



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: The Cost Of Oakland's Homelessness
Crisis

DATE: November 8, 2022

City Administrator Approval

Date: Nov 8, 2022

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report From The City Administrator On How Much Staff Time And Resources From The Following City Departments Are Dedicated To Providing Services Or Responding To Issues Associated With Oakland's Homelessness Crisis: The City Administrator's Office, Human Services Department, Housing And Community Development Department, Public Works Department, Fire Department, And Oakland Police Department; And Provide An Assessment Of How To Redirect Resources Towards Placing Chronically Unhoused Individuals In Supportive Housing.

EXECUTIVE SUMMARY

This report has been prepared in response to assess the costs involved in serving and responding to the homelessness crisis in the City of Oakland. While it is not feasible to calculate exact costs, this report provides estimations of known costs, and attempts to calculate indirect costs that for the purpose of this report are called "opportunity costs."

The above cost definitions are explained in greater detail in the Analysis section. However, to sum the main difference between them: "direct costs" are fund allocations for directly addressing the homelessness crisis, while "opportunity costs" reflect the diversion of City resources from their original intended service delivery for specific programs that instead address homelessness. This report assesses the City's current efforts to respond to the homelessness crisis. It estimates the City spends \$72,899,403 million in direct costs and \$49,067,331 million in opportunity costs. These costs are concentrated in a subset of City departments that have been tasked to provide services to the City's general public and its unhoused residents. The City is obligated through both legal precedent as well as from federal, state, and local legislation to provide various services to its unhoused residents. In addition, the City is obligated to manage the health and safety of its rights of way in accordance with other federal, state, and local laws. Moreover, these departments in responding to these obligations have been given the direction to prioritize serving the most vulnerable Oaklanders in their interactions and or service delivery. Within the City's own Leadership, the City has shifted methods in how it handles the homelessness crisis while balancing its obligation to comply all requirements. This puts City staff in a difficult position, but their efforts are to provide the best interventions possible, and

they have been leading the development of many new innovative programming to address the homelessness crisis.

This report evaluates the resources needed to do one specific kind of intervention, specifically to create a pipeline for Permanent Supportive Housing for the City's unhoused residents. This report finds it is not possible in the short term for the City to shift significant its resources to Permanent Supportive Housing because of its cost per unit, ineligibility for federal funds, the time to construct such units, and the need for resources to support the City's other mandates and interventions. Most current homelessness funding is derived from competitive sources such as State and Federal grants governed by many specific regulations and different definitions for the use of those funds. As the City receives funding from higher entities, it must comply with the requirements on the uses of funds to address the breadth of need, while attempting to provide seamless support to both the unhoused residents and the general public distressed by the ramifications of the homelessness crisis.

The costs to rapidly provide Permanent Supportive Housing are in the several billions of dollars, far larger than the City's existing dedicated resources and indeed larger than the City's total annual budget. Further, it is not possible to transfer funding directly for use as permanent housing funding for various reasons including: restrictions on competitive grant sources (particularly federal funds), the one-time nature of certain funding resources, and the dramatic scale of cost increase from one unit of emergency shelter to one unit of permanent affordable housing.

All governmental agencies must partner with the City in solving this crisis. Alameda County is responsible for providing residents of our City with some kind of safety net infrastructure, however, the County is also not responsible for the funding of its safety net programs. A case in point on this dilemma is the most recent Grand Jury report that investigated the challenges faced by unhoused adults and people with families on the verge of homelessness who were trying to navigate the County's mental healthcare system to obtain care. The Grand Jury not only found that the system was fragmented and not responsive to these two particularly vulnerable groups, but that it was difficult for the Grand Jury itself to follow how the problem could be solved because the funding streams for local mental health services are too complex. This points to a crisis of one of the underlying elements facing localities in providing adequate care to their residents—the funding sometimes is too convoluted and hard to draw down, especially if it comes from certain agencies in higher levels of government. In the case of social assistance programs, the funding of our safety net infrastructure and the policies that dictate who can be served is decided largely by policymakers at the federal level in Congress and then at the state level with our State Legislature. Solving the homelessness crisis must be a regional, State, and Federal joint effort, and cannot be addressed at the City level alone.

BACKGROUND / LEGISLATIVE HISTORY

The following is a brief legislative history of relevant legislation around homelessness (see Appendices A & B for a brief glossary of federal and state grant programs).

In January 2016 and in October 2017, the Oakland City Council adopted ordinances (No. 13348 and No. 13456, respectively) that declared a shelter crisis due to a “significant number of persons...without the ability to obtain shelter, resulting in a threat to their health and safety”.

In November 2018, Oakland voters passed the Vacancy Property Tax Act (Measure W). It is a special parcel tax on vacant property within the City of Oakland where the revenue may be used to provide services and programs to the homeless, to reduce homelessness, and to support the protection of existing and production of new housing affordable to lower income households.

In February 2019, the City Council adopted Resolution No. 87538 that proclaimed that a local emergency exists due to the welfare and safety concerns of those who live in homelessness or are at risk of homelessness and pursuant to Government Code section 8630 permitted the City Council to declare the homelessness crisis a local public health emergency.

In April 2019 the Federal 9th Circuit Court of Appeals ruled in *Martin v. Boise* that homeless persons cannot be punished for sleeping outside on public property in the absence of adequate alternatives. Based upon this ruling the City is obliged to provide offers of shelter and/or housing prior to closing an encampment.

In July 2019, Governor Newsom signed into law Assembly Bill 101 which created the State's block grant program Homeless Housing, Assistance and Prevention (HHAP) Grant. This created the first funding round of HHAP for which the City of Oakland applied for funding.

In March 2020, Governor Newsom declared a state of emergency in California as a result of the threat of the COVID-19 virus. Shortly thereafter, the Oakland City Administrator and Oakland City Council created their own proclamation of a local emergency due to the COVID-19 virus.

In March 2020, Oakland City Council passed Ordinance No. 13589 to put a temporary moratorium on evictions for residential and commercial properties due to nonpayment of rent in response to the COVID-19 pandemic and Shelter-In-Place orders.

In March 2020, Oakland voters passed the Parks and Homeless Services Measure (Measure Q), approving a parcel tax to support parks and recreation, water quality, and homelessness services. The FY 2020-21 Midcycle Adopted Budget was the first City budget where some portion of Measure Q funding could be utilized.

On March 25, 2020, the U.S. Congress passed the CARES Act to provide, among other things, direct support to state and local governments across the country to deal with the COVID-19 pandemic. Among the types of aid this Act created, the following federal social assistance programs related to homelessness and/or housing received emergency funding to pass down to their grantees: CDBG, ESG, HOPWA. Where necessary, the City submitted either an application or request to be eligible for these emergency grant funds.

In May 2020, Oakland City Council adopted Resolution No. 88135, which accepted and appropriated \$4,532,841 dollars in CARES Act funds.

In May 2020, the City of Oakland received its HHAP 1 round award of \$19,042,548 dollars in HHAP 1 round, which it included the FY 2020-21 Midyear Budget Adjustment.

In July 2020, Oakland City Council adopted Resolution No. 88202, which accepted and appropriated \$2,275,917 dollars in ESG-CV and \$447,972 dollars in HOPWA-CV funds.

In December 2020, Oakland City Council adopted Resolution No. 88416, which accepted and appropriated \$19,288,175 dollars in ESG-CV and \$3,712,594 dollars in CDBG-CV funds.

On January 5, 2021, the U.S. Department of the Treasury launched the \$25 billion Emergency Rental Assistance Program (ERAP) established by the Consolidated Appropriations Act, 2021.

In February 2021, Oakland City Council adopted Resolution No. 88520, which accepted and appropriated \$12,874,764 dollars in ERAP funds.

On March 11, 2021, Congress passed the American Rescue Plan Act (ARPA), which provided two kinds of aid to state and local governments across the country: 1) aid to support these localities in handling an operating deficit in their annual budgets due to revenue losses, and 2) additional aid to various established federal social assistance programs.

In June 2021, Governor Newsom signed into law Assembly Bill 832, which established the State's Rental Assistance (SRA2) Program.

In July 2021, Oakland City Council adopted Resolution No. 88792, which accepted and appropriated \$19,644,850 dollars in ERAP-II funds.

In September 2021, Oakland City Council adopted Resolution No. 88800, which accepted and appropriated \$12,077,713 dollars in SRA2 funds.

In December 2021, the City of Oakland received its HHAP 2 award of \$9,311,568 AND HHAP 3 award of \$24,066,823 dollars.

In October 2022, City Council renewed Resolution No. 87538 to renew its declaration that the homelessness crisis constituted a local public health emergency.

On November 3, 2022, Governor Newsom announced he was rejecting all the homeless action plans submitted statewide and holding off on administering the State's \$1 billion in HHAP round 3 grants. These funds held by the Governor were already included in the City's FY 2022-23 MidCycle Adopted Budget, and failure to receive these funds will impact the City's interventions in homelessness already planned.

ANALYSIS AND POLICY ALTERNATIVES

This report will provide a detailed analysis of the costs the City is incurring from the homelessness crisis at the department level. It will specifically discuss the costs to seven City departments most impacted by the homelessness crisis. These costs arise from both the City's legal obligation to mitigate threats to public health and safety and its commitment to aiding vulnerable residents who suffer from homelessness.

This report distinguishes two kinds of costs that will be analyzed throughout this report with relevant City departments that either directly or indirectly respond to the City's homelessness crisis:

1. **Direct costs** are costs the City incurs and would no longer be spending if it didn't have unsheltered residents. These are costs where the City could expect to generate savings if it was able to solve the homelessness crisis. For the purpose of this report, the language of unsheltered or unhoused will be interchangeable.
2. **Opportunity costs** are what this report defines as costs the City incurs when staff in a department are forced to redirect resources to homelessness but would otherwise be spending these resources on other ongoing activities of that department. These are costs where the City would not be able to expect savings if homelessness were solved, because this funding would return to supporting the primary services of that department.

This report will thus describe the financial costs of providing additional services to mitigate threats to public health and safety and aiding vulnerable residents who suffer from homelessness, and the cost of lost or impacted services to Oakland residents due to the stressor of the homelessness crisis on City functions.

Where possible, staff has provided annualized costs using the most recent fiscal year of data, FY 2021-22. The costs used in this report for staffing are fully burdened costs unless otherwise noted, which include salary, benefits, and other fringe costs.

City Administrator's Office

The City Administrator's Office (CAO) has two divisions that are primarily involved with addressing the homelessness crisis and its impacts: the Homelessness Division and OAK311.

Homelessness Division Overview

City Council established the CAO's Homelessness Division in the FY 2021-23 Biennial Budget cycle. The Homelessness Division aims to improve the public health and safety conditions in the City of Oakland, connect unhoused residents to services, and lead the efforts of the Encampment Management Team (EMT). The Division works to close encampments throughout the City and abate health and safety concerns. The Division works with contracted partners to provide outreach and housing services for unsheltered residents and at-risk populations. This include connecting individuals to emergency shelter and the Homeless Mobile Outreach Program (HMOP). It involves funding for vehicle relocation, one-time minor vehicle repair (e.g. one to two tire replacements or flat tire repairs for vehicles capable of starting for self-relocation), and short-term hotel support subject to availability and related provider agreements. The Division also serves as lead Project Manager for emergency shelter programs, coordinates multi-agency initiatives, and acts as the City's representative at County and regional homelessness meetings.

The CAO's Homelessness Division's FY 2022-23 Adopted Midcycle Budget is \$3.63 million. The entirety of that budget can be considered a direct cost because this Division was created during the COVID-19 pandemic to coordinate and orchestrate the City's multi-departmental homelessness response. This \$3.63 million budget includes 5.0 FTE. **Table 1** below shows budgeted personnel by funding source:

Table 1: CAO Homelessness Division Personnel Budget

Fund	Job	FTE	FY2022-23 Midcycle Budget
1010 - General Purpose Fund	Administrative Analyst II.AP106	1.00	\$173,313
	Administrative Assistant I.SS102	1.00	\$111,388
	Deputy City Administrator.EM138	1.00	\$390,197
	Program Analyst II.AP293	1.00	\$83,293
	2244 - Measure Q	Administrative Assistant II.SS104	1.00
Grand Total		5.00	\$886,211

As **Table 1** above indicates, the Division's staff only takes up roughly a quarter of the Division's budget. The majority of the Homelessness Division budget is dedicated to Operations and Maintenance (O&M) with the largest outlay for third-party contracts at \$2.67 million. This outlay accounts for 98.5% of their O&M Budget, with only \$41,000 dollars to cover office supplies or other minor items. Approximately \$800,000 dollars of the third-party contract budget is for annual services provided by the nonprofit Operation Dignity to do outreach to unhoused residents. The remaining contracts in the Division's O&M will undergo a competitive bid process for interested nonprofit providers. The intent is for providers to offer services under the purview of the CAO Homelessness Division and to fill other gaps in service that are not currently covered by the Human Services Department's Community Housing Services (CHS) Division.

The CAO Homelessness Division is also currently receiving technical assistance from the U.S. Department of Housing and Urban Development (HUD) on how to structure its current service delivery, as well as how to improve strategic planning efforts for the City as a whole. This federal technical assistance will also guide the current Request for Qualifications (RFQs) that the CAO Homelessness Division is preparing for interested providers. Implementation of the recommendations may require the expansion of systems and or contracted services.

Homelessness Division Direct Costs

Given that the CAO Homelessness Division was created in the FY 2021-23 Adopted Biennial Budget to provide direct services to unhoused residents in homeless encampments while also leading citywide management of departmental responses to the homelessness crisis, there would a savings of **\$3.63 million** if the City were successful in permanently ending homelessness because the CAO Homelessness Division's staff and budget could be reduced. However, even if the immediate crisis were addressed, the City would likely need to maintain

significant staff and resources in CAO Homelessness Division for ongoing prevention, supportive social assistance programming to keep people housed and further prevent residents from becoming unhoused.

Homelessness Division Opportunity Costs

Due to the funding and staffing structure of the CAO Homelessness Division, there are no opportunity costs identified because 100% of their funding is considered a direct cost.

OAK311 Overview

OAK311 serves as the initial point of contact to the public for all non-emergency government services, infrastructure maintenance priorities, and other related issues including homelessness complaints. Their services also include emergency infrastructure dispatch as well as coordination between the Police and Fire departments during weather-related incidents. As a part of being the intake center for the general public, OAK311 staff utilize a variety of intake platforms such as the Oak311 hotline, mobile app, website notifications, email, or other social media formats to properly vet and process service requests for City departments. All requests are documented and then routed and assigned to the responsible City department or workgroup via OAK311's work management system (Cityworks). Cityworks generates automated notification emails once work has been completed on a service request. OAK311 is usually the first line of contact between residents and staff regarding homeless encampment complaints.

OAK311's FY 2022-23 Adopted Midcycle Budget is \$1.8 million, which includes 10.0 FTE at \$1.4 million. The O&M budget of \$193,355 is 11% of their budget, and their biggest outlay is \$120,737 to pay for contracts around the City's various social media platforms and managing their technological software. **Table 2** below shows OAK311's budgeted personnel by job classification:

Table 2: OAK311 Personnel Budget

Job Classification	FTE	FY 2022-23 Midcycle Budget
Assist to the City Administrator	1.00	\$275,624
City Administrator Analyst	1.00	\$206,697
Public Service Rep, Sr.	2.00	\$262,778
Public Service Representative	6.00	\$675,256
Grand Total	10.00	\$1,420,355

OAK311 Service Requests

On average, it takes a OAK311 staff person to complete and input a service request related to homelessness from a minimum of 30 minutes to up to an hour. Typically, it takes OAK311 staff 10-15 minutes to get relevant information from the complaining resident as well as also spending time to diffuse their anger or frustration. Then, OAK311 staff must spend the

remaining 15 to 45 minutes to get in touch and coordinate with all the relevant City liaisons in other departments to fully brief them on the situation so that their divisions can take the best course of action.

Every service request entered in the OAK311 intake system for homelessness is recorded using two specifically created categories: Homeless Encampment and Homeless Encampment Living in Vehicles. It should be noted here that these requests are only those that come directly through one of OAK311's various reporting systems from the general public, but it's not the only Division that has encampments reported to them, so it is still an undercount. OAK311 request data also does not capture the work of the CAO's Homelessness Division, and how those staff field complaints or requests around encampments. With that in mind, below is **Table 3** that shows the number of service requests that OAK311 has logged in the past 3 fiscal years:

Table 3: Number of OAK311 Service Requests for solely Homeless Encampments from FY 2019-22

Fiscal Year	Total
FY 19-20	963
FY 20-21	2003
FY 21-22	1405
Grand Total	4371

Because OAK311 staff input location in a service request, it is possible to see where their service requests around for homeless encampments occurred. **Table 4** reflects FY 2021-22 data on the two types of homelessness-related service requests by Council District:

Table 4: FY 2021-22 OAK311 Homelessness Service Requests Location and Type by Council District

Council District	Type of OAK311 Homelessness Category	Total Requests
CCD1	Homeless Encampment	27
	Homeless Living in Vehicle	127
CCD1 Total		154
CCD2	Homeless Encampment	31
	Homeless Living in Vehicle	81
CCD2 Total		112
CCD3	Homeless Encampment	119
	Homeless Living in Vehicle	252
CCD3 Total		371
CCD4	Homeless Encampment	5
	Homeless Living in Vehicle	41
CCD4 Total		46
CCD5	Homeless Encampment	32
	Homeless Living in Vehicle	221
CCD5 Total		253
CCD6	Homeless Encampment	12
	Homeless Living in Vehicle	141
CCD6 Total		153
CCD7	Homeless Encampment	39
	Homeless Living in Vehicle	276
CCD7 Total		315
Grand Total		1405

As **Table 4** indicates, there are two Council Districts where the most service requests were logged: City Council District 3, which covers West Oakland and parts of Downtown Oakland, and City Council District 7, which covers the portion of East Oakland that is next to the Oakland Airport and borders the City of San Leandro. It is important to note that these service requests occur on top of the proactive work orders that relevant City Departments like Oakland Public Works (OPW) are already doing as a part of their ongoing operations. As such, the homelessness encampments that are being logged into OAK311's intake system may overlap with encampment activities by other City Departments or could be in addition to what the City has already identified. A critical distinction that the OAK311 data conveys is that in every Council District the type of homelessness service request that is happening overwhelmingly involves dealing with an unhoused resident living out their vehicle.

In addition, OAK311 staff indicate that this official service request number does not capture the true amount of work around homelessness that they input into the system for other departments

to do. For example, when OAK311 receives service requests that would be categorized as illegal dumping based on the intake process, one-third of these requests turn out to be encampment-related such as the handling of debris or the belongings of an unhoused resident. This indicates that some Illegal Dumping requests are tied to the homelessness crisis, however, these requests are not adequately captured in the current data management process. Unlike calls around homeless encampments, OAK311 staff can process Illegal Dumping calls more quickly, between 7-10 minutes. In FY 2021-22, Illegal Dumping service requests comprised 35% of the total service requests that OAK311 staff logged, for a total of 26,789 service requests. It is the largest category of service requests that OAK311 logs into its system; no other category of request comes close to this volume. If we include the Illegal Dumping services requests that are homelessness-related, the FY 2021-22 OAK311 service requests total increases from 1,405 to 10,325 requests due to the homelessness crisis.

OAK311 Division Direct Costs

OAK311 as an intake and dispatch service was not set up to directly address the homelessness crisis, therefore there are no direct costs for this division for the purpose of this report's analysis. There would also not be any savings for this division because its primary purpose is to serve the general public in identifying places in the City that need illegal dumping to be removed, parks cleaned, and broken streetlights fixed, and where pedestrian safety infrastructure, sidewalks, or other right-of-the-way structures need to be repaired to keep streets safe for everyone's use.

OAK311 Division Opportunity Costs

The staff time dedicated to log and input service requests categorized explicitly with the two homelessness categories is \$76,117 dollars. If the one-third of Illegal Dumping requests that turn out to be tied to the homelessness crisis are also included, the time staff spent logging these illegal dumping requests is \$80,543 dollars. In total, the opportunity cost to OAK311 is \$156,660 dollars in FY 2021-22 as a result of the City's homelessness crisis. At the individual call level, this translates to \$54.18 dollars in OAK311 staff time per every homeless encampment call, versus \$9.03 dollars in staff time to take an illegal dumping call related to homelessness, versus \$2.71 dollars in staff time for any online request that OAK311 processes.

If the City were to solve the homelessness crisis, however, this does not mean that the City would then reap \$156,660 dollars as savings. Instead, OAK311 staff would have more time to field other service requests and input them into their tracking system. Given that OAK311 staff are often receiving multiple calls about the same issues from many residents, this opportunity cost means that OAK311 staff and their system are significantly strained by all the additional calls related to homelessness. These calls consume a lot of staff hours and contribute to emotional overload for staff due to their charged nature. This has led to a high turnover rate in this unit. In the last fiscal year alone, four of the six Public Service Representatives resigned, citing the nature of the work to be too draining. Assuming the City was able to solve the homelessness crisis, one immediate benefit this division would see is less attrition in their own staff, as well as a reduction in management time spent on training up new employees. Since OAK311 serve as the initiating City division to begin key infrastructure repairs and maintenance

issues, it could also be assumed that they could add more infrastructure requests to the City's service queue because their time would be freed up to return to their primary purpose.

Department of Transportation (DOT)

Right-of-Way Division Overview

The Right-of-Way Division reviews, approves, and issues permits for third-party infrastructure improvement to the public right-of-way. It also ensures the construction of these improvements comply with City standards and specifications. Division staff regularly field complaints from Oakland residents regarding unpermitted private uses of the right-of-way, including complaints about informal structures (i.e., portable toilets, community refrigerators, etc.) to support Oakland's unhoused residents. They are also called about physical barriers that prevent unhoused residents from sleeping in the public right-of-way of the specified street. Staff estimate responding to approximately one complaint every other month (six per year). Each complaint may take several days and or weeks to resolve and approximately 12 hours of staff time, which is approximately \$15,700 dollars per year.

Streetlighting Unit Overview

OakDOT's Streetlighting Unit provides maintenance and repair of City streetlights. It also provides design standard for proper street lighting. The primary purpose of urban street lighting is to produce safe and comfortable vision during the night on public streets and sidewalks. The benefits of such lighting include reduction of accidents, facilitation of traffic flow, promotion of nighttime operation of businesses and industries, enhanced neighborhoods, and increased personal safety and security of the public. The unit services parts of the City electrical infrastructure that have incurred damaged associated with homeless encampments. The annual estimated costs of repairs of this nature range from \$75,000 to \$100,000 dollars in labor and materials.

OakDOT Opportunity Costs

Combined, these two costs together equal \$115,700 dollars in opportunity costs. If the City solved the homelessness crisis, these costs would not result in savings. The absence of homelessness-related work would also not alter current staffing levels as OakDOT staff would instead return to other priority work in the respective divisions.

Housing & Community Development (HCD)

Oakland's Department of Housing and Community Development (HCD) is dedicated to improving Oakland's neighborhoods and to providing Oaklanders with safe and affordable housing. HCD does this primarily through applying for and distributing funding it receives from local revenues such as the City's Affordable Housing and Jobs Housing Impact Fees, as well as from state and federal funding for affordable housing production, preservation, community

development. It is also responsible for enforcing the City's rent control ordinance through its Rent Adjustment Program. Finally, in a similar fashion to the Human Services Department (HSD), but not to be confused in terms of programmatic content, HCD is responsible for managing external grants to funnel resources to the City and its residents, with an emphasis on serving extremely low-to-moderate income residents.

With the update of Coordinated Entry System (CES) at the County level in 2020, HCD has recently become more directly involved with mitigating homelessness by requiring any homelessness-related units created to be filled via direct referrals from CES. Specifically, HCD directly invests in the production, acquisition/conversion, and preservation of affordable housing, with significant portions of production and acquisitions directly serving homeless residents referred through Coordinated Entry. For example, in the New Construction Notice of Funding Availability (NC NOFA), HCD requires 20% of units be set aside for people who are experiencing or are at-risk of homelessness, with additional points to incentivize more units. In the last round awarded in July 2022, over 30% of total new construction units were set aside for homeless residents.

When it comes to housing- and homelessness-related grant funding coming into the City, HCD and HSD typically work together for specific federal grants. As a result, they do overlap in terms of providing certain key functions of grant management, specifically compliance and monitoring. They also tend to serve the same subset of Oakland's population, however, in different fashions. While HSD is set up more to handle people in crisis mode, HCD is more targeted and directed towards supporting the long-term stability of residents through focusing on permanent affordable housing: the preservation of existing affordable housing and the creation of new affordable housing through new construction and acquisition-conversion. For that reason, HCD does not have the majority of its operations explicitly dedicated to homelessness services, although its investment and monitoring of affordable housing developments create opportunity for permanent exits for residents who are experiencing or are at-risk of homelessness. The HCD divisions that are primarily involved with addressing the homelessness crisis and its impacts are its Community Development and Engagement (CDE) and Housing Development Services (HDS) Units.

Community Development and Engagement Unit Overview

HCD's Community Development and Engagement (CDE) Unit serves as the virtual front door for Oakland's residents seeking information, referrals, and other housing-related services and community development resources. CDE staff proactively attend community events, answer calls and emails, and provide information on HCD-hosted information sessions and trainings on relevant housing topics.

HCD's CDE Unit also serves as the City's program administrator for Federal Block Grants, State funding and local funds (i.e., Council-directed General Purpose und allocations). Administration of Federal Block Grants includes but is not limited to the coordination, writing, and submitting of the following grant documents: City's 5-Year Consolidated Plan, Annual Action Plan, Substantial Amendments, and the Consolidated Annual Performance & Evaluation Report to the U.S. Department of Housing & Urban Development. All of these grant documents the Unit is required to produce order for the entire City to receive funding under HUD's Community Development Block Grant (CDBG), HOME Investments Partnership (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs. CDE also

produces the grant agreements for the contracted providers awarded these grant monies and monitors them for compliance.

The annual and one-time funding that the CDE unit administers supports the development of viable urban communities through providing decent housing and suitable living environments, and by expanding economic opportunities principally for low-to-moderate income residents. The CDBG is the largest federal grant program that the CDE manages on an ongoing basis. The CDBG grant has roughly been around \$7.5 million year-to-year, with slight fluctuations in the award based on federal changes, and has the most flexibility for spending, as long as the City keeps its spending in what HUD considers as eligible activities. Such activities include CDBG-specific subcategories: housing rehabilitation, homelessness services, relocation, other public services, public facilities & improvements, and economic development activities. The CDE unit also has supported through these Federal Block Grant programs are COVID-related housing stability and homelessness prevention services funded by federal and state funds. All the CDE programs benefit residents with low-to-moderate incomes, including emergency rental assistance, legal support, and wraparound services.

The Current CDE staff consists of 9.0 FTE and 1.0 FTE Manager, with vacancies that are pending recruitment through the Human Resources department. In the FY 2022-23 Midcycle Adopted Budget, the CDE Unit was budgeted a total of \$4.73 million. Its personnel is broken down in **Table 5** below:

Table 5: HCD's Community Development and Engagement Unit Personnel Budget

Job Classification	FTE	FY 2022-23 Midcycle Budget
Administrative Assistant I.SS102	1.00	125,837
Community Dev Prgm Coordinator.SC121	1.00	240,165
Home Management Specialist II.AP197	0.50	81,276
Home Management Specialist III.AP198	0.60	118,557
Administrative Assistant I.SS102	1.00	125,837
Community Dev Prgm Coordinator.SC121	2.00	480,330
Development/Redevelopment Prgm MGR.EM233	1.00	306,546
Employment Services Supervisor.PP118	1.00	219,473
Home Management Specialist II.AP197	0.50	81,276
Home Management Specialist III.AP198	0.40	79,036
Program Analyst II.AP293	1.00	188,192
Grand Total	10.00	2,046,525

Note, that the third Community Development Program Coordinator (CDPC) and Program Analyst II positions referenced above are currently vacant. Staff is working to complete the conversion of the CDPC position to a Monitoring & Evaluation Supervisor classification. HCD's CDE staff are responsible for managing 36 external grant programs. CDE is not only responsible for implementing specific grant programs approved by HUD through grant oversight, but the unit is also responsible for handling the grant management of outside contracts to local nonprofits alongside the internal City administered programs and services.

In addition, one-time funding of \$11M was recently awarded under the HOME ARP grant to HCD. The CDE unit is administering this funding to provide deeply affordable housing for qualifying populations. The City also recently received one-time funding for an emergency version of the CDBG program called CBDG-CV that was awarded by HUD under the CARES Act (CDBG-CV), the economic stimulus bill passed in March 2020 by Congress. This provides HCD's CDE additional funding to utilize for the benefit of the City's low-to-moderate income residents. As a result of this mix of federal funding, the CDE has both direct and opportunity costs, which are described below.

Community Development and Engagement Unit Direct Costs

CDBG-CV is one-time funding in the amount of \$8,245,435 dollars and is a direct cost. Unless any federal action is taken, it will automatically end once all funds are expended. **Table 6** below shows the CDBG-V grant amount and intended funding uses:

Table 6: Breakdown of Direct Costs for HCD's Community Development and Engagement Unit

HCD Unit	Program Area	Type of Cost	Frequency	FY Dollar Amount	Narrative
CDE	CDBG-CV	Direct	One-time (Federal Allocation)	8,245,435	5,702 Oakland residents received housing stability services, housing related legal services, outreach and tenant application assistance in support of Emergency Rental Assistance Program applicants to <i>prevent homelessness</i> . 56 Oakland residents (from the 5,702) received CDBG-CV funded short-term rental assistance (3-6 months).
Grand Total				8,245,435	

Community Development and Engagement Unit Opportunity Costs

CDBG's funds for homelessness services and operations are supported mostly via allocations to the City's Human Services Department (HSD) for shelter operations, City personnel costs, and City program delivery costs. This portion of the CDBG grant is discussed in more detail in the HSD's division, the *Community Housing Services (CHS)* section of the report. While the breakdown of homelessness-related grant programming within CDBG is 18% of the grant's total programming budget, or \$1.4 million, 81% of that homelessness-related grant programming goes to CHS. The CDE portion of the \$1.4 million is \$272,372 dollars, which funds two sub-grantee programs: the CDE Hunger program and Continuum of Care Supportive Housing Program which operates the Crossroads shelter, youth shelters, and transitional housing for women with children. **Table 7** shows the amount for all these grants and what they accomplish:

Table 7: CDBG Funded Sub-Grantee Programs managed by the CDE Unit

HCD Unit	Program Area	Type of Cost	Frequency	FY Dollar Amount	Narrative
CDE	CDBG	Direct	One-time (RFP)	58,657	60 seniors received winter shelter and services.
CDE	CDBG	Direct	One-time (RFP)	84,530	4 Women with children received transitional housing and services. 3 of the 4 women received job training.
CDE	CDBG	Direct	One-time (RFP)	129,185	27 homeless youth received shelter and services.
Grand Total				272,372	

If the homelessness crisis were solved, the \$272,372 dollars within the CDBG program could be redirected to one of CDBG's program delivery options under the grant's guidelines.

Community Development and Engagement Unit Funding Considerations

The City's allotted CDBG grant has remained relatively fixed for the past several years. However, the City's staffing costs have not. This has caused a fundamental funding dilemma for the City around the CDBG grant due to rising staff costs that can no longer be covered under the grant's 15% administrative cap. In the FY 2021-23 Biennial Budget cycle, this funding gap between incoming federal revenue and increased staff costs was temporarily resolved by diverting a portion of HCD's CDE unit to its Redevelopment Dissolution "Boomerang" funds; funds that otherwise could be invested in capital subsidy for affordable housing production. Similarly, a portion of HSD's CHS department had to be shifted to General Purpose Fund (1010) for the City to remain within the strict 15%/85% administrative overhead to program delivery ratio. In the past, when Redevelopment funds were available, the CHS staffing cost portion of the CDGB grant were covered by that funding source. With the dissolution of Redevelopment funds, it has become an annual challenge to fund the staffing costs for both departments. At this point, the City has to fund the staff of each department through subsidizing them through other funding sources. This takes away dollars that would be available to fund other priorities within the department and in the City. However, there is no easy solution to this funding dilemma with CDBG due to its strict grant guidelines. What could change this situation is if the federal government were to increase the CDBG grant to have it match current staffing costs, adjusted to reflect the cost of living in the Bay Area.

Housing Development Services Unit Overview

The Housing Development Services (HDS) Unit implements and leads the City's affordable housing development programs. Staff works with for-profit and non-profit developers to increase housing opportunities through lending for new construction, acquisition and conversion to affordable housing, substantial rehabilitation, and preservation of rental and ownership housing for very low or low-to-moderate income households. Staff implement the City's NOFA processes to make competitive funding awards for affordable housing projects. They also monitor the City's portfolio of over 130 projects to ensure proper management, maintenance, and

compliance with rent and income limits. In addition to this external work, staff manages several City-owned sites that are in the process of being developed as affordable housing. The City also runs the City's first-time homeowner program via the Mortgage Assistance Program (MAP) and Cal HOME loan programs, operating jointly with participating lenders, to assist low-to-moderate income first-time homebuyers with the purchase of homes in Oakland.

In the FY 2022-23 Midcycle Adopted Budget, the HDS Unit was budgeted a total of \$42.23 million. Over 93% of the budget, \$39.36 million, is dedicated to affordable housing developments through the City's NOFA processes. The remaining budget covers HDS staff, 12.0 FTE, which is approximately 6% of the unit's budget, and \$93,192 dollars to dedicate to office supplies and other minor maintenance items. **Table 8** below shows the personnel for the HDS unit of which there are vacancies pending recruitment through the Human Resources department:

Table 8: The Staff Composition and Cost of HCD's Housing Development Services Unit

Position	FTE	Amount
Administrative Assistant I.SS102	1.00	125,833
Home Management Specialist III.AP198	1.00	198,957
Housing Development Coord I.AP449	1.00	154,820
Housing Development Coord II.AP450	1.00	179,198
Housing Development Coordinator III.AP199	2.00	414,966
Housing Development Coordinator IV.AP200	4.00	1,008,679
Manager, Housing Development.EM185	1.00	337,965
Urban Economic Coordinator.SC231	1.00	278,016
Grand Total	12.00	2,698,434

HDS staff are charged with leading the City's affordable housing development plan, which includes managing the increasingly complex financing behind these projects while working with developers to facilitate the completion of said housing projects, and then monitoring their affordability and property conditions for the term of the City's Regulatory Agreements (55 years or greater). This process is very sensitive to macroeconomic changes, supply chain issues for construction materials, and the rising costs of construction labor. An increasing portion of its portfolios is comprised of dedicated homeless or Permanent Supportive Housing (PSH) units that are expressly dedicated to people who are formerly unhoused, through the New Construction NOFA requirements as well as through grant programs like Homekey, which is a competitive State program that enables rapid creation of homeless units through acquisition-conversion or new construction.

While affordable housing projects may contain dedicated PSH or homeless units and very low-to-low income affordable units, units for people who were formerly unhoused require significant additional resources in the form of operating subsidies. This is due to the minimal incomes of formerly unhoused residents combined with the need for on-site supportive services and service connection. Furthermore, projects with significant homeless set-aside units likely require more City capital subsidy due lending requirements for capitalized operating reserves in the development budget. The creation of PSH or homeless housing requires additional levels of City staff involvement to ensure that these projects succeed. Below are the direct costs and opportunity costs identified for the HDS Unit.

Housing Development Services Unit Direct Costs

Because HDS invests in housing production and preservation, and therefore does not normally deal directly with homelessness, there are few direct costs to report. **Table 9** below shows the one cost that HDS staff identified as being tied to homelessness:

Table 9: HCD's Housing Development Services Unit Direct Costs

HCD Unit	Program Area	Type of Cost	Freq.	FY Dollar Amount	Narrative	
HDS	New Construction	Direct	One-Time	300,000	Wood Street encampment: In 2018, an illegal dumper took advantage of the fact unhoused residents were living on site impacting the City's ability to secure the site, and dumped at least 750 tons of contaminated soils on the site. Although the dumper was caught and successfully prosecuted, he died in 2020, and the City must bear the costs for cleaning up the site (in addition to expected site remediation for general conditions) and securing the site.	
Grand Total					300,000	

The HDS Unit had to redirect some of its existing funding to address illegal dumping at the site listed in **Table 9** above. The cost to clean up the illegal dumping amounted to \$300,000. If the homelessness crisis were solved, future costs like this would not happen and impact the City's budget. Because this money has already been allocated to be spent, and a contract has been set up to administer the required site cleaning, there are no savings to be found in this area.

In addition, one member of the HDS unit has dedicated at least 50% of her time over the last two years towards facilitating the City's Homekey process for selecting projects to apply for State funding to deploy rapid re-housing opportunities for unhoused Oakland residents, resulting in approximately \$80,000 dollars in staff expenditures per year for the last two years. At least that much is projected for FY 2022-2023's Homekey round as the Homekey process transitions fully to the HDS Unit to manage. Additional senior staff, including the HDS Manager and Interim Director, remain deeply involved in these priority Homekey efforts.

Housing Development Services Unit Opportunity Costs

The HDS Unit has several different grant funding sources that could be considered opportunity costs. Some of these grant sources are annual funds that are available through the City's NOFA processes. One of these grants is unique and time-limited, specifically: the HOME-ARP was also awarded by HUD along with the CDBG-CV under actions the federal government took during the COVID-19 Pandemic. HOME-ARP was passed under the American Rescue Plan (HOME-ARP), and once this money is expended, it will no longer be available unless the federal government takes additional action. **Table 10** below shows these grant sources and what they're allocated to in terms of projects:

Table 10: HCD's Housing Development Services Unit Opportunity Costs

HCD Unit	Program Area	Type of Cost	Frequency	FY Dollar Amount	Narrative
HDS	HOME-ARP	Opportunity	One-time (Federal Allocation)	11,325,941	HOME ARP funds will be utilized to serve HOME ARP qualifying populations including homeless, at risk of homelessness, victims of domestic violence/sexual assault/human trafficking, other families requiring housing assistance to prevent homelessness & those at greatest risk of housing instability. HOME ARP will support development of 75 units of deeply affordable housing for qualifying populations and/or for operating subsidies for Homekey homeless units.
HDS	New Construction	Indirect	Annual	7,000,000	1707 Wood Street: The City has been in an Exclusive Negotiating Agreement with MidPen Housing Corporation and Habitat for Humanity for over two years to develop 170 units of affordable housing (50% rental/50% homeownership). MidPen and Habitat are currently stalled from proceeding with predevelopment activities due to occupation of the site by unhoused populations, which is precluding the City and developers from undertaking any initial due diligence and remediation efforts. Every year that passes brings construction cost escalations, which will make the units increasingly expensive to build. Assuming units will cost \$850K to build currently, with a conservative 5% escalation factor, a one year delay in construction start will add approximately ~\$7M to project costs.
HDS	New Construction	Indirect	One-Time	5,000,000	1707 Wood Street: Habitat/MidPen staff estimate that the site would be extremely competitive for remediation funding under the State Department of Toxic Substances Control's Equitable Communities Revitalization Grant, which is providing more than \$210 million in grants to incentivize cleanup and investment in disadvantaged areas of California. Due to our inability to secure the site and conduct investigations of contamination, we were unable to apply for the April 2022 round, and may not be able to apply in time for the early 2023 round. The State estimates that funding will be full awarded and no longer available in 2-4 years.

HDS	Affordable Housing	Indirect	Annual	2,500,000	With approximately 500 Permanent Supportive Housing (PSH) units for homeless residents in the City's affordable housing pipeline as of earlier this year, and a roughly \$5000/unit/year differential between operating costs for affordable housing units and PSH units, there is a substantial cost differential on an annual basis, as well as the need to fund capitalized transition reserves in case of loss of subsidy. These are partially paid by City sources, with additional stress on the operating and capital funding for projects in general as well as delays to project timelines to cobble together adequate financing, exacerbating the lack of supply.
HDS	Affordable Housing	Indirect/Opportunity Cost?	Annual	35,000	Miscellaneous sites: HCD/HDS staff has spent considerable time over the last four years responding to dumpers on sites intended for affordable housing development, securing sites (or preparing to secure sites), and arranging for the removal of debris and soil contaminants at just a handful of sites either occupied by unhoused individuals, or used as storage for household items. This usage also leaves the sites vulnerable to non-homeless individuals, who take advantage of the sites by illegal dumping or running illicit auto repair/chop shops, placing the health of unhoused individuals and/or the City's ability to develop as affordable housing at risk. It is difficult to put a cost estimate on this, but working on site issues regularly takes staff away from working on funding affordable housing construction, and monitoring existing buildings.
Grand Total		25,860,941			

If HCD did not need to invest in solutions to homelessness, it would re-route resources to other affordable housing needs to have a more pro-active neighborhood stabilization and anti-displacement approach. Additionally, there could be significant savings in time without the wait for operating resources, like Oakland's Federal Housing Authority Section 8 grant program or other grant programs, and instead HCD could create more affordable projects that do not require additional dollars for services. Additionally, City-owned sites require maintenance, security, and clearance—and with their Wood Street encampment being a particularly public example—could exacerbate supply issues by preventing progress on creation of more affordable housing or Permanent Supportive Housing.

The capital cost required to subsidize generic affordable housing, and permanent supportive housing, are similar, with one key difference: PSH units tend to be smaller, but also carry larger capitalized reserves. In addition, operating PSH units requires substantially more operating subsidy since eligible occupants have significantly less income. Providing maintenance and

services to keep these tenants housed is substantially higher on an annual basis: approximately \$15,000 per unit per year.

In addition, for City-owned sites that are intended for affordable housing development, but currently have encampments, each year developers are not able to build will add approximately 5% to the overall cost to build the project, due to escalating construction costs. Although the City will not shoulder all of this additional cost burden, this makes securing adequate development funding for the project more difficult and unpredictable for sponsors. All this makes the homelessness crisis especially difficult and expensive for the HDS Unit to do future planning, which is discussed in the following section in more detail.

Housing Development Services Unit Funding Considerations

The Housing Development Services Unit acts as a funnel for other external funding sources to be drawn down to enhance the development of the City of Oakland's affordable housing stock while also ensuring that the economic diversity of the City does not become flattened to only a place where the highest earning individuals can live. This is a very difficult goal to accomplish considering that the Bay Area is already one of the most expensive places to live in not just California, or the United States, but the world. The Bay Area's GDP alone is substantive due to its geographical proximity to current industry powerhouses of software and tech companies in the Silicon Valley. Federal and state funding dollars that come to the Bay simply do not go as far as they would in other parts of California due to the expensive cost of land, the rising inflation for construction materials, and very complex and comprehensive labor laws for development projects. The HDS Unit does its best to apply to various funding programs, both competitive and formulaic, but this puts the Unit at a fundamental quandary of waiting to plan and create its portfolio based on whether it is awarded dollars from a higher agency.

HCD at-large has adapted its staffing for the sudden influx of funding it received under the COVID-19 pandemic to deal with housing instability among tenants as well as the homelessness crisis unfolding in the Bay. The CDBG-CV funding, the HOME-ARP funding, the Emergency Rental Assistance Program funding, and the CARES Act funding are all one-time allotments given to the City of Oakland from the federal agency HUD. Once they are all expended, the funding will fall short of the continued demand for more affordable housing stock, including homeless and PSH housing, as well as housing stability support for residents. Given that it appears that the country is heading towards a recession, this would likely signal that a large portion of Oakland residents could be facing more housing instability in the near future if none of these funds are renewed or alternate resources are made available.

Human Services Department (HSD)

Community Homelessness Services Division Overview

The Human Services Department has one division primarily dedicated to providing services to Oakland's unhoused residents: the Community Homelessness Services (CHS) Division. While CHS does the bulk of the administrative work managing various programs for the City's unhoused residents, the Department as a whole works to deliver coordinated care across all its division services to individuals who are at-risk of homelessness or are currently struggling with homelessness, whether that's individuals who are showing up at Senior Center food

distributions or are participating families in the City’s Head Start programs. The coordination of these services is beyond the scope of this report, and is still important to highlight to identify the ongoing internal collaboration that occurs within HSD between CHS and its other divisions.

The mission of the Community Homelessness Services Division is to provide critical services for Oakland’s most vulnerable individuals and families. This includes unhoused community members who are very low income, homeless youth, individuals who are HIV/AIDS positive, and/or individuals who are food insecure. CHS provides a range of housing support including shelter, transitional housing, service enriched interim housing models, rapid re-housing, and permanent supportive housing services. Services also include interventions for individuals living on the streets through emergency health and hygiene interventions, interim shelter solutions, outreach, case management and housing navigation. The Division is also the liaison for Oakland in the County’s Coordinated Entry System of Housing Resource Centers for those who are unhoused. Through its brown bag food program, low-income individuals in all parts of Oakland are provided with essential supplemental meals.

Community Homelessness Services (CHS) applies the guiding principles of the City of Oakland’s [Permanent Access To Housing \(PATH\) Plan](#) to balance its investments across the full spectrum of homeless services, from basic harm reduction to long-term housing. CHS has developed its specific interventions to be in alignment with interventions that the U.S. Department of Housing and Urban Development (HUD) has identified for handling homelessness. Broadly, these interventions are: emergency shelter, transitional housing, and rapid rehousing. They are defined in **Table 11** below:

Table 11: Federal Agency HUD’s Definitions of Interventions for Homelessness

Emergency Shelter	Emergency Shelter (ES) is often the first resource available to individuals and families who experience a housing crisis and find themselves homeless. HUD’s definition of an emergency shelter is “any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements.” ES programs may serve a specific sub-population (seniors, families with children, transition age youth) or provide resources under specific circumstances (e.g. extreme weather or a pandemic).
Transitional Housing	Transitional Housing (TH) provides temporary housing with supportive services to individuals and families experiencing homelessness. TH program services may include housing search/placement assistance, mental and physical healthcare, job training/employment and education support, life skills, legal assistance, and/or childcare resources. The purpose of TH is to bridge the gap between individuals and families living in emergency shelter or being unsheltered, and obtaining permanent housing.
Rapid ReHousing	Rapid ReHousing (RRH) is a relatively new program model under HUD’s federal granting parameters. RRH programs are designed to assist individuals and families experiencing homelessness address the immediate barriers to obtaining permanent housing while reducing the amount of time they experience homelessness or to avoid a near-term return to homelessness. Generally, RRH programs provide short-term (up to 3 months) housing subsidies (which may include rent and/or security deposits) for participants. They also provide targeted supportive services like Transitional Housing around healthcare, job support, education, or childcare.

The Community Homelessness Services Division aligns interventions to federal guidelines in order to maximize the amount of funding the City of Oakland can draw down from both the Federal Government and the State of California through various grant program opportunities. Some of these grant programs are competitive and require CHS to apply for funding amongst other localities. Other grant programs provide ongoing but fixed grants that have restrictions around how the grant money can be used and for whom it can be used. CHS must navigate all these different grant requirements while also monitoring their service delivery to ensure that funding is being properly utilized. In the FY 2022-23 Midcycle Adopted Budget, 95% of the \$58.4 million budget for CHS comes from external grantor agencies, specifically Alameda County, the State of California, and the Federal Agency HUD. The remaining 5% of CHS's budget comes from the General Purpose Fund, which predominantly covers the local matches the City must make in order to be eligible for various grants. For a list of CHS's major grantors and an explanation of their programming, please refer to **Appendix A: CHS Major Funding Sources Glossary**.

Despite the complexity of the grants that CHS manages, its administrative overhead is at 8% of the division's total FY 2022-23 Midcycle Adopted Budget of \$58.4 million. At \$4.5 million, this covers a staff of 19.0 FTE budgeted positions, \$503,000 dollars in internal services charges (ISFs), and \$158,400 dollars in office supplies and other minor maintenance expenditures. Below, **Table 12** breaks down the CHS staffing and their budgeted costs:

Table 12: HSD's CHS Division Personnel Budget

Position	FTE	FY 2022-23 Midcycle Budget
Accountant II	1.00	189,187
Administrative Analyst I	2.00	376,326
Administrative Analyst II	2.00	431,760
Administrative Assistant I	1.00	122,806
Administrative Services Manager I	1.00	307,879
Case Manager I	4.00	626,894
Health & Human Svcs Prgm Planner	2.00	419,146
Manager, Human Services	1.00	367,500
Program Analyst II	4.00	798,877
Program Analyst III	1.00	253,271
Grand Total	19.00	3,893,646

Out of all City Departments, Community Housing Services is responsible for providing the City's unhoused residents with a spectrum of housing interventions and social assistance. Their 4 Case Managers are responsible for managing and overseeing the hygienic services that the City offers to unhoused residents at homeless encampments. Additional staff fall into Program Management staff, who are responsible for all associated tasks of implementing, continuing and maintaining service provision programming from external grantors. These tasks include but are not limited to: processing contracts with various funding jurisdictions (Federal/State/Local) & local community nonprofits who then do specific targeted program delivery that aligns with the granting requirements for their particular funding source; invoicing both funders & grantees;

monitoring of program budgets and expenditures; quarterly data collection & analysis of outcome measures; and finally full program monitoring and annual reporting to various funders. Each one of these tasks are performed in accordance with funding guidelines and restrictions. The Division Manager oversees the Program Management staff roster of Program Planners, Program Analysts, and Administrative Support staff. Program Planners (PP) develop new programs, supervise programmatic and administrative staff, and are assigned a key operating component of the division. One Program Planner is the fiscal liaison while the other is the data liaison. The Division's workload has increased substantially, despite retaining relatively the same amount of staff. In FY 2017-18, CHS consisted of 6 Program Analysts overseeing 38 program agreements. Currently, CHS maintains a budget of 5 Program Analysts now overseeing a total of 74 program agreements. This averages out to 14-15 programs to manager per Program Manager. However, since FY 2017-2018, CHS staffing levels have increased by 2.0 FTE: one Program Planner and one Administrative Analyst.

Due to the current staffing levels, Program Managers act in a dual contract and program management role. They must fulfill different administrative and fiscal functions that is typically completed by multiple job classifications. For instance, Program Managers must generate applications for all external grants, produce detailed ongoing reporting of fund expenditures, answer evaluations of program outcomes, prepare invoices, and keep fiscal track of each program's funding. Because CHS operates as both a direct and subrecipients of these external funds, the staff serve an additional role of ensuring compliance with external grant requirements while also having to enforce monitoring protocols and procedures CHS has in place. This amounts to processing contracts and monthly invoices while also ensuring contract compliance both as a fund recipient and as a funder to subrecipients. Additional program management duties include receiving and analyzing data, conducting site visits, addressing program concerns, meeting regularly with program staff, conducting site monitoring, and representing the City on relevant committees and workgroups.

Staff has broken down its contracted programming according to state and federal guidelines around types of clientele. The 4 categories of clientele are:

- 1) Transition Aged Youth (TAY), which are youth and young adults between the age of 18 to 25;
- 2) Families with children under the age of 18;
- 3) Single adults, who do not currently have any children under the age of 18 and who may or may not be partnered;
- 4) All of the above.

Below, **Table 13** shows how the contracted services break down as annualized costs per type of unhoused clientele that CHS serves.¹

¹ It's important to note here that while the grants in the CHS portfolio were converted into an annualized cost for the purpose of this report to conduct its analysis of direct and opportunity costs, the actual grant amounts that CHS receives year to year fluctuates with changes in federal and state budget allocations. For example, prior to 2020, the State of California did not have the Homelessness Housing, Assistance and Prevention (HHAP) grant program.

Table 13: Breakdown of CHS's Programming for Homelessness by Intervention Type

Row Labels	Amount
Technical Support	425,600
Technical Support: ALL	425,600
Interim Shelter	28,355,999
Cabins/Pallets: SINGLES	11,430,000
Emergency Shelter: FAMILY	1,707,000
Emergency Shelter: SINGLES	2,949,670
Emergency Shelter: TBD	130,000
Hotel Vouchers: ALL	25,000
Leasing: SINGLES	107,496
Legal Services: ALL	47,250
RV Safe parking: SINGLES	4,509,009
Security: TBD	200,000
Transitional Housing/Rapid ReHousing: FAMILY	1,080,983
Transitional Housing/Rapid ReHousing: SINGLES	2,034,999
Transitional Housing: SINGLES	2,229,783
Transitional Housing: TAY	1,204,809
Utilities: SINGLES	650,000
Outreach	3,220,027
Food: ALL	251,272
Hygiene: ALL	2,250,570
Outreach: ALL	718,185
Permanent Housing	16,733,961
HomeKey Programming: TBD	10,000,000
Oakland PATH Rehousing Initiative: FAMILY	1,380,735
Oakland PATH Rehousing Initiative: SINGLES	3,453,301
Permanent Housing Services: SINGLES	210,000
Youth Guaranteed Income: TAY	1,689,925
Rapid ReHousing	4,583,044
Oakland PATH Rehousing Initiative: TAY	453,763
Rapid ReHousing: FAMILY	915,883
Rapid ReHousing: SINGLES	2,252,500
Rapid ReHousing: TAY	960,898
Earmarked but not yet Awarded	5,840,339
Permanent Housing Services: ALL	3,234,468
HHAP Youth Programming Set Aside: TAY	1,903,345
RV Safe parking: ALL	702,526
Grand Total	59,108,970*

**This total will not match exactly to the FY 2022-23 Midcycle Adopted Budget amount for contracted services due to competitive grant funding that CHS received outside of the City's MidCycle Budget Process.*

The major categories listed in **Table 13** above are aligned with the State of California's Homelessness Housing, Assistance and Prevent (HHAP) grant program. However, the way that CHS funds these different interventions is through using a range of funding sources. The funding sources used are indicated in **Table 14** below:

Table 14: CHS Interventions by Funding Source

Row Labels	Amount
Technical Support	425,600
2103 - HUD-ESG/SHP/HOPWA	75,600
2159 - State of California Other	350,000
Interim Shelter	28,355,999
1010 - General Fund: General Purpose	183,000
2103 - HUD-ESG/SHP/HOPWA	4,085,131
2108 - HUD-CDBG	158,523
2159 - State of California Other	19,492,346
2160 - County of Alameda: Grants	464,999
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	3,922,000
Outreach	3,220,027
1010 - General Fund: General Purpose	296,089
2103 - HUD-ESG/SHP/HOPWA	122,096
2108 - HUD-CDBG	51,272
2159 - State of California Other	2,250,570
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	500,000
Permanent Housing	16,733,961
1010 - General Fund: General Purpose	227,103
2103 - HUD-ESG/SHP/HOPWA	3,942,023
2108 - HUD-CDBG	195,500
2159 - State of California Other	11,789,925
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	579,410
Rapid ReHousing	4,583,044
1010 - General Fund: General Purpose	8,766
2103 - HUD-ESG/SHP/HOPWA	2,353,672
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	20,606
2270 - Vacant Property Tax Act Fund	2,200,000
Earmarked but not Awarded	5,840,339
2103 - HUD-ESG/SHP/HOPWA	3,234,468

2159 - State of California Other	2,459,621
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	146,250
Grand Total	59,108,970

As **Table 14** above shows, majority of funding for the services that CHS contracts out to the community comes from the Federal Agency HUD and the State of California. In addition, The General Purpose Fund amounts listed are local match amounts the City is required to provide as a condition of receiving these grant funds. As such, General Purpose Fund match dollars are restricted because they are tied to specific state or federal grants.

Community Housing Services Division Direct Costs

The majority of the Community Housing Services budget would be classified as a direct cost. In terms of staff, if homelessness were no longer an issue, the CHS staff would be downsized to a fraction of its current size. Specifically, CHS could be reduced by 13.93 FTE for a total cost savings of \$2.8 million. **Table 15** below shows the CHS staff funded by grant sources that are exclusively dedicated to homelessness and would be classified as direct costs.

Table 15: CHS Staff Funded by Grant Sources Categorized as Direct Costs

Fund	Job	FTE	Amount
1010 - General Fund: General Purpose	Administrative Analyst II	0.60	113,030
	Case Manager I	2.00	297,918
	Health & Human Svcs Prgm Planner	2.00	419,146
	Manager, Human Services	0.40	130,728
	Program Analyst II	0.93	168,392
2159 - State of California Other	Administrative Analyst I	1.50	294,966
	Administrative Analyst II	1.00	227,662
	Administrative Services Manager I	1.00	307,879
	Case Manager I	1.00	180,017
	Program Analyst II	1.00	218,821
	Administrative Analyst I	0.50	81,360
2244 - Measure Q	Case Manager I	1.00	148,959
	Program Analyst II	0.50	90,532
2270 - Vacant Property Tax Act Fund	Program Analyst II	0.50	87,002
Grand Total		13.93	2,766,412

The grant funding sources listed above are all strictly tied to homelessness service delivery, so the staff who are funded through these grants would be reduced if the City was able to resolve its homelessness crisis.

On the contracting side, **Table 16** below shows all grant programs considered to be direct costs.

Table 16: CHS Direct Costs by Funding Source

	Total Grant Funding	Grant Funding Solely for Homelessness (Direct Cost)	Percent % of Grant Funding that is a Direct Cost
Consultants		425,600	100%
	425,600		
2103 - HUD-ESG/SHP/HOPWA	75,600	75,600	0%
2159 - State of California Other	350,000	350,000	0%
Interim Shelter		27,682,607	98%
	28,355,999		
1010 - General Fund: General Purpose	183,000	-	0%
2103 - HUD-ESG/SHP/HOPWA	4,085,131	3,753,262	92%
2108 - HUD-CDBG	158,523	-	0%
2159 - State of California Other	19,492,346	19,492,346	0%
2160 - County of Alameda: Grants	464,999	464,999	0%
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	3,922,000	3,922,000	0%
Outreach		2,872,666	89%
	3,220,027		
1010 - General Fund: General Purpose	296,089	-	0%
2103 - HUD-ESG/SHP/HOPWA	122,096	122,096	100%
2108 - HUD-CDBG	51,272	-	0%
2159 - State of California Other	2,250,570	2,250,570	100%
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	500,000	500,000	100%
Permanent Housing		12,369,335	74%
	16,733,961		
1010 - General Fund: General Purpose	227,103	-	0%
2103 - HUD-ESG/SHP/HOPWA	3,942,023	-	0%
2108 - HUD-CDBG	195,500	-	0%
2159 - State of California Other	11,789,925	11,789,925	100%
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	579,410	579,410	100%

Rapid ReHousing		4,306,609	94%
	4,583,044		
1010 - General Fund: General Purpose	8,766	-	0%
2103 - HUD-ESG/SHP/HOPWA	2,353,672	2,086,003	89%
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	20,606	20,606	100%
2270 - Vacant Property Tax Act Fund	2,200,000	2,200,000	100%
Earmarked but not Awarded		2,605,871	45%
	5,840,339		
2103 - HUD-ESG/SHP/HOPWA	3,234,468	-	0%
2159 - State of California Other	2,459,621	2,459,621	100%
2244 - OPR Preservation, Litter Reduction, Homelessness Support Act Measure Q	146,250	146,250	100%
Grand Total	59,108,970	50,262,688	85%

If the City were able to resolve its homelessness crisis, then the \$50.2 million currently dedicated in annualized costs would no longer be granted to the City. A critical nuance to understand about the City's current funding structure is that the vast majority of its current funding is from one-time grants that the City has been receiving from the Federal and State government. This creates an unsustainable and unstable form of both planning and implementing homelessness interventions for CHS staff as well as City Leadership. This issue is discussed in further detail in the section *Community Housing Services Division Funding Issues*.

Between staff and contracts to nonprofits, the direct cost that CHS expends on homelessness is \$53.02 million. If the City were to resolve homelessness, then it would be assumed that the City would generate this amount in savings because the City would no longer be spending money to provide interventions to unhoused residents. As noted above, the majority of this funding is from one-time state and federal grants. However, even if the crisis were addressed, the City would likely need to maintain significant staff and resources in CHS for the ongoing prevention of homelessness while also providing supportive services to keep people housed and prevent residents from becoming unhoused.

Community Housing Services Division Opportunity Costs

There is a small portion of CHS's staffing and contracts that could be re-directed to other services if the City's homelessness crisis is resolved. Specifically, the City's ongoing grants that it receives from HUD have some flexibility around spending requirements where the City could redirect that grant funding to other issues such as affordable housing, job training, or other anti-poverty measures. That is because these HUD programs serve specific target populations that overlap with unhoused residents: low-income individuals and/or families, or people with extensive healthcare needs that put them at risk of homelessness due to their healthcare costs, such as seniors or people with HIV/AIDs.

Below, **Table 17** shows what CHS staff would fall into the Opportunity Cost category:

Table 17: CHS Staffing Impacted by Opportunity Costs

Fund	Job	Sum of FTE	Sum of Amount
1010 - General Fund:	Accountant II.AF021	0.64	112,627
General Purpose			
2103 - HUD-ESG/SHP/HOPWA	Administrative Analyst II.AP106	0.20	45,534
	Program Analyst II.AP293	0.89	194,741
2108 - HUD-CDBG	Accountant II.AF021	0.36	76,560
	Administrative Analyst II.AP106	0.20	45,534
	Manager, Human Services.EM254	0.60	236,772
	Program Analyst II.AP293	0.18	39,389
	Program Analyst III.SC204	1.00	253,271
7760 - Grant Clearing	Administrative Assistant I.SS102	1.00	122,806
Grand Total		5.07	1,127,234

Assuming that the homelessness crisis is successfully resolved, the positions in CHS that would remain would be the following:

- The Accountant II funded by GPF and 2108 HUD program Community Block Grant Development (CDBG)
- The Administrative Assistant funded by the City's fund 7760 Grant Clearing
- The Administrative Analyst II and Program Analyst II funded by 2103 HUD's ESG/SHP/HOPWA program
- The Human Services Manager, Administrative Analyst II, Program Analyst II, and Program Analyst III funded by 2108 HUD program Community Block Grant Development (CDBG)

This is the staff that is directly involved in complying, monitoring, and reporting out on these programs. They are also responsible for processing invoices, working with participating nonprofits, and fiscally tracking all expenditures for the City as a direct recipient and its contracted providers as subrecipients.

On the contracting side, **Table 18** below shows all the grant programs that can be categorized as opportunity costs because they are the few ones that can be utilized for other services than strictly homelessness interventions:

Table 18: CHS Grant Programs Identified as Opportunity Costs and % of Funding Available for Redirecting

Row Labels	Total Grant Funding	Grant Funding Solely for Homelessness (Direct Cost)	Available Grant Funding for Other Uses (Opportunity Cost)	Percent % of Grant Funding that Can Be Redirected
Consultants	425,600	425,600	-	0%
2103 - HUD-ESG/SHP/HOPWA	75,600	75,600	-	0%
2159 - State of California Other	350,000	350,000	-	0%

Interim Shelter	28,355,999	27,682,607	673,392	2%
1010 - General Fund: General Purpose	183,000	-	183,000	100%
2103 - HUD- ESG/SHP/HOPWA	4,085,131	3,753,262	331,869	8%
2108 - HUD-CDBG	158,523	-	158,523	100%
2159 - State of California Other	19,492,346	19,492,346	-	0%
2160 - County of Alameda: Grants	464,999	464,999	-	0%
2244 - Measure Q	3,922,000	3,922,000	-	0%
Outreach	3,220,027	2,872,666	347,361	11%
1010 - General Fund: General Purpose	296,089	-	296,089	100%
2103 - HUD- ESG/SHP/HOPWA	122,096	122,096	-	0%
2108 - HUD-CDBG	51,272	-	51,272	100%
2159 - State of California Other	2,250,570	2,250,570	-	0%
2244 - Measure Q	500,000	500,000	-	0%
Permanent Housing	16,733,961	12,369,335	4,364,626	26%
1010 - General Fund: General Purpose	227,103	-	227,103	100%
2103 - HUD- ESG/SHP/HOPWA	3,942,023	-	3,942,023	100%
2108 - HUD-CDBG	195,500	-	195,500	100%
2159 - State of California Other	11,789,925	11,789,925	0%	0%
2244 - Measure Q	579,410	579,410	0%	0%
Rapid ReHousing	4,583,044	4,306,609	276,435	6%
1010 - General Fund: General Purpose	8,766	-	8,766	100%
2103 - HUD- ESG/SHP/HOPWA	2,353,672	2,086,003	267,669	11%
2244 - Measure Q	20,606	20,606	0%	0%
2270 - Vacant Property Tax Act Fund	2,200,000	2,200,000	0%	0%
Earmarked but not Awarded	5,840,339	2,605,871	3,234,468	55%
2103 - HUD- ESG/SHP/HOPWA	3,234,468	-	3,234,468	100%
2159 - State of California Other	2,459,621	2,459,621	0%	0%
2244 - Measure Q	146,250	146,250	0%	0%
Grand Total	59,108,970	50,262,688	8,896,282	15%

As **Table 18** above shows, only 15% of the CHS's annualized costs can be categorized as opportunity costs. The \$8.9 million in identified funding primarily revolves around HUD programs that have been in partnership with the City for multiple decades, as well as the City's required local match in its GPF (1010) Fund.

Between staff and contracts to nonprofits, the opportunity cost that CHS expends on homelessness is roughly \$10 million. If the City were to resolve homelessness, then it could be assumed that the City would be able to redirect this funding to serve other residents in Oakland, such as low-income individuals, families, seniors, and people with particular health needs who are living with HIV/AIDS or living with disabilities. As noted above, the majority of this funding is ongoing funding from the federal government that the City has received for decades.

Community Housing Services Division Funding Considerations

Unlike other City Departments in this report, CHS has the unique role of serving unhoused residents the longest through its spectrum of programming. In gathering data from staff, the following three major issues were identified around funding issues specific to CHS:

1. Most of the funding comes from one-time sources with no guarantee of the ability to continue programs started with this funding. The prime example is what the City of Oakland received from the State's HHAP funding, which has gone from \$19.6 million with round 1 in 2020 of funding to \$24 million in the latest round 3 funding in 2022. For all the HHAP applications year, the State has repeatedly emphasized this funding is just one-time.
2. For the nonprofit providers who have been working with the City, they have not seen any cost-of-living increases from the City in years nor has the federal government raised its cost-per-bed in decades. In fact, in 3 meetings this year with the City's biggest homelessness providers, they've all indicated to staff that they're operating in the red to keep their facilities open for Oakland's unhoused residents. If inflation is taken into account, this issue is much worse. Unfortunately, this is not situation unique to Oakland, but is a nationwide problem due to federal funding requirements not being updated to reflect the changing level of poverty, the rise in the cost of living, and the current economic circumstances for everyday people.
3. While programming and funding has vastly increased, staffing has not. Staff have been managing greater workloads while the staff levels have roughly stayed the same.

What staff is reporting is largely backed from the findings of this report. To give a historical perspective, at the start of the Great Recession, CHS had a budget under half a million. In the FY 2022-23 MidCycle Adopted Budget, their budget is now over \$50 million. See Table 19 below for a historical table on CHS's growth as a division:

Table 19: Historical Spending for HSD's Community Housing Services

Fiscal Year	CHS Funding
FY 2010-11	457,204
FY 2011-12	6,671,879
FY 2012-13	9,555,554
FY 2013-14	19,779,563
FY 2014-15	11,687,803
FY 2015-16	12,454,451
FY 2016-17	12,855,403
FY 2017-18	12,786,307
FY 2018-19	20,697,748
FY 2019-20	26,851,265
FY 2020-21	48,481,575
FY 2021-22	42,827,355
FY 2022-23	52,400,791

As **Table 19** shows, the budget for CHS has doubled between FY 2019-20, which was at the start of the pandemic, to this current fiscal year FY 2022-23. If looked at from the long view, it's increased over 900% since after the worst of the foreclosure crisis that occurred in tandem with the Great Recession. This brings up an additional point consistently brought up by CHS staff as well as other departments: the issue of affordability.

In the recent City Auditor report published in August 2022 on homelessness, the City Auditor consistently brought up the backlog of funding for affordable housing. This report would add that another part of the homelessness crisis is due to the ways in which the cost of living has increased vastly over the past decade, but unfortunately, federal and state granting programs have not factored cost-of-living increases as a part of formulating their grant programs and grant award allocations for the City of Oakland. This itself has created a "backlog" of funding for programmatic interventions that has become especially severe at the local level, where the homelessness crisis has put tremendous strain on City Staff, especially CHS staff. Staff is expected to respond to rapidly changing conditions of unhoused residents through the COVID-19 pandemic while dealing with outdated external grant allocations whose true dollar value reflects costs from years, if not decades, past.

In the current fiscal year, FY 2022-23, the Governor has suspended the distribution of the State's \$1 billion in funding for homelessness efforts statewide through its HHAP Block Grant Program. Of this \$1 billion, \$24 million had been awarded to the City and City Council had already allocated in June 2022 for various interventions. In the upcoming fiscal year, FY 2023-24, the functions of CHS will likely face a funding shortfall of approximately \$22 million compared to current services, inclusive of the interventions whose funding the Governor. This underscores how tenuous the funding for CHS interventions are. What has been accomplished thus far has been through one-time infusions of funding from the State and Federal Government.

Oakland Fire Department (OFD)

The Oakland Fire Department has two Divisions that are involved with the homelessness crisis: the Field Operations Bureau and the MACRO program. The impact this crisis has on staff and their service delivery is discussed below.

Field Operations Bureau Overview

The Oakland Fire Department's Field Operations Bureau, whose main prerogative is fire suppression and emergency response) responds to Fire and Emergency Medical Calls across the City. The Fire Department operates Twenty Four (24) 4-person Fire Engines, Seven (7) 4-Person or 5-Person Fire Trucks, and One (1) 6-person Airport Fire Station at all times 24 hours a day, 365 days each year, per the City's Memorandum of Understanding with IAAF Local 55. Over the course of each 24-hour shift, Fire Crews respond to Emergency Medical and Fire Calls as triaged by the City's 911 Call Center.

The homelessness crisis strains the City's Fire and Emergency Medical responders by adding additional calls. This creates opportunity costs for these responders, as without these calls, Firefighters would be more quickly able to respond to other urgent calls. Additionally, a high call volume is associated with greater Firefighter fatigue which can lead to staff retention and safety issues. Understanding the impact on staff is beyond the scope of this report to evaluate, but important to highlight here to underscore the ways in which the homelessness crisis could potentially undermine the City's ability to respond to other natural disasters or ongoing emergency medical needs of the general population.

Field Operations Bureau Direct Costs

The direct costs to Fire and Emergency Medical Calls that arise from the homelessness crisis is minimal and also difficult to estimate at this point in time, but they consist mostly of wear on equipment, fuel usage, and used supplies & materials.

Field Operations Bureau Opportunity Costs

There are significant opportunity costs associated with the additional response volume caused by the homelessness crisis. These costs have been estimated based upon the time Sworn Firefighters spend responding to calls that are homelessness related. If the City solved the homelessness crisis, these costs would not result in savings as Firefighters would instead respond to other priority calls. In addition, the absence of these calls wouldn't change the City's staffing pattern.

Over the past 12 months, 816 out of 77,341 of OFD's Fire Emergency Calls have been tied to an encampment or RV. Of this number, 63 were located at the Wood Street encampment, 111 were RV Fires, 62 were in the vicinity of freeways, and 580 were at other encampment locations across the City. The number of personnel required to respond to a fire can vary from a single engine company (4 sworn personnel) for a small encampment fire to possibly entailing 3 Engines, 1 Truck, and 1 Battalion Chief (17-18 sworn personnel) to put out a substantial RV Fire. Operational time for a fire generally varies from 60 to 90 minutes. **Table 20** below

estimates the annual cost and hours of staff time spent responding to homelessness-related fires assuming a 75-minute incident operation time.

Table 20: Annual Cost and Staff Time related to Homelessness

Location	Number of Fires	Est. Response Cost	Est. Response Hours	Assumed Staffing
Wood Street	63	78,441	630	2 Engines
Other Encampments	580	\$722,158	5,800	2 Engines
RV Fires	111	\$319,214	2,498	3 Engines, 1 Truck, & 1 Battalion Chief
Freeway Fires	62	\$77,196	620	2 Engines
Total	816	\$1,197,010	9,548	

Due to the absence of specific data coding in the Computer Aided Dispatch (CAD) system, OFD is not currently able to estimate the percentage of its 54,811 Emergency Medical Service (EMS) calls that are tied to homelessness to create an annualized cost estimate. It should be noted that being homeless significantly worsens health conditions and reduces the likelihood of proactive medical treatment, which also contributes to the strain on local emergency medical response services that the City of Oakland is providing. While Oakland's unsheltered residents represent less than 1.2% of the City general population (based estimates from the latest Homelessness PIT Count), these residents likely accounted for disproportionate share of EMS calls.

MACRO Program Funding Overview

The MACRO program received funding in the FY 2021-23 Biennial Budget Cycle to serve as an alternative to the Police Department responding to 911 calls for people in mental health distress or crisis and for other requests for service and disturbances that do not require the presence of a Sworn Police officer. It also received one-time funding of \$10 million from the State of California in the State's FY 2021-22 Budget process.

The MACRO Program's response units who go out into the streets or to the building where the call was placed consist of one Community Intervention Specialist and one EMT. The MACRO Response Unit also consists of various supervisory and analytic staff who are responsible for supporting the teams in the field. The program is new and has not been in full operation for a complete year, so the data provided does not likely reflect ongoing annual values.

MACRO Direct Costs

As stated previously, this program is too new to report on direct costs at this juncture.

MACRO Opportunity Costs

MACRO has responded to 6,594 calls through October 13, 2022. Of these calls, staff estimate that 6,400 calls, or 97%, have been homelessness contacts. Assuming that this ratio remains true into the future months, and assuming MACRO will also be fully operational with its intended staffing, then this report calculates that **\$7.62 million** of MACRO's \$7.85 million in its personnel budget will be expended in costs associated with the homelessness crisis. As this report has indicated with other departments, this is an opportunity cost for the City because MACRO response units would be responding to other types of mental health calls, whether that's occurring in public spaces or in the homes of individuals experiencing mental health distress. Currently, MACRO staff are not able to perform the primary duty they were tasked with accomplishing, which is to respond to mental health distress calls. What's more, absent this homelessness crisis, MACRO staff would possibly also have the emotional bandwidth to focus on other types of other requests for service and disturbances that do not require the presence of a Sworn Police officer. Depending on how MACRO is managed in terms of the scope of its calls, there are significant funding considerations that could decide the long-term sustainability of this program, which are discussed in further detail in the next section.

MACRO Program Funding Considerations

Once MACRO became a pilot program for the City, OFD staff began consulting with HSD staff to understand how the MACRO program can be set up to have its costs billed to Medi-Cal. Alameda County is the government entity responsible for the local healthcare system for Medi-Cal, including creating mental health services and needed facilities, providing ongoing routine medical services and their needed facilities, and funding special programs such as addiction recovery programs or court diversion programs. If the City were to be approved by Alameda County's sub-provider requirements, then staff estimates that roughly for every \$1 spent on eligible costs, Medi-Cal would reimburse the City \$0.90 cents of that cost.

This reimbursement ratio is made possible by the Affordable Care Act passed by Congress under the Obama administration, however, it requires intensive collaboration between the County and the City as a sub-provider to plug the MACRO program into Alameda County's existing provider database, billing system, and reimbursement process. Being a part of the Medi-Cal provider network would help the City to draw down federal funding to support a portion of MACRO's costs that are eligible for reimbursement. The possible Medi-Cal reimbursement rates also depend specifically on the people being served through the MACRO services to either be eligible for Medi-Cal or already a Medi-Cal consumer.

The City's MACRO staff are aware of the draw-down funding possibilities from the federal government, including the need to document and keep secure relevant personal identification information from the people who are the recipients of the mental health calls they take. They are designing MACRO procedures to maximize the potential for certain costs of the program and its personnel are reimbursable. However, there was not funding in the FY 2021-23 Biennial Budget Cycle to dedicate to staff to do Medi-Cal intake. This particular task also may be beyond the scope of MACRO as a program to handle, and better suited for Alameda County staff to do, given the complicated procedural aspects of filling out a Medi-Cal Application. If City leadership want this, an explicit and formalized partnership would need to be established to ensure recipients of MACRO calls are assisted and supported in signing up for Medi-Cal if they are eligible.

Oakland Police Department (OPD)

The Oakland Police Department has two Divisions that are involved with the homelessness crisis: the Field Operations Bureau and the Special Operations Division. The impact this crisis has on staff and their service delivery is discussed below.

Field Operations Bureaus Overview

Similar to the Oakland Fire Department the Oakland Police Department (OPD) maintains two Field Operations Bureaus that provide 24 hour a day, 365 day per year emergency response coverage. These Officers are often referred to as Patrol Officers and are responsible for 911 response across the City. OPD patrol function as staff to provide 8 Officers and 1 Supervising Sergeant in each of the City's Six Patrol Areas. Over the course of each day, Police Officers respond to 911 calls as triaged by the City's 911 Call Center. Police calls are prioritized based on severity & danger rather than time received, so many of the 911 calls made do not receive a rapid response from Patrol Officers in the field.

Field Operations Bureaus Direct Costs

Similar to the Fire Department, the direct costs to Police 911 Calls are also difficult to estimate at this point in time, but they consist mostly of wear on equipment and fuel usage.

Field Operations Bureaus Opportunity Costs

A subset of the calls that OPD responds to are the result of the City's homelessness crisis and its effects on communities that are reporting them for whatever reason to Oakland's 911 Call Center. The 911 Call Center will dispatch Sworn Police Officers to encampments and indicate when this call has been dispatched in its Computer Aided Dispatch (CAD) system, which is what this report used to generate its opportunity cost estimates. This report based its calculations upon the time Sworn Police Officers spend responding to calls that are located at known encampments. There are likely many more calls related to the homelessness crisis across other areas of the City, but at this point, those calls were not able to be identified using current CAD Data. In FY 2021-22, there were 394 Field Operation Bureau emergency dispatches to known encampments. Assuming that each incident was followed up by a single Sworn Police Officer and lasted for 30 minutes (consistent with current dispatch information), these interventions would represent 197 hours of Sworn Officer time at a cost of approximately \$25,000 dollars.

If the City solved the homelessness crisis, these costs, however, would not result in savings to the City. Absent the homelessness crisis, Police Officers would still be responding to other priorities calls. It also wouldn't change the staffing pattern of the Department. Current cost estimates were based on calls responded to rather than the number of calls the Department receives. It is beyond the scope of this report to indicate what cost estimates would be based on the calls OPD receives, but this is also part of the reason that lessening the number of times Patrol Officers are called out to homeless encampments won't generate savings because they'll be redirected to another type of priority call.

Special Operations Division (SOD) Overview

OPD's Special Operations Division is responsible for coordinating special and irregular operations of the Department including in response to the homelessness crisis. Specifically, SOD maintains a standing unit called the Homelessness Unit that consists of Two Sworn Police Officers and 1 Sergeant dedicated to providing coordination and support for safety issues affecting homeless encampments. These officers aid and work with staff from other City Departments in support of the City's encampment management program. Under a letter of understanding with SIEU Local 1021, OPD is required to be present for safety purposes while other City staff are performing clean-up operations at encampments. The dedicated homelessness unit provides this presence; and when required, coordinates additional sworn officers at large operations.

Special Operations Division Direct Costs

The ongoing staff costs of the Special Operations Division's Homelessness Unit and the cost of specific operations to provide security at encampment clean-ups represent direct costs to the City from the City's homelessness crisis. If not for the homelessness crisis, these operations and staffing would not be needed and could be reduced. Maintenance of this function is a direct result of the crisis as the existence of encampments and the City's agreement with SEUI make a standing Homelessness Unit the most efficient and effective means of providing ongoing support to other City functions.

The annual cost of the Two Sworn Police Officers and One Sergeant of the Special Operations Division's Homelessness Unit is \$835,000 dollars annually. Based on the past four quarters of data (through September 2021), SOD's operations at homeless encampments have required 1,968 hours of OPD overtime at a cost of \$187,350 dollars. Thus, there is just over \$1 million in annual direct costs that the Special Operation Division expends due to the existence of the homelessness crisis.

Oakland Public Works (OPW)

The Oakland Public Works Department has two Divisions that are involved with the homelessness crisis: the Keep Oakland Clean and Beautiful Division and the Parks and Trees Services Division. The impact this crisis has on staff and their service delivery is discussed below.

Keep Oakland Clean and Beautiful (KOCB) Division Overview and Direct Costs

The Keep Oakland Clean and Beautiful (KOCB) Division has had personnel performing homeless encampment clean-up since around 2016/2017, when the Encampment Management Team was first established. With the onset of the COVID-19 pandemic, additional personnel were assigned in 2019 to clean over 70 homeless encampments as a means to prevent the spread of the virus while complying with the State's mandate to not close any encampments. This mobilization to clean more encampments included funding for the first City Council-approved KOCB crew assigned solely to homeless encampment clean-up work.

KOCB currently has eight (8) Street Maintenance Leaders, eight (8) Public Works Maintenance Workers, one (1) Heavy Equipment Operator, and one (1) Supervisor I dedicated to homeless

encampments clean-up. The annual personnel cost is approximately \$2.9 million. The work performed by KOCB's Homeless Encampment crews include:

- 1) encampment deep cleaning, where unsheltered residents temporarily leave the encampment during cleaning;
- 2) encampment closure, where KOCB crews clean an encampment after unsheltered residents are asked to leave the encampment permanently; and
- 3) containerized and noncontainerized weekly garbage service at over 70 active encampments.

In addition, staff estimate that annual O&M expenditures such as equipment rental, office supplies, cleaning supplies, tools, personal protective equipment (PPE), waste disposal, utilities and a third-party clean-up contract is \$3.5 million. Combined with personnel, these direct costs total to \$6.4 million per year for this division that is tied to dealing with the homelessness crisis.

Parks and Trees Services Division Overview and Opportunity Costs

OPW's Parks and Trees Services Division provides landscape maintenance as well as litter removal for parks and public spaces in the City. Citywide, parks staff spend approximately 23% of their time providing maintenance services related to homeless encampments and activities by the City's unsheltered residents. The work performed includes additional time spent removing accumulated debris and refuse, repairing broken irrigation and other fixtures, and plant maintenance (including rehabilitation of abandoned sites). Staff estimates the Parks and Tree Services Division annual costs of providing homelessness services at \$3.8M, inclusive of labor and operations & maintenance (O&M). This amount would be considered an opportunity cost for this Division because staff would be redirected to doing their ongoing work of caring for the City's green public spaces.

OPW's Total Combined Costs

In total, OPW spends an estimated \$10.2 million per year on services and associated costs dedicated to homeless services. As with other City departments, OPW has prioritized encampment management at the expense of other City services resulting in significant opportunity costs due to meeting current homelessness service demands. If the City solved the homelessness crisis, \$3.8 million of these costs would not translate into any real savings as OPW would redirect staff and resources back to the provision of general parks maintenance services.

INVESTMENTS IN TACKLING THE HOMESLESSNESS CRISIS

The City has significantly increased resources invested in tackling homelessness. The investments are supported by a combination of federal, state, and local sources including two City ballot measures.

Direct investment in services related to homelessness by HSD's Community Housing Services (CHS) Division and the CAO's Homelessness Division have increased by more than 500% in the last ten years and have more than doubled since FY 2019-20. See **Table 21** below for a breakdown of spending across these two divisions that most directly interact with the City's unhoused residents:

Table 21: Historical Spending for CHS and CAO Homelessness Division

Fiscal Year	CHS Funding	CAO Funding
FY 2010-11	457,204	
FY 2011-12	6,671,879	
FY 2012-13	9,555,554	
FY 2013-14	19,779,563	
FY 2014-15	11,687,803	
FY 2015-16	12,454,451	
FY 2016-17	12,855,403	
FY 2017-18	12,786,307	
FY 2018-19	20,697,748	
FY 2019-20	26,851,265	
FY 2020-21	48,481,575	905,562
FY 2021-22	42,827,355	4,038,583
FY 2022-23	52,400,791	3,479,019

However, these increased resources provided are small in comparison to the City's need for services to address homelessness. Below, **Table 22** shows this report's estimates on the additional direct and opportunity costs that the City is still bearing:

Table 22: Total Citywide Direct and Opportunity Costs

Department	Unit	Direct Cost	Opportunity Cost	Total Cost
CAO	311	-	156,660	156,660
CAO	Homelessness Division	3,630,146	-	3,630,146
DOT	Right-of-way	-	15,700	15,700
DOT	Streetlighting	-	100,000	100,000
HCD	CDE	8,517,807	268,504	8,786,311
HCD	DHS	300,000	25,860,941	26,160,941
HSD	CHS	53,029,100	10,023,516	63,052,616
OFD	Field Operations	-	1,197,010	1,197,010
OFD	MACRO	-	7,620,000	7,620,000
OPD	Field Operations	-	25,000	25,000
OPD	SOD	1,022,350	-	1,022,350
OPW	KOCB	6,400,000	-	6,400,000
OPW	Parks & Trees	-	3,800,000	3,800,000
Grand Total		72,899,403	49,067,331	121,966,734

The latest Point-In-Time (PIT) count indicates substantiates the need for increasing City resources, as Oakland's population of unhoused residents has grown to 5,055 individuals for

2022.² The PIT count is one of the few official methodologies to identify a locality's homeless population and is known to still undercount the actual population of people struggling with homelessness. One reason it is an undercount is because it is done simply at one point in time, and so provides a snapshot. The other reason that it is an undercount is because it misses subpopulations of people who cannot be observed outside in unsheltered conditions. Some of these sub-populations are people who are "doubling" up at another residence because they've lost their own housing or are fleeing domestic violence; or people who are struggling with homelessness but are currently residing in government facilities like jails, mental health facilities, and at hospitals receiving extended care; or children and young adults who are in various government facilities such as hospitals, mental health facilities, juvenile detention centers, or who are university college students who no longer have access to student housing due to summer breaks, or who are formerly from the foster care system and "couch surfing," or who are being exploited in gang violence, human trafficking, or sex trafficking as minors. The City's current ability and capacity to support and deal with these various subpopulations is beyond the scope of this report.

However, it is important to highlight these subgroups to demonstrate how homelessness is a multifaceted problem in Oakland that impacts a wide swath of residents, where the City would need to create varied interventions to support the circumstances that subpopulations are experiencing. These subpopulations are often "hidden" from the public's view of the homelessness crisis, and therefore the public doesn't understand how widespread and complicated the homelessness crisis is because it goes beyond just having a certain number of affordable housing units available. It begs instead examining our entire safety net of social services and assistance, and the ways in which this safety net is constructed primarily at the federal level but implemented at the local level.

The City of Oakland bears the brunt of policy and funding decisions made at higher levels of government, which can sometimes hamstring the types of interventions City staff can create or it can limit services to the narrow scope of a particular grant. Yet, despite the complexities among established safety net programs, the City of Oakland staff have been innovative in applying to various state and federal grant programs that are pilots, initiatives, or provide more open funding.

These different interventions are all different "pathways" the City is investing to support its unhoused residents. Permanent Supportive Housing is a specific intervention that the City has recently been exploring, which is the concept of putting unhoused residents in permanent housing with supportive services readily available so that they have a place to live off the streets with the necessary services to maximize their ability to remain housed long-term. The goal to get people off the streets and into permanent affordable housing is clear in its directive, but is incredibly ambitious given the City's limited resources in respect to the cost (both capital and operating) and pace it takes to build such housing. Below, the report details what it would cost to dedicate City resources towards getting all currently "known" unhoused residents into permanent housing using the PIT count of 5,055 residents.

² An infographic on Oakland's states from the PIT count can be found here: <https://oaklandside.org/wp-content/uploads/2022/05/Oakland-PIT-2022-Infographic-Report.pdf>

Assessment Of How To Redirect Resources Towards Placing Chronically Unhoused Individuals To Permanent Exits to Housing

In addition to the PATH Plan described earlier that drives HSD strategies, a regional framework for addressing homelessness has been established by the nonprofit All Home.³ The 1-2-4 framework proposes that the City focuses its resources on ending homelessness by investing proportionately across interventions: for every one unit of interim housing, invest in two units of permanent housing and four units of homelessness prevention (such as rent relief and legal services). This approach is in recognition that while permanent housing takes longer to create, interim housing should address immediate housing needs, while preventing homelessness from increasing through finding ways to keep people housed. There is more work for the City to do to translate this strategy for Oakland's needs and resources, but as a region, this framework is important context for the City's own work. It also helps to strategically invest resources.

For the purpose of understanding the cost of building affordable housing, it would help to do a quick exercise to examine what it would take to create a pipeline for new PSH/homeless units. To understand the resources needed, the City would need to assess how much it costs to build in the Bay Area. While construction estimates are constantly changing, the Bay Area Council Economic Institute using 2019 data—which is pre-inflation data—estimated creating an affordable housing unit in Alameda County at \$726,500 dollars, which is within the range of recent budgets submitted to the New Construction NOFA earlier this year. The City provides a subsidy to developers that is typically around \$150,000 dollars per unit of affordable housing, which developers then leverage to secure competitive State and other funding resources. Using these two figures, developers would need around \$575,000 dollars per unit from non-City funding sources.

On the City's side, to increase the pace and scale of permanent housing creation, the City would need to expand funding significantly beyond what is offered in HCD's budget to support the its own subsidy. The first source of funds that City can consider that could be redirectable is the funding in HSD's Community Housing Services (CHS) Division below in **Table 23**:

Table 23: HSD's Community Housing Services Division's Redirectable Funding

HSD CHS Available Funding	Amount
Interim Shelter	27,710,782
Permanent Housing	3,170,077
Rapid ReHousing	2,220,606
Grand Total	33,101,465

The amount of money that is redirectable from HSD's Community Housing Services (CHS) differs from the total direct costs of \$53 million due to the types of funding sources that CHS is utilizing to do direct interventions in Oakland's unhoused communities. This \$53 million includes all funding streams CHS is currently utilizing, of which roughly \$20 million comes from restricted grant sources that the City cannot redirect. The remaining \$33 million is redirectable. The City is already spending a portion of this more "flexible" funding on Permanent Housing, which is under

³ <https://www.allhomeca.org/regionalactionplan/>

\$3 million. The remainder of its money is being spent primarily on interim shelter. This is due to the fact in part because interim shelter was prioritized as a part of emergency granting from the State and Federal agencies involved in homelessness when the COVID-19 pandemic began.

The majority of redirectable grant funding within CHS is coming from the City's planned use of its HHAP dollars. The current spending plan was created through an innovative partnership between HCD and HSD where they decided to leverage a portion of HHAP 2 and 3 funds towards capitalized operating reserve for the City's Homekey projects. CHS's HHAP 2 funding had been allocated to go towards the operating subsidies of Permanent Supportive Housing for HCD's Homekey project while its HHAP 3 funding was planned to cover the interim shelter while HCD pursued building PSH units. If we were to pursue a hypothetical scenario where the current HHAP 3 funding is 100% redirected to be dedicate to Permanent Supportive Housing, we'd have roughly \$24 million available from the City (however, it should be noted at this time that City Leadership would be unable to do this hypothetical scenario because the HHAP 3 money has been rescinded statewide).

In addition, the City could also redirect funds from other departments that have this kind of flexible funding. The departments who could have their divisions' funding redirected are CAO, HCD, and OPW. Below is **Table 24** that shows what funding is hypothetically available for redirecting:

Table 24: Departments with Funding that is Hypothetically Available for Redirecting

Department	Amount
CAO	3,630,146
HCD	2,529,398
OPW	6,400,000
OPD	1,022,350
Grand Total	13,581,894

The total of these funds is \$46.7 million. However, the City's ability to redirect funding is in part determined on if it could convincingly articulate that CDBG's block grant funding could be re-directed solely to Permanent Supportive Housing to the federal agency HUD. This would mean that community-based organizations would not receive grant funds that they may rely on for important place-based services and resources. Likewise, the City could theoretically redirect Measure Q and Measure W funding intended for OPW to the issue of Permanent Supportive Housing, but since these are voter-backed measures, would need to proceed strategically to ensure these budget allocations would not get tied up in court. Ultimately, if this reallocation of \$46.7 million were to take place, the City would be likely be negligent in legal obligations to mitigate threats to public health and safety. It could also be open to potential lawsuits. Clearly, this option, while seemingly straightforward, is not an adequate or legally sound solution.

Even the possibility of redirecting solely HSD's CHS budget is operationally difficult as it would require the City to effectively shut down all its cabins, every shelter, the Lake Merritt Lodge, and the RV safe parking sites in order to pursue a 100% Permanent Supportive Housing solution, which goes against the rationale of the 1-2-4 approach to ending homelessness rather than creating more homelessness. These current interventions by HSD CHS and additional rapid-rehousing interventions are also critical in preserving the lives of unhoused residents. Between 2018 and 2020, 809 unhoused individuals died in Alameda County; rapid interventions can help

to prevent premature death of homeless residents.⁴ Finally, another underlying concern is that \$22 million of CHS's funding since the start of the pandemic has been one-time grant funds renewed each year by either the State or Federal government. If that money were to suddenly be discontinued, then the City would have to move forward with its Permanent Supportive Housing Plan with a significant budget gap.

If instead the City were to instead divert resources away from very low-income and low-income units to only building 100% Permanent Supportive Housing or other extremely low-income units with services, the City's current cost differential is estimated to be \$15,000 dollars per unit in subsidy cost annually. However, the bigger cost for the City in this strategy would be time. Because affordable projects require many other resources including the dedication of operating subsidy of at least 15 to 20 years of approximately \$15,000 to \$20,000 dollars or more per PSH unit per year, the projects would take years longer to complete. So, while the additional annual operating cost would total approximately \$75.8 million, the creation of those units would take longer to become available while costs would still be escalating. Alternatively, if the City were to pursue a direct investment in PSH creation without seeking other resources, it would cost the City \$2.46 billion in direct capital outlay (5,055 units x \$726,500 dollars in development cost per unit) and between \$1.14 billion to \$2.02 billion in direct operating subsidy (\$15,000 to \$20,000 dollars per unit per year for 14 to 20 years for 5,055 units).

For context, the City's annual budget was just over \$2.0 billion in FY 2021-22 for all services and departments. The last largest voter-back bond initiative for all the City's infrastructure, Measure KK, was a total of \$650 million. Furthermore, one unintended downside of pursuing a 100% Permanent Supportive Housing plan is that it would still take time to place someone in an available unit. The time to permanently house 1 person is at least 18-24 months, often longer, once the construction of a permanent supportive affordable housing project begins due to the Coordinated Entry referral process with the County during the lease up phase.

Alternatively, the resources to support the rapid rehousing of 5,500 residents would be \$46.6 million dollars in one-time outlays, though there would be extremely limited permanent exits to affordable housing at the end of the 12-month rapid rehousing period. Notably, rapid re-housing relies on existing housing stock for placements in an already tight housing market. Without permanent exits, this amount would continue annually, however, it would be far less than pursuing a strategy that relies on one solution that takes years to complete.

In conclusion, the resources to provide the ongoing operating cost of permanent supportive housing exceed current redirectable resources for homelessness. Realistically, the majority of these funds are not available for redirection due to the City's legal obligations to mitigate threats to public health and safety. In order to provide permanent supportive housing for its 5,055 homeless residents, the City would require substantial additional resources in the near term that it simply does not have the ability to procure on its own because it would require \$2.46 billion in upfront capital investment and up to \$2.02 billion in total operating subsidy for 20 years of operations.

Such an investment would likely require substantial federal and state commitments outside of what is available under current programs, or a very large county or region-wide general

⁴ The Alameda County Health Care Services Agency generated this data as a part of its first-ever Alameda County Homeless Mortality Report.

obligation bond for affordable housing. Efforts are underway for a regional bond measure through the recently created Bay Area Housing Finance Authority. These costs far exceed the current resources available for homelessness and any parcel tax measure approved by Oakland voters. Such resources would likely need to flow substantially from Federal, State and County sources outside of what is authorized under current programs, matched and leveraged by City of Oakland funds.

FISCAL IMPACT

There is no direct fiscal impact from the receipt of this informational report.

PUBLIC OUTREACH / INTEREST

No direct public outreach was conducted in the completion of this report.

COORDINATION

This report was developed by the Department of Finance in coordination with the following City Departments: The City Administrator's Office, Human Services Department, Housing and Community Development Department, Oakland Public Works, Oakland Department of Transportation, Oakland Fire Department, And Oakland Police Department.

SUSTAINABLE OPPORTUNITIES

Economic: The homelessness crisis has ongoing fiscal impact to the City of Oakland. It also has a component of human suffering for unhoused residents and their housed neighbors that can't be calculated through the scope of this report. Assuming unhoused residents were supported in maintaining their foothold in the City of Oakland, of which they are equal to access as any other resident, would require the City to have more funding available than what it can generate alone. This is an economic issue that is not just a problem within the City of Oakland, but the entire Bay Area, and would likely need economic interventions from the State and Federal levels to fundamentally right this crisis.

Environmental: The homelessness crisis impacts the health of the City's local environment. Encampments and associated debris and waste can foul the City's local water and soil.

Race & Equity: This report was done primarily to show the fiscal impact of the homelessness crisis and the financial ramifications of not addressing with strategic planning and implementation; however, there are also significant racial equity considerations to the crisis that have also been referenced throughout the report. At a high level, the homelessness crisis is fundamentally an equity issue. The 2022 PIT Count estimated 5,055 people in Oakland are unhoused, with a majority of those individuals coming from Oakland's black community. Black residents of Oakland are over-represented in this population at roughly 70% as compared to their representation in the City's general population at roughly 24% per the latest U.S. Census

2020 data. That makes this issue, per the City's commitment to racial equity, a high priority problem to solve in order to advance the aims of the City's vision as articulated in Municipal Code 2.29.170.1 as well as the City's recently passed the Resolution Racism is a Public Health Crisis. This Resolution was jointly offered to the City Council in June 2022 by the City Administrator, the City Attorney, and the Director of Oakland's Department of Race & Equity, which City Council ratified.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report From The City Administrator On How Much Staff Time And Resources From The Following City Departments Are Dedicated To Providing Services Or Responding To Issues Associated With Oakland's Homelessness Crisis: The City Administrator's Office, Human Services Department, Housing And Community Development Department, Public Works Department, Fire Department, And Oakland Police Department; And Provide An Assessment Of How To Redirect Resources Towards Placing Chronically Unhoused Individuals In Supportive Housing

For questions regarding this report, please contact Brad Johnson, Budget Administrator, at (510) 207-5730.

Respectfully submitted,



ERIN ROSEMAN
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Attachments (A): Appendix A: HSD CHS's Major Funding Sources for Homelessness Glossary
Attachment (B): Appendix B: HCD Major Funding Sources Table for Homelessness

Appendix A: HSD CHS's Major Funding Sources for Homelessness Glossary

City-generated Funding

The City has two voter-backed measures that target the homelessness crisis. They are Measure Q and Measure W.

Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act (Measure Q) in Fund 2244

In March 2020, Oakland voters passed the Parks and Homeless Services Measure (Measure Q), approving a twenty-year parcel tax beginning in fiscal year (FY) 2020-21 through FY 2039-40 to support parks and recreation, water quality and homelessness services. Tax revenues collected (net of any collection and tax levy costs and fees) are limited to the following purposes:

- No less than 64% for parks, landscape maintenance, and recreational services;
- 30% for services to address homelessness and enable unsheltered and unhoused residents to access temporary shelters, transitional and supportive housing, and permanent housing;
- 5% for services and projects to address water quality and litter reduction, including by maintaining and cleaning stormwater trash collection systems; and
- 1 % to cover the costs of auditing and evaluating programs, strategies, and services undertaken pursuant to this measure.

For so long as the parcel tax is in effect, the City of Oakland must maintain service levels at the equivalent or greater than the service levels as to those provided in the Fiscal Year (FY) 2019-21 Adopted Policy Budget for FY 2019-20. If this maintenance of effort is not met, the City may not expend any revenue attributable to this parcel tax for the service area.

Vacancy Property Tax Act (Measure W) in Fund 2270

In 2018, Oakland voters passed the Vacancy Property Tax Act (Measure W). It is a special parcel tax on vacant property within the City of Oakland where the revenue may be used to provide services and programs to the homeless, to reduce homelessness, and to support the protection of existing and production of new housing affordable to lower income households. Additional uses of revenue include job training, job readiness assistance, and drug treatment programs for homeless people; housing assistance including temporary housing or move-in expenses; sanitation, bathroom, and cleaning services related to homeless encampments; deterring blight and illegal dumping; and code enforcement and cleanup of blighted vacant properties.

For so long as the parcel tax is in effect, no more than fifteen percent (15%) of the revenue deposited into the Vacant Parcel Tax Act fund in any single year may be used to pay for administrative costs (excluding costs of the Homelessness Commission). In addition, no less than twenty-five percent (25%) of the revenue deposited into the Vacant Parcel Tax Act fund in any single year shall be used to pay for code enforcement and clean-up of blighted vacant

properties, blight elimination, remedying illegal dumping, and legal action to address any of the foregoing, as necessary.

For more information about either Measure, please refer to this page:

<https://stories.opengov.com/oaklandca/published/fw9ZPf3nM>

For more information about either Measure, please refer to this page:

<https://stories.opengov.com/oaklandca/published/fw9ZPf3nM>

External Grants and Their Funding

Alameda County Winter Relief Grant in Fund 2160

Alameda County's Housing and Community Development (AC-HCD) Department provides annual funding for cold weather winter relief in North County in partnership with the cities of Oakland, Berkeley, Emeryville and Albany, and in South County in partnership with the City of Fremont through a contract with Abode Services.

For more information about this particular grant, please refer to this page:

<https://www.acgov.org/cda/hcd/homeless/shelters.htm>

Continuum of Care Program (CoC) in Fund 2103

The HUD Continuum of Care (CoC) program provides grant fund for temporary and permanent housing programs serving individuals and families experiencing homelessness. Since 1994, the City of Oakland has annually received new and renewal grant awards under the HUD CoC competitive Notice of Funding Opportunity (NOFO) process. Current HUD CoC grants include:

- Housing Fast Support Network (HFSN)
- Matilda Cleveland Families in Transition Housing Program (MCFIT)
- Oakland Homeless Youth Housing Collaboration (OHYHC)
- North County Homeless Family Rapid Rehousing Collaborative (NCFRRHC)
- North County Homeless Youth Rapid Rehousing Collaborative (NCYRRHC)

These five HUD CoC programs provide housing and supportive services to homeless singles, families, and Transition Aged Youth (TAY) ages 18-24, to assist them in reaching self-sufficiency and obtaining stable housing.

HUD CoC NOFO funds are awarded through two competitive processes, and the Alameda County Continuum of Care (CoC) is the lead agency that manages both:

1. Local Alameda County Continuum of Care NOFO: When HUD announces the annual NOFO competition, the CoC also opens the local competition. The County-wide local funding competition evaluates projects' contribution to strengthening the overall homelessness system of care across the County through data collection, coordination,

prioritization, and improved client outcomes. Applications are scored by a panel of unconflicted members of the NOFO Committee to determine the County-wide ranking. The scoring rubric is designed to reflect HUD's funding priorities in the national competition, including performance outcomes, grant management, and organizational capacity. Projects are ranked based on their scores and placed in either Tier 1 or Tier 2. Tier 1 projects are prioritized in the Federal HUD CoC funding competition.

2. **Federal HUD CoC Competition:** After the final project list is established, the CoC submits a single Consolidated Application to HUD on behalf of all projects recommended for funding. HUD awards funding based on the collective Consolidated Application for each community.

In addition to the two competitive funding processes described above, all HUD CoC funded programs receive the same level of oversight as all other City homeless programs including monthly invoice/spending review, quarterly data review, and regular monitoring.

Over the past several years HUD has changed its funding priorities within the CoC program. These changes have been reflected in the annual HUD NOFO competitions, and the City has adjusted program models to stay abreast of these new goals. Over the past four funding cycles the City has successfully applied to convert its Transitional Housing programs into a blended Transitional Housing/Rapid Rehousing model (TH/RRH). In addition, the City has successfully consolidated its grants so that two family TH/RRH programs are now a single TH/RRH grant. The City has also successfully consolidated two grants so that the two single adult programs will be a single TH/RRH grant. These consolidations have led to administrative and operational efficiencies.

For more information about these grants, please refer to this page:

<https://www.hudexchange.info/programs/coc/>

Emergency Solutions Grant Program (ESG) in Fund 2103

The U.S. Department of Housing and Urban Development (HUD) administers the federal Emergency Solutions Grant (ESG) Program to provide funds for a variety of activities to address homelessness as authorized under the federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 and State program requirements. The ESG program provides grant funding to (1) engage homeless individuals and families living on the street, (2) rapidly re-house homeless individuals and families, (3) help operate and provide essential services in emergency shelters for homeless individuals and families, and (4) prevent individuals and families from becoming homeless. The State of California administers this grant through its Department Housing & Community Development (HCD) and distributes federal Emergency Solutions Grant funds to eligible subrecipients with one- or two-year grants.

For more information about this particular grant, please refer to this page:

<https://www.hcd.ca.gov/grants-and-funding/programs-active/emergency-solutions-grants>

Homeless Housing, Assistance and Prevention (HHAP) in Fund 2159

Started in 2020, HHAP is a block grant program offered by the State of California to assist local governments in their response to the statewide homelessness crisis. The current round of

funding, HHAP 3 Fund, is distributing \$1 billion to participating localities. These funds are a continuation of previous one-time funding from the state, including Homeless Emergency Assistance Program (HEAP) and HHAP allocations 1 and 2. The funds are designed to support local jurisdictions to continue building upon what has been developed through previous rounds of State funding and to use for similar purposes. On December 21, 2021, the City Council adopted Resolution No. 88949 C.M.S., which authorized the City Administrator to accept and appropriate HHAP 2 (\$9,311,568) and HHAP 3 (\$24,066,822.52) funds for the provision of emergency homeless interventions. HHAP funds are administered at the state level by the California Interagency Council on Homelessness (Cal ICH).

For more information about this particular grant, please refer to this page:

https://bcsh.ca.gov/calich/hhap_program.html

Housing Opportunities for Persons with HIV/AIDS (HOPWA) in Fund 2159

The Federal "Housing Opportunities for Persons with HIV/AIDS" (HOPWA) Program is designed to increase affordable housing opportunities and stabilize the housing situations of people living with HIV/AIDS. Funds from the U.S. Department of Housing and Urban Development (HUD) are made available to local governments to provide grant and loan programs to assist low income residents with HIV/AIDS. The City of Oakland contracts with the Community Development Agency/Housing and Community Development Department (HCD) to administer the HOPWA Program and spend HOPWA funds in Alameda County. HCD has administered this program since 1993.

For more information about this particular grant, please refer to this page:

<https://www.hudexchange.info/programs/hopwa/>

Oakland PATH Rehousing Initiative (OPRI) in Fund 2103

The Oakland PATH Rehousing Initiative (OPRI) is a sponsor-based rental assistance program designed to provide housing placement and ongoing subsidies and supportive services to people living on the street or in emergency shelters, and people exiting foster care or the criminal justice system. Developed as a partnership between the Oakland Housing Authority, the City of Oakland, Alameda County, and multiple non-profit agencies in 2010, OPRI connects some of Oakland's most vulnerable and at-risk households to housing and the services needed to increase housing stability and self-sufficiency.

For more information about this particular grant, please refer to this page:

<http://www2.oaklandnet.com/oakca1/groups/dhs/documents/image/oak041459.pdf>

Project HomeKey in Fund 2159

Building on the success of Project Roomkey in March 2020, the State of California established Project HomeKey. Homekey is a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, inherently impacted by COVID-19 and other communicable diseases. The California Department of Housing and Community Development (CA-HCD) administers it, and CA-HCD has made 2 rounds of funding available to local public entities, including cities, counties, or

other local public entities, such as housing authorities or Tribal Entities within California. Project Homekey is an opportunity for state, regional, and local public entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for people experiencing homelessness or who are at risk of homelessness. The City of Oakland has successfully drawn down funding from the State in each round of Project Homekey.

For more information about this grant, please refer to these pages:

<https://www.hcd.ca.gov/grants-and-funding/homekey>

<https://www.cdss.ca.gov/inforesources/cdss-programs/housing-programs/project-roomkey>

Appendix B: HCD Major Funding Sources Table for Homelessness

HCD Unit	Grant Title	Total Amount	\$ Homeless-Specific	% Homeless-Specific	Narrative
CDE	CDBG (Community Development Block Grant)	7,750,367	1,413,177	18%	Includes allocations support Oakland PATH (Permanent Access to Housing) program and staff costs, Hunger program activities, operation of Crossroads shelter, youth shelters, and transitional housing for women with children. (Reso 88709) This does not include one-time funding for HRMSC (Human Resources Management System) Rehab \$350,000 reprogrammed funds. 81% of CDBG allocations for homelessness are awarded to Oakland Human Services Division and are subject to public service and administration budget caps under CDBG.
CDE	CDBG-CV (Community Development Block Grant - COVID Related)	8,245,435	8,245,435	100%	CDBG-CV (COVID-Related) is one-time finding utilized in support of the City's ERAP (Emergency Rental Assistance Program) to provide services that prevent homelessness through housing stability services, housing related legal assistance, outreach and ERAP tenant application assistance. CDBG-CV and HOME-ARP are also awarded by HUD CPD as one-time funding under the CARES Act (CDBG-CV) and the American Rescue Plan (HOME ARP).

HDS	HOME-ARP (American Rescue Plan)	11,325,941	11,325,941	100%	HOME ARP funds will be utilized to serve HOME ARP qualifying populations including homeless, at risk of homelessness, victims of domestic violence/sexual assault/human trafficking, other families requiring housing assistance to prevent homelessness & those at greatest risk of housing instability. HOME ARP will support development of 75 units of deeply affordable housing for qualifying populations and/or for operating subsidies for Homekey homeless units.
HDS	AHTF (Affordable Housing Trust Fund)(1870), ERB (Excess Redevelopme nt Bonds)(5611 & 5612), LMIAF (Low- Moderate Income Asset Fund)(2830)	17,396,203	17,396,203	100%	2022-23 Homekey: 100% of HDS sources used on Homekey or other homeless housing acquisitions are dedicated to people experiencing homelessness (referred through Coordinated Entry). RFP responses due 11/18/22. Excludes HOME-ARP from above, and excludes State Homekey grant funds.
HDS	AHTF (1870), LMIAF (2830), LHTF (Local Housing Trust Fund), HODAG (Housing Development Grant)	31,061,000	9,318,300	30%	2022 New Construction NOFA (Notice of Funding Availability) (~30% for homeless), excludes HOME-ARP from above. LHTF is competitively granted by the State.
HDS	PLHA (Permanent Local Housing Allocation)(21 44)	9,464,475	9,464,475	100%	SB2 allocation to Oakland that is dedicated to homeless unit/ELI operating subsidy.
Grand Total		85,243,421	57,163,531	67%	