives established in their contracts with the City, and specific recommendations for improvement. Although we have attempted to capture the most critical issues for this general overview, readers wishing to understand any program in depth should review the individual report contained in Appendix A.

Most projects delivered services as proposed and adequately documented their service activities. The table below is an “at a glance” assessment of the degree to which a program has met its goals and objectives and achieved measurable client and community impact. Agency services range widely in their mission and activities and direct comparisons among most of them are frequently misleading. The comparisons in the table are between the agency's performance and its own objectives.

Program	CDBG Funds	Data Reported	Services Delivered	Client Benefit	Community Benefit	Fiscal Resources Leveraged
CEDA - Rehabilitation Loan Program	\$3,535,602	Yes	Yes	Yes	Yes	Yes
CEDA - Vacant Housing Program	\$216,181	Partially	Partially	Partially	Partially	No
Lead Safe Housing Paint Program	\$225,000	Partially	Partially	Yes	Yes	No
Oakland Small Business Growth Center	\$115,000	No	Cannot be determined	Partially	Partially	No
Oakland Business Development Corporation	\$315,000	Yes	Partially	Yes	Yes	Yes
Neighborhood Commercial Revitalization	\$1,983,794	Partially	Partially	Yes	Yes	Yes
Commercial Loan Program (formerly One Stop Capital Shop)	\$285,848	N/A	Undergoing Restructuring	N/A	N/A	N/A
BACS Meals on Wheels	\$150,880	Yes	Yes	Yes	Yes	Yes
Boys & Girls Club	\$43,180	Partially	Yes	Partially	Partially	Yes
Camp Fire Boys & Girls	\$59,600	Yes	Yes	Yes	Yes	Yes

Program	CDBG Funds	Data Reported	Services Delivered	Client Benefit	Community Benefit	Fiscal Resources Leveraged
East Bay Central American Refugee Committee	\$48,000	Yes	Yes	Yes	Yes	Yes
East Bay Conservation Corps	\$60,000	Partially	Partially	Partially	Partially	Yes
Elmhurst Food Pantry	\$50,000	Partially	Cannot be determined	Partially	Partially	No
Ethiopian Community & Cultural Center	\$20,716	Partially	Partially	Partially	Yes	Partially
First Place Fund For Youth	\$76,202	Yes	Yes	Yes	Yes	Yes
Fred Finch Youth Center	\$45,000	Yes	Yes	Yes	Yes	Yes
Grandparents and Relatives as Second Parent	\$50,487	Partially	Yes	Yes	Yes	Partially
LifeLong Medical Center	\$40,000	Yes	Yes	Yes	Yes	Yes
Oakland Asian Students Education Services	\$20,000	Partially	Yes	Yes	Yes	Yes
OCCUR Community Connector Project	\$75,000	Partially	Yes	Partially	Partially	Partially
Project Reconnect	\$125,000	Yes	Yes	Yes	Yes	Yes
Project SEED	\$260,000	Yes	Yes	Yes	Yes	Yes
St. Mary's Senior Homeless Program	\$54,000	Yes	Yes	Yes	Yes	Yes

HOUSING PROGRAMS

Three City-operated housing programs constitute this section of the 2003–04 evaluation. The Home Maintenance and Improvement Program (HMIP), the single largest CDBG program at \$3.5 million, and the Lead Safe Hazard Paint Program assist low-income, primarily senior residents to rehabilitate unsafe conditions in their home. The Vacant Housing Program attempts through a variety of approaches to return

some of the most difficult vacant properties in the City to productive use.

These City-operated housing programs have improved their operations since our evaluations began in the 1999–2000 program year. In every case, the key has been increased focus on quantified and measurable objectives.

The rehabilitation programs completed work on 72 units of housing. HMIP exceeded its objectives for loan applications and comple-

tions, but is experiencing growing delays related to new federal requirements for lead inspections. The Lead Safe Housing Paint Program fell short of its objective to paint 20 homes, completing 14.

We recommend that HMIP take additional steps, including telephone interviews, to obtain timely client satisfaction reports on these rehabilitation projects and to monitor the construction work more closely. The Lead Safe Housing Paint program should prepare its packages of homes for bid to licensed lead-safe paint contractors earlier to ensure that it meets its production goals and should collect client satisfaction data.

The Vacant Housing Program improved its performance, contributing to the improvement of 44 properties, but two initiatives still struggled and the Community Land Trust closed because it could not raise necessary funding. The 44 improved properties fell short of the program's goal of 75. Half of the 44 were particularly difficult properties transferred to a developer after years of negotiation.

The Receivership Program (of the Vacant Housing Program) seeks court permission to address blight that property owners have failed to remediate. This program is experiencing serious administrative delays and only three of 80 properties have entered the active receivership program since January 2003. Another component of the Vacant Housing Program, Vacant Housing Acquisition and Rehabilitation Program (V-HARP), which has more than \$2 million in "gap" financing to lend to generate progress on projects, made only one loan compared to the goal of 20. This is the second consecutive year the program has significantly underperformed. The Community Land Trust component of

Vacant Housing Program, which had received \$5 million for the Redevelopment Agency in 2001 for affordable housing (and considerable CEDA staff support since then), closed in February 2004 when it could not raise its operational funding from foundations. All but \$50,000 was returned to the Redevelopment Agency.

We recommend that CEDA reassess the viability of its gap financing and private sector financing efforts before investing more time and money in these components of the Vacant Housing Program. The incentives offered do not appear sufficient to achieve the objectives. CEDA and the City Attorney should give higher priority to the Receivership Program because the delays are limiting its effectiveness. The progress in transferring properties to developers was largely due to allowing a combination of affordable and market rate housing, and demonstrated the increased flexibility we recommended last year to make progress on these challenging vacant lots.

ECONOMIC DEVELOPMENT PROGRAMS

This year's evaluation covered three programs with different approaches to the encouragement of economic growth: CEDA's Neighborhood Commercial Revitalization (\$1,579,700); Oakland Business Development Corporation (\$315,000); and the Oakland Small Business Growth Center (\$175,000). We also provide an update on CEDA's efforts to restructure the public benefit commercial lending program formerly operated through One Stop Capital Shop (OSCS). OSCS is being phased out and except for collection and restructuring activities related to earlier loans, did not operate this year.

Neighborhood Commercial Revitalization (NCR) works through strategic alliances with small business, property owners, and community organizations to provide a catalyst that spurs and enables private sector efforts where economic performance has been weak or deteriorating. Budget and staff reductions adversely affected NCR's program performance, leaving it short of its goals for façade improvement projects and reducing support to merchant associations. The program did, however, meet most of its other objectives that included completing three streetscapes and assisting Business Improvement Districts with renewal and start-up efforts. Although NCR completed only 25 of the 40 façade improvement projects in its objectives, it is piloting a program in partnership with the Redevelopment Agency that will reduce the level of *matching funding a business must provide, if located in an especially distressed area.*

We recommend that NCR continue to work with the Redevelopment Agency, which is assuming shared responsibility for the Façade Improvement Program, to ensure that targets are met and that merchant associations are supported. The Council and CEDA should also be *mindful of equity issues between the stronger and weaker of the City's commercial districts.* G&A issues a cautionary note about *suspending revitalization efforts* because of lost momentum associated with restarting projects and loss of confidence on the part of merchants.

Oakland Business Development Corporation (OBDC) provides direct lending in Oakland's *economic development districts to small business owners who lack access to traditional capital markets.* OBDC offers several loan programs, each targeting a different size and type of business owner or a specific economi-

cally distressed area of the City. OBDC funded 49 new loans for \$1.1 million in 2003–04, but fell short of meeting its loan objectives established for each of the individual loan programs, despite substantially exceeding its marketing objectives. Though the agency made a targeted effort through the Enhanced Enterprise Community (EEC) despite a targeted effort.

G&A recommends that the City and OBDC reexamine the EEC program. The primary source of loan funds does not appear to be viable for small business loans and the federal statutorily required approval process is burdensome. Moreover, a huge prepayment penalty further reduces the appeal to business. Under a CEDA proposal, OBDC would assume responsibility for public benefit commercial lending programs from the City with a limit of \$249,500 per loan. One Stop Capital Shop within CEDA had previously operated these programs. The proposal incorporates a number of recommended effective practices that G&A and the National Development Council identified in a report to the City last year. This restructuring requires a long-term commitment to operate a program and invest in capacity building for OBDC.

The Oakland Small Business Growth Center (OSBGC) provides relatively low-cost office space, entrepreneurial training, and technical assistance to small businesses that are growing, but are not yet strong enough to survive independently. The Center's purpose is to enable these firms to become self-sustaining within two or three years, leave the incubator, and provide jobs and economic growth in Oakland. OSBGC is experiencing a significant financial crisis and its staff resigned in July 2004 after the close of this program year. While still housing 21 small companies

that employ over 200 people and generated nearly \$8 million in sales through the first half of the program year, OSBGC is delinquent in its rent by more than a year and owes approximately \$350,000. Detailed findings and recommendations appear in the individual project report in Appendix A, but clearly it must take rapid action to reduce costs and balance them with revenues. OBDC should conduct an audit, which has not occurred for several years and the board should exercise its oversight role much more diligently. A fundraising plan is being developed and is obviously essential to its continued existence. The Board and the City share obligations to these emerging companies and must communicate often and openly with them as the situation evolves.

PUBLIC SERVICE PROGRAMS

Gibson and Associates evaluated fifteen programs focused on Hunger Relief, Seniors, Social Services, and Youth. Individual program evaluations reports are in Appendix A. Although the programs evaluated delivered a wide range of types of services to clients with different needs G&A drew some themes from these assessments.

Every agency evaluated demonstrated that they had positive impact on their clients by meeting their service targets or having received positive feedback from the client satisfaction survey. Some agencies showed how their services resulted in positive outcomes for their clients in a far more depth by setting clear targets and meeting them. Those agencies that most successfully demonstrated the positive impact of their services on clients include:

- ✦ Campfire Boys and Girls after school program demonstrated a dramatic decrease in fighting and “putdowns” between children who also gained an appreciation of cultural diversity. The program showed an increase in grade point average for 65% of case-managed children;
- ✦ OASES/Eagle Village Community Diversity Education Project demonstrated that students in their program learned both a greater appreciation for cultural diversity and conflict resolution skills which helped 75% of them overcome peer pressure and intervene when they saw their peers being verbally abused;
- ✦ Project SEED’s math program for elementary school students improved the quality of math instruction in the select schools and showed that their efforts increased their students’ ability to solve math problems by 50%;
- ✦ First Place Fund for Youth provided housing placement for a large number of homeless and imminently homeless foster care youth and their foster care clients achieved a better on-time graduation rate than the rate for Oakland Unified School District;
- ✦ Project Reconnect provided support for juvenile offenders and their families, documenting improved grades for more than 75% of youth and a low rearrest rate among their clients (i.e., less than twenty percent were rearrested after one year);
- ✦ St. Mary’s Senior Homeless Case management program permanently housed or prevented eviction for 70% of their chronically mentally ill and substance using senior clients and connected clients with needed medical services;

- ✱ Grandparents and Other Relatives as Second Parents support group clients reported gaining skills to deal with conflicts with the children they cared for (87%) and their adult children (100%) and 90% reported learning new ways to *manage their health*.

In general, public service programs leverage their CDBG funds well to attract corporate and foundation funding as well as other public moneys. The few organizations that depended solely or primarily on CDBG funds tended to be those with troubles. This was true for the *Elmhurst Food Pantry*, the *Ethiopian Community and Cultural Center*, and *Grandparents and Other Relatives as Second Parents*. All these agencies had lower organizational capacity than others that successfully leveraged funding.

We recommend CEDA consider developing a policy that requires some percentage of matching funds or alternatively provides additional technical assistance to those agencies most dependent on CDBG funding. This should strengthen the likelihood of their success.

CDBG ADMINISTRATION

CEDA has made additional progress in implementing previous evaluation recommendations this year. It has adopted two-year contracts for CDBG, which should ameliorate the annual delays in the process. In addition, City-operated programs now sign a Memorandum of Understanding detailing the scope of service they will provide and the objectives. These are similar to the contracts required of community-based organizations.

Nevertheless, CEDA still averages 53 days to process third party contracts, once all the individual agency contract documents are complete. This is the same average time as last year before reforms were adopted to expedite the contracting process. These delays adversely affect program performance and are particularly noted in the *East Bay Conservation Corps'* and *Ethiopian Community and Cultural Center's* programs.

CEDA staff should meet with Oakland Fund for Children and Youth (OFCY) to contrast and compare the steps being taken in the contracting process. OFCY operates under the same contract compliance department within the City of Oakland as does CDBG, but processes more third-party contracts CDBG without the delays.

CONCLUSION

The CDBG program continues to meet critical community needs across a broad spectrum despite difficult economic and budget circumstances. The annual evaluation process ensures that the largest and newest programs receive scrutiny and oversight as well as recommendations for improvements in service. The commitment of both the City Council and CEDA to this ongoing cycle of improvement for the past five years has yielded considerable benefits for Oakland citizens. Client service is a priority for all the CDBG participating programs. Even though this report identifies some areas of weakness and challenges for the coming years, this positive attitude will meet those challenges and offer enhanced performance in the future. ✱

ENDNOTES

¹ City of Oakland Consolidated Plan Action Plan, July 1, 2003 - June 30, 2004, p 95.

Exhibit B

Housing and Homelessness Goals and Accomplishments

Priority/Action	Performance Measure	Annual Action Plan		5-Year Plan (2000-2005)	
		1-Year Goal (FY 2003 -04)	1-Year Actual (FY 2003 -04)	5-Year goal (2000-2005)	4-year Actual (2000-2004)
Priority A: Preservation/Expansion of Supply of Affordable Housing					
Rental Housing New Construction and Substantial Rehab	units built	142	142	400	274
	units underway				465
Scattered Site Single Family Housing Development	units built	33	2	100-200	121
	units underway				219
Single Family Housing Acquisition/Rehabilitation	units built	0	0	30-60	0
	units underway				0
Preservation/Renovation of Existing Affordable Units	units built	235	105	All units	136
	units underway				130
Renovation of Public Housing (HOPE VI)	units built	83	83	n/a	83
	units underway				80
Priority B: Assistance to First-Time Homebuyers					
Mortgage and Downpayment Assistance	units assisted	50	44	600	219
Housing Counseling – prepare first-time homebuyers for ownership	no measure				
Mortgage Credit Certificates (contingent on Federal funding)	certificates	n/a	9	n/a	84
Priority C: Housing Rehabilitation and Neighborhood Improvement					
Owner-Occupied Housing Rehabilitation	units completed	35	46	600	169
	units underway				25
Rental Housing Rehabilitation	units completed	0	0	350	0
	units underway				0
Paint Programs for Owner-Occupied Housing	units completed	20	14	3,000	257
	units underway				11
Minor and Emergency Home Repairs	units completed	200	196	1,200	927
Priority D: Rental Assistance to Extremely Low Income Families					
Tenant Based Rental Assistance	new vouchers	0	0	1,000	1,008
Project Based Rental Assistance	units assisted	0	0	n/a	35

Priority/Action	Performance Measure	Annual Action Plan		5-Year Plan (2000-2005)	
		1-Year Goal (FY 2003 -04)	1-Year Actual (FY 2003 -04)	5-Year goal (2000-2005)	4-year Actual (2000-2004)
Priority E: Prevention and Reduction of Homelessness					
Outreach and Information Referral					
Homeless Mobile Outreach Program	people	2,000	609	10,000	6,127
Health Care for Homeless	people	3,000	456	15,000	2,198
Other Outreach Services	people	3,000	2,111	15,000	2,397
Information and Referral Services	people	3,000	443	15,000	1,783
Emergency Shelters and Services					
Existing Year-Round Emergency Shelter System	people	2,100	41,112	10,500	68,083
Winter Shelter	people	11,921	12,349	59,605	34,316
Emergency Shelter Hotel/Motel Voucher Program	people	400	3,947	2,000	8,204
Transitional Housing					
Existing Transitional Housing Facilities	families	137	102	440	306
Transitional Housing Jobs Campus at Oakland Army Base	people	11-19	-	50	-
Supportive Services Program	housing units	150-170	616	1,379	616
Homeless Prevention					
Rental Assistance	households	86	321	430	1,227
Eviction Prevention	households	70	600	350	963
Legal Assistance	cases	790	2,240	3,505	5,703
Housing Counseling	cases	670	8,032	3,300	12,813
Tenant Education Program	cases	60	120	275	620
Linked HIV/AIDS					
Service-Rich Housing for PLWAA and Families	people	11	16	55	67
Services and Referral	people	300	664	1,500	2,849
Permanent Housing	housing units	9	26	46	164
Priority F: Housing For Seniors and Persons with Disabilities					
Housing Development					
units built		0	0	150	275
units underway					410
Access Improvement modifications					
units completed		10	16	60	16
units underway					2
Priority G: Fair Housing					
Referral, Information, and Counseling to Residents w/Disabilities	households	n/a	n/a	3,270	763
Referral, Information, and Counseling to Residents	households	n/a	n/a	13,446	3,827
Referral, Information, and Counseling to Families w/Children	households	n/a	n/a	1,624	486



OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER _____

RESOLUTION ALLOCATING AN ESTIMATED AWARD OF \$10,023,000 OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FOR FY 2005-2006 BETWEEN THE CATEGORIES OF HOUSING, ECONOMIC DEVELOPMENT, NEIGHBORHOOD PROGRAMS AND ADMINISTRATION; AND ALLOCATING AN ESTIMATED \$1,800,000 IN PROGRAM INCOME TO HOUSING AND ECONOMIC DEVELOPMENT ACTIVITIES.

WHEREAS, the United States Department of Housing and Urban Development (HUD) will award an estimated \$10,023,000 of Community Development Block Grant (CDBG) funds to the City of Oakland for the 2005-2006 fiscal year; and

WHEREAS, in addition to this award, it is anticipated that \$1,800,000 in program income will be generated from repayment of housing rehabilitation loans; and

WHEREAS, citizens have provided information about the needs that should be addressed by these funds; now, therefore, be it

RESOLVED: That the allocation of funds for the fiscal year 2005-2006 shall be as follows:

Housing	38%	\$3,808,740
Economic Development	25%	\$2,505,750
Neighborhood Programs	22%	\$2,205,060
Administration	15%	\$1,503,450

and be it

FURTHER RESOLVED: That 80% of program income be allocated to housing activities and 20% to economic development activities, and be it

FURTHER RESOLVED: That the Citizens Advisory Committee is directed to recommend programs that provide funding in proportion to the low to moderate income population throughout the CD Districts.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, QUAN, NADEL, REID, WAN AND
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

Attest: _____

CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California