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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Sara Bedford
Director, Human Services

SUBJECT: Ordinance Authorizing A Lease
Agreement For City Property Through
July 31, 2020

DATE: April 16, 2018

City Administrator Approval

Date:

4/26/18

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Authorizing A Lease Agreement With East Oakland Community Project For Lease of the City-Owned Property At 3824 West Street, Oakland For A Term of Five Years For Zero Rent In Exchange For In-Kind Services To Provide Housing And Support Services to Homeless Youth.

EXECUTIVE SUMMARY

This ordinance authorizes a lease agreement between the City and East Oakland Community Project (EOCP) for the use of the City-owned single-family residence at 3824 West Street (the "Property"). EOCP has leased the Property from the City since 2005. From 2005 through 2015 the site was used as part of EOCP's Families in Transition (FIT) program, transitional housing for homeless families. Starting in October 2015, the use of the Property changed to house EOCP's Oakland Homeless Youth Housing Collaborative (OHYHC) program, providing transitional housing to 10 homeless youth. The current lease, if approved, would authorize a lease agreement with EOCP through July 31, 2022.

BACKGROUND / LEGISLATIVE HISTORY

The Department of Housing and Urban Development (HUD) Continuum of Care (CoC) program, Oakland Homeless Youth Housing Collaborative (OHYHC), provides transitional housing and supportive services for homeless youth. The program provides up to 24 months of housing and supportive services for homeless youth ages 18-24. The Property contains three living spaces sufficient for ten youth in a congregate living setting.

EOCP is a stable, experienced, and well-respected Oakland-based nonprofit that provides housing and services for homeless people. EOCP currently manages three transitional housing programs funded by HUD through the City, for families and youth, a 125-bed multi-service

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emergency housing facility for singles and families, and administers two rapid-rehousing programs for families and youth. EOCP's main office is located on International Blvd and 75th Avenue.

The City passed Ordinance No. 12667 C.M.S. in 2005, authorizing a lease with EOCP to manage the properties in the Families in Transition scattered-sites program throughout Oakland. The property at 3824 West Street was one of these properties. In October 2015, the EOCP OHYHC program lost its lease for a program site and the program moved to 3824 West Street.

The impact on the City's services to the homeless was enhanced by the move to West Street; EOCP's program went from serving 6 homeless youth to 11 homeless youth. Moreover, the loss of the three-bedroom single family dwelling on the FIT program was nominal.

ANALYSIS AND POLICY ALTERNATIVES

The proposed lease with EOCP will enable EOCP to continue its management of the Property and allow the City to continue to offer the Property as housing for homeless youth. The HUD CoC program provides transitional housing and supportive services for up to 24 months for homeless youth. If the lease were not approved, vital housing for at-risk individuals would be lost.

EOCP is an Oakland-based nonprofit with significant experience in managing and operating emergency and transitional housing facilities and programs, and providing services including property management, credit repair, life skills support, and assistance identifying and securing permanent housing for program participants. The City receives funding from HUD to provide said services, and has a grant agreement with EOCP to administer the HUD CoC funds. The City desires to continue leasing the Property to EOCP for a five-year term which expires in July 31, 2022 to provide interim housing and supportive services for up to ten homeless youth who participate in the OHYHC program.

EOCP does not pay rent to the City for use of the Property. EOCP provides federally-funded services to literally homeless youth in Oakland and the community by providing supportive services, such as case management, intake assessment, benefits advocacy, alcohol and drug counseling, health education, educational services, youth advocacy, 15-week life management training, money management, vocational counseling, job development, assistance with tuition and training materials, transportation and emergency food assistance, and security deposit assistance and rental guarantee for permanent housing placement. Through a grant from the City, EOCP receives approximately \$164,113 of HUD CoC funding annually to provide these services. In addition, EOCP provides in-kind services valued at approximately \$42,538 to augment the HUD funding in order to fully fund the support services offered to the youth, i.e. food, client travel, utilities, security, and staffing costs. The youth participants pay a nominal rental fee to EOCP that is 30% of their annual income. The "rent fee" is a HUD requirement, and can only be used to support the West Street program.

Oakland Municipal Code ("OMC") Section 2.42.100 provides that leases of City property require City Council approval by ordinance. OMC Section 2.42.110 provides that City property must be leased for a rent equal to or exceeding the property's fair market value, unless the City Council determines that the lease of the property for less than its fair market value is in the best interests of the City. OMC Section 2.42.110 provides that the value of in-kind services in lieu of cash rent provided by lessees to the City or the community at large, including property security and maintenance, and social and cultural benefits to the community, may be considered by the Council in making a finding that the lease of property for less than its fair market rental value is in the best interests of the City.

Staff recommends that the City lease the Property to EOCP for zero dollars, less than its fair market value, in order to continue to provide the OHYHC program and provide housing and services for homeless youth. The HUD funding to the City does not include a budget line for lease payments. The rationale for no HUD funding for lease payments to the City is that HUD regulations generally prohibit lease/rental funds to be used for units or structures owned by the HUD grantee (City of Oakland).

FISCAL IMPACT

Approval of this ordinance would authorize the City Administrator to enter into a five-year lease agreement with EOCP. Under the agreement, EOCP will not pay rent to the City. As the property owner and recipient of HUD CoC funding, the City's costs associated with this lease are limited to keeping the property compliant with HUD's Housing Quality Standards.

The City will not receive any revenues from leasing the Property. To date, the City has not received any revenue from the Property. This type of housing, which has been assigned to homeless youth, is not structured to generate net positive income; rather, the intention is to provide safe housing with crucial support services that target literally homeless youth residing in Oakland. The nominal rental fee to EOCP paid by youth participants, which is 30% of their annual income, is reinvested back into the West Street program to provide services to homeless youth participants.

PUBLIC OUTREACH / INTEREST

This report did not require public outreach other than the posting of this report on the website.

COORDINATION

Coordination has occurred between the Human Services Department, the Real Estate Asset Management, the Office of the City Attorney, and the Budget Bureau in the preparation of this report and ordinance.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

EOCP has performed well under its contracts with the City, and has done well with the property management of all its City owned sites. EOCP works closely with the City to ensure that the 3824 West Street property meets the HUD Housing Quality Standards for habitability, and provides the City with monthly housing feedback on any property management concerns.

For the grant period ending in July 31, 2017, EOCP served 27 literally homeless youth with 72% exiting to permanent housing.

SUSTAINABLE OPPORTUNITIES

Economic: As noted in the report, all funds identified in this report are for the purpose of providing housing and services to eliminate youth homelessness.

Environmental: The provision of housing and services for at-risk and homeless youth is intended to address the environmental degradation caused by homeless youth precariously housed or living on the streets.

Social Equity: The extension of the lease is targeted to the most vulnerable and at-risk populations in this City and is providing essential and basic human services, housing and support.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance Authorizing A Lease Agreement With East Oakland Community Project For Lease of the City-Owned Property At 3824 West Street, Oakland For A Term of Five Years For Zero Rent In Exchange For In-Kind Services To Provide Housing And Support Services to Homeless Youth.

For questions regarding this report, please contact Lara Tannenbaum, Community Housing Services Acting Manager, at 510-238-6187.

Respectfully submitted,



SARA BEDFORD
Director, Human Services Department

Community Housing Services Division
Reviewed by: Lara Tannenbaum, Acting
Manager

Prepared by: Stevan Alvarado, Program
Analyst

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CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH EAST OAKLAND COMMUNITY PROJECT FOR LEASE OF THE CITY-OWNED PROPERTY AT 3824 WEST STREET OAKLAND FOR A TERM OF FIVE YEARS FOR ZERO RENT IN EXCHANGE FOR IN-KIND SERVICES TO PROVIDE HOUSING AND SUPPORTIVE SERVICES TO HOMELESS YOUTH

WHEREAS, the City of Oakland owns several properties that it leases for use as interim housing for homeless individuals and families, including a three-bedroom single family unit at 3824 West Street ("the Property"); and

WHEREAS, pursuant to Ordinance No. 12667 C.M.S. passed in 2005, City Council authorized a lease agreement with East Oakland Community Project for multiple sites, including the Property, in order to provide housing and support services for homeless youth enrolled in the Oakland Homeless Youth Housing Collaborative ("OHYHC"), Housing and Urban Development ("HUD") Continuum of Care ("CoC") and the Families in Transition ("FIT") programs; and

WHEREAS, EOCP is an Oakland-based nonprofit with significant experience in managing and operating emergency and transitional housing facilities and programs, and providing services including property management, credit repair, life skills support, and assistance identifying and securing permanent housing for program participants; and

WHEREAS, The City receives funding from HUD to provide said services, and has a grant agreement with EOCP to administer the HUD CoC funds; and

WHEREAS, the City desires to continue leasing the Property to EOCP for an additional five-year term which expires in July 31, 2022 to provide interim housing and supportive services for up to ten homeless youth who participate in the OHYHC program; and

WHEREAS, EOCP does not pay rent to the City for use of the Property, instead EOCP provides services to the City and the community by providing supportive services, case

management, intake assessment, benefits advocacy, alcohol and drug counseling, health education, educational services, youth advocacy, 15-week life management training, money management, vocational counseling, job development, assistance with tuition and training materials, transportation and emergency food assistance, and security deposit assistance and rental guarantee for permanent housing placement; and

WHEREAS, through a grant from the City, EOCP receives approximately \$164,113 of HUD CoC funding annually to provide these services; and

WHEREAS, EOCP provides in-kind services valued at approximately \$42,538 annually to augment the HUD funding and fully fund the support services offered to the youth, including food, client travel, utilities, security, and staffing costs; and

WHEREAS, the youth participants pay a nominal rental fee to EOCP that is 30% of their annual income, which is a HUD requirement and can only be used to support the West Street program; and

WHEREAS, Oakland Municipal Code ("OMC") Section 2.42.100 provides that leases of City property require Council approval by ordinance; and

WHEREAS, OMC Section 2.42.110 provides that City property must be leased for a rent equal to or exceeding the property's fair market value, unless the City Council determines that the lease of the property for less than its fair market value is in the best interests of the City; and

WHEREAS, OMC Section 2.42.110 provides that the value of in-kind services in lieu of cash rent provided by lessees to the City or the community at large, including property security and maintenance, and social and cultural benefits to the community, may be considered by the Council in making a finding that the lease of property for less than its fair market rental value is in the best interests of the City;

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

Section 2. The City Administrator is authorized to execute a lease agreement with East Oakland Community Project for a term of five years beginning on July 1, 2017 and expiring on July 31, 2022 for use of the Property for the provision of interim housing and supportive services to participants in the HUD CoC OHYHC program.

Section 3. Pursuant to OMC Section 2.42.110 and based on the value of the in-kind services provided by EOCP as discussed above and in the City Administrator's report accompanying this Ordinance, the City Council hereby determines that the lease of the Property for less than its fair market rental value is in the best interest of the City.

Section 4. The City Attorney shall review and approve the proposed lease agreement as to form and legality, and a copy shall be placed on file with the City Clerk.

Section 5. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

Section 6. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

IN COUNCIL, OAKLAND, CALIFORNIA,
PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB,
KAPLAN AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation:

NOTICE AND DIGEST

ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH EAST OAKLAND COMMUNITY PROJECT FOR LEASE OF THE CITY-OWNED PROPERTY AT 3824 WEST STREET OAKLAND FOR A TERM OF FIVE YEARS FOR ZERO RENT IN EXCHANGE FOR IN-KIND SERVICES TO PROVIDE HOUSING AND SUPPORTIVE SERVICES TO HOMELESS YOUTH

This Ordinance would authorize the City Administrator to negotiate and execute a lease agreement with East Oakland Community Project for lease of the City-owned property at 3824 West Street in Oakland for a term of five years through July 30, 2022. This ordinance would authorize lease of the property for less than its fair market value in exchange for in-kind services to the City and community in the form of housing and supportive services to homeless youth