



AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: Emily Weinstein
Interim Director, Housing
and Community
Development

SUBJECT: Extended Funding for Coliseum
Connections Tenant Shelter

DATE: April 12, 2023

City Administrator Approval

Date: Apr 14, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1) AMENDING RESOLUTION 89591 C.M.S., WHICH AUTHORIZED THE CITY ADMINISTRATOR TO RECEIVE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) REIMBURSEMENT AND SECURE EMERGENCY NON-CONGREGATE SHELTER FOR DISPLACED RESIDENTS OF THE COLISEUM CONNECTIONS PROJECT, TO (1) INCREASE THE EXPENDITURE AUTHORITY FROM TWO MILLION DOLLARS (\$2,000,000) TO FOUR MILLION DOLLARS (\$4,000,000), (2) EXTEND THE AUTHORITY TO CONTRACT FOR LODGING THROUGH JULY 31, 2023, OR THE COMPLETION OF REPAIRS, WHICHEVER OCCURS FIRST, AND (3) INCREASE THE ALLOCATION FOR THE REQUIRED FEMA LOCAL MATCH FROM ONE HUNDRED TWENTY FIVE THOUSAND (\$125,000) TO TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000)

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 April 11, 2023, 83 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 June 2023. After private funding for hotel stays become unavailable, the City Council enacted Resolution No. 89591 C.M.S. on February 13, 2023 to prevent the displaced households from becoming homeless the following day. Resolution No. 89591 C.M.S.¹ authorized 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. The Resolution also authorized the City Administrator to seek reimbursement of eligible expenses under the Federal Emergency Management Agency's

¹ <https://oakland.legistar.com/View.ashx?M=F&ID=11681181&GUID=BE824A94-5B37-4B97-9804-280BE950E38E>

(FEMA) "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.

Repairs to Coliseum Connections are ongoing and are expected to be completed no sooner than June 2023. This is longer than the originally anticipated construction timeline and therefore requires an increase in both expenditure authority and local match to prevent an interruption in shelter for Coliseum Connections residents, as well as authority to extend the contract term for resident lodging. The cumulative City hotel expenses from February 13 to July 31, 2023 are projected to exceed no more than \$4 million. 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 remaining local match of 6.25% would therefore sum to approximately \$250,000. This proposed resolution appropriates that local match from the City's Community Development Block Grant (CDBG) allocation. This proposed resolution appropriates that local match from the City's Community Development Block Grant (CDBG) allocation from available funds from the City's Earthquake Safe Homes Program.

BACKGROUND / LEGISLATIVE HISTORY

The Coliseum Connections housing development (805 71st Ave, Oakland, CA 94621) 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, 2023². The owner currently projects the necessary repairs to be complete no sooner than June, 2023. While in most cases, insurance would be the first resource for financial coverage of property damage and relocation needs, the owner did not have BART-required flood insurance and has been able to recoup only limited resources from other insurance coverage.

Tenants of the 108 occupied housing units were subsequently offered the opportunity to relocate to area hotels. As of April 11, 97 displaced households are currently residing in eight 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, initially paid for these hotel expenses. However, the developer indicated they were unable to pay for these hotels after Monday, February 13. With authority from Resolution No. 89591 C.M.S., the City intervened to ensure the families in these hotel rooms did not become homeless the following day. The estimated cost of providing hotel

² <https://cao-94612.s3.amazonaws.com/documents/Proclamation-of-Local-Emergency-Due-to-Storms-January-2023.pdf>

lodging to the displaced households is approximately \$136,000 per week, which is at a below-market rate negotiated by the building owner and City staff.

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 drained that tenants would be able to return within a week or two. Staff now understands that the repairs will extend into June 2023, which means that the tenants will likely be displaced for six or more months since the closure of the building. Under the City's Code Compliance Relocation Ordinance,³ there are requirements for the property owner to assist with relocation including the required payment of \$500 to eligible tenant households as required under OMC 15.60.110 (C). 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. 96 payments have been made with one additional payment in process. Each application was verified by the Coliseum Connection Apartments rent roll.

The City has found the owner to be out of compliance with OMC 15.60, and formally informed the owner by an electronically delivered letter on March 10th. 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. Pursuant to Resolution No. 89605 C.M.S.,⁴ the City has been voluntarily fronting permanent relocation payments to low-income tenants of Coliseum Connections who seek to relocate to another apartment. Relocating to another apartment is entirely voluntary- all tenants have the option to remain at hotels. The apartment search and relocation process has been assisted by the City's relocation consultants, Overland, Pacific, and Cutler. As of April 11, 2023, 19 low-income households have expressed interest in relocation payments, and 13 low-income households have received a relocation payment and checked out of their hotel. The City has been unable to make permanent relocation payments available to market-rate tenants as the source of funds used to support the low-income tenants, former redevelopment funds, is specifically restricted to serving low-income households.

Due in part 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 authorized 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.

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

³ <https://www.oaklandca.gov/resources/code-compliance-relocation-program>

⁴ <https://oakland.legistar.com/LegislationDetail.aspx?ID=6019282&GUID=0486F535-0831-4D62-8730-9C27D0CEFAB7&Options=ID|Text|&Search=coliseum+connections>

therefore expected to reimburse 100% of City expenses for hotel lodging until February 25. 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 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 Overland, Pacific, and Cutler 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 proposed resolution would therefore authorize the City Administrator to continue to spend up to \$4 million on hotel expenses for the displaced tenants from February 13 through the repair and re-opening of Coliseum Connections, but in no case extending beyond July 31, 2023. If construction to repair Coliseum Connections is delayed beyond July, staff will need to return to Council to seek further 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. However, with a projected completion date in June, the July hotel authorization already serves as a contingency in case of unexpected construction delays.

As the City will be responsible for a 6.25% local match requirement for hotel expenses after February 25, this resolution also authorizes a cumulative \$250,000 allocation from CDBG to offset the non-reimbursable portion of the expenditure. The previous Resolution, 89591 C.M.S., authorized an additional \$25,000 expense for consultant services to assist in the FEMA reimbursement process. The City has retained MGT of America, LLC., to provide this assistance. The cumulative expense of the local match and the consultant contract therefore equals \$275,000.

FISCAL IMPACT

This proposed resolution would authorize the additional expenditure of funds, from \$2 million up to \$4 million on hotel rooms or other non-congregate lodging, of which approximately \$3.75 million should be reimbursable by FEMA. This resolution also authorizes an increase to the local match funding from \$125,000 to a cumulative \$250,000 allocation from CDBG (Fund 2108) to cover the non-reimbursed portion. 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 and seismic programs. The funding would be appropriated to the Oakland Department of Housing & Community Development, 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 the residents at Coliseum Connections 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. Mayor Thao held a town hall meeting with the displaced residents of Coliseum Connections on April 5 to directly hear their concerns.

COORDINATION

This item was reviewed by the Office of the City Attorney and Budget Bureau. Staff consulted

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with the California Office of Emergency Services, the Alameda County Social Services Agency, and the City's Human Services and Fire Departments in the creation of Oakland's Non-Congregate Shelter program.

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

Staff Recommends That City Council Adopt A Resolution:

Amending Resolution 89591 C.M.S., Which Authorized The City Administrator To Receive Federal Emergency Management Agency (FEMA) Reimbursement And Secure Emergency Non-congregate Shelter For Displaced Residents Of The Coliseum Connections Project, To (1) Increase The Expenditure Authority From Two Million Dollars (\$2,000,000) To Four Million Dollars (\$4,000,000), (2) Extend The Authority To Contract For Lodging Through July 31, 2023, Or The Completion Of Repairs, Whichever Occurs First, And (3) Increase The Allocation For The Required FEMA Local Match From One Hundred Twenty Five Thousand (\$125,000) To Two Hundred Fifty Thousand Dollars (\$250,000)

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

Respectfully submitted,


Emily Weinstein (Apr 13, 2023 18:34 PDT)

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