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CITY OF OAKLAND

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**CITY OF OAKLAND
COUNCIL AGENDA REPORT**

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Director of Housing and Community Development
DATE: September 12, 2006

RE: Report Presenting the Review of Oakland's Consolidated Annual Performance and Evaluation Report (CAPER) for Community Development Block Grant, HOME, Housing Opportunities for People with AIDS and Emergency Shelter Grant Programs Performance for the Year 2005-2006.

SUMMARY

This report transmits to the City Council the Consolidated Annual Performance and Evaluation Report (CAPER) required by the Department of Housing and Urban Development (HUD).

The CAPER is due to HUD by September 30, 2006 to comply with reporting requirements. The report contains a description of the activities completed with grant funds during FY 2005-06. For a complete review of all City accomplishments, the CAPER is available on our website (www.oaklandnet.com/government/hcd) and copies are available for pick-up from CEDA at 250 Frank H. Ogawa Plaza, Suite 5313, Oakland, CA 94612.

FISCAL IMPACT

There are no fiscal impacts associated with this informational report.

BACKGROUND

Each year, the City of Oakland receives federal grant funds under the Community Development Block Grant (CDBG), HOME Investment Partnership, Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) Programs. In May 2005 the City submitted to the U.S. Department of Housing and Urban Development (HUD) the required Five Year Consolidated Plan for Housing and Community Development, outlining needs, priorities, strategies and proposed actions for the period of July 1, 2005 through June 30, 2010. In addition, each year, the City prepares an annual action plan prior to the program year, and an annual performance report at the end of the program year. The City has also adopted a citizen participation plan describing the process for involving low and moderate income persons in the development of these plans.

As required by HUD, the City Council must hold two public hearings – one to review program performance (tentatively September 19, 2006), and one to review proposed program allocations for the annual action plan. Final City Council approval of the annual action plan for FY 2007-08 will occur at the second public hearing, to be held in May 2007.

In previous years, the City has contracted with Gibson and Associates to evaluate programs funded by CDBG funds for efficiency and effectiveness. Due to a new mandate from HUD requiring all HUD funded programs to implement a system of performance measures, we have restructured the contract with Gibson & Associates to assist in the development of the performance measurement system for the City of Oakland. The mandate is not effective until October 1, 2006; however the measures needed to be identified and a system in place ready for all CDBG-funded programs to utilize for reporting, at the start of the new program year, effective July 1, 2006.

KEY ISSUES AND IMPACTS

I. The Consolidated Annual Performance and Evaluation Report (CAPER)

The Consolidated Annual Performance and Evaluation Report provides information on accomplishments in the City of Oakland, for the program year July 1, 2005 through June 30, 2006, in meeting goals set forth in the Annual Action Plan of the Consolidated Plan for providing affordable housing, supportive services for the homeless and persons with special needs, and non-housing community development. The CAPER also provides information on the City's progress in meeting five-year goals of the 2005-2010 Consolidated Plan.

Housing and Homelessness

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 period July 1, 2005 through June 30, 2006, the City's housing programs achieved the following:

Preservation/Expansion of the Supply of Affordable Housing

Program Changes

- Approximately \$4.4 million of HOME program income (generated by repayments of first-time homebuyer loans) was reallocated from housing rehabilitation to the

housing development program for the Notice of Funding Availability (NOFA) to ensure timely commitment of these funds.

Accomplishments

- Eighty units of rental housing for families were completed, all of which are low-income family housing units located in Coliseum Gardens. An additional 613 affordable rental units are currently under construction throughout the City.
- Thirteen units of new ownership housing were completed. The majority of the units (12) are part of the Palm Court development. An additional 88 units of affordable ownership housing are currently under construction.
- Seventeen existing affordable units were preserved and renovated. An additional 61 units are currently in the process of being preserved.
- Thirty-five units of public housing were rebuilt as part of Phase I of the Coliseum Gardens HOPE VI development. Rebuilding of an additional 110 public housing units is under construction.

Assistance to First-Time Homebuyers

Program Changes

- The maximum loan amount for the Mortgage Assistance Program (MAP) was increased from \$50,000 to \$75,000 and the maximum purchase price was increased to 95 percent of the median purchase price for homes in Oakland (the current limit is \$456,000). These higher limits expand the pool of homes that can be purchased by eligible borrowers.
- To ensure that the same number of loans was provided as in previous years, approximately \$1 million of the Agency's Low and Moderate Income Housing Fund was reallocated to the First-Time Homebuyer Program from the Housing Development program. Additional funds were also made available by recycling the proceeds of loans that have been repaid.
- The maximum allowable loan to value ratio was increased from 97 percent to 100 percent, which reduces a major barrier to participation at this time.

Accomplishments

- The Mortgage Assistance Program (MAP) received 47 applications, approved 41 loans and closed 40, totaling \$2,597,700. These funds leveraged investment of \$11,183,747 in private bank lending, \$1,114,604 in downpayments from individual homebuyers and \$1,163,888 in other public funding.
- The American Dream Downpayment Initiative (ADDI) program received and approved three applications and closed two loans in the amount of \$135,263.

- No loan applications were received for the Down Payment Assistance Program for Public Safety Officers and Oakland Unified School District (OUSD) Teachers. One OUSD teacher, one pre-school teacher, one school counselor and four teachers from other districts received loans from the Mortgage Assistance Program. The MAP program serves a lower income level and provides a higher loan amount.
- The Homeownership Education Program completed 12 classes with 457 attendees. Approximately 420 participants completed the program and 100 participants attended a homeownership class at the First Time Homebuyer Fair.

Housing Rehabilitation and Neighborhood Improvement

Program Changes

- The Home Maintenance and Improvement Program was modified to become an “umbrella” program to fund housing rehabilitation programs in a more flexible manner. The “umbrella” concept allows staff, with approval from the City Administrator, to reallocate funds among sub-programs to meet changing demand for specific loan/program types
- The Home Maintenance and Improvement Program (HMIP) loan guidelines were modified to reach a broader range of eligible homeowners and has resulted in a higher volume of loans:
 - The interest rate was reduced from 3 percent to 0 percent for borrowers with incomes less than 50 percent of median income (many of whom are seniors or people with disabilities).
 - The interest rate was reduced from 6 percent to 3 percent, and payments are now deferred rather than due on a monthly basis, for borrowers with incomes between 51 percent and 80 percent of median income.
- The Emergency Home Repair Loan Program maximum loan amount was increased from \$7,500 to \$15,000. In addition, loans are now available to borrowers who live anywhere in the City if household income is less than 50 percent of median income. Loans to borrowers with incomes between 50 percent and 80 percent of median income remain restricted to properties located in the seven Community Development Districts.

Accomplishments

- The Home Maintenance and Improvement Program (HMIP) originated 56 loan applications and rehabilitated 21 units.
- HMIP leveraged fiscal resources by generating program income from loan repayments. Although program income was budgeted at \$1.8 million, for FY 05-06, housing loan repayments generated a total of \$2.6 million in program income.

(As part of the approval of the Consolidated Plan for FY 05-06, the City Council authorized the use of any program income in excess of \$1.8 million for new rehabilitation loans.)

- HMIP contractors indirectly generated general fund income to Building Services from fees paid to acquire permits for the improvements made to the homes. Additionally, the contractors that were working on the homes employed residents of the City of Oakland and purchased materials from Oakland based suppliers. This economic cycle impacts property taxes as well as business licensing fees.
- HMIP benefited the homeowners with remediation of dangerous health and safety issues, including 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.
- Client satisfaction surveys reflect owners rating program services good or better for 91% of the surveys returned.
- The Lead Safe Hazard Paint Program (LSHPP) reported completion of 62 homes, resulting in the program significantly exceeding its goals. The high productivity is attributed to full implementation of group bid walks—12-15 properties are bid among 4-5 lead certified contractors at one time every two months.
- The LSHPP benefited clients with exterior improvement of their home, by eliminating health hazards through lead abatement and violations of City codes in their homes.
- The LSHPP leverages fiscal resources by partnering with the Alameda County Lead Poisoning and Prevention Program and receiving reimbursement for lead remediation costs where children under age six reside in the household. For the current year the program has received reimbursements totaling \$125,000.
- The Access Improvement Program (AIP) originated applications for 11 units and completed rehabilitation work on 15 units.
- Minor Home Repair Program (MHRP) repaired 110 housing units. In addition, 20 projects were in process at the end of the year and 25 owners were on the waiting list.
- The Emergency Home Repair Program (EHRP) program originated 16 loan applications and assisted 7 units.
- The EHRP benefits homeowners by providing financial assistance for single-system repairs. Primary repairs performed are roofs, plumbing and sewer system repairs.

Rental Assistance for Persons Displaced by Hurricane Katrina

- Following the devastation caused by Hurricane Katrina, the City Council allocated \$250,000 in HOME funds to be used to assist displacees to rent housing in Oakland. To date, sixteen families have been awarded assistance under the program.

Homeless Services

Program Changes

- \$1 million of CDBG program income was reallocated from the housing rehabilitation programs to the East Oakland Community Project's shelter and transitional housing project.

Accomplishments

- Through the Year-Round and Winter Emergency Shelter program, more than 3,900 individuals and households received shelter, hotel/motel vouchers, food services, rental assistance and additional supportive services.
- More than 3,468 units of outreach were provided to the homeless and special needs Oakland population through the City's Homeless Mobile Outreach Program, Housing Opportunities for Persons With AIDS program, Emergency Shelter programs, and Winter Shelter programs.
- Through the City's Transitional/Supportive Housing Programs, 180 families received temporary housing services, assisting each family to become more stable and prepared for permanent housing. Out of these families, 76 families moved into permanent housing during the 2005-06 fiscal year.
- Through the Housing Opportunities for Persons with AIDS program, 183 persons with HIV/AIDS and their families received facility based housing assistance and the existing HIV/AIDS housing inventory was increased by more than 17 units. Approximately 247 living units were completed, with 17 dedicated to persons living with HIV/AIDS.
- Through the Hunger Program, more than 19,900 meals were provided through food distributions, hot meals, and the City's Annual Thanksgiving Dinner for the homeless, low-income, and seniors of Oakland.

Economic Development

Economic development accomplishments for FY 2005-06 include the following:

Neighborhood Commercial Revitalization (NCR) Program

- Twenty-one (21) commercial properties consisting of forty (40) storefronts were improved under the Commercial Property Façade Improvement Program in FY 2005/06. This represents a total investment of \$904,689, and includes \$366,896 in façade grants and \$537,803 in private funds. Over 100 façade projects are currently active and in the design, bid or construction phase.
- Approximately \$500,000 is currently committed to façade improvement projects which are expected to be completed in FY 2006/07

- During FY 2005/06 NCR staff worked with 15 merchant groups and Business Improvement Districts (BID).
- NCR staff attended monthly merchant association meetings to be informed of issues affecting the commercial district and to facilitate the merchants' access to city services and programs.
- Provided assistance to 125 businesses each quarter.
- NCR staff facilitated the establishment and expansion of the Fruitvale Property BID and assisted in the renewal/reauthorization of 5 existing BIDs.

Business Development

- Assisted 521 businesses to remain in Oakland, retained 6,033 jobs in Oakland, attracted 12 new businesses and created 39 jobs, many of which benefited low and moderated income residents and neighborhoods.
- Attracted 16 firms interested in moving to Oakland with total of 137 jobs.
- Successfully sought and received \$385,000 in new funding and re-captured \$300,000 in funding for the Brownfields Cleanup Revolving Loan Fund.
- Completed \$200,000 Industrial Corridor Brownfield grant from the EPA including implementation of environmental assessments at Coliseum & West Oakland BART, creation of a Design Concept Plan for a 500,000 square foot manufacturing facility, and publication of a new Brownfields Resource Guide.

Commercial Lending

For the current reporting period, July 2005 – June 2006, City staff and community partners worked to improve existing services and identify gaps in services offered. During this fiscal year period, the Commercial Lending staff, consisting of one part-time manager and two FTEs working with contract partners, accomplished the following:

- Collected approximately \$436,656 in delinquent and defaulted loans
- Negotiated proposals for the restructuring of five loans
- Received \$917,333 in loan payoffs
- Underwrote 27 new loans to 23 loan clients
- Created opportunities for 29 new jobs to the Oakland economy
- Placed 7 Oakland residents in a new job created from loan proceeds
- Advanced the development of a HUD Section 108 loan repayment strategy
- Evaluated RFP respondent proposals for the re-establishment of a small business incubator program

- Provided seven clients with technical assistance in the development of business/marketing plans
- Negotiated and executed a \$2,100,000 loan assumption and property transfer agreement
- Identified availability of CDBG Program Income funds for the recapitalization of Oakland Business Development Corporation (OBDC) administered CDBG loan programs
- Identified available Coliseum Redevelopment Project Area funding for formation of a redevelopment-based revolving loan program
- Improved coordination of lending services and Neighborhood Commercial Revitalization Façade program
- Development of a HUD Section 108 loan repayment strategy
- Prepared a Request For Proposals for small business incubator support
- Executed \$14,900 contract for business/marketing plan support

Public Services and Infrastructure (Neighborhood Improvements)

Public Services

FY 05-06 funding for public service activities were carried out through 30 sub recipient agreements with 28 private nonprofit agencies that serve low- and moderate-income persons in the seven Community Development Districts of Oakland. In addition, six (6) City-administered programs were funded. The programs administered by the non-profits and the city are:

- **Violence Intervention** – Two (2) programs received funding for the provision of legal assistance, crisis counseling and support services to 1,381 individuals.
- **Hunger Relief** - Two (2) programs received funding for the provision of food purchase and distribution services to 352,500 individuals. This also includes the annual Thanksgiving Dinner.
- **Senior Services** – Seven (7) programs received funding for the provision of information & referral, needs assessment, support services, in-home support, companion services, legal services, recreation and physical activities, outreach & education, medical care, hot meals and social services to 1,022 individuals.
- **Miscellaneous Public Services** – Three (3) programs received funding for the provision of computer training, family support and assistance and youth development services to 6,237 individuals.

- **Substance Abuse Intervention and Prevention** – One (1) program received funding for the provision of residential and day treatment services, support services and referral services to 63 individuals.
- **Youth Services** – Eighteen (18) programs received funding for the provision of work experience and career preparation, case management, tutoring and instruction, academic assistance, cultural and life enrichment, health care and education, housing search assistance counseling and support services, leadership development, mentor support, life skills training and safety monitoring services to 8,205 individuals and 75 families.
- **Employment Education and Training** – Three (3) programs received funding for the provision of employment training and counseling, career advancement opportunities and job referral and placement to 31 individuals.
- **Microenterprise and Business Assistance** – Six (6) programs received funding for the provision of façade improvement, business incubation, microenterprise assistance, training, counseling, organizing and support as well as crime prevention.

Infrastructure (Neighborhood Improvements)

There were no funds from the FY 05-06 grant allocated for capital improvements to public service facilities.

SUSTAINABLE OPPORTUNITIES

Economic: As noted in this report, a significant portion of CDBG funds is used to promote economic development, employment, public facilities and infrastructure for the benefit of low and moderate income communities.

Environment: Many activities funded by federal housing and community development grants address such issues as removal of blight, and abatement of environmental hazards such as lead-based paint and other building conditions. Housing rehabilitation and new construction programs encourage contractors to use green building techniques, including energy-efficient design, use of recycled building materials, and water-conserving fixtures and landscaping.

Social Equity: By definition, these programs are targeted to improving conditions for low and moderate income communities.

DISABILITY AND SENIOR CITIZEN ACCESS

Many of the grants and loans funded by federal housing and community development grant funds are used to provide housing, facilities and services for senior citizens and persons with

disabilities. All new housing constructed with federal funds must provide accessibility features for persons with disabilities.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council accept and approve the Oakland's Consolidated Annual Performance and Evaluation Report (CAPER) for Community Development Block Grant, HOME, Housing Opportunities for People with AIDS and Emergency Shelter Grant Programs Performance for the year 2005-06 for transmittal to HUD by the September 30th 2006 deadline.

Respectfully Submitted,

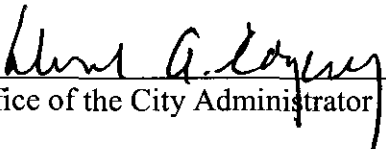
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Attachments

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE



Office of the City Administrator