

**CITY OF OAKLAND**  
**COUNCIL AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
2005 OCT -6 PM 7:51

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: October 18, 2005

**RE: A RESOLUTION ESTABLISHING A RENTAL ASSISTANCE PROGRAM TO PROVIDE TEMPORARY ASSISTANCE TO FAMILIES DISPLACED BY HURRICANE KATRINA, REALLOCATING \$250,000 IN HOME PROGRAM INCOME FUNDS FROM THE HOUSING REHABILITATION PROGRAM FOR THIS PURPOSE, AUTHORIZING A CONTRACT WITH THE OAKLAND HOUSING AUTHORITY TO ADMINISTER THE PROGRAM, AND AMENDING THE 2005 - 2010 FIVE-YEAR CONSOLIDATED PLAN ACCORDINGLY**

---

**SUMMARY**

On October 4, 2005, the City Council directed staff to bring back a specific proposal for a rental assistance program to provide relief to persons displaced by Hurricane Katrina. In response to prior City Council direction, staff has also had discussions with the Oakland Housing Authority (OHA) to implement a temporary tenant-based rental assistance program to families that have been displaced by the disaster and relocated to the City of Oakland.

The Federal government has authorized housing authorities to accept and administer rental assistance for households who were receiving Section 8 assistance prior to the disasters. However, OHA is also in contact with 45 displaced families who were not receiving Section 8. The OHA Board of Commissioners has voted not to give preference to the Katrina evacuees for Oakland's own assistance funds, as there are already 4,000 Oakland families on the waiting list. However, OHA is ready to administer any additional assistance that becomes available.

At the federal level, some rental assistance will be provided by FEMA, but the amount will not be sufficient to cover rents in many parts of the country, including Oakland. Congress is considering an emergency allocation of \$3.5 billion in Section 8 assistance, but until final action is taken on that proposal, no new rental assistance funds are available from the U.S. Department of Housing and Urban Development (HUD).

Item: 14-3  
City Council  
October 18, 2005

With the Council's direction, staff has prepared the following actions for the City Council's authorization:

1. Re-allocate \$250,000 in HOME program income funds (loan repayments) from the Home Maintenance and Improvement Program (HMIP) to implement a new tenant-based rental assistance program for Katrina evacuees.
2. Establish this as a two year, temporary program to be implemented by the Oakland Housing Authority similar to the existing Section 8 rental assistance program. Any funds remaining at the end of the two year period would be available for reallocation by the City Council.
3. Provide the City Administrator or designee authority to negotiate and execute a memorandum of understanding with OHA to implement the program.
4. Negotiate with OHA to waive its administrative expense as part of their contribution in administering this program.
5. The City and OHA would agree that in the event emergency Section 8 vouchers are provided by the federal government that the City's assistance would be re-evaluated.
6. Amend the City's Consolidated Plan to reflect the reallocation of HOME program income and the establishment of a tenant-based rental assistance program.

At the October 4, 2005 City Council meeting, the City Council directed the City Administrator's Office to research and report back on the feasibility of using other sources of funds for this rental assistance program. The results of the research will be reported to Council at the meeting of October 18, 2005.

## **FISCAL IMPACT**

While the proposed reallocation of \$250,000 in HOME funds would reduce the number of rehabilitation loans that ultimately could be made, it would not jeopardize the City's ability to meet its adopted housing goals.

## **BACKGROUND**

The City Council first allocated \$1.7 in HOME grant funds to the HMIP housing rehabilitation program in 2001, when the first time homebuyer program was modified in ways that made it ineligible for HOME funds.

On February 25, 2003, the City Council adopted Resolution No. 77654 to appropriate \$1.8 million in existing homebuyer loan repayment proceeds to make new loans for rehabilitation of owner-occupied housing. That resolution also authorized the use of all future HOME program income for this purpose.

HUD regulations require that proposed uses of HOME funds be described in the City's Consolidated Plan for Housing and Community Development. The City Council adopted the current Consolidated Plan, covering the period July 2005- June 2010, on May 3, 2005. It will be necessary to amend that plan in order to use HOME funds for the proposed rental assistance program.

### **KEY ISSUES AND IMPACTS**

In late August and early September 2005, Hurricane Katrina devastated the New Orleans area, parts of Mississippi and other areas of the Southern United States creating massive and unparalleled displacement of individuals and families from their homes and communities. Many of those families affected will not have homes to return to. Additionally, Hurricane Rita caused similar damage to parts of Texas and other areas of the Gulf Coast causing displacement of residents of those areas and the further displacement of evacuees from Hurricane Katrina from these areas of Texas.

As a result, many individuals and families displaced by Hurricane Katrina are now temporarily or permanently relocating to Oakland and the Bay Area. The County of Alameda estimates that at least one thousand such persons are already in the area and more are expected from the Hurricane Katrina displacement.

Many displaced lack jobs, monetary resources, or even access to funds due to the closure of financial institutions in the areas hit by Hurricane Katrina. These individuals and households need temporary housing. Some are reported living with friends and relatives in overcrowded conditions that can create health and safety risks.

On September 23, HUD and the Department of Homeland Security (DHS) jointly announced a transitional housing assistance program for Katrina evacuees. The first program, to be operated by FEMA, will provide rental assistance payments to displaced households that were renters or owners prior to the disaster and were not receiving federal housing assistance through any HUD programs. For households that were receiving federal housing assistance, and for households not eligible for the FEMA program because they were not renters or homeowners (homeless people, for example), HUD will provide emergency rental assistance, to be administered by local housing authorities, in an amount equal to HUD-established Fair Market Rents (FMRs) for each area.

The FEMA assistance is tied to the average two-bedroom FMR for the entire country, in the amount of \$758 per month. In many parts of the country, including Oakland, this will be

insufficient, particularly for large families needing 3 or 4 bedroom units. While the amount of the FEMA assistance may be increased in the future, there will be an immediate need for additional rental assistance to supplement the FEMA payments.

The Oakland Housing Authority currently has 45 families displaced by the hurricane that were not receiving Section 8 assistance prior to the disaster and are in need of housing. Many of these families are living with Oakland residents who are relatives, friends, or strangers, and have created overcrowded, unhealthy, and unsanitary living conditions. Emergency rental assistance is necessary to help address the potential health and safety risks to the incoming hurricane displacees and to the Oakland residents who may take them in.

### **PROGRAM DESCRIPTION**

The proposed program will work much the same as the existing Section 8 Housing Choice Voucher program. Eligible low income renters (who can document that they were displaced by the hurricane disasters) will be provided with vouchers that provide subsidies for rental of privately-owned apartments. The program will provide payments to property owners in an amount equal to the difference between the fair market rent and the amount the household can afford. Tenants will generally pay no more than 30 percent of their income for rent, with the voucher payment covering the remainder.

Staff estimates that on average the voucher payments will equal \$1,380 per month, or \$16,560 per year. Thus the full cost of assistance for a two-year period is approximately \$33,120. The proposed funding of \$250,000 will provide two years assistance for roughly 8 very low income families. To the extent that families receive FEMA rental assistance, the subsidy requirement would be reduced to \$595 per month, which would allow a greater number of displaced families to be assisted. Similarly, if funds are needed for less than 24 months, the amount required per family will be reduced.

The City does not operate rental assistance programs of this type, and has neither the experience nor capacity to do so. The Oakland Housing Authority currently provides rental assistance to more than 11,000 households through the federally-funded Section 8 program. Staff proposes that the emergency rental assistance program be administered by OHA, which has already agreed to do so. As their contribution to the program, OHA would not charge an administrative fee to the City and would absorb the costs of managing the program.

## **SUSTAINABLE OPPORTUNITIES**

The proposed rental assistance program will address the City's goals for sustainability as follows:

### Economic:

Facilitates the integration of new members into the Oakland Community.  
Expands the workforce

### Environmental:

Addresses issues of overcrowding and unsanitary living conditions that could result from displaced families doubling up in housing units intended for occupancy by smaller households.

### Social Equity:

Helps individuals and families in distress due to circumstances beyond their control to re-create a stable living environment.  
Provides affordable housing for extremely low income families.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

Evacuees who are disabled or senior citizens will have the same access as others to the benefits of the program, consistent with existing City of Oakland policy and procedures.

## **RECOMMENDATIONS AND RATIONALE**

### Impact on Housing Rehabilitation Program

The Home Maintenance and Improvement Program (HMIP), is funded with approximately \$1.2 million each year in federal CDBG funds.

Reallocation of \$250,000 of available HOME funds from repayment of first time homebuyer loans would not jeopardize the City's ability to meet its annual goals for rehabilitation of owner occupied homes.

### Potential Reimbursement

Congress is currently considering appropriation of \$3.5 billion in emergency assistance to provide Section 8 vouchers for low income families displaced by the disaster. If these funds

become available, the City would seek reimbursement of any funds already disbursed and would reconsider the necessity for using HOME funds for this purpose.

Recommendation

It is recommended that the City Council authorize the establishment of this program and the reallocation of \$250,000 in HOME program income funds as described.

**ALTERNATIVE RECOMMENDATIONS**

Staff has no alternative recommendations.

**ACTION REQUESTED OF THE CITY COUNCIL**

The City Administrator recommends that the City Council approve the resolution to implement the following:

1. Re-allocate \$250,000 in HOME program income funds from the Home Maintenance and Improvement Program (HMIP) to implement a new tenant-based rental assistance program for Katrina evacuees.
2. Establish this as a two year, temporary program to be implemented by the Oakland Housing Authority similar to the existing Section 8 rental assistance program. Any funds remaining at the end of the two year period would be available for reallocation by the City Council.
3. Provide the City Administrator or designee authority to negotiate and execute a memorandum of understanding with the Oakland Housing Authority to implement the program.
4. Negotiate with the Oakland Housing Authority to waive its administrative expense as part of their contribution in administering this program.
5. The City and the Oakland Housing Authority would agree that in the event emergency Section 8 vouchers are provided by the federal government that the City's assistance would be re-evaluated, and that the City and the Housing Authority would actively seek reimbursement for any funds already expended.

6. Amend the City's Consolidated Plan to reflect the reallocation of HOME program income and the establishment of a tenant-based rental assistance program.

Respectfully submitted,



DAN VANDERPRIEM

Director of Redevelopment, Economic  
Development and Housing

Reviewed by:

Sean Rogan, Deputy Director of  
Housing and Community Development

Prepared by:

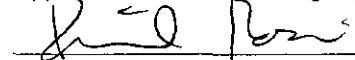
Jeffrey Levin  
Housing Policy and Program Coordinator

APPROVED AND FORWARDED TO  
THE CITY COUNCIL

  
OFFICE OF THE CITY ADMINISTRATOR

2005 OCT -6 PM 7:51

Approved as to form and legality

  
Deputy City Attorney

## OAKLAND CITY COUNCIL

Resolution No. \_\_\_\_\_ C.M.S.

---

**A RESOLUTION ESTABLISHING A RENTAL ASSISTANCE PROGRAM TO PROVIDE TEMPORARY ASSISTANCE TO FAMILIES DISPLACED BY HURRICANE KATRINA, REALLOCATING \$250,000 IN HOME PROGRAM INCOME FUNDS FROM THE HOUSING REHABILITATION PROGRAM FOR THIS PURPOSE, AUTHORIZING A CONTRACT WITH THE OAKLAND HOUSING AUTHORITY TO ADMINISTER THE PROGRAM, AND AMENDING THE 2005 - 2010 FIVE-YEAR CONSOLIDATED PLAN ACCORDINGLY**

**WHEREAS**, in August and September 2005, Hurricane Katrina devastated the New Orleans area, parts of Mississippi and other areas of the Southern United States requiring massive and unparalleled displacement of individuals and households from their homes and communities, and many will not have homes to return to due to the destruction wreaked by Hurricane Katrina and the flooding and contamination of the homes that are still standing; and

**WHEREAS**, experts have predicted that it will take weeks and perhaps months simply to drain the flood waters from New Orleans, not to mention necessary demolition, clean up, restoration of water, power and other utilities and rebuilding; and

**WHEREAS**, local, state and federal authorities have declared a state of emergency in the areas hit by Hurricane Katrina; and

**WHEREAS**, many individuals and households displaced by Hurricane Katrina have or are now temporarily or permanently relocating to Oakland and the Bay Area; and

**WHEREAS**, the County of Alameda estimates that at least one thousand persons displaced by Hurricane Katrina are already in the area and more are expected, and a number of the families have been provided shelter by relatives, friends and others, in some cases in very cramped and overcrowded conditions; and the vast majority of the persons have relocated to Oakland; and

**WHEREAS**, many of the displaced persons have lost their jobs, monetary resources and even lack access to their own funds due to the closure of financial institutions in the areas Hurricane Katrina struck; and these individuals and households need temporary and possibly permanent housing; and

14.3

CITY COUNCIL

OCT 18 2005



**WHEREAS**, the foregoing conditions and circumstances and the migration of displaced persons to Oakland and the Bay Area creates health and safety risks if they are not provided adequate housing and other resources and services; and

**WHEREAS**, rental assistance payments provided to displaced persons by FEMA may be insufficient to secure rental housing in the Oakland market; and

**WHEREAS**, on May 3, 2005, the City Council adopted a Consolidated Plan for Housing and Community Development for the period July 1, 2005 – June 30, 2010 and an Annual Action Plan for July 1, 2005 through June 30, 2006, which among other things govern the City's use of federal HOME grant funds; and

**WHEREAS**, the City wishes to amend the Consolidated Plan and Annual Action Plan to establish a rental assistance program for persons displaced as a result of the disasters; now, therefore, be it

**RESOLVED:** That the City Council does hereby establish an emergency tenant-based rental assistance program for persons displaced by Hurricane Katrina; and be it

**FURTHER RESOLVED:** That the program shall provide rental assistance payments in a manner comparable to the existing Section 8 Housing Choice Voucher program, for a period of up to 24 months; and be it

**FURTHER RESOLVED:** That the program shall be administered by the Oakland Housing Authority under contract with the City; and be it

**FURTHER RESOLVED:** That the City Council hereby reallocates \$250,000 in program income received from loans originally made with funding from the federal HOME Program, from the HOME Fund (2109), Residential Lending Organization (88939), HOME-HMIP Program (G155810) to a new project to be established in the HOME Fund (2109), HCD Administration Organization (88919), to provide for rental assistance payments and reasonable and necessary administrative costs of the Oakland Housing Authority; and be it

**FURTHER RESOLVED:** That the program shall be operated consistent with the regulatory requirements of the HOME program, including any waivers issued by HUD in connection with the disasters; and be it

**FURTHER RESOLVED:** That the City Council hereby amends the City's Consolidated Plan and Annual Action Plan to provide for the program; and be it

**FURTHER RESOLVED:** That the City Council hereby appoints the City Administrator and her designee as agent of the City to take any action necessary to prepare and execute documents, establish the rental assistance program, enter into agreements with the Oakland Housing Authority to administer the program, submit to HUD an amendment to the Consolidated Plan, and to take any other necessary action consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2005

**PASSED BY THE FOLLOWING VOTE:**

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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

OCT 18 2005

14.3