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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND
AGENDA REPORT

TO: **2009 MAR 16 PM 1:57** Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: March 24, 2009

RE: Report Regarding (1) 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 2007-2008; and (2) Resolution Allocating An Estimated Award Of \$8,326,488 Of Community Development Block Grant Funds For FY 2009-2011 Between The Categories Of Administration, Economic Development, Homeless Services, Housing, HUD Loan Repayment And Neighborhood Programs And Allocating An Estimated \$670,480 In Program Income To The Rehabilitation Revolving Loan Program.

SUMMARY

This report transmits to the City Council 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 fiscal years 2009-2011 program years.

The CAPER was submitted to HUD in September to comply with reporting requirements. That report also contains a description of the activities completed with grant funds during FY 2007-08. This report provides an overview of the Executive Summary 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 fiscal years 2009-2011, is recommended as follows:

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Administration/Fair Housing	20.5%	\$1,847,523
Economic Development	12.4%	\$1,114,303
Homeless Services	4.5%	\$ 405,000
Housing	34.4%	\$3,096,143
HUD 108 Loan Repayment	10.0%	\$ 900,000
Neighborhood Programs	18.2%	\$1,633,999

In addition to this allocation, \$670,480 in program income is anticipated to be generated from repayment of housing rehabilitation loans.

Item: _____
CED Committee
March 24, 2009

FISCAL IMPACT

By adopting the allocation of funds as noted, the City Council will determine the proportional allocation of funds for the 2009-11 fiscal years 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 \$670,480 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 budget for housing 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 2005 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, 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 assess community needs (tentatively March 31, 2009), 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 2009-10 can occur at the second public hearing, to be held in May 2009.

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.

PROGRAM DESCRIPTION

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, 2007 through June 30, 2008, 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, 2005 through June 30, 2010.

Fair Housing

The Center for Independent Living (CIL) provided housing search and discrimination counseling to 667 individuals. In addition, CIL assisted with placement of 67 households in temporary or permanent housing and resolved 58 landlord/tenant issues. Centro Legal de la Raza counseled 179 tenants, provided 126 clients with brief legal services and provided 32 individuals with legal representation. East Bay Community Law Center (EBCLC) counseled 1,119 at tenant workshops and 1,127 individuals through the Low Income Eviction Project. EBCLC provided 66 individuals with legal representation. Eden Information and Referral expanded their housing database by 3,677 and provided information and referral to 5,920 low income residents. The Unity Council provided 131 clients with foreclosure counseling. Sentinel Fair Housing Provided fair housing information and referrals to 301 people, investigated 111 fair housing cases and held 33 community engagements. This is a substantial amount of services provided for the \$468,000 spent.

Economic Development

Neighborhood Commercial Revitalization (NCR) Program

The City of Oakland ended the NCR Program on June 30, 2007 and re-assigned NCR staff to the Redevelopment Division and the Business Development Unit. The functions previously performed by NCR staff including managing façade improvement projects and coordinating community participation in streetscape improvement projects were transferred to the Redevelopment Division. Establishing and maintaining special assessment districts, called Business Improvement and Community Benefit Districts, were transferred to the Business Development Unit. Merchant organizing was delegated to an outside organization. FY 2007-08 Community Development Block Grant (CDBG) funds appropriated to the NCR Program were allocated to the City's Façade Improvement Program for façade improvement grants to

commercial properties in targeted NCR areas and for contracted design assistance. NCR target areas are located in City's Community Development Districts and many target areas are also located in Oakland Redevelopment Project Areas.

In FY 2007-08 twenty-three (23) façade improvement projects were completed. This represents a total investment of \$1,086,821.61; \$310,127.35 in CDBG funded façade improvement grants and \$776,694.26 in private funds. \$194,225 is encumbered in twelve (12) projects which are under construction. Eight (8) architectural firms are under contract to provide on-call design services to the Façade Improvement Program for the two year period of FY 2007-09. Of the \$200,000 encumbered in design service contracts, approximately \$75,000 was expended in FY 2007-08. Design assistance was provided to twenty (20) projects.

Business Development Services Unit

In FY07-08, the Business Development Services Unit was involved in a number of activities to support business creation, retention and expansion by improving the business climate and increasing investment in Oakland to promote the prosperity of businesses, the City, and its residents.

Information on Business Development Services accomplishments in the last year and goals for the coming year is organized by industry sector and business support service/initiative.

Office

Staff is working on some major, ongoing business recruitment that began in FY07-08, which will likely not be finalized until FY08-09. A number of business support initiatives, described later in this section, are also in progress.

- Staff worked with the development/investment community to attract new investment into downtown Oakland. The CIM Group's purchase of the downtown Oakland Marriott & Courtyard Hotels represents a \$66 million investment.
- Staff is working with three companies considering relocating their headquarters to Oakland.
- Staff is working to help expand Pandora, an existing 120-employee new media company founded and located in Oakland.
- Staff continued the development of the Commercial Property Owners Tool Kit, a booklet of City programs and services to assist commercial owners with their leasing and marketing efforts.

Retail

BDS retail sector staff works to grow retail in Oakland by working with individual retailers and developers as well as analyzing sector trends and marketing Oakland as a place for retail business. In the last year, staff managed a year-plus initiative to determine the best ways to utilize the City's resources to maximize needed retail, including how to grow convenience and

comparison goods retail in neighborhood commercial districts, and where and how to site a much-needed comparison goods shopping place. Projects:

- Staff made several presentations to the City Council regarding the development of a Citywide Retail Enhancement Strategy. Significant work was completed for the development of the Upper Broadway Retail Strategy, including Interim Zoning provisions and coordination with Planning and Redevelopment Divisions.
- Staff continued the development of Retail Strategy, focusing on the development of other retail nodes.
- Addressing various questions and making referrals for Ozumo Japanese restaurant on its expansion into Oakland, the groundbreaking was in May 2008, and the restaurant opened in December 2008.
- Assisting Camino restaurant to open in May 2008.
- Working with various grocery store operators on prospective sites in East and West Oakland.
- Relocation or expansion of five key arts, food or recreation retailers is underway.
- Providing direct services to retailers large and small seeking information, sites and funding assistance—staff conducts in-takes with an average 100 new retailers per year, and have about 15 quantifiable successes (leases signed, businesses retained, etc.) per year.
- Matching retailers with vacant retail space and opportunity sites for new retail development.
- Reaching out to and responding to retail developers—the number and sophistication of which has increased in the last year.
- Participating in an average of six International Council of Shopping Centers (ICSC) trade shows and local meetings per year—with an annual average of 140 interactions and meetings at these events.
- Making presentations on retail in Oakland to a variety of audiences, including the Oakland Merchants Leadership Forum, neighborhood and merchant groups, and staff-hosted Brokers Forums – 25 presentations.
- Updating and developing marketing materials.
- Coordinating with other City staff on retailer issues.

Industrial Business Development

BDS industrial sector staff is working on business startup, expansion and recruitment support of industrial businesses citywide. In addition to day-to-day contact with a range of businesses, from 3,000sf specialty food businesses to 200,000sf production bakeries, staff conducts a number of sector projects such as developing a sector strategy, marketing material and a Brownfields loan program. Specific industrial business retention and attraction successes to date (FY 07-08) include:

- Location and purchase of a 12,000sf production space by a specialty soy food product company which retails and sells at local farmers markets and other outlets.

- Attraction of Revolution Foods, a fast growing healthy food company located in 3,000sf in a neighboring city, with expansion into 20,000sf of production and office space in the Oakland Airport area.
- Assistance to a carpet retailer and contractor in its development of a 20,000sf new building, following a fire at its previous location.
- Assistance for the 30,000sf expansion of a large printing company, listed as the fastest growing printer in the East Bay, and coordination with crime prevention, customer parking and support of a \$75,000sf tenant improvement grant.
- Staff continued to work with the Oakland Commerce Corporation, the city's contractor for business retention services. In FY 07-08, OCC assisted 452 businesses and 6,745 employees.
- Completion of a year-long, \$200,000 Industrial District Strategy project, funded with a \$100,000 grant from the U.S. Department of Commerce, Economic Development Administration to assess infrastructure in three industrial areas of the City. The study will produce a technical analysis and recommendations for new specific infrastructure improvements, analysis of commercial truck and vehicle circulation.
- Development of marketing profiles, two industrial newsletters, a business directory and associated website for West Oakland, and an Oakland Food Trail to celebrate and market niche production opportunities in Oakland.
- Staff presented Oakland's industrial land policy and business support efforts at the National American Planning Conference.

Green

BDS green sector staff works with businesses that incorporate recycled feedstock into production and those who produce green products and services.

- Staff working to attract four green industries: Pacific Bio Gas, Bevara Design, Cybertran, Tesla Cars.
- Staff working to expand Goalson and eCullet.
- Underway with the development of an Oakland Green Business Attraction Strategy.
- New initiative with Port of Oakland, Blue Sky Biofuels, and OMSS re: biodiesel use by Port trucks and on dock equipment.
- As the City's main representative, monitor and advise *Celilo, Inc.* on creation of the second edition of the East Bay Eco-Metro Guide, the marketing and education coupon book featuring local, organic, and sustainable products and services; the first edition exceeded all sales expectations, and represents a successful nexus of sustainability and business development that is truly exciting; a related goal in year two is to expand outreach to schools and non-profit organizations that can use Eco Metro as a major fundraiser.
- Helped fund and launch the GreenMyCuisine.com green restaurant program with City of Berkeley, Sustainable Business Alliance, and county Green Business program.
- Assisted with development and evaluation of Ancillary Maritime Services RFP for the Bay Area Conservation and Development Corporation (BCDC) mandated 15 acre set-

aside requirement for redevelopment to reduce trucking impacts on neighborhoods adjacent to the former Oakland Army Base property.

- Participated in the Green Business Industry Cluster of the Oakland Partnership.
- Representing the City on the Port's Comprehensive Truck Management Plan committee, which is developing a set of programs to mitigate existing and future impacts of trucking activity on the Army Base and in West Oakland; also giving input via the Truck Incentives Work Group on the Port and Air Quality Management District's (AQMD) upcoming application for Goods Movement environmental mitigation bond money, which will include funds for cleaner truck retrofitting and replacements that could flow through Bay Area Kenworth, which Redevelopment and Economic Development staff are seeking to retain in the East Gateway of the Army Base.
- Beginning work with regional Green Corridor economic development initiative, teaming with staff from the cities of Richmond, Berkeley, and Emeryville, with the goal of making this crescent of the East Bay "the Silicon Valley of Green Technology"; also continuing work with the Green Tech cluster of the Oakland Partnership, additional meetings of the Green Finance Network, and other initiatives.
- Staff promoted the reputation of Oakland as a green city and sought attraction of new construction material suppliers through a promotion booth at the Pacific Coast Building Material trade show in San Francisco.
- Oakland hosted the statewide Recycling Manufacturing Development Zone (RMDZ) training event on October 25-26, 2008.

Enterprise Zone tax credit

Oakland's Enterprise Zone has been in existence for 15 years. In 2007, the Program was transferred to the Business Development Services Unit and achieved the following:

- Continued development of the online vouchering system.
- Submitted and received approval for Oakland's new Enterprise Zone Program designation for 2008 – 2023.
- Signed up 558 Oakland businesses to participate in the EZ Program.
- Issued 3,626 hiring tax credit vouchers from July 1, 2007 – June 30, 2008.
Each hiring tax credit voucher represents an Oakland job.

Loans and Grants

A top priority of the City of Oakland is to encourage infill development by reutilizing Brownfields, which are underutilized sites where reuse is complicated by the real or perceived threat of environmental contamination. Staff manages a Brownfields loan and grant portfolio of \$1.5 million, including a recent supplemental award of \$385,000 from the U.S. EPA. Staff issued one new loan for revitalization of property into new development. Through staff's effort, the City was awarded a Strategic Partnership with the State of California Treasurer's Office for the Cal ReUse Remediation loan and grant program, which could provide up to \$10 million to clean contaminated properties for the purpose of housing development.

Through the California Integrated Waste Management Board Oakland has been designated a Recycling Market Development Zone (RMDZ), which provides project coordination, loan and grant packaging, site selection and permit processing assistance, and employment referral and training coordination. Since its inception in 1993, the RMDZ has packaged more than \$5.3 million in approved loans and grants for local recycling businesses. These loans have generated over \$10.5 million in investment in recycling and reuse. Low interest loans are available for equipment purchases, working capital, or real estate purchases.

Business Improvement Districts (BIDs)

The Oakland Business Improvement District (BID) Program (also known as Community Benefit Districts or CBDs) has proven to be a successful mechanism to support economic revitalization in the City of Oakland. The program will generate approximately \$3.3 million in special assessments annually, based on 9 CBDs. BID revenues pay for enhanced cleaning, security, streetscape improvements, marketing and economic development activities in affected 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 BID. Oakland's nine 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, Fruitvale. In the next year, one BID will explore the possibility of converting from business owner-based to property-owner based, and the initiation of one new BID feasibility study. In the last year, staff coordinated:

- Initiation of a Best Practices survey of leading BID programs in several comparable cities nationwide to gather information for the successful evolution of Oakland's BID Assistance Program.
- Establishment of two new CBDs: Downtown Oakland CBD and the Lake Merritt/Uptown CBD.
- Staff also worked with the Oakland Merchant Leadership Forum to develop the BID Managers Forum.
- Staff worked closely with Business Services Partners: Inner City Advisors (ICA), Local Initiatives Support Corporation (LISC), Oakland Business Development Corporation (OBDC), East Bay Small Business Development Center (EBSBDC), and member agencies of the Oakland Business Services Initiative.

Scotlan Convention Center

Staff serves as the City's project manager for the management agreement between the City and CIM Group to operate and maintain the Scotlan Convention Center, Oakland's only operating convention and conference center. Benefits of an effective facility is the attraction of large office tenants and new office development that need this type of space for their own business purposes; to increase hotel usage and the possibility of new hotel development; and to provide a space to showcase Oakland cultural and business activities. CIM is finalizing the architectural plans for a \$30 million upgrade of the Marriott Hotel to upgrade it to a Class "A" facility. The City has

received a cost analysis for upgrading the Convention Center facility to a similar standard. A variety of options and costs must be looked at before funding sources can be identified and rehabilitation of the Center moves forward.

Oakland World Trade Program

In February 2008, the City's consultants, C.H. Johnson Consulting, Inc., and Northern Real Estate, completed an *Independent Analysis of Oakland's Capacity to Support a World Trade Center District*. Key recommendations included:

- Assist the Bay Area World Trade Center (BAWTC) in its program expansion and efforts to locate a physical World Trade Center headquarters in Oakland
- Develop a staffed International Program to drive international investment attraction efforts and partnerships, particularly with the BAWTC.

In the last year,

- Staff represented the City's interests in expanding its international trade program and support of a physical BAWTC in the Mayor's Office and the Oakland Chamber's collaborative *Oakland Partnership*. This resulted in specific recommendations from the Oakland Partnership supporting the establishment of a physical World Trade Center in Oakland.
- Began development of a strategic plan to add more hotel rooms; improve the quality of the City's existing convention/conference space; expand the City's convention and conference space.

Small Business Development

- *Business Access Center*: One of the primary recommendations of the Mayor's Small Business Task Force was to develop a Business Access Center (BAC). In the last year, staff began the feasibility study of this recommendation. If developed as envisioned, the BAC will provide one-stop assistance for businesses of all sizes seeking to access City business services and non-City business technical and financial assistance. Web and in-person concepts are in development. Currently staff is identifying a potential sponsor for software and hardware needs, has prepared a status report for Council, is identifying potential operators for site operations, and has begun to obtain bids for site build-out.
- *Created in Oakland*: Staff assisted in the development of this initiative to help move existing small businesses beyond startup to achieve \$1 million in annual sales. The program is up and running with ten clients.
- *Small Business events*: Staff participated in and led efforts to produce a number business education events during the year, including Councilmember Larry Reid's 9th annual Small Business Symposium; the Franchise Showcase; Councilmember Jane Brunner's Women in Business conference, and a number of community presentations.

Oakland Partnership

Staff worked closely in the development of the Taking Stock of Oakland's Economy, the analysis of Oakland's economic trends, review of major industries and future opportunities. Staff activities also included the following:

- Participated in the following Industry Clusters: International Trade & Logistics, Health Care, Digital Arts & Media and Green Industry.
- Participated in the development of the Oakland Partnership Strategy - Business Climate Enablers and continues to work on meeting program goals
- Participated in two Oakland Partnership Conferences convened by the Mayor's Office.
- Provided support to the Mayor's Office Community Taskforces on Land Use, Economic Development, Small Business, Green Industry and the Arts Taskforce.

Citywide Wireless

Staff is coordinating efforts to determine how a citywide wireless infrastructure might help Oakland businesses and residents and how it might be successfully implemented. Such a system has the potential to increase digital inclusion and advance speed and access to the global marketplace. A consultant has been hired and has interviewed various stakeholders (business, nonprofit, residents) and discussed how Oakland can learn from the mistakes other municipal entities have made to create an economically sustainable wireless network that will also provide internet connectivity to underserved areas.

Commercial Lending

For the current reporting period, July 2007 – June 2008, 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 funded commercial loan programs:

- Collected approximately \$ 2,804,500 in delinquent and defaulted loans
- Negotiated proposals for the restructuring of one loan
- Underwrote 20 new loans to 18 loan clients
- Created opportunities for 66 new jobs in the Oakland economy
- Provided four clients with technical assistance in the development of business/marketing plans
- Created and established a tracking system for all payments on HUD Notes
- Implemented and designed a new Commercial Lending Loan Servicing System to improve the efficiency of the commercial loan portfolio servicing
- Initiated and executed three (3) professional service agreements to help Oakland small business owners and entrepreneurs access City services designed to assist in their establishment, growth, stability and viability

Homelessness

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

Homeless Services

Accomplishments

- Construction of a new 125 bed emergency housing facility, Crossroads, with holistic health care and enhanced services in a secure, supportive environment. Crossroads is operated by East Oakland Community Project (EOCP). The new facility increases EOCP's capacity to 125 beds and provides space to expand the range of services to its clients. The building provides private spaces for families and single women and men, and shared areas that include spacious community rooms, lockers, a landscaped inner courtyard with a children's "tot lot," and dining facilities to feed three full meals a day to 125 people. Special areas are set aside for counseling and health care to maximize the atmosphere of healing.
- Through the Year-Round and Winter Emergency Shelter program, more than 5,808 individuals and households received shelter, hotel/motel vouchers, food services, rental assistance and additional supportive services.
- More than 19,646 units of outreach and referral services were provided to over 3,920 homeless and persons with special needs through the City's Homeless Mobile Outreach Program, Housing Opportunities for Persons With AIDS program, Emergency Shelter programs, and Winter Shelter programs.
- Through the City's Transitional/Supportive Housing Programs, 98 families (consisting of 256 adults and children) and 38 youth individuals received temporary housing and/or transitional services, assisting each household to become more stable, as they move toward obtaining permanent housing.
- 76 families and 517 formerly homeless individuals moved into permanent housing; 236 household (families and individuals) were placed into transitional housing during the 2007-08 fiscal year.
- Through the Housing Opportunities for Persons with AIDS program, more than 177 persons living HIV/AIDS and their families (263 people) received housing assistance. The existing inventory of 227 HOPWA living units has been maintained in the Oakland Eligible Metropolitan Area (EMA). Construction was completed on the Alameda County portion of the Oakland Eligible Metropolitan Statistical Area (EMSA) for Crossroads, an emergency shelter with 125 beds. Twenty-five of the 125 shelter beds are HOPWA-dedicated beds. In Contra Costa County, Villa Vasconcellos, a 70-unit apartment community with 3 dedicated HOPWA units with support services was completed during the fiscal year. An additional 234 living units were under construction during the fiscal year; of which 12 to 15 are HOPWA-dedicated living units throughout the Oakland EMSA.

- Through the Hunger Program, more than 252,000 meals were provided through food distributions, hot meals, and the City's Annual Thanksgiving Dinner for the homeless, low-income, and seniors of Oakland.

Housing

For the period July 1, 2007 through June 30, 2008, the City's housing programs through CDBG, HOME, Redevelopment and Low/Mod funds achieved the following:

Preservation/Expansion of the Supply of Affordable Housing

Accomplishments

- 170 units of new rental housing were completed in the Lion Creek Crossings Phase II and Madison & 14th Apartments (including 20 special needs units). An additional 993 affordable rental units have been funded and are currently in predevelopment or under construction (529 family units, 410 senior units and 54 units of special needs units).
- 53 units of new ownership housing were completed. An additional 164 units have been funded and are in predevelopment or under construction.
- 312 units of existing affordable housing have been preserved. An additional 53 units have been funded for preservation and renovation, and are currently in predevelopment or under construction.
- 54 units of public housing have been reconstructed and 134 units of public housing have received funding for demolition and reconstruction and/or are currently in predevelopment or under construction.

Assistance to First-Time Homebuyers

Accomplishments

- The Mortgage Assistance Program (MAP), approved 57 loans and closed 53, totaling \$3,751,556.
- The American Dream Downpayment Initiative (ADDI) program approved 23 loans and closed 18 loans in the amount of \$422,650. These loans were combined with loans from the Mortgage Assistance Program.
- The Downpayment Assistance Program (DAP) for teachers and police officers made 2 loans totaling \$40,000.
- In addition to the two loans that were approved from the Down Payment Assistance Program for Public Safety Officers and Oakland Unified School District (OUSD) Teachers, five OUSD teachers, one non-Oakland teacher and one Teacher's Aide received loans from the Mortgage Assistance Program. The MAP program serves a lower income level and provides a higher loan amount.

- The Homeownership Education Program completed 11 classes with 574 attendees; 513 participants completed the program and received certificates.

Housing Rehabilitation and Neighborhood Improvement

Accomplishments

- The Home Maintenance and Improvement Program (HMIP) benefited the homeowners with remediation of dangerous health and safety issues, including earthquake strengthening and retrofitting, lead paint hazards, as well as housing code violations. The homeowners also benefited from home management counseling, lead hazard risk assessments and consultation, protection from predatory contractors and/or lenders and construction project monitoring provided by staff.
- HMIP received 64 applications, approved 26 loans for a total of \$1,900,000, completed rehabilitation of 20 units of owner-occupied housing, averaging \$75,000 per unit for a total of \$1,500,000. An additional 15 units are under construction for a total of \$1,070,000.
- The Lead Safe Hazard Paint Program (LSHPP) benefited clients with exterior improvement of their home, by eliminating health hazards through lead remediation and violations of City codes.
- The LSHPP completed 41 homes; an additional 17 units are underway for a total of \$473,000.
- The Access Improvement Program (AIP) completed work on 9 units; an additional 12 units are underway for a total of \$360,000.
- Minor Home Repair Program (MHRP) provides rehabilitation assistance to seniors in an amount not to exceed \$2,499 each. MHRP repaired 143 housing units; an additional 63 units are underway for a total of \$215,000.
- The Emergency Home Repair Program (EHRP) benefits homeowners by providing financial assistance for single-system repairs. Primary repairs performed are roofs, plumbing and sewer system repairs.
- The EHRP completed repairs on 14 units; an additional 4 units are underway for a total of \$162,500.00
- The Central City East Homeownership Rehabilitation Program (CCE HRP) approved 12 loans, completed the exterior repairs and façade improvements for 7 units of owner-occupied housing with an additional 6 units under construction for a total of \$700,000.
- The Neighborhood Housing Revitalization Program (NHRP) funded and completed the rehabilitation of a chronically blighted single family dwelling and received applications for an additional 3 multi family structures; \$100,000 has been awarded and \$450,000 in funding requests has been received.
- The Seismic Safety Improvement Program (SSIP) began accepting and processing applications for earthquake strengthening and retrofitting.

- Housing Rehabilitation's direct project expenditures and funding commitments total \$5,030,000.
- Approximately 720 construction related jobs are created per year as a result of Housing Rehabilitation activities.
- Approximately \$1,257,500 in sales revenue is generated as a result of Housing Rehabilitation activities.
- Approximately \$120,000 in permit revenue has been generated as a result of Housing Rehabilitation activities.
- Loan Servicing has received approximately 5000 loan servicing related inquiries, 150 demands for payoff, 20 subordination requests and 10 resale requests. In addition, \$2,123,000 in HMIP/First Time Homebuyer loan repayments have been processed and received. Loan Servicing also maintains Housing and Community Development's current loan portfolio valued at \$306,000,000 representing 2,100 Housing, Homeownership and Rehabilitation Loans.

Neighborhood Programs - Public Services and Infrastructure (Neighborhood Improvements)

Public Services

- Funding for public service activities were carried out through 29 sub recipient agreements with 21 private nonprofit agencies that serve low- and moderate-income persons in the seven Community Development Districts of Oakland. In addition, six (6) City-administered programs were funded. The programs administered by the non-profits and the City are:
 - **Anti-Crime** – Two (2) programs received funding for the provision of legal assistance, crisis counseling and support services to 157 individuals.
 - **Homeless** – Two (2) programs received funding for outreach, referrals and community fairs for homeless services to 392 individuals.
 - **Hunger Relief** - Two (2) programs received funding for the provision of food purchase and distribution services to 487,989 individuals.
 - **Microenterprise and Business Assistance** – Two (2) programs received funding for business development, training and facade improvement planning to 14,641 individuals.
 - **Senior Services** – Five (5) programs received funding for the provision of information & referral, needs assessment, support services, in-home support, companion services, legal services, recreation and physical activities, outreach & education, medical care, hot meals and social services to 2,584 individuals.
 - **Miscellaneous Public Services** – Three (3) programs received funding for the provision of computer training, tax preparation and education family support and assistance to 1,546 individuals.

- **Substance Abuse Intervention and Prevention** – One (1) program received funding for the provision of residential and day treatment services, support services and referral services to 40 individuals.
- **Youth Services** – Twelve (12) programs received funding for the provision of work experience and career preparation, case management, tutoring and instruction, academic assistance, cultural and life enrichment, health care and education, housing search assistance counseling and support services, leadership development, mentor support, life skills training and safety monitoring services to 3,130 individuals.

Infrastructure (Neighborhood Improvements)

- There were nine (9) projects awarded funds from the FY 07-08 grant allocated for capital improvements to public service facilities, three of the projects are complete, five are under construction and will be completed by June 2009 and one is in predevelopment.

Proposed Allocation of FY 2009-11 Funds By Program Category

The Department of Housing and Urban Development (HUD) has not yet notified the City of Oakland of its 2009-10 entitlement amount; however, the preliminary estimate amount is \$8,326,488. Staff recommends the proportional allocation of CDBG funds using the below percentages and allocations, with the provision that actual dollar amounts in each category may change once HUD confirms the City's 2009-10 entitlement.

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Administration/Fair Housing	20.5%	\$1,847,523
Economic Development	12.4%	\$1,114,303
Homeless Services	4.5%	\$ 405,000
Housing	34.4%	\$3,096,143
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Neighborhood Programs	18.2%	\$1,633,999

In addition to this allocation, \$670,480 in program income is anticipated to be generated from the repayment of housing rehabilitation loans.

Staff recommends that 4.5% of the CDBG grant, in the amount of \$405,000 (or 30% of Public Services-eligible funding) be allocated to homeless/hunger safety net services. The proposed allocation preserves a minimum maintenance of effort approaching historical funding levels for these services. This has become necessary, in part, because the establishment of community priorities under the district board allocation system has not always reflected the overall priorities of the Consolidated Plan with respect to safety net services. In recent years the crises in youth violence/public safety and the plight of

seniors in poverty have been prioritized above homeless services by the district boards, leaving safety net services significantly under-funded. Unless a homeless services set-aside is made explicit these needed services may be lost.

The need for safety net funding is especially critical due to the current economic downturn. The unemployment rate in California is at its highest levels in over 25 years. The foreclosure crisis has resulted in an increase in displaced families, not only from ownership housing, but from rental housing as well. There have been significant increases in requests for assistance across the board, from emergency food and shelter providers to the social services 211 assistance line. Although some relief is expected through the new federal stimulus package, the stimulus funding is narrowly targeted and cannot be applied to the broad range of safety net programming funded through CDBG.

Importantly, the proposed set-aside does not provide new money for homeless services, but provides the minimum amount needed to preserve the existing safety net. Historically, funding for hunger and homeless programs has exceeded \$500,000 annually. The proposed set-aside will partially fund some safety net services, but will not fully fund programs such as food scholarships for community food pantries, shelter operations for the East Oakland shelter facility, winter shelter for seniors and other vital services. Perhaps more importantly, the set-aside does not provide any new funding to support the development of wrap-around services for permanent supportive housing, a key element of the Permanent Access To Housing (PATH) strategy.

In 2006 the City of Oakland adopted the county-wide EveryOne Home Plan, the county's Ten Year Plan to End Homelessness, as mandated by HUD. The following year the Council adopted the Oakland-specific companion to EveryOne Home, the PATH strategy. These plans represent the homeless-specific service allocations and housing production strategies of the Consolidated Plan. The PATH strategy calls for the production of over 7,000 units of permanent housing for homeless and at-risk populations in Oakland by the year 2020. One third of those units are targeted as Permanent Supportive Housing (PSH) units, which are housing units with integrated wrap around services to ensure that people remain in their housing.

Although the traditional configuration of the HUD entitlement grants provides funding for the capital expenditures needed to build the physical housing units, there are few eligible sources of funding to pay for the services portion of PSH. Both the City and its partners in EveryOne Home at the county level recognize the scarcity and limitations of funding for services for permanent supportive housing, and have explored different methods and approaches, including federal and state lobbying efforts to increase available resources for this purpose. However, at this time one of the few sources of flexible funding for homeless services is CDBG; without some additional set aside of CDBG services dollars it will be very difficult for the City to fulfill the commitments of the PATH strategy.

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.

RECOMMENDATIONS AND RATIONALE

Based on the analysis in the 2005 Consolidated Plan and the above information, staff recommends that for fiscal years 2009-2011, CDBG funds be allocated in similar proportions that were used for the FY 2007-09 programs, as follows:

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Administration/Fair Housing	20.5%	\$1,847,523
Economic Development	12.4%	\$1,114,303
Homeless Services	4.5%	\$ 405,000
Housing	34.4%	\$3,096,143
HUD 108 Loan Repayment	10.0%	\$ 900,000
Neighborhood Programs	18.2%	\$1,633,999

It is further recommended the estimated program income of \$670,480 be allocated to the Rehabilitation Revolving Loan Program.

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 years 2009-2011 based on the preliminary estimate from HUD of \$8,326,488 and for the allocation of an estimated \$670,480 in program income.

Respectfully Submitted,

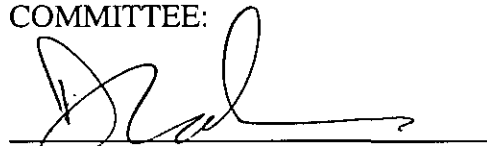


Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Sean Rogan, Deputy Director
Housing and Community Development

Prepared by:
Michele Byrd, Manager
CDBG Program

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE:


Office of the City Administrator

Item: _____
CED Committee
March 24, 2009

2009 MAR 11 PM 1:58

DRAFT

DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

RESOLUTION ALLOCATING AN ESTIMATED AWARD OF \$8,326,488 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FY 2009-2011 BETWEEN THE CATEGORIES OF ADMINISTRATION, ECONOMIC DEVELOPMENT, HOUSING, HOMELESS SERVICES, HUD 108 LOAN REPAYMENT AND NEIGHBORHOOD PROGRAMS AND ALLOCATING AN ADDITIONAL ESTIMATED AMOUNT OF \$670,480 IN PROGRAM INCOME TO A REVOLVING LOAN FUND FOR HOUSING REHABILITATION ACTIVITIES.

WHEREAS, the United States Department of Housing and Urban Development (HUD) will award an estimated \$8,326,488 of Community Development Block Grant (CDBG) funds to the City of Oakland for the 2009-2011 fiscal year; and

WHEREAS, in addition to this award, it is anticipated that \$670,480 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 FY 2009-2011 shall be as follows:

Administration/Fair Housing	20.5%	\$1,847,523
Economic Development	12.4%	\$1,114,303
Homeless Services	4.5%	\$ 405,000
Housing	34.4%	\$3,096,143
HUD 108 Loan Repayment	10.0%	\$ 900,000
Neighborhood Programs	18.2%	\$1,633,999

and be it

FURTHER RESOLVED: That the program income will be allocated to a revolving loan fund for housing rehabilitation activities, and be it

FURTHER RESOLVED: That if the grant allocation and program income is lower than estimated, the budget amounts will be reduced to respectively; and be it

FURTHER RESOLVED: That the Community Development District Boards are directed to recommend programs that provide funding in proportion to the low to moderate income population throughout the CD Districts.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

DRAFT

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California