



AGENDA REPORT

TO: G. Harold Duffey
Interim City Administrator

FROM: Christina Mun
Interim Director, HCDD

SUBJECT: Emergency Health & Safety Program
Modifications / Coliseum Connections
Emergency Funding

DATE: February 6, 2023

City Administrator Approval

Date:

Feb 9, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution (1) Amending Resolution Nos. 86126 C.M.S., And 86366 C.M.S., Which Authorized An Affordable Housing Multifamily Emergency Repair Program, To Allocate An Additional \$750,000 From The Affordable Housing Trust Fund Former Redevelopment Funds To The Program, And Waiving Requirements For And Provisions Of The City's Local And Small Local Business Enterprise (L/SLBE) Program, Local Employment Program, And Oakland Apprenticeship Program When Affordable Housing Units Are Uninhabitable And The Urgency Of These Repairs Makes Compliance With These Requirements Infeasible; (2) Authorizing An Additional Emergency Repair Loan From Coliseum Redevelopment Bond Funds In The Amount Of \$300,000 For Emergency Repairs And Associated Costs With Emergency Flooding To The Coliseum Connections Project Located At 801 71st Avenue; And (3) Making California Environmental Quality Act Exemption Findings

EXECUTIVE SUMMARY

The actions recommended in this staff report would make additional funding available to a small over-the-counter Emergency Repair Program (also known as the Emergency Health & Safety Program) for existing restricted affordable housing projects to add additional funding to the program and waive the City's Local Employment, Apprenticeship and Small Business Enterprise Programs ("Local Employment and Contracting Programs") under emergency circumstances where tenants are unable to occupy their units unless emergency repairs are made.

In addition, the actions include a recommendation to provide additional assistance in the amount of \$300,000 from Coliseum Area Bond Proceeds to the Coliseum Connections project, located at 801 71st Avenue, to expedite and bolster funding sources available to the property owner in order to bring the 110 unit mixed affordable/market rate development back online safely and as expeditiously as possible, or assist residents of the affordable housing units in finding alternative housing elsewhere, and covering associated relocation costs.

City Council
February 21, 2023

REASON FOR URGENCY

On December 31, 2022, tenants at the Coliseum Connections Development were displaced after the basement parking garage level of the building during severe weather storms that impacted much of California in late January and early February. Electrical service to the building was interrupted, and all 110 households living in the half market-rate, half affordable housing property, have been displaced and living in hotel rooms since that date.

As additional investigation into the extent of damage to the building's electrical system wrapped up, it has become clear that the building is in need of extensive repair work, and the available electrician for the work is not an Oakland firm, necessitating a waiver of the Local Employment and Contracting Programs.

The Health & Safety Repair Program funding will need to be replenished after these funds are drawn for Coliseum Connections, as there is at least one other affordable housing development known to have had storm related impacts to unit habitability, though not to the extent of the Coliseum Connections project.

BACKGROUND / LEGISLATIVE HISTORY

Health & Safety Rehabilitation Program

The City of Oakland Housing and Community Development Department (HCDD) has a loan portfolio of over 130 affordable housing developments. Staff monitors properties to verify compliance with regulatory agreements, and to ensure that the properties remain safe and financially sustainable. There are older properties in the portfolio with limited cash flow and reserves. These properties face challenges in obtaining financing to address repair concerns; therefore, they often need additional City assistance to continue to provide safe and affordable housing to conduct building repairs that might jeopardize building occupancy (e.g. boiler replacement or elevator repair). Newer projects in the City's portfolio are required to make annual deposits into reserve funds, and are generally better positioned to address repair concerns as they arise.

In recognition of the need for occasional emergency repairs needing rapid attention, City Council authorized the establishment of an over-the-counter Health & Safety Rehabilitation Program in 2016, pursuant to City Council Resolution Nos. [86126 C.M.S.](#), and [86366 C.M.S.](#), adopted on April 19, 2016 and September 20, 2016, respectively, with an influx of \$600,000. As of the writing of this report, the program balance is \$300,000, and it is anticipated that the entirety of this funding will be utilized to help bring Coliseum Connections back into suitable condition for occupancy.

Coliseum Connections Project

The project is located at 801-844 71st Avenue (at Snell Street) near the Coliseum BART station. After completion in 2019 with substantial support from the City's Economic and Workforce Development Department (EWDD), rents for 55 of the 110 housing units are restricted to

provide housing affordable to households at or below 50- 60% of area median income, while the remainder are market rate units. The project developer is Coliseum Transit Village One, LP, a limited partnership between Pacific Housing, Inc. and UrbanCore Development, LLC. HCDD staff are responsible for monitoring the project's restricted affordable housing units.

On January 5, 2016, City Council adopted [Resolution No. 85931 C.M.S.](#), which authorized the City to enter into an Owner Participation Agreement and committed \$12,000,000 to the development of the project. (The \$12,000,000 was comprised of a State Proposition IC \$8.4M grant as noted below, with the balance coming from redevelopment taxable bonds.)

On April 5, 2016, the City Council adopted [Resolution No. 86094 C.M.S.](#) authorizing the application for, acceptance of, and appropriation of up to \$160 million in grant funds from the California Strategic Growth Council (SGC) and the State of California's Housing and Community Development Department (CA HCD) under the 2015-2016 AHSC Program for various affordable housing projects, including Coliseum Connections. Resolutions correcting the funding amounts were adopted on June 7, 2016, and July 7, 2016.

Urban Core and the City were co-applicants for AHSC funds to support the development of Coliseum Connections.

The project included related public improvements that were implemented by the City's Department of Transportation, AC Transit, and BART in conjunction with the State funding awards. Additionally, the AHSC award included program funds that were to provide transit passes for a period of three years to the residents of the housing development.

This development received a funding award for the AHSC 2016-17 program year on November 21, 2016. The City and Urban Core were awarded an aggregate amount of \$14,844,762 in AHSC funds consisting of (1) \$5,223,012 in an AHSC Housing Loan that CA HCD will disburse to the developer for the construction of the project; and (2) \$9,621,750 in AHSC Program Grant funds that CA HCD will disburse to the City. The AHSC Program Grant is comprised of four separate grants: (1) a \$4,675,000 grant for Housing-Related Infrastructure (the "HRI Grant"), (2) a \$27,225 Program Grant (the "PGM Grant"), (3) a \$4,421,325 Sustainable Transportation Infrastructure Grant (the "STI Grant"), and (4) a \$498,200 Transportation Related Amenities Grant (the "TRA Grant").

On June 20, 2017 and April 17, 2018, City Council authorized by Resolution Nos. [86798 C.M.S.](#) and [87134 C.M.S.](#) that the City accept the HRI Grant in the amount of \$4,675,000 and provide a no-interest "mirror loan" or pass-through loan to the development partnership in the same amount to fund the housing-related infrastructure portion of the project costs, designated for infrastructure improvements required by the City's Planning and Building Department as a condition of approval of the project.

ANALYSIS AND POLICY ALTERNATIVES

Since the property was flooded on December 31, 2022, residents have been temporarily housed in hotel rooms, at an approximate cost of just under \$21,000 per day. HCDD staff have coordinated with tenants and the property owner on temporary relocation assistance per the

City's Code Enforcement Relocation Program, as well as with internal departments such as EWDD and the Bureau of Planning and Building, on building conditions. HCDD and EWD staff also convened meetings with representatives from Bay Area Rapid Transit (BART), which owns the land the development is located on, and Alameda County, another lender on the project.

Although the exact cause of the flooding is still being investigated, what is clear is that substantial electrical systems work (estimated at approximately \$1.25 million) will be required to return the building to a habitable state, and temporary relocation expenses and lost rent through the end of March 2023 may total another \$1.8 million.

A proposed sources and uses budget from UrbanCore is included as **Attachment A**. The project's operating and replacement reserves are not sufficient to cover repairs, and it is not yet clear what insurance may or may not cover.

The City's Emergency Health and Safety Rehabilitation Program has a balance of remaining \$300,000, and since other properties may also be facing emergency repair impacts, HCDD staff is proposing to utilize \$750,000 in former redevelopment agency boomerang funding set aside for affordable housing to provide additional funds to the program, boosting program funding to \$1,050,000.

It is expected that the Health and Safety program funding may cover up to approximately \$750,000 in temporary relocation costs, including a relocation consultant, and/or soft and hard costs for the repairs at Coliseum Connections, leaving a balance of approximately \$300,000 to cover loans to other properties that may need to utilize the program for emergency repairs. The relocation consultant would also be tasked with ensuring that relocation costs be covered in compliance with Federal Emergency Management Agency (FEMA) protocols, in the event that FEMA funding can be made available to the project. Tenants in the affordable units will also be able to work with a relocation consultant.

In addition, EWDD is proposing providing an additional \$300,000 towards capital repairs.

The City funds will only be expended to the extent that other sources are not able to cover them and will be added to the existing loan balance for the project, bringing the City's potential funding commitment to bring Coliseum Connections online to approximately \$1,050,000.

In addition, per the program guidelines, awards over \$50,000 currently trigger compliance with the City's Local Employment and Local and Small Local Business Enterprise program which would typically require a 50% small/local business contracting requirement, and 50% local hire requirement.

Enlisting a contractor willing to perform the work on short notice was extraordinarily difficult, and the selected contractor, Alan Electric, is not a local/small local business.

Due to the urgency of the work, and the need to urgently mobilize to ensure that Coliseum Connections, already facing massive disruptions to their lives, are able to return to their units as soon as possible, staff is proposing that Council waive local hire and contracting requirements for the Health and Safety Rehabilitation Program for this loan, as well as future program loans under conditions in which units are rendered uninhabitable, and compliance with the programs

is determined to be infeasible. Even under these conditions, borrowers will be encouraged to subcontract to local and/or union contractors/subcontractors and hire local residents wherever possible.

FISCAL IMPACT

The City's Emergency Health and Safety Rehabilitation Program has a current remaining balance of \$300,000, held in the Low and Moderate Income Housing Asset Fund (2830) Housing Development Project, Housing Development Organization (89929), Housing Development Project (1000388).

The actions recommended in this report would add \$750,000 to bring program funding to \$1,050,000. The additional \$750,000 in funding would be made available from the Former Redevelopment Funds portion of the Affordable Housing Trust Fund (1870), Housing Development Organization (89929), Loan Expenditures: Non-Grant Account (58312), HTF Housing Dev Project (1000386), Housing Development Program (SC14). The funding was originally intended to fund units under the Acquisition and Conversion to Affordable Housing Notice of Funding Availability (ACAH NOFA) due to close on February 17, 2023. This will result in funding approximately 3-5 fewer ACAH NOFA units this round; however, it is probable that the upcoming bond spending plan that will come to Council later this spring for Bond Measure U could reimburse these lost funds.

In addition, \$300,000 in funding from EWDD's Coliseum: TA Bonds Series 2006B-T Fund (5656), CIP Coliseum Organization (94859), and Coliseum Specific Plan Project (1000165) will be made available to supplement HCDD's Health & Safety Repair program funds for Coliseum Connections.

PUBLIC OUTREACH / INTEREST

In response to the emergency flooding situation at Coliseum Connections, HCD's Housing Resource Center has worked extensively with the property owner and displaced residents at the building to ensure that residents received temporary housing, as well as \$500 payments for immediate assistance under the City's Code Enforcement Relocation Program. Under the program, the property owner is responsible for payments. In addition, HCD staff also reached out to affordable housing property owners to determine whether residents might, at their option, be housed at other properties in Oakland using the preference for displaced residents, as well as other cities in Alameda County. However, available vacancies are very low, so this is not a significant source of housing options for Coliseum Connections tenants.

In addition, HCD and EWD staff coordination with BART, as well as the Alameda County Board of Supervisors and County Housing & Community Development Department staff to coordinate response to the property owner regarding lender requirements and resources. Finally, HCD staff coordinated communications with the Oakland Housing Authority regarding displaced tenant voucher holders (seven of the households are impacted).

COORDINATION

City HCD and EWD staff have coordinated extensively with the City Administrator's Office, Building and Planning Department, Department of Workplace and Employment Standards, Oakland Fire Department and the City Administrator and City Attorney's Office on this report, and coordination of temporary relocation assistance, status of repairs needed, and potential funding for capital repairs and associated soft costs, tenant assistance and potentially relocation assistance services.

SUSTAINABLE OPPORTUNITIES

Economic: Returning residents to Coliseum Connections as soon as possible will reduce costs associated with displacement of residents and provide them with stability in their daily lives once more. In addition, funding will still be available in the Health and Safety Rehabilitation Program to cover emergency repair costs at other restricted affordable housing developments.

Environmental: Returning the Coliseum Connections building to working order will allow residents to once again live in their transit-rich homes and return the homes to healthy living condition.

Race & Equity: A formal analysis was not performed by the Department of Race and Equity, but HCDD staff have identified a number of race and equity impacts. The 2022 Point-in-Time count (PIT count) shows that Oakland has the highest concentration of people experiencing homelessness in Alameda County. The 2022 PIT count also showed that homelessness in Oakland has increased over 24% from 2019. The PIT count also shows that Homelessness continues to be experienced disproportionately by Black households.

Anecdotally, many of the residents displaced at Coliseum Connections, as well as live in affordable housing, are Black, Indigenous and People of Color (BIPOC), many of whom had finally found affordable housing opportunities there, and it is staff's desire to prevent their lives from being further disrupted.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

This action complies with CEQA because the Project is exempt from CEQA pursuant to Section 15301 (minor alterations to existing facilities) and Section 15302 (replacement or reconstruction of existing structures) of the CEQA Guidelines.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council:

Staff Recommends That The City Council Adopt A Resolution (1) Amending Resolution Nos. 86126 C.M.S., And 86366 C.M.S., Which Authorized An Affordable Housing Multifamily Emergency Repair Program, To Allocate An Additional \$750,000 From The Affordable Housing Trust Fund Former Redevelopment Funds To The Program And Waiving Requirements For And Provisions Of The City's Local And Small Local Business Enterprise (L/SLBE) Program, Local Employment Program, And Oakland Apprenticeship Program, When Affordable Housing Units Are Uninhabitable And The Urgency Of These Repairs Makes Compliance With These Requirements Infeasible; (2) Authorizing An Additional Emergency Repair Loan From Coliseum Redevelopment Bond Funds In The Amount Of \$300,000 For Emergency Repairs And Associated Costs With Emergency Flooding To The Coliseum Connections Project Located At 801 71st Avenue; And (3) Making California Environmental Quality Act Exemption Findings.

For questions regarding this report, please contact Christia Katz Mulvey, Housing Development Services Manager, at (510) 332-4461.

Respectfully submitted,



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Attachments (1):

A. Coliseum Connections Emergency Repairs – Proposed Sources and Uses

