

FILED
OFFICE OF THE CITY
OAKLAND

CITY OF OAKLAND

AGENDA REPORT

2010 JUN 30 AM 11:09

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Department of Human Services
DATE: June 14, 2010

RE: **An Ordinance Authorizing The Assumption By East Oakland Community Project, Of A Lease On A City-Owned Property Located At 1226-73rd Avenue And Previously Awarded To Mercy Properties California For Use As A Shelter Plus Care Housing Facility, And An Extension Of The Lease Period For Another Three Years Until June 2015**

SUMMARY

The City owned four-unit property at 1226-73rd avenue has been used to provide housing for homeless persons since 1995. The City has had a lease with non-profit agencies to operate the building and to provide services to residents. In 2008, the City Council authorized a 5-year renewal of the lease agreement with Mercy Properties California (MPC) to manage the building which is used to house low income households enrolled in the Shelter Plus Care program administered by Alameda County. MPC informed the City last year that they did not want to continue managing the property and would prefer that City staff locate another nonprofit to take over their responsibilities. East Oakland Community Project (EOCP), an Oakland-based nonprofit organization with experience in managing and operating emergency and transitional housing facilities and programs has agreed to assume MPC's responsibilities as it relates to the property.

FISCAL IMPACT

Approval of this ordinance would authorize EOCP to assume the lease on the property and for the City Administrator to enter a lease agreement for 5 years with East Oakland Community Project. The City will most likely, not receive any funds as rent from leasing the property as the rents collected are used for minor repair and maintenance expenses and for management costs. Under the terms of the lease, the rent the City is to receive is set at the balance remaining after operating expenses including property maintenance expenses are deducted from tenants' rents. To date, the City has not received any revenue from the property. There will be no financial obligation to the City as a result of the lease.

Staff has also prepared a staff report to the Council requesting authorization for EOCP to assume a grant of \$25,000 which was awarded to Mercy Properties California for repairs and maintenance costs at the property. The funds are Community Development Block Grant (CDBG) program funds.

BACKGROUND

The City passed Ordinance No. 12858 C.M.S in 2008, authorizing a five-year lease renewal with Mercy Properties California to continue managing the property at 1226 73rd Avenue which is used for

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a Shelter Plus Care program to house hard-to-serve homeless persons with disabilities. A collaboration of Alameda County, the City and nonprofit providers apply and receive funding from the Department of Housing and Urban Development (HUD)'s Shelter Plus Care program to provide rental assistance in connection with supportive services to residents.

Mercy Properties California assumed responsibility for the lease on the property in 1999, when Catholic Charities, the original lessee on the property, became bankrupt and MPC took over Catholic Charities' projects and programs. MPC informed City staff last year that they were not interested in continuing the management of the property as it was not cost effective given the small size of the property, and MPC was moving towards managing larger properties. MPC requested that City staff locate another nonprofit to assume responsibility for the property by the beginning of 2010, and they will complete all needed repairs before turning over the property to the selected non profit.

The property has never had a dedicated source of funds from the City for major repairs or structural upgrades, and as a result, repairs have had to be undertaken on an ad hoc basis and usually under emergencies. Funding has been provided by the City for urgent major structural repairs which threatened the health and safety of the residents. The property is in need of repairs to the ADA accessible ramp, sidewalks and other paved areas and the gate and fencing in the front of the property. The City Council authorized the grant funds of \$25,000 for the repairs. However, MPC has not completed all the repairs but have repaired the unsafe railings and stairs.

KEY ISSUES AND IMPACTS

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

PROGRAM DESCRIPTION

The Shelter Plus Care program provides housing and supportive services for homeless persons with disabilities. The program allows for the hard-to reach homeless population to have a choice in housing, and provides services in response to the needs of the population it serves. The property contains 4 living spaces with a mix of one- and two-bedroom units sufficient for four households at a time.

East Oakland Community Project (EOCP) is a stable, experienced and well-respected Oakland-based nonprofit that provides housing and services for homeless people. EOCP currently manages three transitional housing programs funded by the Department of Housing and Urban Development through the City, for families and youth, and a 125-bed multi-service emergency housing facility for singles and families. EOCP's main office is located on International Blvd and 75th Avenue, in close proximity to the City-owned property on 73rd Avenue. EOCP has performed well under its contracts with the City, and will be the best agency to take over the lease for the property.

SUSTAINABLE OPPORTUNITIES

Economic: Programs and services for homeless provide opportunities for stability, training and support that assist them in transitioning to self-sufficiency and economic independence.

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

Social Equity: The assumption of the lease and the expenditure of the funds for major repairs and upkeep of the property will provide housing for the homeless and make the facility more habitable.

DISABILITY AND SENIOR CITIZEN ACCESS

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

RECOMMENDATION AND RATIONALE

That the City Council pass the attached ordinance authorizing the assumption of the lease on 1226 73rd Avenue by East Oakland Community Project and authorizing the City Administrator to execute a 5-year lease agreement for the use of the property as long term housing under the Shelter Plus Care program.

ACTION REQUESTED OF THE CITY COUNCIL

That the City Council approve the ordinance authorizing the assumption of the lease on 1226 73rd Avenue by East Oakland Community Project and authorizing the City Administrator to execute a 5-year lease agreement with East Oakland Community Project.

Respectfully submitted,

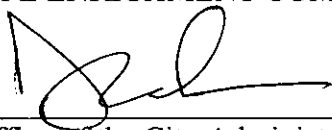


ANDREA YOUNGDAHL
Director, Department of Human Services

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

Prepared by: Gladys Moore, Project Coordinator

APPROVED AND FORWARDED TO THE
LIFE ENRICHMENT COMMITTEE:



Office of the City Administrator

Item: _____
Life Enrichment Committee
July 13, 2010

FILED
OFFICE OF THE CITY CLERK
OAKLAND
INTRODUCED BY COUNCILMEMBER
2010 JUN 30 AM 11:09

APPROVED AS TO FORM AND LEGALITY

M. M. Mordomi

City Attorney

OAKLAND CITY COUNCIL
ORDINANCE No. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE ASSUMPTION BY EAST OAKLAND COMMUNITY PROJECT, OF A LEASE ON A CITY-OWNED PROPERTY LOCATED AT 1226-73RD AVENUE AND PREVIOUSLY AWARDED TO MERCY PROPERTIES CALIFORNIA FOR USE AS A SHELTER PLUS CARE HOUSING FACILITY, AND AN EXTENSION OF THE LEASE PERIOD FOR ANOTHER THREE YEARS UNTIL JUNE 2015

WHEREAS, the City of Oakland owns a 4-unit complex at 1226-73rd Avenue that is comprised of two two-bedroom and two one-bedroom units ("the Property"); and

WHEREAS, pursuant to Ordinance No. 12858 C.M.S. passed in 2008, the City Council authorized a 5-year renewal of the lease agreement with Mercy Properties California (MPC) for the continued use of the property to house homeless persons enrolled in the Shelter Plus Care (S+C) program; and

WHEREAS, a collaboration of Alameda County, the City and nonprofit providers apply and receive funding from the Department of Housing and Urban Development (HUD)'s Shelter Plus Care program to provide rental assistance in connection with supportive services for hard-to-serve homeless persons with disabilities; and

WHEREAS, MPC informed City staff early last year that they wanted to be released from the lease agreement and to have another non profit organization assume their role and responsibilities in 2010, as it was not cost effective for them to manage the property due to its small size; and

WHEREAS, City staff has solicited East Oakland Community Project (EOCP), an Oakland-based non profit with significant experience in managing and operating emergency and transitional housing facilities and programs, to assume the lease on the Property and continue the use of the property for S+C clients; and

WHEREAS, the property has never had a dedicated source of funds for major repairs and structural upgrades, and such repairs have had to be undertaken on an adhoc basis and usually under emergencies, and as a result, the City authorized grant funds in the amount of \$25,000 for repairs and general maintenance of the Property; and

WHEREAS, the City desires to have EOCP assume the lease on the Property, extend the lease period for another three years until 2015 and make the grant funds available to EOCP; and

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Administrator is authorized to allow East Oakland Community Project to assume the lease previously awarded to Mercy Properties California for the property at 1226-73rd Street and to extend the lease period for three more years until June 2015.

Section 2. The City Administrator is authorized to enter into a lease agreement with East Oakland Community Project for a minimum of 5 years for the use of the property at 1226-73rd Avenue as long term housing under the Shelter Plus Care program. The rent for the property shall be set as the balance available after operating expenses are deducted from rental payments.

Section 3. All Agreements shall be reviewed as to form and legality by the Office of the City Attorney and copies shall be files with the City Clerk.

Section 4. Pursuant to Ordinance Number 10142 C.M.S., the City Council determines that the best interests of the City would be served by leasing the property by means of a negotiated lease because of the need to utilize the specialized experience of East Oakland Community Project in operating the property for use as housing for homeless persons.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California