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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Department of Housing &
Community Development

SUBJECT: FY 2014/15 Consolidated Annual
Performance & Evaluation Report

DATE: February 1, 2016

City Administrator Approval

Date:

2/9/16

RECOMMENDATION

Staff Recommends That City Council Conducts A Public Hearing And Upon Conclusion 1) Accept The Report And Update To The City Council On The Fiscal Year (FY) 2014/15 Consolidated Annual Performance & Evaluation Report (CAPER) For The Community Development Block Grant, HOME Investments Partnership Program, Housing Opportunities For Persons With AIDS Program, And The Emergency Solutions Grant Program; And 2) Recommend The Participatory Budgeting Process To Be Adopted To Allocate Community Development Block Grant Funds Allocated To Public Agencies Benefitting Low-Moderate Income Persons And/Or Low-Moderate Income Areas Be Instituted In The 2017/18 Fiscal Year.

EXECUTIVE SUMMARY

This report transmits to the City Council the Consolidated Annual Performance and Evaluation Report (CAPER) for Fiscal Year (FY) 2014/15, to accept the CAPER, as submitted to the Department of Housing and Urban Development (HUD) in October of 2015, containing detailed reporting of services provided and activities completed with HUD Formula Grant funds awarded to the City during FY 2014/15 under the Community Development Block Grant (CDBG), HOME Investment Partnership, Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) programs as required by HUD. This report provides an overview of the Executive Summary of the CAPER. The full CAPER Report is available at <http://www2.oaklandnet.com/oakca1/groups/ceda/documents/policy/oak055465.pdf> and copies are available for review in the City's Housing and Community Development Department (HCDD), Community Development Block Grant Division.

Concerning distribution of FY 2017/18 and FY 2018/19 CDBG set aside funds, staff is in consultation with the Participatory Budgeting Project, a non-profit agency that assists people with how to spend public money and The Cloudburst Group, an agency committed to developing innovative, effective, and sustainable solutions for land, housing, and health. Cloudburst and Participatory Budgeting Project have presented the Participatory Budgeting Process (PBP) as a strong alternative process of Citizen Participation at a citywide level. Through PBP, citizens will advise and recommend those services and/or projects to be funded

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CED Committee
February 23, 2016

from the set-aside portion of City of Oakland CDBG funds to benefit low-moderate income citizens and areas. **Attachment A** provides a summary of the PBP. Staff recommends adopting PBP as a solution to the current Community Development (CD) District Board CDBG fund allocation process which has become less and less conducive to the intent and spirit of process in the absence of functional CD District Boards.

Upon adoption of Oakland PBP, planning and ramp-up will occur prior to and during the FY 2016/17. In the interim, CDBG funds to be awarded to the City by HUD for FY 2016/17 will be presented in the City's Annual Action Plan to HUD. Specifically regarding CDBG set-aside funds to be allocated to community based organizations benefitting low-income individuals and areas, three recommendations are submitted for consideration Analysis and Policy Alternative section of this report.

BACKGROUND / LEGISLATIVE HISTORY

Each year, the City of Oakland receives Federal Formula Grant funds under the CDBG program, HOME, ESG and HOPWA programs. In June 2010, the City submitted to HUD a Five-Year Consolidated Plan for Housing and Community Development outlining needs, priorities, strategies, and proposed actions. The City prepares an annual action plan prior to the program year as well as an annual performance report at the end of the program year referred to as the CAPER. The CAPER reports the accomplishments of the established Annual Action Plans and Consolidated Action Plan.

As required by HUD, the City Council held two public hearings, satisfying Federal Citizen Participation requirements – one to review the proposed program allocations presented under the Annual Action Plan and obtain public comments and feedback on the proposed annual action plan for fiscal year 2014/15 and another to review and provide feedback regarding program performance reported in the 2014/15 as reported in the CAPER.

The PBP is submitted for review consideration, and confirmation as a tool for receiving community input and recommendations for how to distribute CDBG funding. Historically, CDBG set-aside funds are distributed through a Community Development District Board advisory process. During the past several years, these District Advisory Boards have not been effective due to lack of attendance and decline in overall participation. The adoption of the PBP would offer the City a fresh approach and opportunity to fulfill Federal/CDBG public participation requirements, allowing residents to set funding priorities for set-aside CDBG funds, and engage the community in new ways.

ANALYSIS AND POLICY ALTERNATIVES

CAPER

HUD allocates Federal funds to eligible localities for housing and community development activities. These funds are from four formula grant programs – CDBG, HOME, ESG and HOPWA. CDBG funds are granted to the City to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic

opportunities, principally for low- and moderate-income persons. HOME funds are used to create affordable housing for low-income households. ESG provides housing and services to homeless people in emergency or transitional shelters, assisting to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. HOPWA provides services and housing (including development) for low-income persons living with AIDS and their families. As a condition of receiving these grant funds, Federal regulations require jurisdictions to prepare a Five-Year Consolidated Plan to assess affordable housing and community development needs and present priorities and strategies for addressing those needs.

The City prepared and submitted its fourth five-year Consolidated Plan in 2010, covering a five year period from 2010/11 to 2014/15. HUD regulations also require jurisdictions to prepare the CAPER each year, evaluating activities and objectives performed under the use of the formula grant funds. The City has satisfied this requirement with the submission to the HUD for the 2014/15 CAPER.

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 for July 1, 2010 through June 30, 2015. At the request of a Councilmember or their staff, CDBG staff will furnish the Councilmember with a full CAPER report. The CAPER is also available online at:

<http://www2.oaklandnet.com/oakca1/groups/ceda/documents/policy/oak055465.pdf>.

Attachment B provides summarized narratives from the CAPER.

How Participatory Budgeting Will Work

The following outlines the major phases and suggested target dates for Oakland's PBP to allocate CDBG set-aside funds for community development and improvement projects in low- and moderate-income (LMI) communities in Oakland.

- **Planning** (March – April 2016) - City of Oakland recruits and appoints a Steering Committee made up of local organizations and stakeholders representing Oakland's LMI communities and constituencies. The Steering Committee goes through Writing the Rules workshops to design and plan Oakland PB process and create PB Rulebook. This process includes identifying LMI neighborhoods and populations to target for engagement and proposed PB projects.
- **Idea Collection** (May-June 2016)- At community meetings around Oakland, residents will learn about PB and CDBG funds, discuss community needs, and brainstorm projects to benefit LMI Oaklanders. Residents also volunteer to serve as volunteer budget delegates to turn the ideas into full project proposals for the PB ballot.
- **Proposal Development** (June – October 2016) – Budget delegates go through an orientation, and then meet in committees to transform the community's initial project ideas into full proposals, with support from city department staff.

- **Expos & Vote** (November 2016) - Delegates present the final project proposals and residents of target communities vote on which projects to fund.
- **Evaluation & Monitoring** (December 2016 – Beyond) - Delegates and other participants evaluate the process, and then monitor the implementation of projects. City of Oakland incorporates winning projects into 2017-18 Action Plan and issues RFPs as necessary.

Staff is working with the Participatory Budgeting Project, Cloudburst, and philanthropic agencies to fund the ramp-up and first-year implementation of PBP for the CDBG set-aside fund allocation process. Total budget for Oakland's CDBG PBP is approximately \$252,911 with 89% of the budget to be covered with funds to be committed from the California Endowment and other philanthropic matching donations.

Benefits of a Participatory Budgeting Process

The City of Oakland's CDBG Division plans to take advantage of the following benefits as offered through a PBP as described below:

PBP offers a way to engage local residents in the future of their communities and bridge the divide between city government and the residents it serves. PBP is an innovative community development process in which residents advise how to spend public funds. PBP is used in over 3,000 cities and other public institutions around the world and has been gaining traction in the U.S. since 2009, in cities like NYC, Chicago, Boston, and Long Beach. While it is relatively new in the U.S., the White House has already recognized PBP as the gold standard for civic engagement. Closer to home, the City of Vallejo received the League of California Cities' 2014 Helen Putnam Award for its inaugural year of participatory budgeting, while The California Endowment has begun promoting participatory budgeting in its Building Healthy Communities program sites.

In 2014, HUD identified PBP as a best practice for entities that receive HUD funding, with a specific focus on CDBG allocations. Research on PBP processes in the U.S. has demonstrated its ability to meaningfully engage historically underrepresented communities in government decision-making, often allowing non-citizens, ex-offenders, and youth under the age of 18 to vote. In addition to educating residents about government and public budgets, PBP serves as a training ground for new community leaders. PBP participants consistently report gains in leadership skills like public speaking, negotiating, and contacting officials, and the overwhelming majority say their views of government improved as a result of their experience. More information on PBP in the U.S. and its impacts is made available by the Participatory Budgeting Project, a non-profit organization with offices in New York City and Oakland.

PBP has been used successfully in large urban areas to address diverse social and economic needs. This past year, New York City residents in 24 council districts allocated \$30 million dollars in PBP funds to benefit public schools, parks, transportation, and public housing. In the city of Toronto, home to the second largest public housing provider in North America, public

housing tenants have allocated up to \$9 million annually for improvements in their developments since 2001. In the city of Vallejo, PBP has funded youth summer jobs, a small business grant program, community gardens, and seed money for transitional housing for the homeless, which has since been matched with county funds.

Interim Plans for FY 2016/17 CDBG Set-Aside Allocation

Staff is in preparation to commence work on the Annual Action Plan (AAP) to be submitted to HUD for Formula Grant funding to be awarded for FY 2016/17. Within the FY 2016/17 AAP, staff will recommend the following alternatives for the 2016/17 CDBG set-aside funding:

1. Allocate FY 2016/17 CDBG set-aside funds to provide one-time funding to support the elimination of the City's shelter crisis, as reported in the Oakland City Council Ordinance No. 13348 and report, finding that a significant number of persons are without the ability to obtain shelter in Oakland and measures requiring increased homeless shelter space alternatives; or
2. Submit to HUD a "Target of Opportunity" identifying targeting housing development projects to be supported with FY 2016/17 CDBG set-aside funds that may or may not commence during 2016/17, but not later than 2017/18; or
3. Extend well-performing FY 2015/16 CDBG set-aside funded activities for another performance year, starting July 1, 2016 through June 30, 2017.

FISCAL IMPACT

Fiscal Impact is not applicable to the approval of the 2014/15 CAPER.

The City is working with the Participatory Budgeting Project to secure grant funding under the California Endowment and other philanthropic match funds to fully execute and train staff for the Oakland PBP.

The Participatory Budgeting Project is extremely supportive of moving this project forward with the City of Oakland and have been integral in securing funds and resources. As City staff continues to seek philanthropic match funds required, the Participatory Budgeting Project staff is

PUBLIC OUTREACH / INTEREST

A *Public Notice* is required to review and receive written comments on the CAPER prior to the required submission to HUD. A notice was run in the Oakland Tribune September 30, 2015 announcing the availability of the draft CAPER and the date and time. All written comments were due by October 16, 2015. There were no written comments submitted during the comment period to discuss and review the CAPER.

A *Public Hearing* will be held Tuesday, March 1, 2016 in the City Council Chamber to present the final CAPER and the Participatory Budgeting Process to Council.

COORDINATION

Staff in the Housing and Community Development Department worked with various departments in the City of Oakland and its sub-recipients to submit updated information as reported in the 2014/15 CAPER pertaining to accomplishments (projects and services) funded by CDBG, HOPWA, HOME and ESG for FY 2014/15.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Past performance and evaluations of the CDBG, HOPWA, HOME, and ESG funded activities are available in **Attachment B** and in the full 2014/15 CAPER.

Past performance and evaluation information regarding the PBP is provided under the Benefits of Participatory Budgeting Process subsection of the Analysis and Policy Alternatives section of this report.

SUSTAINABLE OPPORTUNITIES

Economic: CDBG grants fund and support organizations that provide economic development, public facilities, infrastructure, and social services for low and moderate-income communities and expand social service and construction jobs. Projects that receive funding through HOME and HOPWA will expand the affordable housing inventory and generate construction and professional service jobs. ESG will support homeless persons with rapid re-housing, outreach, support services, homeless prevention, shelter, operational costs of the shelter facility, utility assistance and administration of the grant.

Environmental: The CDBG provides funding for services to rehabilitate blighted or substandard housing, remove hazards such as lead-based paint and other health and building safety issues that help preserve existing City housing stock and improve the environment. The CDBG also provides funding for the Residential Lending Program, which administers the housing rehabilitation programs. Staff encourages construction contractors, property owners and housing developers to make substantial use of recycled content building materials, energy-conserving building designs and appliances as well as water conserving fixtures and landscaping. Housing Development loans support construction projects that will meet or exceed the green building standards developed by StopWaste of Alameda County and must be GreenPoint Rated. Also, housing development projects are infill projects near transportation and reduce pressure to build on agricultural and other undeveloped land and reduce dependency on automobiles.

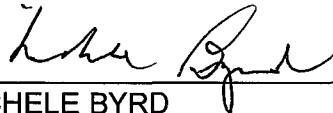
Social Equity: Services and housing provide benefit to neighborhoods, low-moderate community, elderly and disabled and contribute to the safety, security and well-being of homeowners.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that City Council 1) accept the informational report provided in the 2014/15 CAPER for the Community Development Block Grant, HOME Investments Partnership Program, Housing Opportunities for Persons With AIDS, and the Emergency Solutions Grant Programs; 2) recommend the Participatory Budgeting Process to be adopted to allocate Community Development Block Grant set-aside funds allocated to public agencies benefitting low/moderate income persons and/or low/moderate income areas be instituted in the 2017/18 fiscal year.

For questions regarding this report, please contact Gregory Garrett, Acting Manager-Community Development Block Grant, at 510.238.6183.

Respectfully submitted,



MICHELE BYRD
Director, Housing & Community Development

Prepared by:
Gregory D. Garrett, Acting Manager
CDBG/Commercial Lending

Attachments (2):

- A: Participatory Budgeting Process Summary
- B: Summary of Accomplishments Reported in the 2014/15 CAPER

Participatory Budgeting in Oakland with Community Development Block Grant (CDBG) Funds

SUMMARY

Participatory budgeting (PB) offers a way to engage local residents in the future of their communities and bridge the divide between city government and the residents it serves. PB is an innovative community development process in which residents **directly decide how to spend public funds**. PB is used in over 3,000 cities and other public institutions around the world and has been gaining traction in the U.S. since 2009, in cities like NYC, Chicago, Boston, and Long Beach. While it is relatively new in the U.S., the White House has already recognized PB as the gold standard for civic engagement. Closer to home, the City of Vallejo received the League of California Cities' 2014 Helen Putnam Award for its inaugural year of participatory budgeting, while The California Endowment has begun promoting participatory budgeting in its Building Healthy Communities program sites.

In 2014, the U.S. Department of Housing and Urban Development (HUD) identified PB as a best practice for entities that receive HUD funding, with a specific focus on CDBG allocations. Research on PB processes in the U.S. has demonstrated its ability to meaningfully engage historically underrepresented communities in government decision-making, often allowing non-citizens, ex-offenders, and youth under the age of 18 to vote. In addition to educating residents about government and public budgets, PB serves as a training ground for new community leaders. PB participants consistently report gains in leadership skills like public speaking, negotiating, and contacting officials, and the overwhelming majority say their views of government improved as a result of their experience. More information on PB in the U.S. and its impacts is available in this report by the Participatory Budgeting Project, a non-profit organization with offices in NYC and Oakland.

PB has been used successfully in large urban areas to address diverse social and economic needs. This past year, New York City residents in 24 council districts allocated \$30 million dollars in PB funds to benefit public schools, parks, transportation, and public housing. In the city of Toronto, home to the second largest public housing provider in North America, public housing tenants have allocated up to \$9 million annually for improvements in their developments since 2001. In the city of Vallejo, PB has funded youth summer jobs, a small business grant program, community gardens, and seed money for transitional housing for the homeless, which has since been matched with county funds.

ATTACHMENT A

Sabrina B. Landreth, City Administrator

Subject: Consolidated Annual Performance & Evaluation Report FY 2014/15

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HOW THE PROCESS WILL WORK

The following outlines the major phases and suggested target dates for a Participatory Budgeting (PB) process to allocate CDBG funds for community improvement projects in low- and moderate-income (LMI) communities in Oakland.

- ❖ **Planning** (*March- April 2016*) - City of Oakland recruits and appoints Steering Committee made up of local organizations and stakeholders representing Oakland's LMI communities and constituencies. Steering Committee goes through Writing the Rules workshops to design and plan Oakland PB process and create PB Rulebook. This process includes identifying LMI neighborhoods and populations to target for engagement and proposed PB projects. LMI designation will be governed by Part 24 of the Code of Federal Requirements (CFR) § 570.208, which establishes CDBG national objectives and the criteria to be used to determine whether an activity or project complies with one or more of the following national objectives:
 - Benefit to low- and moderate- income (LMI) persons;
 - Aid in the prevention or elimination of slums or blight; and
 - Meet a need having a particular urgency (referred to as urgent need).

For more information regarding CDBG national objective and identifying projects that meet the set national objectives, please go to:

<https://www.hudexchange.info/resource/19/basically-cdbg-training-guidebook-and-slides/>

- ❖ **Idea Collection** (*May – June 2016*) - At community meetings around the city, residents learn about PB and CDBG funds, discuss community needs, and brainstorm projects to benefit LMI Oaklanders. Residents also volunteer to serve as volunteer budget delegates to turn the ideas into full project proposals for the PB ballot.
- ❖ **Proposal Development** (*June-October 2016*) – Budget delegates go through an orientation, then meet in committees to transform the community's initial project ideas into full proposals, with support from city department staff.
- ❖ **Expos & Vote** (*November 2016*) - Delegates present the final project proposals and residents of target communities vote on which projects to fund.
- ❖ **Evaluation & Monitoring** (*December 2016 and beyond*) - Delegates and other participants evaluate the process, then monitor the implementation of projects. City of Oakland incorporates winning projects into 2017-18 Action Plan and issues RFPs as necessary.

ATTACHMENT A

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The City seeks to fill a full-time Community Development (CD) Program Coordinator position that recently became vacant in the CDBG Division of the Department of Housing & Community Development. The assigned CD Program Coordinator will work in collaboration with the Participatory Budgeting Project, particularly in the first year to:

- ❖ Lead planning and logistics coordination for large scale neighborhood meetings, meetings of community volunteers to develop project proposals, and community-wide voting (In collaboration with a Participatory Budgeting Steering Committee)
- ❖ Facilitate communication and information exchange between the groups involved in the PB process.
- ❖ Coordinate and facilitate community engagement and outreach.
- ❖ Coordinate outreach to city-wide and local media.
- ❖ Deliver presentations and explain participatory budgeting to community stakeholders.
- ❖ Manage project website and social media.
- ❖ Recruit, coordinate and oversee committees of community volunteers and the facilitators of these committees.
- ❖ Assist community volunteers with developing spending proposals and vetting proposals with city officials and agency representatives.
- ❖ Moderate and facilitate meetings and group discussions.
- ❖ Assist in the collection of data related to documentation and evaluation of the PB process.
- ❖ Ensure compliance with relevant Federal, State, and local laws, codes and regulations.
- ❖ Facilitate communication and information exchange between the groups involved in the PB process.
- ❖ Coordinate and facilitate community engagement and outreach.
- ❖ Coordinate outreach to city-wide and local media.
- ❖ Deliver presentations and explain participatory budgeting to community stakeholders.

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- ❖ Manage project website and social media.
- ❖ Recruit, coordinate and oversee committees of community volunteers and the facilitators of these committees.
- ❖ Assist community volunteers with developing spending proposals and vetting proposals with city officials and agency representatives.
- ❖ Moderate and facilitate meetings and group discussions.
- ❖ Assist in the collection of data related to documentation and evaluation of the PB process.
- ❖ Ensure compliance with relevant Federal, State, and local laws, codes and regulations.

PBP will assist in these functions and the training necessary to carry out these functions the first year, and eventually changing the Participatory Budgeting Project's role to a technical assistance role as staff and the community becomes more familiar with the process.

The alternative to this process is to:

1. Return to the CD District allocation process, re-establishing District Boards managed by City Council Board members; or
2. Establish City policy to discontinue the set-aside of CDBG funds, utilizing the full CDBG award for City administered activities and programs that meet the CDBG national objectives.

ATTACHMENT B

Sabrina B. Landreth, City Administrator

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2014/15 CAPER SUMMARY

Housing and Homelessness Accomplishments

The Five Year Consolidated Plan established priorities and goals for addressing issues of affordable housing and homelessness. The summary below is organized according to those priority areas.

For the 2014/15 program year, the City's housing and homeless programs, funded through CDBG, HOME, HOPWA and ESG funds with leveraged funds, achieved:

Preservation/Expansion of the Supply of Affordable Rental, Ownership and Special Needs

Housing

- A total of \$7,150,000 was awarded to three new construction projects and one rehabilitation project in February 2015. Funds awarded include HOME, Low Mod Housing Asset Funds and local Affordable Housing Trust Fund. The Projects include: 3706 San Pablo Avenue Project; Civic Center 14 Transit Oriented Development; Redwood Hill Townhomes; and Harp Plaza Apartments.
- Loan agreements for two new affordable housing developments were executed: 11th and Jackson and 1701 Martin Luther King Jr. Way. Construction for both of these projects is now under way.
- Substantial rehabilitation of two existing affordable housing developments was completed: C.L. Dellums and Slim Jenkins.

Assistance to Homeowners, Tenants and Neighborhoods

- Continued Oakland Sustainable Neighborhoods Initiative (OSNI), a public-private partnership to revitalize International Blvd Corridor areas without displacing long-time residents and small businesses.
- Wrote Oakland Housing Equity Roadmap, a comprehensive action plan for new City policies and programs, including public/private initiatives, to address Oakland's priority housing problems including anti-displacement of long-time residents, housing habitability, unmet housing needs of working class families, and new funding resources or private development incentives to build new affordable housing.
- Continued the Community Buying Program that organizes nonprofit and mission-oriented for-profit developers to transform abandoned properties into new affordable housing opportunities. Accomplishments include the completion of three property transactions, pending purchase transactions for 32 tax-defaulted properties with the Alameda County Tax Collector's Office, and the interruption of an additional 27 tax-defaulted sales for possible development.

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- Continued the Homeownership Preservation Loan Fund that provides up to \$50,000 to prevent foreclosure or home loss for Oakland homeowners. Administered by Unity Council, the Fund has served 16 households.
- Continued the Pay It Forward Fund (tenant anti-displacement) that provides up to \$5,000 to prevent displacement of tenants. Administered by Catholic Charities, the Fund has served 65 grants.
- Continued supporting comprehensive foreclosure prevention services that provides outreach services to over 4,600 households, counseling or legal services to homeowners and related counseling or legal services tenants.
- Continued operations of the Housing Assistance Center, a one-stop housing services and referral system, which served over 2,500 vulnerable residents in FY14-15.
- Continued operations of the defaulted & foreclosed properties registration & maintenance program, over 800 properties were registered by banks, 206 properties spot-inspected by City Code Enforcement, and over \$760,000 in fees and penalties were collected. The FY14-15 blighted properties rate based upon spot inspections was 2% compared to 50% when the program began in 2012.
- Continued operations of the Investor owned properties registration & maintenance program, over 100 properties were registered by inspectors, 89 properties inspected by City Code Enforcement, and \$132,000 in fees and penalties were collected.
- Supported the Healthy Housing Integrated Case Management program, City Code Enforcement and County Public Health staff provided integrated services to 60 families with health problems due to their housing conditions.

Assistance to First-Time Homebuyers

- The CalHome Program made 2 loans totaling \$98,470.
- The Mortgage Assistance Program (MAP) made 39 loans totaling \$2,372,150.
- The BEGIN project-specific Mortgage Assistance Program made 11 loans totaling \$427,850
- The Homeownership Education Program enrolled 691 into homebuyer workshops; 441 attended and 392 participants completed the program and received certificates.

Housing Rehabilitation and Neighborhood Improvement

- Residential Lending Unit was responsible for completing 66 rehabilitation projects.
- The Home Maintenance and Improvement Program (HMIP) completed rehabilitation of 25 units of owner-occupied housing. An additional 6 units are underway.

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- HMIP benefited the homeowners with remediation of dangerous health and safety issues, major energy efficiency improvements, 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.
- The Weatherization and Energy Retrofit Program (WERP) completed 18 homes with an additional 6 under construction. The WERP benefits homeowners by providing financial and technical assistance to improve the energy efficiency of their homes. Eligible improvements include window replacement, insulation, furnace replacement, appliance replacement and solar panel installation.
- The Lead Safe Hazard Paint Program (LSHP) completed 10 homes. An additional 10 units are underway. The LSHP Program benefited clients with exterior improvement of their home, by eliminating health hazards through lead abatement and violations of City codes in their homes.
- The Access Improvement Program (AIP) completed work on 17 units. An additional 6 units are underway.
- Minor Home Repair Program (MHRP) did not repair any housing units nor are there any projects pending in FY 14-15.
- The Emergency Home Repair Program (EHRP) completed repairs on 5 units with 3 under construction. The EHRP benefits homeowners by providing financial assistance for single-system repairs. Primary repairs performed are roofs, plumbing and sewer system repairs.
- Rebuilding Together Oakland received \$274,977 in FY 2014/15 funds for the Home Repairs and Safety/Accessibility Modifications Program. This program renovated 85 homes in Eastlake/San Antonio/Chinatown, Western Oakland, Fruitvale/San Antonio North Oakland and Central Oakland Community Development Districts, benefitting low income senior and/or disabled homeowners.

Homeless Services

- The City of Oakland awarded agencies to provide housing, housing services, rapid rehousing, homeless prevention, shelter and outreach. Through the Oakland Permanent Access To Housing (PATH) Strategy, funded by HUD Emergency Solutions Grant(ESG) and leveraged and matching fund sources, the City of Oakland awarded funds to agencies to provide housing, housing services, rapid rehousing, shelter and outreach. Through Crossroads Emergency Shelter approximately 51,060 shelter bed nights were provided to 530 homeless clients. Rapid Re-housing services were provided to 722 persons living on the streets.
- The City, along with Operation Dignity and Abode services administered the PATH

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Homeless Mobile Outreach Program (HMOP), serving those living in homeless encampments. Within the FY 2014/15 program year, site assessments for a number of encampments were performed. More than 28,000 units of harm reduction services, outreach and intensive case management were provided to persons living in homeless encampments in Oakland.

- The City was also awarded 2011 EHAP funding in the amount of \$250,000 for the rehabilitation of a single family house used for transitional housing. Architectural drawings were completed and submitted to the City of Oakland's Planning Department for approval and issuance of permits. Construction was completed in May 2015 and the building will be occupied by September 2015.
- The Crossroads Shelter, operated by East Oakland Community Project (EOCP) served 530 (unduplicated) people. Crossroads clients received case management services that included health care connections, housing needs, job readiness and wellness support, life skills training, substance abuse and mental health counseling and referrals to job training and employment. 128 clients out of 363 (35%), secured permanent housing and 8 clients moved into transitional housing.
- Through the City's Transitional/Supportive Housing Programs, approximately 376 households (485 individuals) received transitional housing and services, assisting each household to become more stable, as they move toward obtaining permanent housing.
- The Oakland Army Base was not available for use as Winter Shelter in FY 14/15. Instead the City provided several different winter response services which included 18 shelter beds (10 at St. Mary's Center and 8 at East Oakland Community Project) that were dedicated to the most vulnerable people on the streets. These shelters provided 3,676 bednights. Two warming centers (Bay Area Community Services -BACS and St. Vincent de Paul) were open on nights of inclement weather and provided services for 28 nights during the year.
- The Homeless Mobile Outreach Program (HMOP) conducted 290 new field intakes with homeless encampment clients; performed homeless encampment site assessments, encampment site clean-ups, outreach, intensive case management, and harm reduction (meals and supplies).
- Oakland PATH Rehousing Initiative (OPRI) which works with the Oakland Housing Authority and with the HMOP/Permanent Access To Housing (PATH) and other community housing and services, assists people into permanent housing by moving them directly from homeless encampments, shelters, foster care and the criminal justice system into subsidized housing. A total of 169 people were served in 2014/15 under the OPRI.
- Through the Housing Opportunities for Persons with AIDS program (HOPWA) 126 persons with HIV/AIDS and their families received housing assistance and other housing services. Multiple AIDS housing developments are underway in both Alameda Contra Costa Counties.

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- Through the Food Distribution Hunger Program 35,000 meals were provided through ten “brown bag food” distributions.
- Over **2000** hot meals were provided at the City’s Annual Thanksgiving Dinner for the homeless, low-income, and seniors of Oakland.

Economic Development

FY 2014-15 saw a dynamic positive movement in the Oakland economy. Staff assisted approximately 4,000 businesses to be retained, expanded and/or relocated.

Some highlights:

Employment	Q1 2014	Q1 2015	Change
Number of Employed Oaklanders	183,867	196,333	+ 7%
Unemployment Rate	10.3%	6.3%	- 18%
Businesses	Q1 2014	Q1 2015	Change
Number of Business Licenses	42,024	58,877	+ 40%
Quarterly Sales Tax Revenue (Q4 2014)	\$32,345,229	\$34,297,846	+ 6%
Real Estate	Q1 2014	Q1 2015	Change
Median Single Family Sale Price	\$350,000	\$445,000	+ 27%
Median Rent	\$2,059	\$2,510	+ 22%

Oakland’s Business Gain Capital: Oakland had an astounding \$234,727,800 invested by venture capital funds in 2014 in Oakland businesses, among them two leading food production companies, in addition to communication information technology and clean-tech businesses.

Specific Plans Pave way for Business and Housing: By the end of FY 2014/15, Oakland’s Planning Department completed an unprecedented four specific plans to help guide development and investment in Oakland neighborhoods. The specific plans create a streamlined entitlement process for new development projects that are consistent with the plans. In June, the City Council adopted the Broadway Valdez District Specific Plan, which prioritizes retail and mixed-use development along Broadway between Grand Avenue and Interstate 580. In July, the Council adopted the West Oakland Specific Plan, identifying opportunity sites for new jobs, services and housing, while helping balance the neighborhood’s broad range of uses. The Lake Merritt Station Area plan and the Coliseum Area Specific Plan were also adopted.

City and AC Transit Investing in Bus Rapid Transit (BRT) Corridor: Staff continued to work with local bus provider, AC Transit, who has committed to investing \$178 million to build a Bus Rapid Transit (BRT) system connecting Downtown Oakland to San Leandro. This significant public transit upgrade will also bring new lighting, art, parking, and pedestrian and bicycle safety improvements to the entire length of International Boulevard. Economic Development staff are working with AC Transit and have \$2 million in business development support (funds by AC Transit) to help local businesses prepare for and thrive in a new economic environment when the BRT is complete.

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Staff facilitated more than 25 new leases for industrial clients with high demand for industrial space in Oakland and a low vacancy rate of less than 5 percent. Staff worked to aid the full occupancy of the new 375,000 square foot (sf) warehouse space for tenants: Coast Furniture and Benjamin Moore & Co. Goodman Logistics Center is close to highways, Oakland International Airport and the Port of Oakland. Staff participated in the regional Logistics & Transportation Cluster, a part of a \$14 million funded initiative ("Design It Build It Ship It") intended to improve quality and relevancy of community college training programs and industrial-sector employers and workforce needs.

Economic Development Staff Co-Chair Prosperity Plan: Economic Development staff participated as Co-Chair of the Bay Area regional Prosperity Plan, funded through a \$5million HUD-Sustainability Grant, and administered by regional agencies, Association of Bay Area Governments, and the Metropolitan Transportation Authority. Staff presented at the Capstone Conference in Spring 2015 and presented the Plan to regional economic development agencies and the Oakland City Council.

Oakland Companies Rack up Awards: Economic Development staff successfully nominated seven Oakland companies to the Initiative for a Competitive Inner City (ICIC) Top 100 list, with four more receiving honorable mentions. Founded by Michael Porter of Harvard's Business School, the ICIC awards recognizes the fastest growing urban companies in America. Oakland's 2014 Inner City 100 Winners include Fathom, Revolution Foods, Oaklandish, ArcSine Architecture, Premier Organics, Blaisdell's Business Products and Veronica Foods Company.

\$1 Million in Cultural Arts Grants: The Cultural Funding Program, Cultural Arts & Marketing, awarded nearly \$1,000,000 to dozens of artists, arts organizations and schools in Oakland. According to Program Coordinator Denise Pate-Pearson, "Oakland is one of only two U.S. cities that offers grants to individuals, providing vital seed money for under-served artists." Recipients for the highly competitive grants include the Community Rejuvenation Project, the Oakland Ballet and Bandaloop.

Oakland Attracts Major New Companies: Office space vacancy continues to decline with the migration of San Francisco and other East Bay firms to Oakland. Biggest name companies making the move include Brown & Toland, Sunset Magazine, Evolution Bureau (EVB) Gensler Architects, Parsons Brinckerhoff, Otis McAllister, among many others.. "The Oakland scene feels energetic and real," EVB Founder & CEO Daniel Stein stated. "Being part of this incredible movement and momentum will enable EVB to continue to grow into a more dynamic and creative agency."

Civic Innovation in Oakland Tech Surges. Members of Oakland's growing tech community and City workers embracing civic technology met with Oakland residents at CityCamp Oakland to develop literally hundreds of innovative ideas for improving Oakland City government. The second annual un-conference was organized by OpenOakland, a civic hacking brigade that emerged out of Code for America, the national non-profit that pairs young programmers with local governments. This month, the City is sponsoring Qeyno Labs' #MBKHack: My Brother's Keeper hackathon, pairing young student trailblazers with technologists and community leaders to build web and mobile apps to solve social challenges. Civic innovation is also physically and virtually remaking City Hall. Look for a

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new innovation lab for city employees to open later in 2015, followed by a redesigned Digital Front Door for accessing city services online.

Speak Up on Oakland's Economic Development Strategy: Staff launched a new, online, public engagement platform as part of their Five-Year Economic development Strategy. Through "Speak Up Oakland!" Oakland residents and businesses can post, comment and debate ideas online with city staff and each other.

Oakland Businesses Received Five Innovation Awards: Oakland's Blue Bottle Coffee, FATHOM, SfunCube, and the Oakland Digital Arts & Literacy Center (ODALC) took home East Bay Innovation Awards on February 19, while Clorox received the Legacy Award. Oakland again dominated the awards ceremony, which was held at the Fox Theater. The event celebrates the most innovative businesses in the categories of advanced manufacturing, clean tech, education, engineering and design, food, information and/or communications technology, and life sciences.

New Minimum Wage: This past November (2014), Oakland citizens voted to increase the Minimum Wage to \$12.25 per hour and require businesses to provide paid sick leave and pay hospitality service charges to employees that provide the service. Effective March 2, 2015, all employers in Oakland were mandated to post notices, adjust wages, and update policies. The City of Oakland has resources to help, including posters, FAQs, technical assistance and upcoming workshops.

Vator Splash Returns to Oakland. Vator Splash, an international tech startup competition and conference, returned to Oakland on April 22-23 at the Port Workspaces' new Kaiser Center facility, in the city's vibrant Uptown neighborhood. The event brought together founders of some of the hottest tech companies, venture capital firms, entrepreneurs and civic leaders for two days of breakout sessions, keynotes, fireside chats and panel discussions. Last year, the international competition was won by the Oakland company, Oppsites.

Free Broadway Shuttle Hours Extended; Streetcar Study Underway: Late night workers, revelers and residents can now ride the City of Oakland's popular "Free B" Broadway Shuttle until 10pm on weekdays. The Free B also runs until 1am on Fridays and Saturdays. Employers and other downtown stakeholders had advocated for later Free B service to support Oakland's bustling nightlife and dining scene. The City is also studying extending the Free B route further north along Broadway as far as the Kaiser Permanente Medical Center, as well as the feasibility of replacing the shuttle buses with either an enhanced bus or electric streetcars.

Small Business Week: The City of Oakland celebrated its birthday and Small Business Week in May of 2015 by honoring four of Oakland's oldest businesses: Piedmont Grocery (114 years), American Brass & Iron Foundry (109 years), East Bay Restaurant Supply Company (81 years) and Peerless Coffee & Tea (91 years). Staff worked with the SBDC and Oakland Makers to feature workshops and resource fairs to help Oakland businesses thrive.

Coliseum Area Specific Plan and EIR Adopted: On April 21, 2015, Oakland City Council adopted the Coliseum Area Specific Plan and Environmental Impact Report (EIR). The Plan includes new zoning regulations for the 800-acre area that support the Plan's vision: new

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sports venues, entertainment, housing, office space and open space in a regionally significant jobs and employment area. The Council-approved zoning enables the future development envisioned in the Plan, while preserving the Oakland Airport Business Park's current thriving industrial and commercial uses.

2015 Oakland Indie Award Winners. Staff participated in the Oakland Indie Awards, which recognizes Oakland businesses for their contributions to the city. Honored businesses included Café Gabriela and The New Parkway Theater, both recognized for their community support; legendary Chicago pizzeria Zachary's for creating 100 jobs and being 100% employee-owned; vintage fashion boutique Regina's Door; innovative newcomer Qeyno Labs; West Oakland arts community American Steel Studios; and boutiques OwlnWood and Concept 47. Downtown nightclub Geoffrey's Inner Circle, now in its fifth decade, received the Pillar award for being a mentor and advocate for the African American business community. The Oakland Indie Awards is an economic development initiative of Beneficial State Bank and Foundation that encourages people to recognize the social, economic, environmental and political impacts of supporting locally owned businesses and local artists.

• Commercial Lending

For the current reporting period, July 1, 2014 through June 30, 2015, 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 and federally funded commercial loan programs:

- Underwrote 30 new loans totaling \$3,001,900, averaging loan size of \$100,063
- Leverage \$1,953,243 in private financing and investment capital.
- Created 71 job opportunities in Oakland.
- Retained 41 jobs within Oakland businesses.

Public Services and Infrastructure (Neighborhood Improvements) Accomplishments

Public Services

Funding for public service activities was allocated for 15 subrecipient agreements awarded to private, nonprofit agencies that serve low- and moderate-income persons in the seven Community Development Districts of Oakland. Funding for 2 additional programs that were to be carried out by subrecipients were reprogrammed because the subrecipients were unable to fully comply with and complete contract development requirements. In addition, 2 City-administered programs were funded. The programs implemented by the recipients and the City are:

- Anti-Crime – 151 low- and moderate-income beneficiaries: One subrecipient provided workshops and town hall meetings on crime prevention and personal safety as well as multi-language publications on crime statistics and services for 41 limited-English-speaking seniors.
- Homeless – 9 low- and moderate-income beneficiaries: One subrecipient provided case

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management, support services and educational and employment instruction for 10 high-risk, homeless young adults. A second subrecipient was funded to provide job training and search skills as well as career coaching and case management for 42 persons in the homeless and reentry population, but the funds were reprogrammed because the agency was unable to comply with contract requirements.

- Microenterprise and Business Assistance – 5,995 low- and moderate-income beneficiaries: One subrecipient provided green business education and technical assistance to 16 microbusinesses. A second subrecipient provided neighborhood and commercial business development assistance and community revitalization coordination benefitting 5,949 residents. A third subrecipient was funded to provide training to assist 12 bi-lingual women in development management and entrepreneurial skills but the funds were reprogrammed because the agency was unable to comply with contract requirements.
- Senior Services – 75,989 low- and moderate-income beneficiaries: One subrecipient provided food subsidies for distribution agencies serving 75,885 low- and moderate-income seniors. One subrecipient provided health, nutrition and day care services for 10 seniors and disabled persons diagnosed with Alzheimer's and others forms of dementia; as well as training and information for their caregivers. One subrecipient provided social activities, meals, support services and information and referral for 41 limited-English-speaking seniors.
- Tenant/Landlord Counseling – 136 low- and moderate-income beneficiaries: One subrecipient provided advocacy and legal services and assistance for 136 tenants with housing-related problems.
- Youth Services – 2,287 low- and moderate-income beneficiaries: Five subrecipients and two City-administered programs provided enrichment and support services, academic tutoring and education, skills training, personal development, monitoring of safe passage to schools, computer training and instruction, recreation and athletic activities, and intervention counseling.

Infrastructure (Neighborhood Improvements)

Funding was allocated for 13 capital improvement projects located in predominantly low- and moderate-income areas. Three were administered by three private, non-profit subrecipients, and ten administered by the City.

- Improvements to 1 City-owned branch library has been completed.
- Improvements to 3 of 11 parks and recreation facilities funded under the 14/15 CDBG grant are complete and 8 are underway. An additional 5 Parks and Recreation facilities funded under prior CDBG allocations were completed in the 2014/15 program year, for a total of 8 Parks & Recreation Facility Improvement Projects completed in 2014/15.
- A subrecipient was awarded funding for design and installation of tree wells and planting

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of trees in low to moderate income areas. The subrecipient experienced difficulties in complying with local and HUD regulations. Funds may be reprogrammed during FY 2015/16.

- One subrecipient was awarded funding for a housing related improvement project that provided exterior/interior home repairs and safety and accessibility modifications for 85 housing units occupied by elderly and disabled homeowners.

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Benefits of a Participatory Budgeting Process

The City of Oakland's Community Development Block Grant (CDBG) Division plans to take advantage of the following benefits offered through a Participatory Budgeting Process (PBP) as described below:

Participatory budgeting (PB) offers a way to engage local residents in the future of their communities and bridge the divide between city government and the residents it serves. PB is an innovative community development process in which residents directly decide how to spend public funds. PBP is used in over 3,000 cities and other public institutions around the world and has been gaining traction in the U.S. since 2009, in cities like NYC, Chicago, Boston, and Long Beach. While it is relatively new in the U.S., the White House has already recognized PBP as the gold standard for civic engagement. Closer to home, the City of Vallejo received the League of California Cities' 2014 Helen Putnam Award for its inaugural year of participatory budgeting, while The California Endowment has begun promoting participatory budgeting in its Building Healthy Communities program sites.

In 2014, the U.S. Department of Housing and Urban Development (HUD) identified PBP as a best practice for entities that receive HUD funding, with a specific focus on CDBG allocations. Research on PBP processes in the U.S. has demonstrated its ability to meaningfully engage historically underrepresented communities in government decision-making, often allowing non-citizens, ex-offenders, and youth under the age of 18 to vote. In addition to educating residents about government and public budgets, PBP serves as a training ground for new community leaders. PBP participants consistently report gains in leadership skills like public speaking, negotiating, and contacting officials, and the overwhelming majority say their views of government improved as a result of their experience. More information on PBP in the U.S. and its impacts is made available by the Participatory Budgeting Project, a non-profit organization with offices in New York City and Oakland.

PBP has been used successfully in large urban areas to address diverse social and economic needs. This past year, New York City residents in 24 council districts allocated \$30 million dollars in PBP funds to benefit public schools, parks, transportation, and public housing. In the city of Toronto, home to the second largest public housing provider in North America, public housing tenants have allocated up to \$9 million annually for improvements in their developments since 2001. In the city of Vallejo, PBP has funded youth summer jobs, a small business grant program, community gardens, and seed money for transitional housing for the homeless, which has since been matched with county funds.

With the recent years dissolution and decline of participation of the City's Community Development District Boards for the allocation of CDBG set aside funds for Community District allocations, the adoption of the PBP would offer the City a solid opportunity to fulfill Federal/CDBG public participation requirements, allowing residents to set funding priorities for set-aside CDBG funds.

How Participatory Budgeting Will Work

The following outlines the major phases and suggested target dates for a Participatory Budgeting (PB) process to allocate CDBG set-aside funds for community improvement projects in low- and moderate-income (LMI) communities in Oakland.

- **Planning** - City of Oakland recruits and appoints Steering Committee made up of local organizations and stakeholders representing Oakland's LMI communities and

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constituencies. Steering Committee goes through Writing the Rules workshops to design and plan Oakland PB process and create PB Rulebook. This process includes identifying LMI neighborhoods and populations to target for engagement and proposed PB projects.

- **Idea Collection** - At community meetings around Oakland, residents will learn about PB and CDBG funds, discuss community needs, and brainstorm projects to benefit LMI Oaklanders. Residents also volunteer to serve as volunteer budget delegates to turn the ideas into full project proposals for the PB ballot.
- **Proposal Development** – Budget delegates go through an orientation, then meet in committees to transform the community’s initial project ideas into full proposals, with support from city department staff.
- **Expos & Vote** - Delegates present the final project proposals and residents of target communities vote on which projects to fund.
- **Evaluation & Monitoring** - Delegates and other participants evaluate the process, then monitor the implementation of projects. City of Oakland incorporates winning projects into 2017-18 Action Plan and issues RFPs as necessary.