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OAKLAND

2017 APR 13 PM 3:35

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Director, HCDD

SUBJECT: Allocation of Additional Funding to the
Code Compliance Relocation
Program

DATE: April 10, 2017

City Administrator Approval

Date:

4/13/17

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution (1) Amending Resolution Nos. 84860 C.M.S. And 85413 C.M.S., Which Authorized A \$750,000 Loan To Habitat For Humanity East Bay/Silicon Valley To Acquire And Rehabilitate Foreclosed, Vacant And Abandoned Single Family Homes, To Change The Source Of Project Funding For The Remaining Balance Of \$615,000 From Community Development Block Grant Funds To The Low And Moderate Income Housing Asset Fund; And (2) Allocating \$615,000 Of Community Development Block Grant Funds To The Code Enforcement Relocation Program

EXECUTIVE SUMMARY

Adoption of the proposed resolution would allow the City Administrator to allocate \$615,000 of additional Community Development Block Grant (CDBG) funds to the Code Compliance Relocation Program to provide relocation assistance to the residents of the San Pablo Avenue Apartments. To make \$615,000 available in CDBG funds, the recommended legislation will also change the funding source of the Habitat for Humanity Home Renovation program to Low and Moderate Income Housing Asset Fund.

At least 70 households have been displaced by the San Pablo Avenue Apartment fire and of these, 54 have been verified as meeting the criteria for relocation benefits under O.M.C Chapter 15.60 and need relocation benefits. Staff estimates that a minimum of \$700,000 will be needed to fund relocation benefits for eligible residents. The additional funds will increase the total funds available for the Code Compliance Relocation Program to \$733,275.

REASON FOR URGENCY

Due the March 27, 2017 San Pablo Avenue Apartments Fire, immediate additional funding is needed to provide relocation benefits to the residents of the San Pablo Avenue Apartments who are currently without permanent housing.

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BACKGROUND / LEGISLATIVE HISTORY

Code Compliance Relocation Program

City Council adopted Ordinance No. 11552 C.M.S. on February 23, 1993, establishing the Code Enforcement Relocation Program and codifying it in Chapter 15.60 of the Oakland Municipal Code. On October 13, 1998, City Council adopted Ordinance 12086 to revise, clarify, and expand most sections within Chapter 15.60. On February 14, 2017, Ordinance no. 13416 amended the Code Enforcement Relocation Program to increase relocation payments for tenants displaced for code compliance repairs, redefine eligibility for such payments, and enhance penalty provisions and remedies for violations of O.M.C Chapter 15.60. Additionally, the name of Chapter 15.60 was changed to the Code Compliance Relocation Program from the Code Enforcement Relocation Program

Habitat for Humanity Home Renovation Program

Habitat for Humanity Oakland Home Renovation Program was funded under the 2013-14 Notice of Funding Availability (NOFA). Resolutions No. 84860 C.M.S. authorized the City Administrator her designee to provide a loan not to exceed \$750,000 to Habitat for Humanity East Bay/Silicon Valley to acquire and rehabilitate five foreclosed single family homes. The resolution was amended by Resolution No. 85413 C.M.S to allow loans funds to be used to acquire and rehabilitate and vacant and abandoned single family property in Oakland whether or not they are foreclosed properties. Habitat for Humanity East Bay/Silicon Valley entered into a loan agreement with the City of Oakland on October 6, 2015. The loan agreement has a four year term. Since closing the loan, they have acquired one home, started the rehabilitation, and selected the eligible homebuyer. They have drawn a total of \$135,000 of the total loan funds and \$615,000 currently remains to complete the project.

ANALYSIS AND POLICY ALTERNATIVES

Relocation Benefits for the San Pablo Avenue Residents

Residents of the San Pablo Avenue Fire are eligible for and in urgent need of the relocation benefits provided under the City's Code Compliance Relocation Program. If the owner does not make payments to the tenants, the City may choose to make payments to displaced tenants and then recover the costs from the responsible parties including placing a lien on the property. The property owner has been notified about the relocation obligation.

Due to the urgent need for assistance to relocate the tenants, the City has accepted applications for relocation assistance from the tenants. Currently there is only \$118,275 available in CDBG to provide relocation assistance. It is estimated that over 70 households may be eligible for relocation assistance. The amount of benefit ranges from \$6,500 to 12,375 per household. Staff has estimated that the program will need a minimum of \$700,000 to fund relocation benefits to residents of the San Pablo Avenue Apartments but there are insufficient funds available from CDBG funds.

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Habitat for Humanity Home Renovation Program Funding Source Change to Increase Funding to the Code Compliance Relocation Program

The loan for Habitat for Humanity Home Renovation Program was awarded from CDBG funds. CDBG funds can be used to pay relocation benefits while other sources of housing funds cannot. Habitat for Humanity East Bay/Silicon Valley has only drawn \$135,000 of the total \$750,000 loan. Sufficient funding is available from the Low and Moderate Income Housing Asset Fund, which can only be used to fund the development of affordable housing, to cover the remaining \$615,000 available to the project under the loan agreement.

By changing the funding sources of the Home Renovation Program, the City can provide and additional \$615,000 in relocation benefits to the residents displaced by the fire at the San Pablo Avenue Apartments.

Alternative Action

Alternatively, the City could choose not to redesignate these CDBG funds and instead compel the responsible entities to submit the funds; this approach would likely result in delay in distributing the relocation fund to qualified tenants.

FISCAL IMPACT

The recommended legislation would replace the funding source of the Habitat for Humanity Home Renovation Program with Low and Moderate Income Housing Asset Funds (2830). \$2 million dollars has been collected in loan repayment from the Mortgage Assistance Program during the first and second quarter of Fiscal Year 2016-17. These funds were appropriated to the Low and Moderate Income Housing Asset Fund (2830) per Resolution No. 86365 C.M.S. and available for use for the Home Renovation Program. While the funding source will change, there will be no change to the program and the City will fulfill its commitment under the loan agreement with Habitat for Humanity East Bay/Silicon Valley.

Changing the funding source of the Habitat for Humanity Home Renovation program loan will make \$615,000 of CDBG funds (2108) available to the Code Compliance Relocation Program in order to provide at least \$733,275 in relocation benefits to the residents displaced by the fire at the San Pablo Apartments.

PUBLIC OUTREACH / INTEREST

Besides contacting Habitat for Humanity East Bay/Silicon Valley about the potential funding source change, no outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda notice procedures.

COORDINATION

The Office of the City Attorney was consulted to ensure legality of resolutions and compliance with funding source constraints. The Controller's Bureau was consulted to confirm funding amounts.

SUSTAINABLE OPPORTUNITIES

Economic: The Code Compliance Relocation Program is not intended to have any direct economic effect, such as job generation, sales tax revenues, or increasing the local housing inventory. However, the program is designed to ensure that tenants displaced due to City code enforcement activities do not incur undue financial hardship or fall into homelessness or increased risk of losing employment. In this sense, the program could have the indirect economic effect of helping ensure that tenants' level of participation in the local economy (e.g., keeping their jobs, patronizing Oakland businesses, etc.) continues uninterrupted.

Environmental: The program is intended to help facilitate the process through which non-complying buildings are brought into code, and therefore made more suitable for tenancy from an environmental health and safety perspective.

Social Equity: Households eligible for relocation assistance are low-income, and the program is designed to alleviate undue financial stress on these households under the difficult circumstances of temporary (or permanent) relocation. While property owners are ultimately responsible for providing relocation payments to these vulnerable displaced tenants, owners sometimes do not provide these payments within the required time period, or at all. Although the program does not obligate the City to provide relocation assistance to tenants in cases of owner non-compliance, the City can act as a crucial safety net and resource for these tenants if sufficient funding is available to be used for relocation payments.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution (1) Amending Resolution Nos. 84860 C.M.S. And 85413 C.M.S., Which Authorized A \$750,000 Loan To Habitat For Humanity East Bay/Silicon Valley To Acquire And Rehabilitate Foreclosed, Vacant And Abandoned Single Family Homes, To Change The Source Of Project Funding For The Remaining Balance Of \$615,000 From Community Development Block Grant Funds To The Low And Moderate Income Housing Asset Fund; And (2) Allocating \$615,000 Of Community Development Block Grant Funds To The Code Enforcement Relocation Program

For questions regarding this report, please contact Norma Thompson, Housing Manager, at 510-238-7137 or Christina Morales, Housing Development Coordinator, at 510-238-6984.

Respectfully submitted,



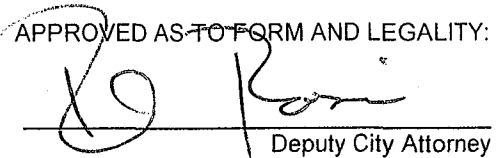
Michele Byrd
Director, Department of Housing and
Community Development

Reviewed by:
Norma Thompson, Manager of Housing
Development

Prepared by:
Christina Morales, Housing Development
Coordinator
Housing Development Services

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APPROVED AS TO FORM AND LEGALITY:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION (1) AMENDING RESOLUTION NOS. 84860 C.M.S. AND 85413 C.M.S., WHICH AUTHORIZED A \$750,000 LOAN TO HABITAT FOR HUMANITY EAST BAY/SILICON VALLEY TO ACQUIRE AND REHABILITATE FORECLOSED, VACANT AND ABANDONED SINGLE FAMILY HOMES, TO CHANGE THE SOURCE OF PROJECT FUNDING FOR THE REMAINING BALANCE OF \$615,000 FROM COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO THE LOW AND MODERATE INCOME HOUSING ASSET FUND; AND (2) ALLOCATING \$615,000 OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO THE CODE ENFORCEMENT RELOCATION PROGRAM

WHEREAS, City Council Resolution No. 84860 C.M.S., passed on March 4, 2014, authorized the City Administrator or his or her designee to provide a loan not to exceed \$750,000 to Habitat for Humanity East Bay/Silicon Valley to acquire and rehabilitate five foreclosed single family homes; and

WHEREAS, City Council Resolution No. 85413 C.M.S., passed on February 17, 2015, amended City Council Resolution No. 84860 C.M.S to allow loan funds to be used to acquire and rehabilitate any vacant and abandoned single family property in Oakland whether or not they are foreclosed properties; and

WHEREAS, \$750,000 was allocated from the 2014-15 Community Development Block Grant Fund (2108), Community Development Block Grant Organization (88949) for this loan, and \$135,000 has been expended to acquire and rehabilitated one of the five properties; and

WHEREAS, Community Development Block Grant funds are needed to fund the Code Enforcement Relocation Program established under Chapter 15.60 of the Oakland Municipal Code to provide relocation assistance to the victims of the San Pablo Avenue fire and others; and

WHEREAS, \$615,000 is available from the Low and Moderate Income Housing Asset Fund (2830) to fund the remaining loan commitment with Habitat for Humanity East Bay/Silicon Valley; and

WHEREAS, Council wishes to change the source of these funds; now, therefore, be it

RESOLVED: That the City Council hereby amends Resolution Nos. 84860 C.M.S. and 85413 to provide that the \$615,000 balance of the loan funds allocated from the 2014-15 Community Development Block Grant Fund (2108), Community Development Block Grant Organization (88949) instead be allocated from the Low and Moderate Income Housing Asset Fund (2830), Housing Development Organization (89929), Housing Development Project (1000388); and be it

FURTHER RESOLVED: That the City Council authorizes the reallocation of \$615,000 in Community Development Block Grant Funds (2108), Community Development Block Grant Organization (89949), Rental Rehab Program (1001105) to the Community Development Block Grant Funds (2108), Community Development Block Grant Organization (89949), Code Enforcement Relocation Program (CERP) (1000385).

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, and PRESIDENT REID

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

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