



CITY OF OAKLAND

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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Michele Byrd,
Director of Housing and Community
Development

SUBJECT: Foreclosure Prevention/
Mitigation Grants

DATE: October 17, 2013

City Administrator
Approval

Date

10/23/13

COUNCIL DISTRICT: City-wide

RECOMMENDATION

Staff recommends that the Council adopt the following resolution:

A RESOLUTION 1) AUTHORIZING THE CITY TO ACCEPT GRANT FUNDS FROM THE COUNTY OF ALAMEDA FOR UP TO \$75,000, AND ALLOCATING SUCH FUNDS TO THE HEALTHY HOUSING PILOT PROGRAM TO ADDRESS HOUSING CONDITIONS CONTRIBUTING TO NEGATIVE HEALTH OUTCOMES FOR OAKLAND RESIDENTS, INCLUDING THOSE IMPACTED BY THE FORECLOSURE CRISIS; AND 2) AUTHORIZING A GRANT OF UP TO \$50,000 FROM COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO COMMUNITY HOUSING DEVELOPMENT CORPORATION FOR FORECLOSURE AND HOUSING COUNSELING FOR OAKLAND HOMEOWNERS

OUTCOME

The City's acceptance of grant funds from the County of Alameda for an amount up to \$75,000 to support the Healthy Housing Pilot Program will result in enhanced coordination between the City and County with regard to addressing housing conditions negatively impacting the health of Oakland children and their families, including those impacted by the foreclosure crisis. The City's allocation of up to \$50,000 in Community Development Block Grant funds to CHDC for foreclosure and housing counseling will increase the availability of HUD-certified counseling and advocacy services to current and potential Oakland homeowners.

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BACKGROUND/LEGISLATIVE HISTORY

In October of 2012, the City launched its foreclosure prevention and mitigation initiative that included community outreach and referral, homeowner and tenant counseling services, homeowner and tenant legal services, a City escalation team, and the ROOT Loan Fund. Staff has provided quarterly updates to Council on foreclosure data and trends and the status of both the foreclosure prevention/mitigation program and the foreclosed properties program.

While Oakland has seen a significant decrease in foreclosure activities over the last year, and the prevention and mitigation efforts undertaken by the City and community partners have resulted in favorable outcomes for many Oakland households threatened by foreclosure activities, Oakland neighborhoods continue to experience the negative impacts of the foreclosure crisis. As detailed by staff in previous reports on this subject, these negative impacts include public health hazards, deteriorated housing conditions and neighborhood destabilization resulting from abandonment and negligent property maintenance. The resolution proposed by staff addresses two foreclosure-related issues: unhealthy housing conditions for tenants and housing counseling support for new and current homeowners.

ANALYSIS

Kresge Sub-Grant for Healthy Housing Pilot Program and Health Impacts of Foreclosure

The County wishes to provide to the City's Department of Housing and Community Development a sub-grant through the Kresge Foundation's Advancing Safe and Healthy Housing Initiative (ASHHI) to support a Healthy Housing Pilot Program. One goal of the ASHHI is to advance the work of the Alameda County Healthy Homes Alliance, a coalition representing more than eighteen (18) community and government organizations, to develop a strategy for increasing public awareness of housing-related health hazards in the City of Oakland. The sub-grant to the City is for an amount not to exceed \$75,000 for the grant period May 15, 2013 to June 30, 2015.

A 2010 report by the Alameda County Public Health Department and Causa Justa: Just Cause details myriad negative physical and emotional health impacts resulting from the financial instability, unhealthy housing conditions and overwhelming stress caused by foreclosures. In addition, buildings in the foreclosure process throughout the City of Oakland are significant and unnecessary attractors for blighting conditions that create severe health hazards. Tenants of residential properties affected by foreclosure-related activities often suffer from deferred or negligent maintenance on the part of an owner in default, a lender that has foreclosed or a new investor-owner lacking familiarity with rental property maintenance standards. These maintenance deficiencies typically result in habitability issues that may negatively impact human health such as deteriorated lead paint, broken heating systems, moisture intrusion and excessive mold, trip-and-fall hazards in and around the home, and vector intrusion or harborage. In some

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cases, tenants in properties affected by foreclosure cannot ascertain the identity of the legal owner and are unable to contact a responsible landlord or property manager to address repair needs for weeks or months, exacerbating the health impacts of an unhealthy housing condition such as mold-causing moisture intrusion.

As previously reported by City staff, extensive research demonstrates the linkage between poor quality housing conditions and negative health impacts such as infectious and chronic diseases, injuries and disruption to neurological development. These negative health impacts disproportionately affect young children and low-income tenants with limited ability to improve their housing conditions. See *Attachment A* for more information about the health impacts of housing conditions and the status of substandard housing in Oakland.

The Healthy Housing Pilot Program will be a partnership amongst the City of Oakland, the Alameda County Healthy Homes Department, the Alameda County Public Health Department and other partners to improve health outcomes for Oakland residents suffering from health-related housing conditions through coordination, case conferencing and cross-training of City and County field staff. City staff will work to identify and enhance referral partners and processes and to identify and address systemic barriers to improving unhealthy housing conditions. The City of Oakland will convene monthly case conferences and process discussions involving the City, County departments and other service providers to facilitate direct contact between team members as appropriate.

Staff recommends that the Council authorize the City Administrator to accept, appropriate and allocate the Kresge sub-grant funds of up to \$75,000 to Fund 2999 to support Housing and Community Development staff costs to coordinate and facilitate the Healthy Housing Pilot Program.

CHDC Foreclosure and Housing Counseling Grant

Staff also recommends that Council approve an allocation to CHDC of up to \$50,000 to continue providing foreclosure and housing counseling to Oakland residents after the expiration of CHDC's current grant agreement, which expires January 31, 2014. The City currently funds CHDC up to \$50,000 to provide outreach and counseling to Oakland homeowners at risk of losing their home to foreclosure. This grant was included in a resolution approved by Council on October 16, 2012 establishing grants to service providers under the City's foreclosure prevention and mitigation initiative. The current grant is funded with penalty funds from the City's foreclosed and defaulted residential properties program. Staff proposes to allocate up to \$50,000 to CHDC to provide foreclosure and housing counseling services to approximately 67 Oakland homeowners, beginning February 1, 2013 upon expiration of the current agreement, to be funded with Community Development Block Grant program funds (Fund 2108).

CHDC is a premier housing counseling agency with higher rates of success than the national average. For the seven month period from March 2013 to September 2013 CHDC, served forty-two (42) Oakland homeowners, two (2) of whom successfully saved their home, nine (9) of whom achieved an alternative successful outcome related to their home, twenty-two (22) of whom were in process for a loan modification or other advocacy to save their home, and nine (9) of whom received brief counseling or referral to other services.

The volume of foreclosure-related activities has decreased over the last year, but vulnerable Oakland homeowners continue to be targeted by predatory lending schemes and foreclosure prevention scams. Both current and would-be borrowers are seeing the resurgence of loan products such as adjustable rate mortgages, which contributed to the loss of thousands of Oakland homes during the foreclosure crisis. Housing counseling and legal services providers serving Oakland residents, such as CHDC, Unity Council and Housing and Economic Rights Advocates, continue to see a steady stream of current and potential homeowners in need of advice, education and advocacy to buy or keep their homes while avoiding victimization by a predatory lender or loan scam.

Staff recommends that Council approve an allocation to CHDC of up to \$50,000 to continue to provide counseling and advocacy, including home loan modification assistance, to Oakland residents after the expiration of the current grant period on January 31, 2014. The funds would support CHDC housing counseling and intake staff and related costs for the period from February 1, 2014 to January 31, 2015.

PUBLIC OUTREACH/INTEREST

In connection with the City's foreclosure prevention and mitigation effort, staff has been working with and/or provided information to: ACCE, OCO, SEIU 1021, Alameda County Public Health Department, Alameda County Healthy Homes Department, Building Services Advisory Task Force, Wells Fargo Bank, JP Morgan Chase Bank, Urban Strategies Council, California Reinvestment Coalition, Oakland Realtors Association, East Bay Rental Housing Association, and the Oakland Metropolitan Chamber of Commerce.

COORDINATION

Coordination has occurred among the Department of Housing and Community Development, Building Services, the offices of the Mayor, City Councilmembers and the City Administrator, and other City departments regarding referrals to foreclosure prevention and mitigation services.

COST SUMMARY/IMPLICATIONS

The funds sub-granted by Alameda County to the City through the Kresge Foundation's Advancing Healthy Housing Initiative to support the Healthy Housing Pilot Program are for an

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amount up to \$75,000 and will be appropriated to Fund 2999 to support Department of Housing and Community Development staff costs. The funds allocated to Community Housing Development Corporation (CHDC) for foreclosure and housing counseling services are for an amount not to exceed \$50,000 and will come from Community Development Block Grant funds (Fund 2108).

FISCAL/POLICY ALIGNMENT

Support for effective foreclosure prevention and mitigation programs will result in financial benefits to the City and the Oakland community, including prevention of blighted foreclosed properties and associated costs and enhanced economic development and quality of life.

PAST PERFORMANCE/EVALUTION AND FOLLOW-UP

The groups selected for participation in the City's foreclosure prevention and mitigation initiative all have extensive experience and a stellar track record in delivering foreclosure prevention/mitigation-related services. In addition, City staff will be monitoring program performance on a quarterly basis, including providing information in public reports.

SUSTAINABLE OPPORTUNITIES

Economic: Addressing unhealthy housing conditions and foreclosure prevention through coordinated services and counseling saves Oakland tenants and homeowners, particularly low-income and vulnerable households, from expending limited household resources that could be directed toward other critical needs. By proactively addressing housing conditions that negatively impact health, the Healthy Housing Pilot Program will preserve landlord and tenant resources otherwise expended on excessively deferred maintenance needs while also saving significant healthcare costs through improved health outcomes such as decreased emergency room visits for asthma and trip-and-fall injuries. Indirect economic impacts include fewer school days missed by sick or injured children and fewer workdays missed by their parents. Foreclosure and housing counseling prevent Oakland homeowners from being victimized by predatory lending schemes or spending household resources on unsustainable mortgages. Foreclosure prevention services help keep homes in the hands of owner-occupant families, reducing the burden of abandonment and blight on limited public resources while maintaining property tax revenues. Foreclosure prevention supports future development and assists the economic growth and revitalization of the City.

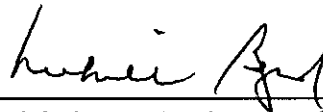
Environmental: Components of healthy housing, such as indoor air quality and effective heating systems are closely tied to residential energy efficiency. The Healthy Housing Pilot Program will coordinate with and refer to local nonprofit and utility-funded energy services providers that offer weatherization and energy savings assistance programs to eligible Oakland households.

The Healthy Housing Pilot Program will promote the integration of energy efficiency with healthy housing measures.

Social Equity: Unhealthy housing conditions, predatory lending and foreclosure-related activities have disproportionate negative impacts on low-income and vulnerable residents, who have less access to adequate resources to address their housing and homeownership needs. Vulnerable Oakland residents facing housing crises will benefit most from the Healthy Housing Pilot Program and CHDC's housing and foreclosure counseling.

For questions regarding this report, please contact Margaretta Lin, Department of Housing and Community Development, at 510-238-6314.

Respectfully submitted,



Michele Byrd, Director of Housing and
Community Development

Reviewed by:

Margaretta Lin
Strategic Initiatives Manager
Department of Housing and Community Development

Prepared by:

Lin Chin
Strategic Initiatives Coordinator
Department of Housing and Community Development

***Attachment A: Oakland Healthy
Housing Data***

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KEY OAKLAND HEALTH AND HOUSING DATAPOINTS

The Link Between Health and Housing:

- Lead poisoning due to ingestion of paint chips or inhalation of paint dust in older homes can affect every system in the body¹, including causing irreversible brain and nervous system damage in children.
- Substandard housing conditions such as water leaks, poor ventilation, dirty carpets and pest infestations can lead to an increase in mold, mites and other allergens associated with respiratory conditions including asthma.
- Serious injuries occurring in the home can result from factors such as unsafe staircases and balconies, lack of safety devices such as window locks and smoke detectors, and substandard heating systems.²
- Most Americans spend about 90% of their time indoors, an estimated two-thirds of which is spent in the home.³ Very young children spend even more time at home and are especially vulnerable to unsafe or unhealthy housing conditions.
- Poor indoor air quality, lead paint, lack of home safety devices, and other housing hazards often coexist in homes, compounding the health risks of poor housing conditions. Lower income families are both more likely to suffer from unhealthy and unsafe housing conditions and less able to access financial resources to remedy those hazards, contributing to socioeconomic disparities in negative health impacts.

Healthy Housing Needs in Oakland:

- The National Center for Healthy Housing's 2009 study of health-related housing problems in the nation's largest Metropolitan Statistical Areas, the City of Oakland was rated the 39th least healthy central city out of 44 jurisdictions surveyed, with nearly 60% of housing units showing one or more health-related problems. Oakland's housing stock ranks among the oldest and most heavily rental of the cities surveyed.⁴
- According to the 2000 Census, approximately 2,200 dwelling units had no heating systems, over 1,600 dwelling units lacked complete plumbing, and nearly 2,650 dwelling units lacked complete kitchen facilities.⁵
- 30% of Oakland's housing stock may need some level of repair, from deferred maintenance to substantial rehabilitation.⁶
- Housing conditions in the City's oldest, poorest neighborhoods with the highest proportion of renters are likely to suffer the most from substandard housing conditions.⁷

¹ U.S. Centers for Disease Control, www.cdc.gov/nceh/lead.

² Robert Wood Johnson Foundation Commission to Build a Healthier America Issue Brief 2: Housing and Health, September 2008 (RWJ Brief 2), citing to: Krieger J and Higgins DL, "Housing and Health: Time Again for Public Health Action," *Am J Public Health*, 92(5), 2002; Shaw M, "Housing and Public Health," *Annu Rev Public Health*, 25, 2004.

³ RWJ Brief 2, citing to: Klepeis NE et al. "The National Human Activity Pattern Survey (NHAPS): A Resource for Assessing Exposure to Environmental Pollutants" *J Expo Anal Environ Epidemiol*, 11(3), 2001.

⁴ National Center for Healthy Housing, 2009,

⁵ City of Oakland Analysis of Impediments to Fair Housing, January 2011 ("Fair Housing"), page 35.

⁶ *Id.*

⁷ *Id.* at 36.

- 90% of the housing stock was built prior to 1980 and 65% of the housing stock was built prior to 1960.⁸

Asthma:

- Approximately 40% of diagnosed asthma among children is believed to be attributable to residential exposures.⁹
- The average asthma hospitalization rate for 5-17 year olds in the City of Oakland is 2,813 per 10,000 persons.¹⁰
- The ER visit rate for Oakland is 726.3 per 100,000 and a disproportionate number of low-income African American and Latino minority groups are impacted.¹¹ African American children in California are four times more likely to be hospitalized compared to white children. African American and Latino children living in urban areas are two to six times more likely to die from asthma than whites.¹²
- Estimated cost of asthma in Oakland residents due to ER visits and hospitalizations is nearly \$30 million per year, excluding lost work and school days.¹³

Childhood Lead Poisoning:

- Up to two-thirds of housing units in Oakland could contain lead-based paint.¹⁴
- Of the 1,751 lead poisoned children in AC recorded between 2000 and 2010, 62% were reported in the City of Oakland, more than all other cities in the County combined.¹⁵
- The Alameda County Lead Poisoning Prevention Program reports that lead poisoning is particularly prevalent in the West Oakland, San Antonio, Fruitvale, and East Oakland areas, which have a confluence of low household incomes, low rents, concentrations of older housing (much in deteriorated condition), and concentrations of families with children under the age of seven.¹⁶
- Estimated annual cost of lead poisoning in Oakland is \$150 million per year in medical services, special education, disabilities and lost wages.¹⁷

⁸ Housing Element at 100.

⁹ RWJ Brief 2, citing to Lanphear BP et al, "Residential Exposures Associated with Asthma in U.S. Children," *Pediatrics*, 107(3), 2001; Lanphear BP et al, "Contribution of Residential Exposures to Asthma in U.S. Children and Adolescents," *Pediatrics*, 107(6), 2001.

¹⁰ Alameda County Lead Poisoning Prevention Program (ACLPPP), citing to California Breathing, American Lung Association of the East Bay and 2010 Patient Discharge Database from Oakland hospitals Children's Hospital Oakland, Kaiser, Summit and Alta Bates.

¹¹ *Id.*

¹² U.S. Environmental Protection Agency, citing to the National Institute of Allergy and Infectious Diseases, 2001-02, found at: <http://www.epa.gov/region9/childhealth/asthma-california.html>.

¹³ ACLPPP, based on data from CA Dept. of Public Health, "The Burden of Asthma," June 2007.

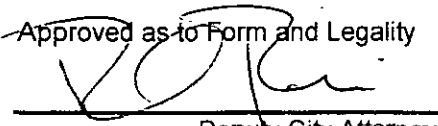
¹⁴ Fair Housing at 35.

¹⁵ ACLPPP, citing to CA Dept. of Public Health, RASSCLE database, 2011.

¹⁶ City of Oakland Housing Element, 2007-2014, pp. 102.

¹⁷ ACLPPP, based on data from Landrigan, PJ, et al. "Environmental Pollutants and Disease in American Children," *Environmental Health Perspectives*, Vol. 110, No. 7, July 2002.

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Approved as to Form and Legality

Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION 1) AUTHORIZING THE CITY TO ACCEPT GRANT FUNDS FROM THE COUNTY OF ALAMEDA FOR UP TO \$75,000, AND ALLOCATING SUCH FUNDS TO THE HEALTHY HOUSING PILOT PROGRAM TO ADDRESS HOUSING CONDITIONS CONTRIBUTING TO NEGATIVE HEALTH OUTCOMES FOR OAKLAND RESIDENTS, INCLUDING THOSE IMPACTED BY THE FORECLOSURE CRISIS; AND 2) AUTHORIZING A GRANT OF UP TO \$50,000 FROM COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO COMMUNITY HOUSING DEVELOPMENT CORPORATION FOR FORECLOSURE AND HOUSING COUNSELING FOR OAKLAND HOMEOWNERS

WHEREAS, the City Council previously passed Resolution No. 84064 C.M.S. supporting foreclosure prevention/mitigation activities including funds for a foreclosure prevention loan fund, homeowner and tenant counseling and legal services, and community outreach services; and

WHEREAS, Oakland homeowner and tenant households and neighborhoods throughout the City continue to be negatively impacted by mortgage default, foreclosure, and predatory loans targeting vulnerable borrowers; and

WHEREAS, the negative impacts of the foreclosure crisis include interior and exterior blight that contribute to public health hazards such as explosions of vector and bedbug populations, deteriorated housing conditions resulting in safety hazards, lack of heat, excessive mold and moisture intrusion, and lead paint hazards; and

WHEREAS, these negative impacts also include severe stress and anxiety, devastation of household financial stability and credit, and displacement of both homeowners and tenants, particularly long term Oakland residents; and

WHEREAS, the Alameda County Healthy Homes Department (ACHHD) wishes, through a grant received from the Kresge Foundation's Advance Safe and Healthy Housing Initiative, to advance the work of the Alameda County Healthy Homes Alliance to develop a strategy for increasing public awareness of housing-related health hazards in the City of Oakland; and

WHEREAS, ACHHD wishes to partner with the City to improve health outcomes for children suffering from health-related housing conditions, including those related to maintenance deficiencies stemming from default and foreclosure, through coordination, case conferencing and cross-training of staff from the City, ACHHD and the Alameda County Public Health Department (the "Healthy Housing Pilot Program"); and

WHEREAS, the County of Alameda wishes to sub-grant to the City \$75,000 from its Kresge Foundation grant to support an Oakland Healthy Housing Pilot Program; and

WHEREAS, City staff has determined that foreclosure and housing counseling are important services that help Oakland homeowners: avoid predatory loan schemes, receive education about purchasing a home and sustaining mortgage payments, obtain loan modifications or other help to save their home, manage household income and expenses to support a mortgage, understand their rights under applicable laws and regulations, access financial resources and negotiate more favorable outcomes with lenders and servicers; and

WHEREAS, City staff has determined that Community Housing Development Corporation (CHDC), a HUD-certified housing counseling agency with an effective track record of negotiating loan modifications for homeowners in foreclosure, has demonstrated relevant experience and capacity to provide foreclosure and housing counseling that supports homeownership in Oakland; and

WHEREAS, City staff has engaged in appropriate outreach and procedures in order to provide an allocation of up to \$50,000 to CHDC; now, therefore be it

RESOLVED: That the City Council hereby accepts up to \$75,000 in sub-granted funds from the County of Alameda through the Kresge Foundation's Advancing Safe and Healthy Housing Initiative to support the coordination of a Healthy Housing Pilot Program from May 15, 2013 to June 30, 2015, and appropriates such funds to Fund 2999; and be it

FURTHER RESOLVED: That the City Administrator or her designee is authorized to execute such documents and take any other actions with respect to sub-granted funds from the County of Alameda to support the Healthy Housing Pilot Program consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That the City Council hereby authorizes a grant of up to \$50,000 to CHDC for foreclosure and housing counseling services, to be funded from the City's Community Development Block Grant Program (Fund 2108, Project G06250) from February 1, 2014 to January 31, 2015; and be it

FURTHER RESOLVED: That the City Administrator or her designee is authorized to negotiate and execute such documents and take any other actions with respect to the grant of \$50,000 to CHDC for foreclosure and housing counseling consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That prior to execution, all contract and agreements and amendments thereto shall be reviewed and approved for form and legality by the Office of the City Attorney and a final copy shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON-McELHANEY, KALB, KAPLAN, REID, SCHAAF, AND PRESIDENT
KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California