



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, HCCD

SUBJECT: Bay Area Community Services
(BACS) Scattered Small Sites Project

DATE: October 7, 2020

City Administrator Approval 

Date: October 8, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. 88284, Which Authorized The City Administrator To Apply For, As A Local Agency Partner, Up To \$10 Million Of Funds From The California Department Of Housing And Community Development Under The Homekey Program (Homekey Funds), Accepted and Appropriated Up To \$10 Million In Homekey Funds For Acquisition Of Scattered Small Sites By Bay Area Community Services (BACS) For Permanent Affordable Housing, And Awarded A Grant Agreement To BACS In An Amount Not To Exceed \$10 Million To Acquire Scattered Small Sites For Permanent Affordable Housing, To:

(1) Accept And Appropriate An Additional \$200,000 In Homekey Funds, As A Local Agency Partner, For The Operation Of The Permanent Affordable Housing At The Scattered Small Sites; And

(2) Award A Grant Agreement To BACS In An Increased Amount Not To Exceed \$10.2 Million To Both Acquire And Operate Scattered Small Sites As Permanent Affordable Housing.

EXECUTIVE SUMMARY

The City applied jointly with Bay Area Community Services (BACS) for funding from the State's Homekey grant program to acquire up to 20 homes for individuals who are experiencing homelessness and are at severe risk of COVID-19. Staff is seeking City Council approval of this updated resolution that increases the Homekey amount from \$10 million to \$10.2 million to reflect an increase to the anticipated Homekey award. Besides this increase to the Homekey award amount, there has been no change to the project.

Under its efficient operating model, BACS does not require ongoing operating subsidy. However, BACS does seek a rental mitigation fund for the first year of operations based on BACS' deep experience of moving individuals who have lived outside for many years into homes. BACS' data shows that the average small site family home collects 30 percent less rental income in its first year as BACS is helping and supporting individuals to develop the skills

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to pay their rent successfully. As such, while the model does not require an ongoing operating subsidy, the rental mitigation fund creates the capacity for the project and the participants to be sustainable in the first year of operations.

Discussions with Homekey about this unique model have resulted in an increase to the anticipated Homekey award to include up to \$200,000 in capitalized operating subsidy to support the first year of operations, in addition to the \$10 million awarded for acquisition.

BACKGROUND / LEGISLATIVE HISTORY

At the special City Council meeting held on August 28, 2020, the City Council approved Resolution No. 88284 CMS, authorizing the City Administrator to apply for, accept, appropriate, and award up to \$10 million in Homekey grant funds to BACS for this project.

Through a notice of funding availability (NOFA) issued on July 16, 2020, Homekey funding was made available to local public entities to purchase and rehabilitate housing, and convert them into interim or permanent, long-term housing to house people experiencing homelessness who are at high risk of for serious illness and are impacted by COVID-19.

Of the \$600 million in Homekey grant funds, \$550 million is derived from the State's direct allocation of the federal Coronavirus Aid Relief Funds (CRF) for acquisition and rehabilitation. The remaining \$50 million is derived from the State's General Fund and is for operating subsidy. Each Homekey allocation must comply with the following expenditure deadlines:

- The \$550 million in CRF must be expended by December 30, 2020
- The \$50 million in State General Funds for operating subsidy must be expended by June 30, 2022

On August 13, 2020, the City jointly applied with BACS for \$10,000,000 in Homekey funding for this project. On September 14, 2020, Homekey staff and BACS discussed increasing the award to accommodate one year of operating subsidy for up to \$200,000 (30 percent of units for 1 year) in the form of a rental mitigation fund to support individuals as they transition to paying rent successfully. The BACS model does not require an ongoing operating subsidy but the Rental Mitigation Fund creates the capacity for the project and the participants to be sustainable. This amendment to the existing resolution will increase of the total Homekey grant amount from \$10 million to \$10.2 million to accommodate a rental mitigation fund of up to \$200,000.

No City matching funds are required for this project.

ANALYSIS AND POLICY ALTERNATIVES

The City, and its developer partners have jointly applied for \$36,569,527 in Homekey funds for the following affordable housing projects in **Table 1**, below. Clifton Hall and this project, BACS Scattered Sites, have been awarded Homekey funds, and the other two projects have been waitlisted.

Table 1: Affordable Housing Projects – Homekey Application Status

Project Name	Address	Sponsors	Number of Affordable Units	Homekey App Status
Clifton Hall	5276 Broadway, Oakland CA 94618	SAHA, EOCP, BFWC	63 units (21 family shelter, 42 permanent senior housing)	Awarded
Inn at Temescal	3720 Telegraph Ave, Oakland, CA 94609	Operation Dignity and Danco Communities	22 units	Waitlisted
11 th and Franklin	392 11 th Street, Oakland, CA 94607	Oakland and the World (OAW), McCormack Baron Salazar (MBS), and Memar Properties	82 units	Waitlisted
BACS Scattered Sites: Project Reclamation	Up to 20 small sites throughout Oakland	Bay Area Community Services (BACS)	Up to 100 units	Awarded

Without Homekey funding awards, the City does not have enough funding to support all four and move these projects forward. Homekey funding also provides land use and California Environmental Quality Act (CEQA) streamlining opportunities.

Project Details for BACS Scattered Sites: Project Reclamation

BACS proposes purchasing up to 20 homes through November 2020, and has already made offers and purchased several homes (see **Table 2** for details). This effort will quickly and efficiently bring on 100 rooms of housing for individuals experiencing homelessness who are at risk of COVID and will safely assure they can shelter in place in their own bedroom.

Table 2: BACS Scattered Sites Property List

Address	Price	Bedroom	Bathroom	Zip Code	Notes
1401 W. 4 th	\$502,000	6	2	94603	Already purchased
2244 109th Ave	\$599,000	5	2	94603	Already purchased
6480 Seminary	\$505,000	6	2	94602	Already purchased
6736 Macarthur Blvd	\$525,000	6	2	94605	Already purchased
7515 Weld St	\$495,000	6	2	94609	Already purchased
918 Royal St	\$605,000	6	2	94601	Already purchased
10034 Voltaire Ave	\$579,000	5	2	94603	Offer accepted
2002 96Th Ave	\$648,888	4	2	94621	Offer accepted
2700 79th St	\$499,000	4	2	94621	Offer accepted
3229 Delaware St	\$599,000	4	2	94602	Offer accepted
6922 Weld St	\$499,950	5	2	94621	Offer accepted
3579 Galindo St	\$815,000	4	3	94601	Offer accepted
7404 Weld St	\$599,888	4	2	94621	Current offer pending

Address	Price	Bedroom	Bathroom	Zip Code	Notes
9638 D Street	\$600,000	4	2	94603	Current offer pending
7350 Holly St	\$550,000	4	2	94621	Current offer pending
10785 Pippen St	\$600,000	4	2	94603	Offer made
2328 14Th Ave	\$599,000	5	2	94606	Offer made
10050 Bernhardt Dr	\$625,000	4	2	94603	Offer made
1240 73rd Ave	\$574,000	4	2	94621	Offer made
1708 55th	\$539,000	4	2	94621	Offer made
1716 96th	\$600,000	4	2	94603	Offer made
1824 73rd Ave	\$499,000	4	2	94621	Offer made
2500 83rd Ave	\$650,000	4	2	94605	Offer made
924 71st Ave	\$528,000	4	2	94622	Offer made

The homes will have an average bedroom capacity of 5.5, creating a total of 100 individual bedrooms of deeply affordable permanent housing with services, using a co-living approach which promotes preservation of units in the local community and fights against gentrification that has ravaged communities of color. Ninety-five percent (95%) of individuals living in BACS Co-Living models maintain their housing. The model is highly efficient in that it does not require a lifetime operating subsidy because the asset is owned and the rental income and some services revenue covers all operating expenses over time.

Project Reclamation is a grassroots Co-Living model aimed to eliminate barriers to access deeply affordable permanent housing with supportive services for homeless individuals at risk of COVID-exposure. Individuals experiencing homelessness will be targeted from existing Project Room Key programs and/or the Coordinated Entry System, which BACS operates for the City of Oakland. BACS' Housing First programming provides wraparound services to individuals to help deter negative housing outcomes while understanding with chronic homeless populations it often takes more than one placement regardless of the quality of services for more stable housing placements to 'stick' for successively longer periods of time.

BACS relies on census tract information to conduct its data analysis, research and analysis, including site planning, acquisition selection strategy, neighborhood data to ensure that the target population is safe and welcomed in the community, and more. This program will work with the Continuum of Care to ensure that BACS permanent housing and services is coordinated and targeted to individuals deemed the most vulnerable and who are at risk of COVID-19 and that individuals living in Project Room Key are prioritized.

FISCAL IMPACT

There is no fiscal impact to the City, as there is no capital or operating subsidy requested from the City for this Project. BACS will acquire the properties with the \$10 million in Homekey funds that have been awarded. In addition to the \$200,000 in rental mitigation funds for the first year of operations from Homekey, the project will rely on rental income and some services income to support operations. Furthermore, since all of BACS clients/tenants are Medi-Cal beneficiaries, and BACS is an eligible provider, this Medi-Cal revenue provides increased support to this deeply affordable permanent housing with supportive services.

PUBLIC OUTREACH / INTEREST

Because the amendment is not a significant change to the prior resolution, no outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda noticing procedures.

BACS has deep history in Oakland and continues to provide deep and intentional community outreach for all of its programs and services. Each program creates a coordinated outreach approach that may include neighborhood outreach, outreach to businesses, faith-based institutions, and outreach to the community it serves. BACS has a street outreach team that is embedded in all of the areas that the unhoused population frequents and provides deep support for the community. BACS holds neighborhood and community meetings for areas that it creates new programs in to help the neighborhood get to know the resources, support structures, and more. BACS also holds periodic and regular neighborhood events for the community to come together on behalf of the community.

COORDINATION

The Homekey applications, including this one, have required close collaboration between the Housing and Community Development Department, the Community Housing Services division of the Health and Human Services Department, the Planning & Building Department, Economic and Workforce Department, Budget Bureau, the Mayor's Office and the City Attorney's Office.

SUSTAINABLE OPPORTUNITIES

Economic: This project will generate a few construction, professional services, and ongoing property management jobs in Oakland. With no subsidy required from the City, the Project has no fiscal impact while providing up to 100 doors of housing for people experiencing or at risk of homelessness.

Environmental: Through the acquisition of already existing homes in good condition, there will be less construction and less impact on the environment. This also reduces the pressure to build on agricultural and other undeveloped land. Each already purchased home and home that BACS and its Housing Corporation has put an offer on are within 0.5 mile of essential services including grocery, health, and pharmacy. BACS has verified that each home is within proximity as required.

Further, each property is located within 0.3 miles of public transportation. The proximity to public transit which enables residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development.

Race and Equity: The overarching principle and philosophy of BACS and its Housing Corporation is to ensure that communities of color, predominantly Black/African American adults who are disproportionately over-represented and inadequately served, have access to housing in the neighborhoods they are from generationally; to support the community to heal through structural racism, red-lining, and generational traumas; to provide a key and a door and a beautiful sanctuary of a nicely kept single family home with a front/back yard they can spend time in, and to contrast the majority of affordable housing developments that tend to be large-

scale, placed in areas where they are not part of actual neighborhoods, and to ensure that deeply affordable housing with services can take on a diverse, innovative, out-of-the-box, non-traditional format where BACS can demonstrate that small-sites can 'pencil'; that they can be deeply affordable, and they do not need traditional lifetime expensive operating subsidies to serve the same community members served by expensive big-box models with expensive operating subsidies.

BACS Scattered sites will promote social, racial and health equity by providing permanent supportive housing to Oakland residents experiencing chronic homelessness. City data shows that 70 percent of people experiencing homelessness in the city are African-American – far higher than their 24 percent share of the Oakland population. African Americans are also disproportionately impacted by COVID-19. Providing permanent housing to these at-risk individuals promotes racial, social, and health equity for the City of Oakland.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. 88284, Which Authorized The City Administrator To Apply For, As A Local Agency Partner, Up To \$10 Million Of Funds From The California Department Of Housing And Community Development Under The Homekey Program (Homekey Funds), Accepted and Appropriated Up To \$10 Million In Homekey Funds For Acquisition Of Scattered Small Sites By Bay Area Community Services (BACS) For Permanent Affordable Housing, And Awarded A Grant Agreement To BACS In An Amount Not To Exceed \$10 Million To Acquire Scattered Small Sites For Permanent Affordable Housing, To:

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For questions regarding this report, please contact Shola Olatoye, Director, at 510-238-3714.

Respectfully submitted,

SHOLA OLATOYE
Director, Housing And
Community Development

Attachment (1):

A: August 28, 2020 Staff Report – Bay Area Community Services (BACS) Scattered Small Sites Project