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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackweil

SUBJECT: Consolidated Annual Performance
And Evaluation Report (CAPER)

DATE: August 23, 2012

City Administrator
Approval

Deanna J. Santana

Date

9/10/12

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Staff recommends that the City Council convene a Public Hearing, and to review the CAPER for FY 2011-2012.

EXECUTIVE SUMMARY

This report transmits to the City Council the Consolidated Annual Performance and Evaluation Report (CAPER) for fiscal years 2010-11 required by the Department of Housing and Urban Development (HUD).

The CAPER was submitted to HUD in late September to comply with reporting requirements. That report also contains a description of the activities completed with grant funds during FY 2011-12. This report provides an overview of the Executive Summary of the CAPER. The full CAPER Report is available on our website at www.oaklandnet.com/government/hcd, and copies are available for pick-up from the Department of Housing and Community Development (DHCD).

OUTCOME

Council approval of staff's recommended action will result in direction to staff to receive and review public comments on the proposed Consolidated Annual Performance and Evaluation Report for FY 2011-12.

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BACKGROUND

Each year, the City of Oakland receives federal grant funds under the Community Development Block Grant (CDBG) program and other programs. In June 2010 the City submitted to the U.S. Department of Housing and Urban Development (HUD) a Five Year Consolidated Plan for Housing and Community Development, outlining needs, priorities, strategies and proposed actions. During the next fiscal year staff held meetings for input and discussions for the five year Consolidated Plan for the period of July 1, 2010 through June 30, 2015, 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.

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

ANALYSIS

HUD allocates federal funds to eligible localities for housing and community development activities. These funds are from four formula grant programs – Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA).

As a condition of receiving these grant funds, Federal regulations require jurisdictions to prepare a Five-Year Consolidated Plan to assess affordable housing and community development needs and present priorities and strategies for addressing those needs. The City prepared and submitted its fourth five-year Consolidated Plan in 2010, covering fiscal years 2010-15. HUD regulations also require jurisdictions to prepare the CAPER evaluating activities and objectives performed under the use of the formula grant funds

Consolidated Annual Performance and Evaluation/Description/Summary

The Consolidated Annual Performance and Evaluation Report provides information on accomplishments in the City of Oakland, for the program year July 1, 2011 through June 30, 2012, 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.

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 July 1, 2010 through June 30, 2015. Staff will furnish each Councilmember with a draft CAPER for review. Below are sample narratives from the CAPER listed for a summarized review:

Economic Development Accomplishments

1. Economic Development

- Provide a comprehensive operating strategy to guide and prioritize business growth and employment, directing the City's economic development efforts, actions and activities towards the goal of growing revenue and employment in the City.
- Encourage small business development growth by streamlining the process of starting, relocating and growing a business in Oakland.
- Enhance the business climate to support the growth of local existing mid and larger sized businesses
- Bolster workforce opportunities for local residents by connecting the needs of local employers, particularly in new emerging industries, with training programs for local residents.
- Facilitate the cleanup and reuse of toxic sites through loan programs.
- Encourage revitalization of neighborhood and downtown commercial districts
- Expand mobility in the Greater Downtown area so as to spur greater vitality and business growth, including continuation and expansion of the free downtown shuttle linking upper Broadway with Jack London Square; this popular service was recently expanded to cover weekend nights as well.
- Maintain and enhance existing BIDs and assist with formation of new BIDs Continue to support amendment of Mobile Food Vending regulations in appropriate commercial areas, respecting the concerns of local "brick and mortar" restaurants and cafes.
- Market Oakland's successes and opportunities for "eating, shopping, and doing" in Oakland.
- Provide economic development support to the four ongoing Specific Plan efforts: Lake Merritt Station Plan; Broadway Valdez; Central Estuary; West Oakland.
- Market unique attributes that make Oakland that gives businesses here a competitive advantage.
- Support efforts to make the most of dormant swaths of land such as former Oakland Army Base.

In FY 2011-12, the Economic Development unit was involved in a variety of initiatives and activities to accelerate business creation, retention and expansion. These activities focused on increasing investment in Oakland for the benefit of its businesses, the City and its residents through continued improvements to Oakland's business-friendly environment.

As a result of the state of California's dissolution of redevelopment agencies Oakland has lost a huge funding source for community development which will have impacts in many years to come. CDBG funding is more important now than ever to Oakland as the city continues its efforts to bring jobs, entrepreneurship and vitality to Oakland.

Following the redevelopment dissolution, City leaders reorganized what had been the Community and Economic Development Agency (CEDA); the Economic Development Division is now one of three groups within the Economic & Workforce Development unit of the City Administrator's office, along with Workforce Development and Marketing. The Economic Development group continues to focus its efforts on strategic industry-focused initiatives and on pragmatic solutions to addressing businesses' needs.

In order to most effectively leverage the City's resources, ED staff expect to complete a comprehensive Economic Development Strategy in early 2013. This Strategy will be action-oriented and spell out ways to grow jobs, investment and revenue in the industry sectors of Oakland's economy with the most potential, benefiting all Oakland residents and business operators.

a. **Economic Development Initiatives**

i. *Industry Sectors*

By focusing on Oakland's growth industry clusters:

- Clean and Green Technology
- International Trade and Logistics
- Life Sciences / Medical
- Arts and Digital Media
- Advanced Manufacturing & Specialty Food Production
- Retail,

Economic Development Targeted Industry Specialists enable Oakland to compete successfully in the marketplace for investment and business activity by working to improve Oakland's business climate in the following areas:

- Enhance physical infrastructure
- Identify business and investment locations
- Connect employers with qualified workers
- Provide access to internal and external business support services

- Provide access to capital and financial incentives
- Improve the ease of doing business with the City

ii. *Office Sector Development*

Oakland's downtown office market has remained fairly stable in the face of the worst recession in recent history. Oakland's location, excellent variety of Class A and B office space, access to transportation, educated workforce and affordable housing has sheltered it from the huge vacancies experienced in San Francisco's downtown.

Oakland's attraction and retention efforts focused on the innovative industries—digital media, clean/green tech, life sciences—have resulted in a number of new leases. Most notably, the Oakland-based Sungevity solar energy company, continued to expand from its initial 50 employees to over 250 in the 2010-2011 year, and ended 2011 with over 270. Bright Source Energy, Lucid Design and other green tech companies continue to be tenants in Oakland's central business district offices. In addition, there were several property acquisitions of note: Orton Development purchased two downtown office buildings. A number of small startups in digital media, green and retail located in Oakland's downtown area.

One of the newest initiatives of the City of Oakland is a master planning project called Coliseum City – a Specific Plan effort to redevelop and reposition over 700 acres which are situated in the former Coliseum Redevelopment area. Approximately half of the acres are related to the Oakland Coliseum Sports facilities and adjacent properties and the other half is property located in the Airport Business Park. The Specific Plan will include a re-positioning strategy for the Business Park to incorporate opportunities for growth within the park of tech, scientific, and international trade enterprises, and to promote physical revitalization and densification of the privately-held office and industrial facilities within the park to accommodate such enterprises.

iii. Retail Sector Development

Economic Development staff continued efforts to implement the Oakland Retail Enhancement Strategy, a citywide effort to address the shopping needs of local residents and to curtail retail sales leakage to other cities. Strategy recommendations that were implemented in FY 2011-12 include:

- Advocated for Safeway as it moves through the entitlement on three major store overhaul projects in Oakland, resulting in Planning Commission approving one

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project's Environmental Impact Report, and the two other projects making good progress as they move toward EIRs.

- Provided retail expertise to Planning staff in the development of the Broadway/Valdez Specific Plan, focusing on an area with significant potential for as much as 1.1 million square feet of retail.
- Provided direction to the Oakland Retail Advisory Committee as it helps City leaders make informed decisions about retail development on projects such as Safeway, the Broadway/Valdez plan, and a small grocery anchored project.
- Used retail nodes' unique qualities to market them effectively to retailers; one way this was accomplished was with a retail broker tour of the Dimond and Laurel districts.

Last year's big success, Target, continues to do well, as do scores of new restaurants that have opened across downtown. Four auto dealers have returned to Broadway Auto Row. Construction has begun on the redevelopment of Foothill Square, which will include a Foods Co supermarket. Two additional Foods Co stores are also in the works.

In the past two years, several hundred retailers were assisted by Economic Development staff and other City partners with a variety of retail development services: identifying locations, lease negotiations, making improvements to storefronts. Other significant retail successes included:

- Facilitated tours and information to interested retail developers, brokers and national tenants. Hosted tours for retail brokers, Urban Land Institute, Oakland Metropolitan Chamber of Commerce Mega Region Conference
- Supported the creation of Popup Hood, an innovative way to bring retailers to vacant storefronts, providing a free rent lease for six months. Out of six Popup participants at the debut project in Old Oakland, four were offered long-term leases, and two new businesses have moved into the two vacated spaces. Since the initial popup, the Popup Hood creators have been invited to replicate the concept elsewhere and speak in Venice, Italy about it. Another popup enterprise is happening in the Laurel District with a weekly activity going on at one otherwise vacant storefront.
- After years of discussion, FY2011-12 saw the expansion of the City's Mobile Food Vending program with a popular pilot concept, offering food trucks the opportunity to vend at approved "pods" in certain parts of the city on a regularly scheduled basis.

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- Art Murrur, a group of art galleries and complementary businesses located in and around downtown Oakland, hosts a monthly First Friday event that draws thousands of people.
- Invitation to participate in the Urban Land Institute's Daniel Rose Fellowship program, which brought national experts to Oakland to identify strategies for revitalizing retail nodes along Oakland's Broadway corridor.

iv. Oakland Business Assistance Center

Through its staff, office and website, the BAC serves as a user-friendly starting point for Oakland businesses and startups. BAC staff provides assistance with business-related information and city services, and make connections between entrepreneurs and business owners to the appropriate City and non-City service providers. In FY2011-12, the BAC had 1,128 inquiries from phone calls, walk-ins and referrals; 693 web-to-leads generated from www.OaklandBAC.com; and BAC staff led 18 presentations, workshops and community meetings.

v. *Enterprise Zone Tax Credit Program*

The State of California Enterprise Zone (EZ) Program targets economically distressed areas using special state and local incentives to promote business investment and job creation. By encouraging entrepreneurship and employer growth, the program strives to create and sustain economic expansion in the communities. This is one of the state's premier community development programs. Most importantly, Enterprise Zones play a key role in linking newly created jobs with individuals in the community who are either underemployed or unemployed. Oakland's Enterprise Zone was established in 1993 and in 2009 was renewed for 15 years. The zone covers most of the City west of Interstate 580, as well as sections of the cities of Emeryville and Berkeley.

- For FY 2011-12 the EZ program issued 4,283 vouchers and saw revenues of \$368,255. Each tax voucher issued represents a new or existing job. Over 409 businesses participated in the EZ program identifying new jobs for Oakland residents. In FY 10-11 3,807 vouchers were issued; FY 09-10 saw 4,297 vouchers issued; FY 07-08 had 3,682 vouchers issued; and in FY 06-07 4,559 vouchers were issued.
- Oakland EZ staff is currently working on a point of sales payment feature for businesses to pay online, scheduled to be introduced in FY 2012-13. The Oakland EZ continues to pioneer effective vouchering systems, having launched the first EZ online system in 2005.

- The Oakland Enterprise Zone expanded into the cities of Berkeley and Emeryville to retain and create jobs, and plans are underway to expand back into Oakland commercial areas, including Upper Piedmont, Grand, Lakeshore, Fruitvale, 35th and Redwood Avenues and the Oak Knoll property.

vi. Oakland Brownfield Program

One way Oakland encourages infill development is by reutilizing brownfields, underutilized sites where reuse is complicated by the real or perceived threat of environmental contamination. The City is the Strategic Partner to the state's California Pollution Control Financing Authority for the administration of the CALReUSE Environmental assessment loan program, and has also had a brownfield cleanup revolving loan fund, now fully expended, with funds originating from the U.S. Environmental Protection Agency.

vii. Community Benefit Districts/Business Improvement Districts

The Oakland Community Benefit District ("CBD") and Business Improvement District ("BID") Programs have proven successful mechanisms to support economic revitalization in the City of Oakland. In FY 2011-12, the nine CBD and BIDs generated approximately \$3.3 million in assessments. CBD/BID revenues pay for enhanced cleaning, security, streetscape improvements, marketing and economic development activities in member commercial/residential districts throughout the City. As Oakland increases mixed use development along commercial corridors, residential property owners will also benefit from the enhanced services of a CBD.

Oakland's nine CBD/BIDs represent approximately 1,900 business and property owners located in Rockridge, Montclair, Lakeshore/Lake Park, Temescal/Telegraph, Lake Merritt/Uptown, Downtown Oakland, Laurel, Koreatown/Northgate, and Fruitvale. There are approximately four additional commercial and/or industrial districts currently soliciting community interest and discussion on formation of a BID. Economic Development staff continues to inform and participate in such discussions.

viii. Oakland World Trade Program

Staff continues to provide administrative and marketing support to Oakland's very successful Foreign Trade Zone. Staff will be working with partners relative to the new easing of federal deterrents to FTZ expansion, especially relative to air cargo, in order to remain competitive regionally.

Staff has been actively working with one of the federally-approved Foreign Direct Investment (EB5) Regional Centers under the U.S. Dept. of Homeland Security's EB5 program. Such funding enabled the purchase of the historical downtown Tribune Tower, which will be home to a new media call center, a restaurant and other businesses with a technology focus. Staff continued to work supporting other EB5 projects, at least two of which are in serious negotiations for property purchase in Oakland. There are more than 350-400 jobs that will be associated with the Tribune Tower redevelopment, and many more in larger industrial sites under consideration for Foreign Direct Investment financing.

ix. *City of Oakland Free Broadway Shuttle*

In August 2010, the City of Oakland launched a free shuttle service serving the Central Business District. The Broadway Shuttle enables workers, residents and visitors to conveniently circulate between downtown's commercial districts, including Jack London Square, Old Oakland, Chinatown, the Downtown and Lake Merritt Financial Districts, and the Uptown Arts & Entertainment District. The Broadway Shuttle has already proven itself to be an effective economic development tool by assisting in the attraction of at least three office tenants to Downtown Oakland. Employers and workers see a great value in the shuttle because it links BART, Amtrak, the Ferry and AC Transit to office buildings and other downtown destinations.

Data suggests that over 50% of shuttle passengers use the service with the intent of purchasing a good or service from a business along the route. These passengers spend a total of \$8.86 million annually at restaurants, other retailers and professional service offices as part of their Shuttle trip, according to staff's on-board survey of 309 passengers in August 2011.

A robust public-private partnership – including the Bay Area Air Quality Management District, Jack London Square Partners, Oakland Redevelopment Agency, two downtown Business Improvement Districts, Forest City LLC, and the Water Emergency Transportation Authority – should ensure the long-term financial sustainability of the project. The Broadway Shuttle, also called the "Free B" or the "B," initially operated Monday-Friday from 7am-7pm. The shuttle now also operates on Friday and Saturday nights until 1am in order to support and give a further boost to the thriving nightlife and restaurant scenes in downtown Oakland.

A \$300,000 grant from Caltrans has been awarded to the City of Oakland to study the economic development benefits of replacing the shuttle with an electric

streetcar as a means to catalyze mixed-use development. The study will also evaluate the costs and benefits of extending the shuttle route to the Kaiser Hospital and the MacArthur BART station.

x. *Promoting Oakland*

Marketing staff continue to work closely with Economic Development staff to update a supplement/large format brochure published by the *San Francisco Business Times*, at no cost to the City which features Oakland's success in growing and attracting business and jobs to Oakland. Other marketing accomplishments in FY2011-12 include: ongoing promotion and marketing for the Broadway Shuttle; launch and maintenance of the Oakland Facebook page, which highlights events and successes in Oakland; production and promotion of the 12th Anniversary Art & Soul festival; support of the Oakland Grown website, branding and gift card; promotion of Oakland's hot dining scene that has garnered positive regional and national publicity, including the New York Times ranking Oakland the 5th Place to Visit in the World; co-sponsorship of the annual Oakland Holiday Parade that attracted more than 50,000 attendees and many other projects.

Commercial Lending

For the current reporting period, July 1, 2011 – June 30, 2012, City staff and community partners have worked to improve existing services.

During this review period, the Commercial Lending staff accomplished the following by utilizing City and federally funded commercial loan programs:

- Underwrote 21 new loans totaling \$1,258,435.
- Leverage \$614,607 in private financing and investment capital.
- Created 59 job opportunities in Oakland.
- Retained 186 jobs within Oakland businesses.

Housing and Homelessness Accomplishments

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

During the 2011-12 program years, the City's housing and homeless programs, funded through CDBG, HOME, HOPWA and ESG funds and leveraged funds, achieved the following:

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

- Awarded \$4,345,000 in Federal HOME funds in May 2012 to five affordable housing developments to rehabilitate a total of 185 units of existing housing designated for low- and very low-income households with the goal of preserving the physical condition, livability, safety and long-term financial feasibility of these developments.
- Initiated rehabilitation of the California Hotel that will include the reconfiguration of units to result in 135 affordable rental units and two manager's units.
- Initiated 2nd phase of rehabilitation and project completed in same fiscal year for Drachma, Inc., 14 units of existing affordable rental units.
- Initiated rehabilitation of James Lee Court, 26 units of existing affordable units.
- Initiated rehabilitation of two adjacent SROs (The Oaks Hotel and Jefferson Oaks Apartments) into one development renamed The Savoy that will include a reconfiguration of the two properties to result in a total of 105 affordable units and 1 manager's unit.
- Construction was completed on 720 E. 11th Street that resulted in 55 new units.
- The Oakland Community Land Trust continued operations by completing an additional unit of affordable ownership housing and by selling a rehabilitated foreclosed property.
- Sold four affordable homeownership units in Pacific Renaissance Plaza.
- Weatherization Assistance Program successfully implemented for multi-family housing in Oakland and single family housing Alameda County. As of June 2012 upgrades of 780 units in 13 properties that resulted in 1.6 million therms of energy savings and 8,000 metric tons of CO2 reduction. Oversaw weatherization of 279 single-family units and an additional 98 multifamily units throughout Alameda County through a subcontract with the County.
- Executed Loan Agreement for Cathedral Gardens, 100 new affordable rental units that will rent at extremely-low, low- and moderate-income levels.
- Executed Loan Agreement for the MacArthur Apartments Project, 32 new affordable rental units that will rent at extremely-low, very low- and low-income levels.
- Executed Loan Agreement for the preservation and rehabilitation of Saint Andrew's Manor, 26 affordable rental units that will rent at low income levels to senior citizens.
- Continuously assigning the two Construction Monitor Firms with new and rehabilitation affordable projects to monitor.

Assistance to First-Time Homebuyers

- The Mortgage Assistance Program (MAP) made 22 loans totaling \$1,101,602 including 11 Section 8 Homebuyers.
- The CALHOME Program made 17 loans totaling \$815,484.
- The American Dream Downpayment Initiative (ADDI) program made 2 loans for a total amount of \$25,330. These loans were combined with loans from the Mortgage Assistance Program.
- No loans were made from the Down Payment Assistance Program (DAP) for Public Safety Officers and Oakland Unified School District (OUSD) Teachers, but two teachers (one OUSD and one from another city) and one university professor purchased homes through the Mortgage Assistance Program.
- The Homeownership Education Program had 409 attendees at homebuyer workshops; 371 participants completed the program and received certificates.
- The Homeownership Foreclosure Prevention program (Unity Council) conducted targeted mail and email outreach to 10,104 residents who received Notice of Default (NOD) or Notice of Trustee Sale (NTS), conducted workshops reaching 692 homeowners, provided foreclosure counseling to 520 homeowners and provided financial and money management counseling to 520 distressed homeowners. The City mailed over 1900 letters and information brochures to residents who received NOD or NTS.

Fair Housing

The Center for Independent Living (CIL) provided housing search and discrimination counseling to 322 individuals. In addition, CIL assisted with information and referral for residents with disabilities of 116 households, provided housing counseling services for residents with disabilities and resolved 141 landlord/tenant issues. Centro Legal de la Raza counseled 179 tenants, provided 291 clients with brief legal services and provided 19 individuals with legal representation. East Bay Community Law Center (EBCLC) counseled 374 clients with limited legal representation and 30 clients with direct legal representation

PUBLIC OUTREACH

A *Public Notice* is required to review and receive public comments on the CAPER. A Notice was run in the Oakland Tribune September 12, 2012 announcing the availability of the draft Action Plan and the date, time and purpose of the Public Hearing for any comments.

A *Public Hearing* will be held Tuesday, October 2, 2012 in the City Council Chambers. The notice published in the Oakland Tribune on September 12, 2012 announcing the availability of the draft CAPER notified the public of the date, time and purpose of the Public Hearing

COORDINATION

The City of Oakland City Attorney's Office has been consulted regarding the legality of the staff report. Also, staff in the Department of Housing and Community Development, Office of Economic and Workforce Development and the Office of Neighborhood Investment submitted updated information pertaining to accomplishments allocated CDBG funded projects and services for FY 2011-12.

SUSTAINABLE OPPORTUNITIES

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

Environment: The CDBG provides funding for services to rehabilitate blighted or substandard housing, remove hazards such as lead-based paint and other health and building safety issues that help preserve existing City housing stock and improve the environment. The CDBG also provides funding for the Residential Lending Program which administers the housing rehabilitation programs. Staff encourages construction contractors, property owners and housing developers to make substantial use of recycled content building materials, energy-conserving building designs and appliances, and water conserving fixtures and landscaping. Housing Development loans support construction projects that will meet or exceed the green building standards developed by StopWaste of Alameda County and must be GreenPoint Rated. Also, housing development projects are infill projects near transportation and reduce pressure to build on agricultural and other undeveloped land and reduce dependency on automobiles.

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

CEQA

This report is not a project under CEQA.

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

Respectfully submitted,


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