



AGENDA REPORT

TO: G. Harold Duffy
Interim City Administrator

FROM: Christina Mun
Interim Director, Housing
and Community
Development

SUBJECT: Emergency Funding for Coliseum
Connections Tenant Shelter

DATE: February 9, 2023

City Administrator Approval

Date: Feb 10, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1) Authorizing The City Administrator To Expend Up To Two Million Dollars (\$2,000,000) To Provide Emergency Non-Congregate Shelter For Displaced Residents Of The Coliseum Connections Project, And**
- 2) Authorizing The City Administrator To Apply For Reimbursement Of Expenses Under The Federal Emergency Management Agency's (FEMA) Public Assistance Program, And**
- 3) Appropriating Up To One Hundred Twenty Five Thousand Dollars (\$125,000) To Constitute The Required Local Match To FEMA's Reimbursement And Up To Twenty Five Thousand Dollars (\$25,000) For Reimbursement Claiming Expenses; And**
- 4) Authorizing The City Administrator To Enter Into An Agreement Of Not More Than Twenty Five Thousand Dollars (\$25,000) With MGT To Provide Services Related To The Claiming Of FEMA Reimbursements; And**
- 5) Authorizing The City Administrator To Enter Into Agreements To Secure Lodging For Displaced Tenants Of The Coliseum Connections Project For The Time Period Between February 13, 2023 And April 30, 2023, Without Returning To Council and Waiving The Competitive Process, Including The Local and Small Local Business Enterprise Program Requirements**

EXECUTIVE SUMMARY

On December 31, 2022, residents of the Coliseum Connections housing development were displaced by flood damage from the historic winter storm. Tenants were subsequently relocated to area hotels, and as of February 8th, 2023, 102 households remain in these lodgings. Approximately half of these displaced households are low-income. Repairs to the Coliseum Connections building are expected to last until at least March 30, 2023 and possibly into April 2023, but the private funding that has been paying for hotel expenses since the initial relocation will expire after Monday, February 13, 2023. To prevent the 102 displaced households from

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becoming homeless the following day, this resolution would authorize the City Administrator to spend up to two million dollars to pay for hotel costs for the displaced Coliseum Connections tenants between February 13 to April 30, 2023.

This proposed resolution would also authorize the City Administrator to seek reimbursement of eligible expenses under the Federal Emergency Management Agency's (FEMA) Public Assistance program. A component of this FEMA program is "Non-Congregate Shelter," which stipulates that when there is no viable shelter alternative, cities can be partially reimbursed for the cost of providing hotel rooms to those displaced by the disaster. Specifically, the City of Oakland (City) expects FEMA to reimburse for 100% of the cost of providing hotel rooms until February 25th. The City also expects the State of California and FEMA to cumulatively reimburse the City for 93.75% of the cost of providing hotel rooms after that date. The projected local match of 6.25% would therefore sum to approximately \$125,000. This proposed resolution appropriates that local match from Oakland's Community Development Block Grant (CDBG) allocation.

BACKGROUND / LEGISLATIVE HISTORY

The Coliseum Connections housing development is a 110-unit project divided equally between market-rate and low-income housing units (plus two manager units). The City provided \$12,000,000 in capital subsidy to support the development of the affordable portion of the project in 2016, and the City also successfully co-applied with the project for \$14,844,762 in funding from the State of California's Affordable Housing and Sustainable Communities program in 2016. On December 31, 2022, heavy rainfall caused flooding in the underground areas of the building. This flooding ultimately inflicted severe damage on the building's electrical panel, causing power outages and ultimately requiring an evacuation of residents the following day. As a result of this damage and other storm-related damage across Oakland, the City Administrator proclaimed a Local State of Emergency on January 4, 2023¹. The owner currently projects the necessary repairs to be complete no sooner than March 30, 2023, and possibly longer depending on supply chain issues for equipment. While in most cases, insurance would be the first resource for financial coverage of property damage and relocation needs, the owner has asserted that the flood insurance coverage that was required through the project's lease with BART was not in place, and therefore the damage from the flooding is unlikely to be covered by insurance.

Tenants of the 108 occupied housing units were subsequently offered the opportunity to relocate to area hotels. As of February 8, 102 displaced households are currently residing in seven hotels. The property management estimates that approximately two-thirds of these households contain children. The developer and owner, UrbanCore Development, and the property management company, FPI Management, has initially paid for these hotel expenses. However, the developer recently informed the City that they will be unable to pay for these hotels after Monday, February 13. Without the City stepping in to cover the cost of ongoing hotel expenses, the families in these hotel rooms are at-risk of becoming homeless the following day. The estimated cost of providing hotel lodging to the displaced households is approximately \$150,000 per week, which is at a below-market rate negotiated by the building owner. There is an effort underway to negotiate further reductions in rates with hotels.

¹ <https://cao-94612.s3.amazonaws.com/documents/Proclamation-of-Local-Emergency-Due-to-Storms-January-2023.pdf>

In the immediate aftermath of the storm, it was unclear to the City and residents how long the repairs would take, with the hope that once the flooded garage was pumped out that tenants would be able to return within a week or two. We now understand that the repairs will take several more weeks into March or even April 2023, which means that tenants will likely be displaced for three or more months since the building closure. Under the City's Code Compliance Relocation Ordinance² the City provided to the property management and tenants of Coliseum Connection Apartments, the requirements as governed by Oakland Municipal Code (OMC) 15.60 for temporary and permanent relocation, including the required payment of \$500 to eligible tenant households as required under OMC 15.60.110 (B). Upon FPI Management informing the City of their inability to cover the \$500 payment to the approximate 107 tenant households, the City at its discretion released an online application of "Immediate Vacation Benefit", enabling tenants to apply for the \$500 Immediate Vacation Benefit due from the property owner. City funds to cover this expense were identified, to be later reimbursed to the City by Coliseum Connection Apartments ownership through FPI Management. As of February 9, 2023, the City has received 104 responses to the online application and are processing the payment daily, and verifying the applications verified by the Coliseum Connection Apartments rent roll.

While FPI Management has covered the hotel costs to date for most displaced tenants, the City has found the owner to be out of compliance with OMC 15.60. Pursuant to OMC 15.60.110 (B) monetary relocation payment (s) are due to the eligible tenant households for actual and reasonable moving expense and temporary relocation expense.

Due to the severe nature of the New Year's Storm, Alameda County is currently subject to a Federal Major Disaster Declaration (Declaration 4683). As a result, FEMA is making financial assistance available to individuals through its Individual Assistance Program and to governments through its Public Assistance Program. One of the components of the Public Assistance Program is the Non-Congregate Shelter Program. The Non-Congregate Shelter Program pays for part or all of the expense to provide hotels and other non-congregate housing to households displaced by the federal disaster, if no other shelter options are available.

To access the Non-Congregate Shelter Program, the City must send a statement of intent to FEMA within five days of when it begins paying for the hotel rooms. The City does not need FEMA approval before accruing eligible expenses. However, every 30 days the Non-Congregate Shelter program continues, the City must seek FEMA approval for an extension. The Non-Congregate Shelter Program will reimburse 100% of eligible expenses accrued within 60 days of the beginning of the federally declared disaster. FEMA is therefore expected to reimburse 100% of City expenses for hotel lodging until February 25th. After that date, FEMA and the State of California are expected to jointly fund 93.75% of eligible expenses for the duration of the need so long as that need does not exceed six months. The City would be responsible for providing the 6.25% local match.

ANALYSIS AND POLICY ALTERNATIVES

Providing hotel assistance to displaced residents from Coliseum Connections advances the City's objectives of housing, economic, and cultural security by preventing these residents from

² <https://www.oaklandca.gov/resources/code-compliance-relocation-program>

losing their interim housing and risking homelessness. Staff recommends the FEMA Non-Congregate Shelter approach to providing temporary housing for the displaced residents as it is the most effective approach to meet residents' housing needs. As described below, some residents may also elect to pursue permanent relocation under FEMA's Individual Assistance program, however, FEMA and CalOES guidance suggest this alternative federal program would be unable to meet the needs of most of the Coliseum Connections residents as the payment standards are tied to fair market rents rather than actual costs of short-term rentals or hotels.

For reference, the Individual Assistance Program will offer eligible Coliseum Connections residents one month of rent at the federally-determined Fair Market Rent and will pay for an additional month of rent for each additional month that the tenant's original unit is uninhabitable. The Individual Assistance Program should also provide financial assistance to tenants who lost their car when the Coliseum Connections garage flooded. While some tenants may elect to use the Individual Assistance Program to subsidize a permanent relocation to other housing, staff concluded that it would be infeasible to identify over 100 furnished apartments available for immediate use with a lease of two to three months. As half of the tenants in Coliseum Connections were paying below-market rents, it may also be challenging for them to identify a market-rate unit to permanently relocate rather than wait for the repairs. According to the owner, approximately a third of the tenants in Coliseum Connections, both market rate and affordable, have not been paying rent in recent months, which may become a barrier to finding alternative apartments on the open market. As an alternative, staff from the City's Department of Housing and Community Development requested that City-funded affordable housing projects identify if they had vacant units available to receive Coliseum Connections tenants, especially those that have a Code Compliance Relocatee preference under the City's preference policies. Unfortunately, this outreach only identified approximately ten units due to extremely low vacancy rates in the City's affordable housing portfolio, and this information has been shared with FPI management to share with interested low-income tenants.

To satisfy the requirements of FEMA's Non-Congregate Shelter Program, staff also conducted an analysis of whether it would be feasible to relocate the Coliseum Connections tenants to a congregate shelter. After consulting with Alameda County staff, City staff concluded that capacity within the shelter system would be inadequate to accommodate the Coliseum Connections tenants. Furthermore, staff concluded that a congregate shelter would be unable to meet the needs of the roughly two-thirds of families with children.

Having exhausted all reasonable alternatives, the City should therefore be eligible to access funding through FEMA's Non-Congregate Shelter Program. This conclusion was reached after deliberations with the California Office of Emergency Services (CalOES), who in turn deliberated with FEMA staff. Although FEMA never guarantees reimbursement, CalOES staff did not have any concerns regarding a decision by the City to claim eligibility for the Non-Congregate Shelter Program.

This resolution would therefore authorize the City Administrator to spend up to \$2 million on hotel expenses for displaced tenants starting February 13 through the repair and re-opening of Coliseum Connections, but in no case extending beyond April 2023. If construction to repair Coliseum Connections is delayed beyond March 30th, staff will need to return to Council to seek authorization to continue to participate in the Non-Congregate Shelter Program or will need to identify an outside funding source to cover the continuing hotel expenses.

As the City will be responsible for a 6.25% local match requirement for hotel expenses after February 25, this resolution also authorizes a \$125,000 appropriation from the General Fund to offset the non-reimbursable portion of the expenditure. This resolution authorizes an additional \$25,000 expense for consultant services to assist in the FEMA reimbursement process. MGT was previously contracted to assist the City in its claims for FEMA-reimbursable expenses associated with the Lake Merritt Lodge site, and MGT would therefore be a useful resource as staff ensure the City is fully reimbursed for all eligible expenses.

In this resolution, staff also seek permission to waive the City's requirements for competitive bidding and Small/Local Business Enterprise participation. The intent of these waivers is to allow the tenants to remain in their current hotels and avoid further disruption after a traumatic experience of displacement. However, this resolution does not require the City to continue to use the same hotels for the duration of the Coliseum Connection repairs. Staff have not yet determined if it would be feasible to offer displaced tenants the option to relocate to a different hotel if their existing placement is distant from their jobs, education, and/or child care.

Staff anticipates also returning to Council on February 21st with more information on plans to assist tenants seeking permanent relocation. Staff are exploring options to provide increased relocation assistance and/or relocation counseling to aid permanent relocation efforts.

FISCAL IMPACT

This proposed resolution would authorize the expenditure of \$2 million on hotel rooms or other non-congregate lodging, of which approximately \$1.875 million should be reimbursable by FEMA. This resolution authorizes a \$150,000 appropriation from CDBG (Fund 2108) to cover the non-reimbursed portion and the \$25,000 estimated cost of reimbursement support services by MGT. By diverting these Community Development Block Grant funds to the City match, the City will have reduced funding available for the repair and rehabilitation of single-family homes through the Department of Housing & Community Development's home rehabilitation programs. The funding would be appropriated to the Oakland Department of Housing & Community Department, Fund and Project Code To Be Determined.

PUBLIC OUTREACH / INTEREST

Ongoing outreach has been conducted largely through the HCD Community Development & Engagement unit who has been directly working with residents to provide the \$500 Code Compliance Relocation payments that were due but not paid by the owner. Significant outreach has also been conducted by Councilmembers Reid and Jenkins, who partnered together as the district lines shifted during this emergency – their offices have also advocated for FEMA and State resources in light of the urgency of need for Coliseum Connections residents. No specific outreach on this item was conducted beyond emergency Council notification procedures due to the urgent need to prevent the Coliseum Connections tenants from becoming at-risk of homeless on February 13. Coliseum Connections tenants have also been informed on how to find more information and sign up for FEMA's Individual Assistance at the Alameda County disaster recovery centers that open February 10, 2023.

COORDINATION

This item was reviewed by the Office of the City Attorney and Budget Bureau. Staff consulted with the California Office of Emergency Services, the Alameda County Social Services Agency, and the City's Human Services and Fire Departments during the preparation of this item.

SUSTAINABLE OPPORTUNITIES

Economic: By leveraging FEMA funding, this item would enable the displaced Coliseum Connections tenants to avoid severe financial hardship or become at-risk of homelessness due to the otherwise impending loss of funded hotel rooms.

Environmental: This item has no significant environmental impacts.

Race and Equity: Approximately two-thirds of the displaced Coliseum Connections tenants are families with children, and half of the households are low-income. These low-income households would face a disproportionately difficult challenge in securing alternate housing on the market if they lose access to temporary shelter in hotels. Failing to provide an interim housing solution for Coliseum Connections tenants would likely require meeting their needs through the County's homelessness system, which already is unable to serve the needs of people experiencing literal homelessness and reflects the racial disparities of the housing market. The hope is that this action will enable low-income residents to remain housed until their permanently affordable unit can be accessed again, should they choose to return.

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact Caleb Smith, Program Analyst III, at (510) 590-6275.

Respectfully submitted,



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