

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
2007 MAY 08 PM 3:21

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Department of Human Services
DATE: May 8, 2007

RE: **An Informational Report On Oakland's Permanent Access To Housing (PATH) Strategy**

SUMMARY

This is an informational report intended to provide the City Council with an update on the development of a new plan to address homelessness in Oakland by shifting emphasis from short-term shelter and transitional housing to a strategy based on provision of permanent housing with supportive services.

Oakland's Permanent Access to Housing (PATH) Strategy provides a roadmap for ending homelessness in the City over the next fifteen years. PATH is a companion to EveryOne Home, the Alameda Countywide Homeless and Special Needs Housing Plan. EveryOne Home is a comprehensive plan for providing housing and supportive services to homeless people in Alameda County and to those people living with serious mental health illness and HIV/AIDS.

The City of Oakland has developed the PATH Strategy by building upon the foundation established in EveryOne Home. Oakland PATH describes the challenge of homelessness in Oakland, identifies Oakland-specific outcomes needed to end homelessness, and articulates strategies to achieve those outcomes that are aligned and coordinated with the strategies in Everyone Home. The overarching strategy articulated in PATH and EveryOne Home is to shift the approach to the homelessness problem away from managing it and towards solving it. The key element of this shift is to transition from emergency shelter and services towards the acquisition, development and operation of permanent affordable and supportive housing.

Oakland PATH and EveryOne Home are intended to guide City policies and how resources are used to end homelessness over the next fifteen years.

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FISCAL IMPACT

Specific funding proposals are not included in this report; there is no fiscal impact at this time. Rather, a discussion of general funding strategies and potential policies is presented.

The full costs of the PATH Strategy greatly exceed the resources currently available. Implementation of PATH will require identifying additional funding resources at the local, State and Federal level. It could also require substantial shifts in the allocation of existing resources currently provided for services and short-term housing for homeless people. It would also require a major reprioritization of the City's affordable housing funds allocated through the annual NOFA process.

BACKGROUND

Oakland has a long history of planning and successful programming in the area of homelessness and very low income housing. The Oakland Homeless Plan (1993) was among the first such plans in the nation. The Plan arose during the aftermath of the 1989 Loma Prieta earthquake, which caused the displacement of thousands of persons from low income housing in Oakland. Resources made available through the McKinney-Vento Act of 1987 were applied to the establishment of emergency shelter, transitional housing and permanent rental housing to assist homeless people. Through a combination of City affordable housing dollars, State of California, FEMA and other federal funds, and private investment, a number of single room occupancy (SRO) transient hotels in the downtown area were rehabilitated in the 1980's and early 1990's for use as permanent housing for homeless and extremely low income persons, including the C.L. Dellums, Oaks, Hamilton, Harrison, Aztec, California and Madrone hotels. The Touraine Hotel was converted to the Henry Robinson Multi-Service Center, a transitional housing facility with supportive services for adults with children. During this period the Countywide Continuum of Care consortium of jurisdictions, developers and service providers was formed to coordinate the annual McKinney Supportive Housing Program (SHP) grant. The Continuum of Care consortium was awarded a number of Best Practices awards from the U. S. Department of Housing and Urban Development (HUD), and became instrumental in bringing in over \$22 million in homeless funding annually to Alameda County.

The Continuum of Care era was characterized by a three-tiered system of intervention: emergency shelter, leading to transitional housing, leading eventually to permanent housing. This model was based on the notion that homelessness was fundamentally a problem of poverty, compounded by a lack of life skills and job proficiency on the part of very low income individuals and families. The rationale behind transitional housing was that given adequate services, support and training, families and individuals could become stabilized and over time achieve self-sufficiency, which in turn would enable them to obtain permanent housing. Although the continuum model was effective in building some aspects of self sufficiency, and helped many to graduate to housing, it was not effective overall in helping people to emerge from poverty. Mainstream economic factors such as escalating housing prices and declining real

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wages tended to limit permanent housing opportunity, and the relative scarcity of income supports and the huge decreases in federal housing subsidies tended to institutionalize poverty. Shelters and transitional housing, intended as platforms to pass through on the way to self sufficiency and independent living, instead became dead ends through which people would cycle and recycle. At the same time, the self sufficiency model was inappropriate for some populations, most prominently persons with severe and persistent mental illness, and persons with disabilities and medical conditions such as HIV/AIDS, who required permanent services to secure and maintain housing.

During the last decade a growing consensus has arisen that the continuum of care system of shelters and transitional housing has resulted in a system that manages homelessness rather than ends it. The EveryOne Home Plan began with the conviction that simply continuing with the current approaches was not going to result in ending homelessness. The Plan also grew out of an emerging understanding that the human and financial costs of homelessness are enormous. The costs of not solving this problem are great and borne by everyone: by people who are in crisis because they have no place to live and by the entire community in the form of diminished community well being – including the financial burden of paying for emergency and social services that generally do not end homelessness for those served.

KEY ISSUES AND IMPACTS

Homeless People in Oakland

Based on Oakland's annual homeless count, and baseline data from the 2004 Alameda Countywide Shelter and Surveys of 2004 and 2005, nearly 6,300 people experience an episode of homelessness in Oakland during the course of a year. They make up nearly half the estimated 12,750 people who experience homelessness in Alameda County during the course of a year. On any given night, there are as many as 6,000 homeless people in Alameda County, 3,000 of whom are in Oakland.

The estimated 6,300 people who are homeless over the course of a year in Oakland represent 3,987 households, of which approximately 600-700 households are living in homeless encampments.

Households	Total Housing Units Needed	Short-Term Assistance to Secure & Maintain Housing	Total
Homeless (H/L) Households	2,555	1,432	3,987
Chronically H/L Individuals	923	0	923
Community-Defined H/L Individuals	787	787	1,574
Community-Defined H/L Youth	243	243	485
Community-Defined H/L Families	603	402	1,005

Of the 3,987 homeless households in Oakland, it is estimated that:

- 923 (23%) are chronically homeless according to HUD's definition of that term: single individuals who have been homeless for one year or longer or more than four times in three years.
- 1,574 (39.5%) adults are "community-defined" homeless: they are living in the streets, cars, emergency shelters or transitional housing, doubled up with friends, or "couch surfing".
- 485 (12%) are homeless transition age youth.
- 1,005 (25%) are families with children.

These homeless households have a variety of housing needs. Some of these homeless individuals and families (estimated at 1,432 households or 36%) need short-term financial assistance or other support services to end their homelessness. The remainder of the homeless households (estimated at 2,555 or 64%) need affordable housing (meaning a housing unit that costs no more than 30% of their income which is accessible to people who have extremely low incomes), or for those who have disabilities and have been homeless for along period of time, supportive housing which combines affordable housing with on-site supportive services that are designed to help tenants stay housed and work to meet other self-directed goals.

The PATH Strategy and EveryOne Home Plan's housing recommendations address creating and financing specific housing and varied intensity of services reserved for this most needy population.

While the City of Oakland has a significant inventory of subsidized affordable rental housing, there are very long waiting lists for these units and most of them do not have the supportive services required for this population. There is a tremendous unmet need for housing for the 2,555 homeless households who need permanent housing affordable to people with extremely low incomes. Therefore, Oakland PATH contends that homelessness can be ended for these 2,555 households only by increasing the number of affordable and supportive housing units specifically affordable to those with extremely low incomes. These units can be made available through three different methods:

- Development of new housing units through acquisition and rehabilitation or new construction,
- Placing households in existing rental housing through the use of tenant-based housing subsidies,
- Providing new affordable and supportive housing opportunities by master leasing existing housing.

Of the 2,555 units, Oakland PATH projects the need for:

- 1,937 permanent supportive housing units; and,
- 618 affordable housing units with rents at or below 30% AMI.

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The following chart shows the breakdown of new construction, new rent subsidies for existing rental housing, and master leasing of existing rental housing:

Development Type	Permanent Supportive Housing Units Needed	Affordable Housing Units ≤30% AMI Needed	Totals
Acquisition & Rehabilitation/ New Construction	639	204	843
Tenant-Based Housing Subsidies Using Existing Housing	649	207	856
Master Leasing Using Existing Housing	649	207	856
TOTAL	1,937	618	2,555

People who are At-Risk of Homelessness in Oakland

In addition to the 6,300 people who are homeless in Oakland over the course of year, there are approximately 17,200 more people with serious and persistent mental illness and/or HIV/AIDS who are living in precarious or inappropriate situations. These people are at extreme risk of homelessness due to their disabilities and extremely low incomes (at or below 30% AMI.)

The estimated 17,200 people who are at-risk of homelessness over the course of a year in Oakland represent 11,128 households, of which approximately 4,825 need permanent affordable or supportive housing to prevent them from becoming homeless. The balance, approximately 6,303 households, need short term financial or other supports to prevent their homelessness.

When these additional 4,825 households that are at-risk of homelessness are included in the housing needs estimate, the total population requiring housing assistance under the PATH Plan is 7,380.

The chart below presents the housing needs of people who are homeless and at-risk of homelessness in Oakland, broken down by type of households, type of housing or assistance needed, and the method for creating the housing.

UNMET HOUSING NEED					
Households	Permanent Supportive Housing Units Needed	Affordable Housing Units ≤30% AMI Needed	Total Housing Units Needed	Short-Term Assistance to Secure & Maintain Housing	Total
Homeless (H/L) Households	1,937	618	2,555	1,432	3,987
Chronically H/L Individuals	923		923	0	923
Community-Defined H/L Individuals	551	236	787	787	1,574
Community-Defined H/L Youth	162	81	243	243	485
Community-Defined H/L Families	301	302	603	402	1,005
Households who are At Risk of Homelessness due to Extremely Low Incomes and Disabilities	2,803	2,022	4,825	6,303	11,128
Individuals w/ HIV/AIDS	448	448	896	896	1,791
Head of Family H/H w/ HIV/AIDS	242	242	484	121	605
Individuals w/ Mental Illness	1,369	587	1,956	3,797	5,753
Head of Family H/H w/ Mental Illness	744	745	1,489	1,489	2,978
Total Housing Needs	4,740	2,640	7,380	7,735	15,115
Development Type					
Acquisition & Rehabilitation/ New Construction	1,564	871	2,435		
Tenant-Based Housing Subsidies Using Existing Housing	1,588	884.5	2,472.5		
Master Leasing Using Existing Housing	1,588	884.5	2,472.5		
TOTAL HOUSING UNITS	4,740	2,640	7,380		

PROGRAM DESCRIPTION: The Oakland PATH Strategy

Desired Results

The Oakland PATH plan contains specific quantified goals. The PATH plan seeks to achieve the following by 2020:

- Homeless, Special Needs and At-Risk People Become Housed.** Approximately 7,380 individuals and families in Oakland who have experienced homelessness or are extremely

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low-income and living with serious and persistent mental illness and/or HIV/AIDS in inappropriate or precarious housing situations will achieve long-term appropriate housing situations. These results will be phased as follows:

Year	Households Achieving Stability in Permanent Housing
2007	443
2009	1,032
2011	2,065
2013	3,246
2015	4,427
2017	5,608
2020	7,380

- 2. Easy Access to Services. No Wrong Door.** People experiencing a crisis or in need of basic medical, behavioral health and/or social services will be able to access user-friendly and up-to-date information and obtain assessment services through any providers of such services in Oakland and throughout the county.
- 3. Homelessness Prevention System in Place.** People throughout Oakland, including elected officials, community leaders, and the general public demonstrate, through their charitable contributions, volunteer service, funding decisions, and state and federal advocacy, will have an accurate understanding of how to prevent homelessness and a solid commitment to remedy the complex social and health issues faced by extremely low-income people living with HIV/AIDS, serious and persistent mental illness, chemical dependency, and other disabling conditions.

Resources Needed to Realize Results

PATH estimates that it will cost more than \$1 billion (in current dollars, not adjusted for projected inflation in housing costs) to provide and operate the 7,380 units of housing needed to end homelessness and provide housing for special needs and at-risk populations in Oakland by 2020. The following table breaks down these costs by development type and cost type (one-time capital costs, and annual operating and services costs).

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Estimated Total Costs over 15 Year Plan

Housing Type	Capital Development Costs	Phased In Services and Operating Costs	Total Costs
Acquisition & Rehabilitation/ New Construction	\$571,450,737	\$152,449,092	\$723,899,829
Tenant-Based Housing Subsidies Using Existing Housing		\$154,758,926	\$154,758,926
Master Leasing Using Existing Housing	\$7,416,789	\$154,758,926	\$162,175,715
TOTAL	\$578,867,526	\$461,966,944	\$1,040,834,470

Note: All costs are in constant 2007 dollars

The majority of the resources to end homelessness in Oakland will come from non-local sources, leveraged by local investment. Local funding, particularly when used in a coordinated and efficient manner, leverages significant amounts of state and federal dollars in affordable and supportive housing development and operations. Typically, projects draw approximately one third of their funding from local sources and two thirds from state and federal sources and private sector investment. In other words, one dollar of local funds leverages two dollars. Applying this estimated leverage formula to the total capital development costs for creating the 7,380 units projected in the PATH Strategy, approximately \$191 million of local funding would leverage approximately \$388 million in state and federal dollars.

Strategies for Securing Resources Needed to End Homelessness

The resources needed to implement PATH will be developed using three related strategies:

- Use existing funds more efficiently. Existing public and private funds can be maximized through better coordination, streamlining and integration – working smarter. By being clear on desired results and tying funding to accountability for results, funders can better target and coordinate existing resources, such as through issuing joint requests for proposals or by pooling funds. Eventually, as housing strategies are implemented there will be opportunities to recapture and redirect resources once spent on emergency interventions.
- Use local funds to capture greater amounts of state and federal resources. Having clear goals and strategies, maximizing local coordination and integration, and demonstrating results will increase local government's ability to capture even greater resources from the state and federal government, thereby maximizing the effective use of local dollars. Strategic use of local resources will allow for the leveraging of greater amounts of housing and services dollars, e.g., Mental Health Services Act services and housing funding, Prop 1C Supportive

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Housing and Homeless Youth Supportive Housing, state and federal Low-Income Housing Tax Credits, etc.

- Increase local public and private investment. Demonstrating the efficient use of resources and the achievement of tangible results helps to build community will to invest greater local resources in solutions to end homelessness. New investment can come from both the public and private sector and can take different forms, such as increased contributions from individuals and businesses towards solutions to end homelessness, or new revenue streams such as fees or taxes.

Taking Action to Realize Results

Given Oakland's unique role in the county and the size of its homeless and at-risk population, Oakland is committing itself to take the lead on the following efforts to achieve the goals and objectives outlined in EveryOne Home. These efforts identified in this PATH Strategy will be critical to the EveryOne Home's successful implementation.

Each of the eight strategies is tied to objectives identified in the EveryOne Home Plan:

1. Strategy: Create Policies and Protocols to Prevent People from being Discharged into Homelessness from Mainstream Systems and their Institutions

The lynchpin of a comprehensive homelessness prevention strategy is the development of discharge planning policies and protocols that reduce or eliminate the release of people from public institutions to the streets or the homeless service system.

2. Strategy: Link and Expand Current Efforts to Prevent Homelessness for People Being Discharged from Mainstream Systems of Care and their Institutions

Systems must work together to ensure continuity of care and linkages to appropriate housing and community treatment and supports to help people make successful transitions to the community when they are released from foster care, jails, prisons and health care, mental health or substance abuse treatment facilities.

3. Strategy: Establish an Oakland Supportive Housing Pipeline Process

Many communities have begun to address the lack of coordination of funding by developing a supportive housing "pipeline process." A pipeline is a structure and process wherein the funders that are needed to create supportive housing (suppliers of capital/development, rental subsidy and services funding) coordinate their funding processes and priorities to create a steady flow of quality, permanent supportive housing units. By establishing a pipeline process in Oakland, local resources will be maximized by leveraging the most private, state and federal resources possible.

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4. Strategy: Create the Direct Permanent Access to Housing Program (Direct PATH)

Direct PATH is a proposed housing creation program designed to provide direct access to appropriate permanent housing for people who have been homeless for the long-term. Direct PATH would initially create housing units by utilizing existing units of housing through master-leasing and/or acquiring and rehabilitating buildings. Over time, units could be created through "buying" units in new and existing affordable housing developments created and/or owned by non-profit developers or through new construction of units.

5. Strategy: Expand Street Action Teams and Refine Core Services

Assisting people who have been chronically homeless to secure and maintain housing requires focused, intensive engagement by trained outreach workers. They need to have the skills and resources to offer immediate barrier-free assistance, including linkages to housing. Currently the City of Oakland supports the Homeless Mobile Outreach Program (HMOP) operated by Operation Dignity. Expanding outreach and enriching the supply of easily accessible, affordable housing linked with core services will help end homelessness for those with the most intensive needs and complex challenges.

6. Strategy: Create Capacity Building Program

The City of Oakland must develop a program to assist organizations to build their capacity to implement a housing first approach, create a pipeline of supportive housing projects and to provide effective management and oversight of those projects once they are in operation. The City has already taken the lead to develop a summary of capacity-building needs of Alameda County supportive housing providers and have brokered a relationship with current technical assistance providers to develop a capacity building program/framework for meeting those needs in a phased-in process.

7. Strategy: Data Project

The City of Oakland must establish Oakland-specific outcomes and indicators to measure the success of Oakland PATH, and develop data management systems to track, analyze and report the needed Oakland-specific data. These efforts should build upon the foundation established by EveryOne Home which prioritizes developing a countywide system of tracking and analyzing data needed to determine whether desired results are being accomplished.

8. Strategy: Host Project Homeless Connect Fairs

Creating innovative ways to involve the public in ending homelessness helps to create long-term leadership and build political will. Modeled after the groundbreaking Project Homeless Connect in San Francisco, Oakland's Project Homeless Connect fairs bring together mainstream and homeless-specific services in a "one stop shop" setting that is designed to engage people who are homeless and connect them to vital services.

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SUSTAINABLE OPPORTUNITIES

Economic: Programs and services for homeless and low-income persons provide a stable environment that permits them to more readily access employment opportunities.

Environmental: The Oakland PATH Strategy supports cleanup of homeless encampments and the accompanying environmental degradation caused by the proliferation of litter, debris, human waste and other negative environmental impacts.

Social Equity: The expenditure of City funds upon the most needy in the community provides for the most basic of human needs and assist the homeless to become reintegrated into society.

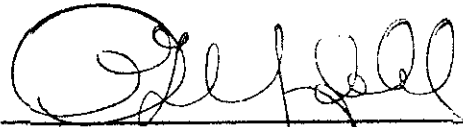
RECOMMENDATIONS

The populations affected by the Oakland PATH Plan are best served by an overall housing policy that maximizes opportunities for extremely low income renters and dedicates affordable housing resources to the development of supportive and affordable housing at levels below 30% of Area Median Income (AMI).

ACTION REQUESTED OF THE CITY COUNCIL

Accept this informational report.

Respectfully submitted,



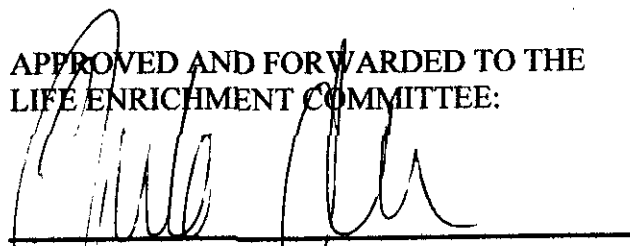
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APPROVED AND FORWARDED TO THE
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