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MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Christina Mun,
Interim Director of Housing and
Community Development

SUBJECT: Coliseum Connections Update

DATE: March 17, 2023

City Administrator
Approval

Date: Mar 20, 2023

Summary

This informational memorandum provides an update on the many actions that the City of Oakland (City) is undertaking to support tenants displaced from Coliseum Connections, the affordable and market rate multifamily rental property of 110 total units located at 805 71st Avenue.

Event and Legislative History

The Coliseum Connections project is a 110-unit apartment building with 55 market rate units and 55 deed-restricted affordable housing 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. The building was rendered uninhabitable when flooding on December 31st damaged the building's electrical panel. Repairs will likely take through April 2023 to complete, and possibly into May 2023. The 108 households who lived in Coliseum Connections at the time of the disaster (two units were vacant) were all relocated to area hotels on January 1. As of March 13, 96 households were still residing in area hotels.

The cost of the hotels was initially provided by the property owner, UrbanCore, but the developer indicated that they lacked financial capacity to cover the cost of hotel stays past Monday, February 13. The City Council authorized the City to spend up to \$2 million to cover hotel stays through April 30, 2023 and seek Federal Emergency Management Agency (FEMA) reimbursement by enacting Resolution [89591 C.M.S.](#) on February 13, and the City assumed financial responsibility for hotel stays the same day. Then on February 21 under Resolution [89605 C.M.S.](#), City Council allocated up to \$300,000 for capital repairs under the Housing & Community Development (HCD) Health & Safety Rehabilitation Program which provides urgent capital for emergency repairs to HCD's portfolio, as well as up to \$750,000 to assist affordable tenants with relocation assistance and expenses either directly or through a relocation consultant.

Temporary Housing: FEMA-Reimbursable Hotel Coverage

Because flooding resulted in displacement for Coliseum Connections tenants, the owner and property manager relocated tenants to hotels in the immediate area to provide a temporary housing solution. While the extent of repairs needed were not clear at first, in February it became apparent that repairs would require several weeks of work – the completion date is now expected to finish in early to mid-May 2023.

During the first week of February, the owner informed staff from the City, County of Alameda, and Bart that they would no longer be able to pay for hotel coverage starting on February 11, 2023. The County and Bart did not offer funding to cover this need. The City does not have this type of flexible funding at the amounts necessary to sustain hotel coverage. However, in early February FEMA signaled to the City that hotel coverage would likely be eligible for reimbursement under their Non-Congregate Shelter program. The owner agreed to cover hotel coverage two more days through February 12, 2023 while the City sought City Council (Council) authority to take over the hotel payments; in order to comply with FEMA requirements, the City also included a small local “match” sourced from CDBG for 6.25% of the total cost, or approximately \$150,000 in CDBG funds; as well, the resolution allowed for the City to contract with MGT, a firm that helps the City navigate FEMA reimbursements. In order to prevent the risk of homelessness faced by residents, the City began taking over the hotel payments starting February 13, 2023. The difficulty of processing these multiple payments with new vendors during the ransomware incident cannot be understated, and HCD and Finance staff worked tirelessly to process payments and ensure tenants were not displaced during this transition. The tenants currently covered under the City’s payments are located at the following hotels:

Hotel Name	Number of Households (approximate, may change daily)
Hyatt House Emeryville	50
Residence Inn Berkeley	5
Courtyard Marriott Oakland Airport	17
Homewood Suites Oakland	17
Home2 Suites Alameda Oakland Airport	1
Residence Inn Fremont	3
Extended Stay Oakland Airport	1
Homewood San Francisco Airport	1
Chase Suites Newark	1
Total	96

The City is only able to cover these hotel costs, comprised of room fees, taxes, parking, internet and pet fees (if applicable), as they are likely eligible for FEMA reimbursement under the non-congregate shelter option. Costs outside of these fees, such as food and drink costs, are not eligible for FEMA reimbursement under this shelter program, and HCD does not have sources that can cover these expenses. While staff have heard interest from tenants in pursuing alternate accommodations like AirBnB, we have been informed that FEMA is unlikely to reimburse us for non-hotel accommodations and therefore we cannot cover those alternate accommodations.

Approval for FEMA reimbursement is granted in 30-day installments. The City expects to hear back on its request to extend the Coliseum Connections Non-Congregate Shelter program in the next week. Staff believe that an extension is likely to be granted, based on guidance from the California Office of Emergency Services. If this proves to not be the case, the City has not identified any available resources to continue the hotel coverage without reimbursement, and the City would be forced to discontinue the hotel coverage. Under such a circumstance, the City's contract with Overland, Pacific, and Cutler (OPC) to provide permanent relocation services will become even more important to serve the needs of displaced tenants – these services are discussed in more detail below.

FEMA Individual Assistance (FEMA IA)

Separate from the non-congregate shelter coverage that the City is providing at hotels, any resident that has been impacted by the emergency may apply and potentially access Individual Assistance directly from FEMA. Based on feedback through public comments at Council meetings and through Councilmember offices, tenants have expressed concerns and confusion about FEMA IA. However, because the City does not currently have access to FEMA IA data, the City has no ability to access information or support Coliseum Connections tenants in their IA applications. FEMA informed the City on February 28th that 94 households from Coliseum Connections have applied for FEMA individual assistance, and the vast majority were approved. Approved tenants will generally be eligible for two months of rent (based on Fair Market Rents) if they chose to permanently relocate rather than stay in a hotel during their displacement.

To support data sharing, HCD has submitted a request on February 28, 2023 to share data with FEMA and gain access to better support tenants in their IA pursuit and questions. This request is pending final FEMA approval.

Code Compliance Relocation Ordinance

Under the Code Compliance Relocation (CRC) Ordinance, the City typically does not step into a direct funding role. Rather, HCD typically facilitates information about the ordinance when tenants are displaced by code actions – Planning & Building staff will notify HCD about code relocations and HCD staff follow up to inform tenants and owners of the obligations under the ordinance. The requirements of the ordinance fall to the owner to comply with. However, with this catastrophic storm event and subsequent mass displacement of tenants, the City has made the unusual decision to step in and provide certain direct payments to tenants as allowed under the ordinance. Under the ordinance, the City can demand repayment of these payments from the owner, and ultimately can place liens on the property if they remain unreimbursed by the owner.

On January 19, 2023, HCD sent a letter informing Michael Johnson that the City prepared to provide to Coliseum Connection Apartment tenants, Immediate Vacation Benefit for \$500 payments that had not been made by the property owner to eligible tenant households as mandated by OMC 15.60.090. Further, the correspondence requested rent roll of Coliseum Connection tenants and informed M. Johnson, that the City may record a lien on the property with the County if the owner does not reimburse the City for the \$500 payments made to tenants in a timely manner.

Because the owner did not issue the \$500 one-time Immediate Vacation Benefit to tenants dictated by the CCR Ordinance, HCD chose to step in on January 24, 2023 to begin accepting applications and issue these \$500 checks directly to tenants. All residents of Coliseum Connections are eligible but must

complete an application to receive payment. As of March 13th, 96 applications have been received and processed. All 96 applications have received their checks, which were handed personally to tenants by City staff either at the hotels or arranged for pick up at 250 Frank Ogawa Plaza per tenant preference. Approximately 10 households have not yet submitted applications, and HCD staff and Councilmember staff have conducted direct outreach to those tenants. Final applications for the \$500 are due by March 31, 2023.

On February 13th, City Attorney Barbara J. Parker sent a letter to Michael Johnson memorializing obligations under and non-compliance with the City's relocation ordinance, which requires direct payments made to tenants for permanent relocation. On March 6th, Michael Johnson responded that the owner and property manager had already incurred over \$1.164 million in payments, and he posited that this amount exceeds the required amount of relocation assistance under the ordinance and therefore have no further obligation under the ordinance. City Attorney has confirmed receipt of the March 6th letter, and has not yet sent a response as of the writing of this report. Per Resolution 89605 C.M.S., the \$300,000 emergency repair loan must require compliance with the relocation ordinance as a condition of the loan.

On March 10th, per guidance from City Attorney's office, HCD sent a letter to the owner, Michael Johnson, informing him that the City intended to move forward and make payments to rent-restricted affordable tenant households and Tenant Based Section 8 voucher holders from City funds upon the tenants' request (discussed in the next section on relocation). The letter states that the City reserves the right to bill the owner for payments to displaced Coliseum Connections tenant households under the relocation ordinance, as well as details on the owner's right to appeal.

While HCD administers the code relocation ordinance program, HCD typically only has a small amount of Community Development Block Grant (CDBG) available to support the program. As such, providing the \$500 direct payments to tenants have essentially spent down the small amount of CDBG allocated to this program, and HCD staff had to identify other resources (Boomerang funds via Resolution 89605 C.M.S.) that can support relocation payments but are more restrictive than CDBG, and therefore can only be used to support the permanent relocation payments for the low-income tenants as described further below.

Relocation Services and Tenant Support

Relocation Services by Overland, Pacific, and Cutler

To address the urgent questions and needs of tenants for the hotel arrangements and potential permanent relocation support, the City contracted with Overland, Pacific, and Cutler (OPC) after soliciting three quotes for immediate relocation services. On March 6, 2023, HCD staff sent a notice introducing OPC to tenants via email, as well as shared with Councilmember Jenkins' office for the weekly newsletter. OPC then began engaging directly with tenants on March 6th, and as of March 13th, approximately 50 households have contacted OPC to explore permanent relocation. The first 10 client interviews were conducted on March 10th. OPC estimates that not all 50 tenants will make use of permanent relocation. OPC serves as the City's fiscal agent in distributing relocation payments to qualifying low-income tenants who pursue permanent relocation and also provides relocation services (but not payments) to market rate tenants. OPC is also assisting City staff with rebooking tenants between hotels as issues arise, though City staff continue to directly handle payments to hotels.

The OPC contract is funded by CDBG funds that originally were programmed for Residential Lending Services grants and loans for low-income homeowner repairs but was unlikely to be drawn down before the new biennial budget is adopted in June 2023; therefore this funding was re-programmed for OPC's contract with limited impact on the repair pipeline. HCD was able to re-program funds under the HUD streamlining established through HUD waivers of Community Planning and Development Grant Program and Consolidated Plan Requirements to Address Damage and Facilitate Recovery in the Declared-Disaster Area.

OPC worked with HCD and City Attorney staff to prepare an Elections of Benefits form that outlines options for tenants. All tenants have the option to stay in the hotel until repairs are done and their unit is ready; OPC can support hotel bookings and changes for these temporary stays. All tenants have the right to return to Coliseum Connections per the relocation ordinance.

- Low-income tenants (Section 8 voucher holders or affordable unit tenants) have the option of waiting for their unit at the hotel or taking a permanent relocation payment and getting OPC's support to find alternate permanent housing within 21 days. Under most of the City's affordable housing regulatory agreements, the City can apply a preference for leasing to code compliance displaces – as such, HCD has reached out to the portfolio to identify potential affordable units available for lease up for Coliseum Connections tenants, and will provide OPC with those opportunities.
- Market rate tenants have the option of waiting for their unit at the hotel or accessing OPC relocation services to help find alternate permanent housing. However these tenants do not have access to a relocation payment from the City, because the City does not have any sources that can cover this cost for tenants who are not low-income.

Case Management by Bay Area Community Services (BACS)

In light of the service connection and case management needs of the tenants, the City is accessing unspent and expired 2017 and 2020 ESG funds using HUD streamlining rules to support a small contract with BACS to provide these services. BACS case managers will work directly with tenants at their hotels and will respond to service needs in coordination with OPC (which focuses on relocation needs described above).

Building Repairs

HCD Housing Development Services are finalizing loan documents that would provide \$300,000 towards the building repairs (89605 C.M.S.), and staff are reviewing underwriting due diligence provided by the owner. The direct repair costs are estimated to total approximately \$1.62M, with additional costs for ongoing security (24/7 guards), construction management, and contingency reaching a total of approximately \$1.93M. Repair scope includes electrical system repairs (replacement of electrical generator, repairs to security/intercom/telephone/cable), elevator repairs, fire alarm repairs, water extraction/clean up, sheetrock repair or replacement, and boiler repair or replacement. At Council, Councilmembers included an amendment to the proposal that requires the property owner to be in full compliance with the code relocation ordinance to receive funding, which is likely to delay staff's ability to release funding needed for repairs until that issue is resolved – based on City Attorney engagement thus far, staff expect that City Attorney will lead the enforcement of the code relocation ordinance and therefore the timeline of repairs may be delayed until enforcement is resolved between the City Attorney's office and the owner.

In addition to the \$300,000 that the City is contributing, on February 28th the County Board of Supervisors allocated approximately \$950,000 of available A-1 bond funds towards the repairs. The owner will also seek a FEMA Small Business Administration loan and continue working with insurance to fill remaining capital gaps.

Table 1 below provides a summary of all the City’s resources that are going towards supporting the Coliseum Connections tenants and repairs, administered through HCD.

Table 1: Summary of City’s Sources and Uses for Coliseum Connections

USES	SOURCES					
	Coliseum Bond Funds (Fund 5656)	Boomerang (Fund 1870)	CDBG (Fund 2108)	FEMA Reimbursable	ESG	Budget Authority
CC Capital Repairs	300,000					Reso 89605
Relocation Payments - \$500 for all, perm for LI Tenants		750,000	55,000			Reso 89605
Relocation Consultant Contract - OPC			200,000			Emergency HUD streamlining
Hotel Coverage through April			150,000	2,000,000		Reso 89591
Service Connection - BACS					49,187	Emergency HUD streamlining
Total	300,000	750,000	405,000	2,000,000	49,187	

Other Resources and Coordination

Starting in late January, HCD staff coordinated meetings between the County, Bart, and City to share information about the building and temporary relocation situation. Please note that FEMA shelter resources for Coliseum Connections was not available until early to mid-February, and in that vacuum City staff mobilized to identify any eligible resources to support tenants, including the relocation support.

As mentioned above, County HCD has allocated \$950,000 towards the repairs. County HCD staff have also stated that they may be able to allocate an additional \$300,000 of their own Boomerang funds that are currently programmed for homeless prevention should Coliseum Connections need the funds.

In addition, Bart has offered all residents access to free BART parking and \$100 Clipper cards (available for pick up before April 30, 2023 at the Lake Merritt BART).

Councilmember Jenkins’ office has worked with the East Bay Community Foundation, San Francisco Foundation and the Oakland Public Education Fund, which have donated cash assistance checks to some residents.

In summary, the City’s work in responding to Coliseum Connection’s emergency needs remain vigorous at this time, and repair and relocation support activity will continue through April 2023.

For questions, please contact Caleb Smith at csmith4@oaklandca.gov.

Respectfully submitted,



CHRISTINA MUN

Interim Director

Housing & Community Development Department