



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: LaTonda Simmons
Assistant City Administrator

SUBJECT: Report On Extended Stay America
Acquisition

DATE: May 29, 2025

City Administrator Approval


Jestin Johnson (May 30, 2025 06:56 PDT)

Date: **May 30, 2025**

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report From The City Administrator Regarding The Acquisition Of The Extended Stay America (ESA) Hotel And The Planned Relocation Of Unhoused Persons From The Mosswood Park, East 12th Street, And Martin Luther King Jr. Way Encampments, Including Details On The Number Of Residents From Each Encampment Who Have Or Will Be Offered Shelter At ESA, Information On Closure Plans And Processes, Timeline For All Activities Related To Relocation, And All Outreach Efforts To Both Unhoused And Housed Community Members.

EXECUTIVE SUMMARY

On April 18, 2024, the City of Oakland (City) was awarded grant funding for \$7,216,307 from the State of California Encampment Resolution Fund (ERF) to fund interim housing activities and services related to the closure of three encampments located at Mosswood Park, Martin Luther King Jr. Way at 23rd Street, and East 12th Street. ERF is a competitive grant program administered by the State of California Business, Consumer Services and Housing Agency (BCSH), California Interagency Council on Homelessness (Cal ICH), and the California Department of Housing and Community Development to assist local jurisdictions in providing services and supports to people experiencing homelessness in encampments.

The ERF grant was a collaborative application between the City of Oakland and Alameda County (County). Activities to be funded using ERF grant funds and matching or in-kind services provided by the City and County include outreach to encampment residents, service coordination, case management, rental and move-in assistance, interim shelter, including daily meals, and permanent supportive housing.

Due to changes in available resources, the City was able to identify a property located at 3650 Mandela Parkway (Extended Stay America [ESA]) and modify the application with the approval of the State.

In collaboration with the City's Encampment Management Team, the encampments located at Mosswood Park, Martin Luther King Jr. Way at 23rd Street, and East 12th Street were closed,

and many of the residents were relocated into the Extended Stay America program called Mandela House.

This report will review the details of the ERF-3R project, the services provided at the property, and the number of residents currently residing at Mandela House.

BACKGROUND / LEGISLATIVE HISTORY

Homelessness has been, and continues to be, a crisis throughout California, with Oakland home to 58% of the homeless in Alameda County. As of the most recent 2024 Point-In-Time (PIT) count numbers, the number of homeless individuals in Oakland increased nine percent over 2022 to 5,485. Of those counted, 3,659 (67%) are living without shelter. The homelessness problem affects Oakland's population disproportionately; a majority of the unsheltered identify as Black or African American, while Black and African American households are a minority in the City's overall population.

In alignment with the City's commitment to addressing the homelessness crisis, the Oakland City Council enacted a Shelter Crisis Ordinance. The most recent renewal, ordinance No. [13759 C.M.S.](#), adopted on September 19, 2023, authorized funding through state programs aimed at homelessness solutions. This ordinance approved multiple funding sources, including Encampment Resolution Funding (ERF) and Homeless Housing, Assistance, and Prevention (HHAP) funding up to \$65,000,000 through Fiscal Year 25/26.

On April 18, 2024, the City of Oakland (City) was awarded grant funding for \$7,216,307 from the State of California Encampment Resolution Fund (ERF) to fund interim housing activities and services related to the closure of three encampments located at Mosswood Park, Martin Luther King Jr. Way at 23rd Street, and East 12th Street.

As previously discussed, the originally identified location for the interim housing program became unavailable subsequent to the award of the ERF-3R grant to the City. The City's Housing and Community Development Department (City HCD) identified an alternative preferred location for the interim housing provision at the Extended Stay America (ESA) located at 3650 Mandela Parkway in Oakland. The property was acquired by a limited partnership formed between Memar Properties, Inc. (MPI) and the Housing Consortium of the East Bay (HCEB), collectively called Mandela Homes LP. The purchase price was \$33 million. The acquisition was made possible through the City's Rapid Response Homeless Housing Program, established by Resolution No. [89977 C.M.S.](#) This program is designed to expedite housing production, allowing units to become available within a few months, but no longer than one year.

The City Council passed Resolution No. [90510 C.M.S.](#) authorizing a grant to HCEB for \$5,378,190, as shown in **Table 1** below:

Table 1

Grantee	Funding Source	Amount	Grant Term
HCEB	Opioid Remediation Funds	\$564,730	July 1, 2024 - September 30, 2026
	Permanent Local Housing Allocation (PLHA)	\$4,813,460	

ANALYSIS AND POLICY ALTERNATIVES

This project advances Citywide **Housing, Economic, and Cultural Security** priorities by increasing the number of clean, dignified interim housing units accessible to the homeless community in Oakland. Participants in this program will continue to benefit from the support in a program where case management, housing navigation, and other support services are available.

In 2024, the City saw its rapid rates of homelessness slow by about 15%. The PIT count noted a nine percent increase in homelessness since the 2022 count. The slower rate of increase demonstrates the positive impacts of one-time emergency funding that enhanced program design and partnership success. With 5,490 unhoused residents residing in Oakland out of a county-wide total of 9,747, statistics highlight the need for additional funding for high-quality support for permanent exits from homelessness as a priority.

The Departments of Housing and Community Development and Human Services have supported the response to the City's homelessness crisis by prioritizing the production of permanent housing and interim shelter programs. Reductions to homelessness funds from other State and local sources have increased the urgency to identify alternative funding sources to support the growing number of homeless residents. To preserve the ERF-3 grant award, HCD and HSD work with the City Administrator's office to identify all funding to support the Mandela House project.

Encampment Resolution Funds

The Human Services Department continuously surveys the funding landscape for new homeless funding sources and emerging grant opportunities. With the prior successful award of ERF-3R funds in 2022, Community Homelessness Services (CHS), Alameda County, and the Office of the City Administrator applied to the State for Encampment Resolution Funds Round 3 (ERF-3R). The ERF-3R grant awarded the City \$7,216,307, initially contemplating leasing a hotel to rapidly move three encampments totaling approximately 150 people into interim housing. After the ERF award was made, the initial interim housing site was no longer available, and HCD worked to identify an alternative location to serve as an interim shelter. City HCD's R2H2 RFP identified the ESA as a permanent supportive housing location. As a result, the Housing and Community Development (HCD) department worked to find an alternative location for an interim shelter. The ESA site was identified as a bespoke location where interim shelter could be provided for one year and then shifted to permanent supportive housing through the City HCD's R2H2 Request for Proposals (RFP).

Opioid Remediation Funds

In July 2021, California Attorney General Rob Bonta announced the final settlement agreements with opioid manufacturer Janssen Pharmaceuticals and pharmaceutical distributors McKesson, Cardinal Health, and AmerisourceBergen. These settlements are the first of several related to the opioid crisis and will provide significant funding for remediation efforts in California.

The funds from the California Opioid Settlements are intended to support activities aimed at addressing the opioid crisis. Remediation efforts include "care, treatment, and other programs

and expenditures designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, and (3) mitigate other alleged effects, including those experienced by individuals harmed as a result of the opioid crisis." The three encampment communities have been significantly affected by opioid use and related disorders. To facilitate outreach, connect clients, including those who moved to other encampments, with housing services, and to enhance positive housing outcomes for the three encampments, including mental health support, opioid funds are essential to provide ongoing programmatic support.

The City of Oakland began receiving opioid settlement funding in 2022. To date, the city has received approximately \$4.4 million for this purpose. The money received to date, for the FY 2024-2025, was appropriated in the midcycle budget (Resolution Nos. [88980 C.M.S.](#), [89534 C.M.S.](#), and [89609 C.M.S.](#)).

The approved resolutions allow for the administrative transfer of these funds to other City programs, while oversight and reporting responsibilities will remain with the Medical Services Division during this time. The Opioid Remediation Funds must be allocated only for purposes permitted by the terms of the settlement and bankruptcy agreements. If these funds are not encumbered within the specified timeframes—five years for most cases and seven years for capital outlays—they will revert to the State of California without an opportunity for appeal.

The three encampments moving to Mandela House faced increased crime, mental health issues, and high levels of substance abuse. To effectively address the numerous co-occurring conditions related to mental health and substance abuse, comprehensive services must be provided to this community. CHS funding will facilitate a smooth transition for those in the encampments to interim housing and psychosocial services during their stay, along with essential exit tenancy support. This support will include ongoing housing navigation and rental subsidies for ten and six months after they leave the Emergency Services Area (ESA).

City staff from the Budget Bureau have determined that \$564,730 in opioid funds can be utilized for mental health and substance support for encampment communities severely affected by fentanyl and other substance use challenges.

Permanent Local Housing Allocation Program

The State of California established the Permanent Local Housing Allocation (PLHA) program under the Building Homes and Jobs Act (Senate Bill 2, 2017). This program introduces a \$75 recording fee on real estate documents, which is intended to support the increase of affordable homes. The PLHA provides an ongoing source of funding available to local governments. As an entitlement jurisdiction, Oakland is eligible to receive this funding on a non-competitive basis. The program operates in five-year cycles. For the first five-year cycle, the City has delegated the administration of these funds to Alameda County, which will use them to finance an operating subsidy program aimed at increasing the number of supportive housing units for individuals experiencing homelessness. The allocation for the first year (2019) was \$3,704,475, and the total projected funding for the first five-year cycle is \$19,667,562.

During the City Council meeting on July 14, 2020, city staff proposed that the City apply for PLHA funds as part of a countywide application. At this meeting, Resolution No. [88211 C.M.S.](#) was adopted. This resolution authorized the City Administrator, or their designee, to negotiate and enter into a legally binding agreement with Alameda County. This agreement permits the

County to apply for State of California PLHA funds allocated to the City for a period of up to five years, to accept those funds on the City's behalf, and to administer the funds accordingly.

At the City Council meeting on November 7, 2023, staff presented the Rapid Response Homeless Housing (R2H2) program, which will utilize PLHA funds and other local resources. During this meeting, Resolution No. [89977 C.M.S.](#) was established to formalize the R2H2 program. This resolution authorized staff to implement the program, granting the City Administrator the authority to select borrowers or grantees and to award loan or grant funding under the R2H2 program without needing to return to the Council for approval.

On November 30, 2023, the R2H2 Request for Proposals was issued, resulting in 19 applications being received. One application, submitted by HCEB and MPI, was for the Extended Stay America hotel. Working alongside the developers, HCD staff explored various financing options to maximize impact, leverage available resources, and expedite the online process.

After reviewing the proposals, a conditional commitment letter was executed with the developers on October 9, 2024, to provide \$6,035,000 in PLHA funds for operating subsidies. Of this total amount, \$4,813,460 will be allocated for the first year of operations, during which the property will offer interim housing for individuals experiencing homelessness. Following this period, the site will transition to providing permanent supportive housing. The remaining PLHA funds will cover operating subsidies in the subsequent years of operation.

Additionally, the resolution allows for flexibility, permitting the City Administrator to substitute State HHAP funding for PLHA operating costs if sufficient eligible HHAP funds are available for this program.

Outreach and Engagement

Outreach activities were funded, in part, by opioid resettlement grant funds, matching contributions from the City of Oakland, and in-kind donations. Intensive service delivery occurred over 120 days, from December 2024 to March 2025, at the Mosswood Park and East 12th median encampments. However, due to urgent circumstances, the Martin Luther King, Jr. (MLK) and 23rd Street encampments were closed before the full 120 days of intensive outreach could be provided.

HCEB and Operation Dignity offered coordinated supportive services to both the Mosswood Park and East 12th median encampments, working separately but simultaneously with each community. The City of Oakland's case management team supported and tracked six individuals who were seeking alternative housing from MLK and 23rd. The available services included registration in the Homelessness Management Information System (HMIS), linkage to food and health resources, as well as housing navigation surveys and tools.

Before resolving each encampment, as a lead in to encampment closure, residents were offered assistance and support to move into shelter prior to the commencement of operations. Support included the provision of moving bags, assistance with decluttering, linking animals to shelters or services, and offering transportation aid. During the resolution period, all encampment residents, including those who arrived seeking services, received offers for emergency, interim, or transitional housing.

Individuals and households living in the three encampments reported particularly high rates of concurrent mental and physical health disorders, as well as issues related to substance use. As a result, the interim shelter identified additional health, and well-being supports to assist residents in transitioning to Mandela House. These supports include Naloxone training, exercise and mindfulness programs, 12-step and peer mental health groups that utilize restorative justice techniques, and connections to case management and health services provided by the Alameda Street Health team. Furthermore, residents will receive daily meals, participate in community activities, and benefit from housing navigation assistance. Workforce development programs will help them find housing, secure employment or Social Security benefits, and prepare necessary documents for the Coordinated Entry system (CE) and eligibility for Permanent Supportive Housing (PSH).

Encampment Resolution

Due to exigent circumstances, the early closure of the MLK and 23rd encampment was completed September 16-27, 2024. Prior to the emergency closure, censuses were conducted following California Interagency Council on Homelessness (Cal ICH) standards, with the most recent conducted in June 2024 by Operation Dignity (OD).

The initial census was 68 residents at the MLK encampment. The June count noted up to 88 residents; however, the count included 14 unidentified tents with no connected residents. This adjusted the final census number to 74 residents in June.

Prior to the closure of the MLK encampment, 10 individuals accepted offers for emergency shelter or cabin housing. At closing, an additional 10 individuals received respite care, and 14 accepted program services (either emergency shelter or cabin housing). However, 40 individuals chose not to enter services and instead moved to other encampments.

It is important to note that at the time the MLK encampment was closed, Mandela House had not yet received approval as the new site location related to the ERF-3R grant funds. As a result, at that time, housing at Mandela House was not specifically discussed with the residents of the MLK encampment. However, six residents did request alternative housing options, aside from the cabins and emergency shelter available at the time of the encampment closure. These six individuals were subsequently assisted by the City of Oakland's case management team.

Three residents from the MLK encampment have moved into Mandela House. Additionally, 21 non-congregate rooms have been designated to begin housing unhoused individuals from the MLK census starting the week of May 26, 2025.

Regarding the remaining encampments, currently, 33 residents from the Mosswood Park encampment have moved into Mandela House and are receiving services. Moreover, 68 residents¹ have relocated to Mandela House from the East 12th median.

¹ HCEB identified a repetition error in the room assignment list and the total number of East 12th Median encampment members was decreased from a reported 70 to 68.

Table 2

Encampment Census					
	MLK & 23rd	Mosswood Park	East 12th median	Overflow	Total
Census at the time of the grant application	January: 68	January: 45	January: 37	January Estimate: 60	210
2 nd Census in June 2024	June: 88	June: 33	June: 79		200
Closure Date	September 16-27, 2024	April 21-May 2, 2025	May 12-June 6, 2025		
Census at the time of Closure	64 At closure, 10 went to respite care; 14 accepted emergency or cabin shelter 40 relocated to other encampments; 6 of the 40 requested alternative housing	33	128 At closure, 68 went to Mandela House; 4 individuals went to Family Housing; 6 Respite Care; 3 Refused Housing; 1 incarcerated during closure; and 5 received alternative housing at cabins or BACS 41 relocated to other encampments		225

Mandela House

During the first 12 months of the program, HCEB will provide comprehensive supportive services, including case management and housing navigation services. Housing navigation shall ensure cross-agency and multi-sector supports, including access to shelter and housing options that develop pathways to permanent housing solutions, and which offer a range of interventions to ensure participants do not return to a homeless status. The program will offer coaching services and monthly peer support groups that include Restorative Justice techniques. Weekly 12-step groups and Naloxone training will also be offered to promote substance recovery and harm reduction principles.

After the completion of the 12-month interim housing program, the building will be renovated to increase community gathering space for residents and will provide 125 units of long-term supportive housing to ensure sustainability in the community. Participants who qualify for PSH will be provided the opportunity to continue residing at Mandela House. Other participants will receive Cal AIM funds to assist them in securing a low-income home or alternative housing program.

For those who are not eligible for Cal AIM upon program exit, the program will provide ongoing support, including case management for 12 months, as well as a tapering rental/move-in

assistance stipend for six months following program completion and their departure from Mandela House. The total amount of the titrating move-in subsidy equals \$2,000 per household.

Throughout the 12-month interim shelter period, the Housing and Community Development Department (HCD) and Community Homelessness Services Division (CHS) will collaborate to identify additional housing opportunities for Mandela House participants who do not qualify for PSH. They will also explore alternative housing solutions through partnerships with Alameda County. CHS has worked closely with our partners in HCD and Alameda County to scale a request for Measure W funds. CHS has shared a request for funds with the Mayor's office, which has made strides to continue efforts toward acquisition.

FISCAL IMPACT

Funding for the acquisition came from three sources, with an additional source allocated for rehabilitation efforts. Ongoing operations during the PSH phase will be supported by five funding sources, while the interim phase is financed through the Permanent Local Housing Allocation (PLHA), as detailed in **Table 3** below. Project operations are expected to remain sustainable for at least 10 years, and the site is deed-restricted to provide supportive housing for the target population for a minimum of 55 years.

Table 3

Project Phase	Funding Source	Agency	Amount	Program Phase
Acquisition	Rapid Response Homeless Housing (R2H2)	City of Oakland HCD	\$4,583,016	Interim/PSH
	Encampment Resolution Funds (ERF-3)	State of California HCD	\$7,216,307	Interim/PSH
	Community Care Expansion Grant (CCE)	California Department of Social Services (CDSS)	\$25,000,484	Interim/PSH
		Subtotal	\$36,799,807	
Rehabilitation	Rapid Response Homeless Housing (R2H2)/Measure U	City of Oakland HCD	\$8,000,000	PSH
		Subtotal	\$8,000,000	
Operations	Community Care Expansion Grant (CCE)	California Department of Social Services (CDSS)	\$2,640,250	PSH
	Rental Assistance Subsidy	Oakland Housing Authority	\$2,909,638	PSH
	Permanent Local Housing Allocation (PLHA)	City of Oakland HCD	\$1,221,985	PSH
	Permanent Local Housing Allocation (PLHA)	City of Oakland HCD/HSD	\$4,416,880	Interim
	Local Housing Supportive Services Program (LHSP)	Alameda County Social Services Agency	\$5,239,939	PSH
	Alameda County	Alameda County Social Services Agency	\$9,447,969	PSH
	Opioid Remediation Funds	City of Oakland HSD	\$564,730	Interim
		Subtotal	\$26,441,391	
		TOTAL	\$71,241,198	

PUBLIC OUTREACH / INTEREST

The City of Oakland participated in and coordinated six community engagement events. Staff from the departments of Housing and Community Development, Human Services, and the City Administrator's office attended the meetings.

During these meetings, the City provided an overview of the current application details that addressed the deal points for the selection and acquisition of the property, the information regarding the census at each encampment, and the Encampment Management Team's process for closure of the encampments. This also involved hosting events at each encampment site to inform unhoused community members about available housing opportunities and to address their concerns or questions.

The meetings occurred as follows:

- The Mosswood Park Unhoused Community Engagement - March 26, 2025, from 2:00 pm – 6:00 pm,
- The East 12th median - April 10, 2025, from 2:00 pm – 6:00 pm.

Outreach listening sessions were conducted with neighbors and the broader community to share information about housing initiatives and city maintenance plans following the resolution of the encampments accordingly:

- April 17, 2025, 6:00 pm - 8:00 pm,
- April 25, 2025, 6:00 pm – 7:00 pm,
- April 29, 2025 6:00 pm – 7:00 pm.

Additionally, an in-person event was hosted by Alameda County Supervisor Nikki Fortunato Bas on May 5, 2025, from 5:30 pm – 7:00 pm.

COORDINATION

The Human Services Department, Housing and Community Development Department, City Administrator's Office, and the Office of the City Attorney have reviewed this report.

SUSTAINABLE OPPORTUNITIES

Economic: Oakland must build or identify affordable housing solutions to address its homelessness crisis. At the end of the interim housing program, units will become Permanent Supportive Housing for the City, a valid winning proposal.

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

Race & Equity: In Oakland, the drivers of homelessness fall most squarely on the backs of the African American community, who, due to long-standing structurally racist practices such as redlining and employment discrimination, are most vulnerable to losing their homes. According to the 2024 Point In Time count for Oakland, 53 percent of the population experiencing homelessness in Oakland identifies as Black or African American; however, this demographic is only 22 percent of the general population. Ending homelessness in Oakland must be defined by what works for African Americans first and foremost: reducing racial disparities. As identified in

the 2021 Guide to Including Equity in the Design of Homeless Systems, the drivers of homelessness include:

- Structural racism
- Insufficient controls on the rental housing market that create vulnerability and housing instability for tenants
- Insufficient housing units that are affordable to households with the lowest incomes, including particularly those whose incomes are below 20 percent of Area Median Income (AMI)
- Systemic barriers that often prevent residents who are returning home from incarceration from living with family members and/or accessing both public and private rental housing and employment opportunities
- Inadequate pay and benefits for many of the jobs that are available in the community, and insufficient access to quality employment opportunities that pay wages that meet the cost of housing

The City of Oakland's Department of Race and Equity developed a Racial Equity Impact Analysis (REIA). The REIA framework is a data-driven, structured problem-solving approach that explores the systemic benefits and burdens on communities most impacted by racial disparities when designing and vetting potential solutions to ending and preventing homelessness. This requires:

- Focusing intentionally on race, including raising awareness of historical factors that advantage some and disadvantage others based on race.
- Using disparity data to center further investigation of root causes of disparities in the present time.
- Engaging people who have been impacted by disparities to challenge assumptions about their experience.
- Using quantitative and qualitative information to shape pro-equity programs and inventory recommendations to reduce racial disparities in outcomes.
- Implementing system-wide pro-equity programs and approaches to reduce racial disparities in outcomes.
- Ongoing evaluation and accountability through the development of equity performance measures to track progress.

The REIA framework guides the City's approach to addressing homelessness and ensuring that resources are allocated effectively and equitably, and targeted strategies are employed to end and prevent homelessness.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report From The City Administrator Regarding The Acquisition Of The Extended Stay America (ESA) Hotel And The Planned Relocation Of Unhoused Persons From The Mosswood Park, East 12th Street, And Martin Luther King Jr. Way Encampments, Including Details On The Number Of Residents From Each Encampment Who Have Or Will Be Offered Shelter At ESA, Information On Closure Plans And Processes, Timeline For All Activities Related To Relocation, And All Outreach Efforts To Both Unhoused And Housed Community Members

For questions regarding this report, please contact CHRISSIE LOVE, ACTING PROGRAM PLANNER, at 510.238.7492.

Respectfully submitted,



LaTonda Simmons (May 29, 2025 18:05 PDT)

LATONDA SIMMONS

Assistant City Administrator

Reviewed by:
Chrissie Love, Acting Program Planner
Community Homelessness Services/HSD

Prepared by:
Nicole Banks, Program Analyst II
Community Homelessness Services/HSD

Prepared by:
Shalawn Garcia, Housing Development
Manager - Homeless Housing
Housing and Community Development