

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2008 FEB 28 PM 4: 56

# CITY OF OAKLAND

## AGENDA REPORT

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Department of Human Services  
DATE: March 11, 2008

RE: **Resolution Authorizing A Grant Agreement With Mercy Properties California In The Amount Of \$25,000 From Community Development Block Grant (CDBG) Funds For Repairs And Upkeep Of A City-Owned Property At 1226-73<sup>rd</sup> Avenue**

---

### SUMMARY

The City-owned 4-unit property at 1226-73<sup>rd</sup> Avenue has been used to provide housing for homeless persons since 1995. The City has had a lease with non-profit agencies to operate the building and to provide services to residents. Even though the lease agreement specifies the responsibilities of the City, as owner, and the non profit agency as the tenant, with regard to the upkeep of the building, the property has never had a dedicated source of funds from the City for major repairs and structural upgrades. As a result, repairs have had to be undertaken on an *ad hoc* basis and usually under emergencies. The non profit agencies have maintained the property with some of the limited funds from rents.

Funding in the amount of \$25,000 is requested for various repairs and to provide a source of funds for property upkeep to meet health and safety code standards.

### FISCAL IMPACT

Approval of this resolution will authorize the City Administrator to execute a grant agreement which will provide \$25,000 from Community Development Block Grant (CDBG) funds for repairs at the property. The funds are available in HUD-CDBG Fund (2108), Dept. of Human Services Organization (78111), Miscellaneous Services Account (53719), CD Reprogramming Project Number (G10050), and Fostering Family Safe and Healthy Communities Program (SC22). The City does not expect to receive any revenue from its lease with Mercy Properties California.

Item: \_\_\_\_\_  
Community and Economic Development Committee  
March 11, 2008

---

## **BACKGROUND**

Ordinance No. 11618 C.M.S. adopted in 1993, authorized a 5-year lease with Catholic Charities to operate a Shelter Care Plus (S+C) program in the property at 1226-73<sup>rd</sup> Avenue for hard-to-serve homeless persons with disabilities. A collaboration of Alameda County, the City and nonprofit providers applied for and received funding from the Department of Housing and Urban Development (HUD)'s Shelter Plus Care program to provide rental assistance in connection with supportive services to residents.

The lease was amended in 1999 when Catholic Charities declared bankruptcy and Mercy Housing California assumed responsibility for Catholic Charities' projects and programs. In 2000 Mercy Housing California changed its name to Mercy Properties California and has continued to operate the 73<sup>rd</sup> Avenue property under the S+C program.

Under the terms of the lease, the rent the City is to receive from Mercy Properties California is set at the balance remaining after Mercy Properties California has collected rents from the tenants and deducted their operating expenses including property maintenance expenses. To date, the City has not received any revenue from the property since the rents from tenants, including the rent subsidy from HUD, barely cover the operating expenses.

## **KEY ISSUES AND IMPACTS**

The City has never set aside funds for major repairs or upkeep of the property. As a result, the property has had major repair problems due to deferred maintenance. Funding has been provided by the City for urgent major structural repairs which threatened the health and safety of the residents. The property has remained partially vacant at brief periods of time due to structural problems. The property is currently in need of repairs which include the provision of ADA accessible walkways, repairs to paved areas within the property, the replacement of unsafe railings and a gate, and some landscaping.

The provision of funding for the repairs will enable Mercy Properties California to continue to offer decent housing and supportive services for the chronically homeless population who are disabled. The Shelter Plus Care program allows for the provision of housing and supportive services on a long-term basis for homeless persons who primarily have serious mental illness, chronic problems with alcohol and/or drugs and acquired immunodeficiency syndrome (AIDS) or related diseases. Since this population is very difficult to house, and it is difficult for them to find housing, it is necessary for the City to continue to provide this resource in the community.

---

## **PROGRAM DESCRIPTION**

Mercy Properties California operates a Shelter Plus Care program in the property at 1226-73<sup>rd</sup> Avenue. The program provides housing and supportive services for homeless persons with disabilities. The program allows for the hard-to reach homeless population a choice in housing, and it provides services in response to the needs of the population it serves.

Mercy Housing was founded by the Sisters of Mercy of Omaha in 1981, in response to a lack of adequate housing and the many health and education problems they encountered. They started buying up at-risk properties, renovating them and offering services to their clients. Today, Mercy Housing is a national organization that acquires and develops enriched housing for a variety of low-income populations including families with special needs. Over the years, Mercy Housing established its own nonprofit companies to handle property management and supportive programs. The California agency was established in 1988, and it has developed many housing projects in San Francisco and the Bay Area. Mercy Properties California has extensive experience providing housing and services to low income households. It currently owns and operates a number of projects in Oakland including the Hamilton Apartments on 21<sup>st</sup> Street and Telegraph Avenue.

## **SUSTAINABLE OPPORTUNITIES**

### **Economic:**

No economic opportunities have been identified.

### **Environmental:**

Rehabilitation of the property will bring the units in line with current code and habitability standards.

### **Social Equity:**

No social equity opportunities have been identified.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

The property will be in compliance with disabled and senior citizen access standards.

## **RECOMMENDATION**

That the City Council adopt the attached resolution authorizing the City Administrator to execute a grant agreement with Mercy Properties California for \$ 25,000 from CDBG funds for repairs to the property at 1226-73<sup>rd</sup> Avenue.

---

**ACTION REQUESTED OF THE CITY COUNCIL**

Approve the resolution authorizing the City Administrator to execute a grant agreement with Mercy Properties California in the amount of \$25,000 for repairs and upkeep of the City-owned property at 1226-73<sup>rd</sup> Avenue.

Respectfully submitted,



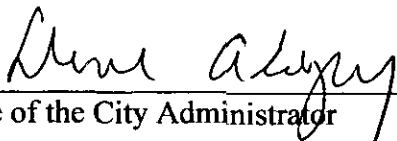
---

**ANDREA YOUNGDAHL**  
Director, Department of Human Services

Reviewed by:  
Susan R. Shelton, Manager  
Community Housing Services

Prepared by:  
Gladys Moore  
Project Coordinator

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:



---

Office of the City Administrator

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2008 FEB 28 PM 4:56

# OAKLAND CITY COUNCIL

Approved as to Form and Legality

D. Biakosy  
City Attorney

RESOLUTION No. \_\_\_\_\_ C.M.S.

---

**RESOLUTION AUTHORIZING A GRANT AGREEMENT WITH MERCY PROPERTIES CALIFORNIA IN THE AMOUNT OF \$25,000 FROM COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR REPAIRS AND UPKEEP OF A CITY-OWNED PROPERTY AT 1226-73<sup>RD</sup> AVENUE**

**WHEREAS**, the City of Oakland owns a 4-unit complex at 1226-73rd Avenue ("the property") that is used by the City as part of its homeless programs; and

**WHEREAS**, Ordinance No. 11618 C.M.S. passed in 1993 authorized a 5-year lease with Catholic Charities and provided funds for the rehabilitation of the property; and

**WHEREAS**, the Department of Housing and Urban Development (HUD) through its Shelter Plus Care (S+C) program provides rental assistance in connection with supportive services for hard-to-serve homeless persons with disabilities who live in the property; and

**WHEREAS**, the lease agreement with Catholic Charities was amended in 1999 when Catholic Charities declared bankruptcy and Mercy Housing California assumed responsibility for Catholic Charities' projects and programs; and in 2000, Mercy Housing California changed its name to Mercy Properties California and continues to administer the S+C program in the 73rd Avenue property; and

**WHEREAS**, at its meeting on February 5, 2008, the City Council adopted Ordinance No. 12858 C.M.S., authorizing renewing the lease agreement with Mercy Properties California for 5 years to November 30, 2012; and

**WHEREAS**, the property is currently in need of repairs that could impact the health and safety of the residents and funds from tenant rents barely cover operating expenses including maintenance items for which Mercy Properties California has responsibility; and

**WHEREAS**, under the terms of the lease agreement, the City is responsible for structural, mechanical and other major repairs on the property but the City does not provide funds on an annual basis for repairs to its property and repairs have had to be done on an emergency basis; and

**WHEREAS**, the repairs now needed at the property include new ADA accessible walkways, railing, a new gate, repair of the asphalt-covered drive way and landscaping; and

**WHEREAS**, funds in the amount of \$25,000 in Community Development Block Grant (CDBG) funds are available to be used for the repairs; and

**WHEREAS**, any funds not utilized for these repairs will be maintained in an account and used for repairs and upkeep of the property; now, therefore be it

**RESOLVED:** That the City Council authorizes an allocation in the amount of \$25,000 to Mercy Properties California for the repair and upkeep of the City-owned property at 1226-73<sup>rd</sup> Avenue; and be it

**FURTHER RESOLVED:** That the City Council authorizes the City Administrator to enter into a Grant Agreement with Mercy Properties California for the use of said funds and the performance of the work needed at the property, and to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, and related actions which may be necessary to complete the repair work and to maintain the property at Health and Safety Code standards; and

**FURTHER RESOLVED:** That funds are available from CBDG funds, HUD-CDBG Fund (2108), Dept. of Human Services Organization (78111), Miscellaneous Services Account (53719), and CD Reprogramming Project (G10050), and Fostering Family Safe and Healthy Communities Program SC22; and be it

**FURTHER RESOLVED:** That said agreements shall be reviewed as to form and legality by the City Attorney and copies shall be filed in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California