

CITY OF OAKLAND
AGENDA REPORT

TO: Office of the City Manager
ATTN: Robert C. Bobb
FROM: Community and Economic Development Agency
DATE: January 29, 2002

RE: **AN INFORMATIONAL REPORT OF THE RECOMMENDATIONS FROM THE
TASK FORCE ON HOMELESSNESS AND VERY LOW INCOME HOUSING**

SUMMARY

On May 9, 2000, in response to a report from the Life Enrichment Committee about welfare reform's impact on homelessness, the City Council approved a motion that Councilmembers Nadel and Reid establish a Homeless and Very Low Income Housing Task Force. To develop the Task Force concept the Councilmembers convened a meeting with Alameda County Supervisor Keith Carson, CEDA staff, and Alameda County Housing and Community Development Director, Linda Gardner. This group outlined the basic structure and purpose of the Task Force:

1. To increase public awareness of homelessness through a media campaign;
2. To develop new innovative funding strategies for homelessness and very low income housing, including Section 8;
3. To improve coordination between City and County programs; and
4. To create an agenda for Oakland as an "activist" city on homeless and Section 8 issues.

A broad membership was recruited from city and county government, businesses, homeless and housing providers and advocates, formerly homeless persons, and faith- and community-based organizations. The broad membership group was placed into four working groups to develop recommendations for actions within the basic structure and purpose of the Task Force. The working groups consisted of the following:

1. Impact Housing Policy;
2. Create New Resources;
3. Leverage Human and Financial Resources through City/County Collaboration; and
4. Community Education.

Recommendations came out of each of the work of the four groups identified above. Those recommendations are summarized in this report and given in full in the attached *Report of the Task Force on Homelessness and Very Low Income Housing*. A number of the recommendations will require either additional staffing or reallocation of existing staff.

The City Council is being requested to review and accept the recommendations coming from the Task Force on Homelessness and Very Low-Income Housing. City Council is also requested to select recommendations for which they wish staff to analyze the impacts of implementation and return to City Council to report on the results of that analysis.

FISCAL IMPACT

Since this report is informational only, no fiscal impacts are included. In future, as recommendations enter a process of implementation, a report will be submitted to the City Council analyzing the full range of impacts, including fiscal impacts.

BACKGROUND

On July 25, 2000, the Oakland City Council approved the formation of the Task Force according to the proposed structure and authorized funds for staffing the process. A consultant team was hired to facilitate the Task Force meetings and anticipated working groups, and to prepare the final report. CEDA hired Debbie Greiff and Katharine Gale, both Bay Area-based consultants with extensive backgrounds in housing and homelessness.

The focus of the Task Force was shaped, in large part, by an acknowledgement of the work already being done in Oakland and Alameda County. The Alameda County-Wide Continuum of Care Council, in which the City of Oakland is a key participant, has been engaged in understanding the relationships inside the homeless service delivery system. Three years of work and attention have been given to develop a baseline of standards for service delivery and for physical plan requirements for shelters and other facilities that house homeless clients. Additional time and energy have been focused on development of a data network that can better track clients entering and moving through the continuum of services offered to the target population.

These outcomes, as well as other advancements made in the area of homeless service provision, suggested a more strategic approach for the Task Force in order to forward and enhance the work already being done, rather than attempting to address all of the myriad of issues involved for those who are homeless and who have very low incomes. In Oakland and Alameda County the provision of affordable, service-enriched housing is a key objective that sorely needs additional attention. The Task Force worked toward that objective in the focus areas chosen.

The intent was for the Task Force to build on the work of other related groups and efforts that preceded its formation, especially the work of the County-wide Continuum of Care Council, the City of Oakland's Continuum of Care Plan and the recently completed work of the Affordable Housing Task Force chaired by Councilmember Jane Brunner. The Task Force was structured around developing and carrying out recommendations that:

1. reflected the common ground of interest from the broad, community-wide representation on the Task Force;
2. were actions that this group of community stakeholders were willing to put their time and energy toward working on directly; and
3. were timely and had a good chance of being implemented.

The Steering Committee concluded that, in order to have maximum impact, the Task Force should not only make critical recommendations to the City Council, but also should develop working relationships among the stakeholders and lay the groundwork for specific future action on the prioritized strategies.

The prioritized strategies would come out of a process that built on the purpose and structure adopted by the City Council, the Steering Committee, and the individual interviews with each Task Force member. The founding principles, vision and mission statements shaped the context of the work of the Task Force profoundly. (A fuller discussion of these elements can be found on pages 2 – 3 of the Executive Summary.)

The Task Force members identified a need for strategies in five areas:

1. Impact local/county/state policy – changing or creating governmental policies that impact the development or provision of affordable housing.
2. Create or advocate for new/increased local/state/federal resources – developing additional resources for financing development and operations of housing, especially to reach the lowest income.
3. Leverage human and financial resources better – identifying ways local systems/agencies, which are responsible for a piece of the solution, can coordinate and “work smarter.”
4. Education and awareness/building will – elevating the attention paid to the issue.
5. Develop/expand programmatic responses – developing new programs and approaches to providing housing and services to homeless and very low-income households.

These strategies served as a template by which working groups refined their recommendations so that the work of the Task Force would be successful—success being defined as a process in which the City and the members of the Task Force would take concrete actions together toward addressing the problem, where these actions would result in an increase in housing and/or decreased need.

Each working group met three to four times during the Task Force period to develop the action plans needed to carry the work forward. A full discussion of that process and the recommendations that came out of that process can be read in the attached report on pages 4 – 15.

A summary of the consensus recommendations of the Task Force are as follows. The recommendations in full are in the Task Force report on the pages indicated in parentheses at the end of each line.

Impact Housing Policy

1. Take a variety of actions to preserve the existing stock of SRO housing (pages 6-7);
2. Modify other City policies to help preserve and create affordable, high quality, sustainable supportive housing units and opportunities for individuals with extremely low income (pages 7-8);
3. Work with other housing and funding agencies to develop/expand the support for housing for this population from other resources (page 8).

Create New Resources

1. Endorse the creation of a community-based fundraising campaign to raise funds to develop

and maintain a 100-bed shelter and gap financing for 1,500 units of affordable housing with needed support services for households at 30% AMI or below (page 10);

Leverage Human and Financial Resources through City/County Collaboration

1. Direct the City Manager to immediately meet with appropriate City and County Departments and to prepare a report to City Council with recommendations to address the critical issues of siting and planning for County-funded services and residential treatment for this population located in Oakland; when appropriate, request that the Alameda County Board of Supervisors adopt concomitant recommendations (pages 11-12).
2. Adopt, and request that the County Board of Supervisors and the County-wide Continuum of Care Council adopt, a recommendation to create and participate in a committee to explore strategies for funding and addressing homelessness jointly between the City of Oakland and the County. Direct Department heads to assign appropriate staff to the process (page 12).

Community Education

1. Increase City participation and the visibility of Affordable Housing Week in Oakland, and utilize City resources such as marketing staff, media, presentation space and other tools to convey to the community a message of support for affordable housing options (pages 14-15).
2. City leaders approach public relations firms about providing pro bono services to craft a message to support the fund development campaign (page 15).
3. Use local university resources, such as graduate student internship programs, to prepare information and analysis for decision makers regarding affordable housing proposals under consideration in the City of Oakland and models in other jurisdictions.
4. Endorse the creation of an ongoing legislative working group to strategize about the role of Oakland's elected officials in community education, creating new resources and in addressing the issue of housing and related service needs for the target population at the regional, state and national levels (page 15).

KEY ISSUES AND IMPACTS

The shortage of affordable housing was cited most frequently and thought by most Task Force members to be the greatest single factor at play for the homeless and very low income individuals and families. Task Force members generally viewed the problem of homelessness and the housing crisis for low-income people as the result of a combination of factors – most people felt that there were systemic, situational and character issues involved. According to a recently released report from the Public Policy Institute in California, the tentative assumptions expressed by Task Force members are precise. The report, “Homelessness in California”, states that, contrary to widely-held perceptions, California's two-decade growth in homelessness is driven more by falling incomes and rising housing costs than by the personal disabilities of the homeless population.

The report finds further, that as a result of these findings, the problem may be more amenable to policy solutions than previously thought. The study finds that modest efforts to make low-end housing more affordable – most notably through an expansion of rent subsidies – could significantly reduce the number of homeless in the state.

There are a number of recommendations from the Task Force that will have to be considered inside the current policy orientation and practices of the City Council. The Impact Housing Policy recommendation regarding the preservation of SRO's presents a variety of policy and resource questions that will require extensive investigation by staff. For instance, if the Henry J. Robinson Multi-Service Center can relocate, a portion of the cost could be covered by the market rate sale of the Touraine Hotel building. Without that resource the ability of the Center to find an improved site would be considerably more challenging.

SRO's can provide a resource for very low-income persons, but the costs associated with eminent domain and the statutory limitation on conversion must be addressed before an action is taken. Use of eminent domain (recommendation C under the Impact Housing Policy recommendations) could result in the City/Agency owning and operating SRO's, a result that could present serious problems and result in additional costs to the City. In any case, the adoption of the recommendations regarding SRO's need to be understood in the context of the development policy for the downtown area.

Recommendation E under the Impact Housing Policy asks for an increase in the cap, currently 40%, on the percentage of City-awarded development funds which can be invested in a housing project for those projects that provide units or a portion of units affordable to households with incomes at 15% of AMI or below. This would result in reducing the number of units receiving City subsidy and therefore needs to be considered in the light of its effect on the overall City strategy for providing affordable housing.

Similar consideration will need to be given to recommendation F under the same section to make available resources to fund operating subsidies for existing and/or new projects serving the target population. Since there are limited resources available, this action would also impact the number of units provided with existing resources, and efforts to seek additional resources should be undertaken before action is taken on this issue.

Under the Create New Resources recommendations, please note that these recommendations would require either additional staffing or reallocation of existing staff. Before any recommendations are made for such staff work, City Council will receive an analysis of the impact on other programs. This will allow for the setting of priorities among such activities as the marketing for this program and the marketing of business opportunities.

The recommendations coming out of the four working groups and approved by the full Task Force, are intended to support and enhance existing housing funding programs to better fill the gap in serving homeless and very low income people and those with special needs. Currently, resources and programs often do not reach these populations due to a lack of deep enough subsidies. The annual income levels for an individual and a family of four, respectively, at 30% of AMI in Alameda County are \$15,050 and \$21,500. The maximum affordable rents for the same two household profiles are \$376 and \$537 per month including utilities

Given the high rents and low vacancy rates in Oakland, the target population will require deeper subsidies than are currently the trend in order to successfully access permanent affordable housing. The Task Force recognizes that increasing the availability of affordable housing, providing access to needed services, such as health care and mental health and substance abuse treatment, increasing incomes through work that pays living wages and adequate levels of public assistance when needed are enormous challenges for our City. In fact, many of the recommendations further tax a housing development and service support structure that can not support the current level of need. The recommendations also focus on developing infrastructure changes in local and other governmental policy that can facilitate the preservation of housing for homeless and the very lowest income households, and promote increased development and sustainable provision of this type of housing.

For example, according to the federal definition, for housing to be considered affordable tenants must pay no more than 30% of their adjusted gross income in rent and utilities. In housing targeted for households with incomes between 30% and 80% of median income, it is possible to make this housing affordable primarily with development subsidies. However, most housing for people with incomes at or below 15% of median (comparable to incomes for SSI, CalWORKS, and below federal poverty line) cannot both be made affordable and generate sufficient rents to operate without ongoing operating subsidy.

Sources of operating subsidy are very limited. The best available, Section 8, can be “project-based” by designating rental subsidies for particular units. This approach, however, is problematic in most of Oakland due to new federal regulations regarding rent levels and a prohibition against use in census tracts with poverty rates of more than twenty percent.

To address this problem, one recommendation from the Impacting Housing Policy working group is to have CEDA staff participate in an ad-hoc group that includes the Oakland Housing Authority to seek federal waivers for the use of Project-based Section 8 in Oakland and to explore establishing a loan guarantee program to enable existing and new projects using Section 8 to serve households at 15% of AMI or below to get additional capital financing/funding.

The working group for Create New Resources was equally cognizant of the challenges to developing infrastructure in both service and housing for the target population. This working group focused on ways to create significant new resources to support the creation and ongoing operations of the most critically needed housing and services for the target population. The working group has identified that to have a meaningful impact on infrastructure development a vigorous fund development campaign must be pursued that can raise dollars impressive enough to attract other public and private sector dollars to significantly support the housing and service needs of the target population.

The recommendations out of this group derived from a strategy to pursue a combined public and private campaign aimed at raising \$230 million in capital financing and \$70 million to support operating costs and services. The financial target for services is predicated on the assumption that the county will match the service dollars to be provided by these new City resources on a 3:2 basis. That is, the County will provide \$3,000 per unit per year for services wherein the City provides \$2,000.

Recommendations in both Creating New Resources (#6) and under Leverage Human and Financial Resources through City/County Collaboration (#2) recommend that CEDA staff work with County staff toward the goal of obtaining commitments for service dollars from the County to match those raised by the Housing Trust Fund campaign to create service-enriched housing for the target population.

Again, it is clear that to implement many of these recommendations will present a challenge in terms of current policies and practices. Their implementation will depend in large measure, to the political will and commitment to provide better access for all Oakland's citizens to reasonable human safeguards, primary among these is housing.

SUSTAINABLE OPPORTUNITIES

Future implementation of many of the Task Force's recommendations would result in many sustainable opportunities, such as:

Economic--Jobs would be created by the construction of additional affordable housing, a number of which could be for Oakland residents. The housing inventory would be expanded.

Environmental--Opportunities for waste reduction and energy efficiency could be designed into the plans for the affordable housing.

Social Equity--Major opportunities to improve social equity issues arise from the Task Force recommendations.

Sustainable opportunities will be designed into the implementation of the recommendations and will be addressed individually as plans and proposals for implementation are brought back to the City Council.

DISABILITY AND SENIOR CITIZEN ACCESS

Future implementation of the Task Force recommendations would result in additional housing and programs for homeless and very low income citizens. All requirements to serve persons with disabilities would be fulfilled, and senior access to the housing and programs would be included.

RECOMMENDATIONS AND RATIONALE

The full Task Force and each of the working groups worked very hard, donating many hours to arrive at the recommendations contained in the final report. Staff appreciates the input and effort of every member of the Task Force.

There are a couple of recommendations that can be implemented without significant impact on scarce resources or on staffing. They include the collaborative discussions with the County about siting and planning for County-funded services, and using local university resources, such as graduate student internship programs, to prepare information and analysis. Staff will move forward to implement these recommendations.

Other recommendations require significant analysis of the impact they will have on City resources, including staffing requirements. Staff will proceed to do such analysis and will return to City Council with additional reports on implementation of these recommendations.

ACTION REQUESTED OF THE CITY COUNCIL

It is recommended that the City Council accept the final report from the Task Force on Homelessness and Very Low Income Housing, with appreciation to the members of the Task Force. City Council is also requested to select recommendations for which they wish staff to analyze the impacts of implementation and return to City Council to report on the results of that analysis.

Respectfully submitted,

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APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE:

OFFICE OF THE CITY MANAGER

Attachment