



DISTRIBUTION DATE: 09-21-23

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Emily Weinstein,
DHCD Interim Director

SUBJECT: Coliseum Connections Update

DATE: September 12, 2023

City Administrator
Approval

Date: Sep 20, 2023

Summary

This informational memorandum provides a summary of the actions that the City of Oakland has undertaken to support tenants displaced from Coliseum Connections, the affordable and market rate multifamily rental property with 110 total units located at 805 71st Avenue. The memo is an update to the [Informational Memo submitted to the CAO on March 17, 2023](#).

The memorandum discusses the City's actions and coordination regarding the following topics:

1. Event and Legislative History
2. FEMA Reimbursable Hotel Coverage
3. FEMA Individual Assistance (FEMA IA)
4. Code Compliance Relocation Program
5. Permanent Relocation Payments
6. Building Repairs and Code Enforcement
7. Notice to Return and Property Management Transition

Event and Legislative History

Coliseum Connections is a 110-unit apartment building at 805 71st Avenue. It contains 55 market-rate units and 55 deed-restricted affordable housing units. In 2016, the City provided \$12,000,000 in capital subsidy to support the development of the affordable portion of the project. The City also successfully co-applied with the project's development team for \$14,844,762 in funding from the State of California's Affordable Housing and Sustainable Communities program. Construction was completed and the property opened to tenants in early 2019.

On December 31, 2022, the Coliseum Connection building was rendered uninhabitable when flooding damaged the building's electrical panel. At the time of the flooding, 107 units were occupied (45 market rate units, 54 Tax Credit units, and 8 units occupied by tenants with Section 8 Housing Choice vouchers); 3 units were vacant. On January 1, 2023, the property owner, UrbanCore Development LLC, informed the tenants that they must vacate immediately and relocated all 107 households to local hotels.

UrbanCore initially paid the cost of the tenants' hotel stays. However, in early February, UrbanCore representative Michael Johnson advised the City that UrbanCore lacked financial capacity to continue to pay the cost of the hotel stays. On February 13, 2023, The City Council enacted **Resolution 89591 C.M.S.**, authorizing the City to spend up to \$2 million to cover hotel stays for the Coliseum Connections tenants through April 30, 2023, and to seek FEMA reimbursement. The City assumed financial responsibility for hotel stays the same day. The Resolution also authorized the City Administrator to seek reimbursement of eligible expenses under FEMA's Non- Congregate Shelter (NCS) program 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.¹ To comply with FEMA requirements, the City included a small local "match" sourced from Community Development Block Grants (CDBG) for 6.25% of the total cost, or approximately \$150,000. Additionally, the resolution allowed for the City to contract with MGT, a firm that helps the City navigate FEMA reimbursements.

On February 21, 2023, under **Resolution 89605 C.M.S.**, City Council allocated up to \$300,000 for capital repairs under the Department of Housing & Community Development (DHCD) Health & Safety Rehabilitation Program which provides urgent capital for emergency repairs to DHCD's portfolio, as well as up to \$750,000 to assist tenants of affordable units with relocation assistance. Per **Resolution 89605 C.M.S.**, as a condition of the \$300,000 emergency repair loan property ownership is required to comply with the Code Compliance and Relocation Program (described below).

Subsequent **Resolution No. 89672² C.M.S.** (April 18, 2023) and **Ordinance No. 13753 C.M.S.³** (July 18, 2023) extended the duration of the NCS program until the building is fully repaired and revised the maximum expenditure to \$4 million. **Ordinance No. 13753 C.M.S.** additionally waived low-income restrictions on the use of former redevelopment dollars to fund relocation payments for the building's market-rate tenants.

¹ The City is only able to cover hotel costs comprised of room fees, taxes, parking, internet and pet fees (if applicable), as they are likely eligible for FEMA reimbursement under the NCS option. Costs outside of these fees, such as food and drink costs, are not eligible for FEMA reimbursement under this shelter program. While staff have heard interest from tenants in pursuing alternate accommodations like AirBnB, staff was informed by the California Office of Emergency Services (CalOES) that FEMA is unlikely to reimburse the City for non-hotel accommodations; and the City is therefore unable to cover those alternate accommodations.

² <https://oakland.legistar.com/LegislationDetail.aspx?ID=6167416&GUID=4BAA786D-B792-4E21-8FBA-7C236BDC866B>

³ <https://oakland.legistar.com/LegislationDetail.aspx?ID=6279923&GUID=669E440B-6AC9-4574-BE9C-4971777BFF30>

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 DHCD.

Table 1: Summary of City's Sources and Uses for Coliseum Connections Emergency Response

Use	Source	Amount	Authorized by:
Non-Congregate Shelter Program	FEMA reimbursement (federal share), Community Development Block Grants, fund 2108 (local match)	Up to \$4 million authorized, including \$250,000 in CDBG for the local match	No. 89672 ⁴ C.M.S
Immediate vacation benefits	Community Development Block Grants, fund 2108	\$55,000	OMC 15.60.110 (C)
Permanent Relocation payments to tenants	Boomerang redevelopment funds	\$2.15 million	No. 89605 C.M.S. ⁵ and No. 13753 C.M.S. ⁶
Repairs to the building	EWD Coliseum taxable bond funds	\$300,000	No. 89605 C.M.S.
Relocation consultant contract (Overland, Pacific, and Cutler)	Community Development Block Grants, fund 2108	Up to \$200,000	City Manager's emergency contracting authority
Service linkage and mental health support (Bay Area Community Services)	Emergency Solutions Grant (ESG) fund 2103	\$49,187	City Manager's contracting authority

Note: Due to tenants vacating hotels and accepting permanent relocation payments, the total amount spent on hotel stays will likely be less than \$4 million. This will cause a corresponding reduction in the \$250,000 of CDBG spent as a local match. Spending on the relocation consultant is also on track to be under the maximum authorized amount.

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 months of work, including special ordering new electric meters for the entire building. During the first week of February, the owner informed staff from the City, County, and Bay Area Rapid Transit (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

⁴ <https://oakland.legistar.com/LegislationDetail.aspx?ID=6167416&GUID=4BAA786D-B792-4E21-8FBA-7C236BDC866B>

⁵ <https://oakland.legistar.com/LegislationDetail.aspx?ID=6019282&GUID=0486F535-0831-4D62-8730-9C27D0CEFAB7>

⁶ <https://oakland.legistar.com/LegislationDetail.aspx?ID=6279923&GUID=669E440B-6AC9-4574-BE9C-4971777BFF30>

Shelter program. The owner agreed to cover hotel coverage two more days through February 12, 2023, while the City sought Council authority to take over the hotel payments; in order to comply with FEMA requirements. 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 overstated, and DHCD and Finance staff worked tirelessly to process payments, negotiate hotel rates and extensions, and ensure tenants were not displaced during this transition.

FEMA Individual Assistance (FEMA IA)

Separate from the NCS coverage that the City of Oakland is providing at hotels, any resident impacted by the emergency could apply for and potentially access Individual Assistance (IA) directly from FEMA. FEMA informed the City on February 28, 2023, that 94 households from Coliseum Connections had applied for FEMA individual assistance, and FEMA subsequently informed the City that 89 households were approved for housing assistance. Approved tenants were generally 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.

Code Compliance Relocation Program (OMC 15.60.090)

Under the Code Compliance Relocation Program (CCRP), the City typically does not step into a direct funding role. Rather, DHCD typically facilitates information about the ordinance when tenants are displaced by code actions – Planning & Building staff will notify DHCD about code relocations and DHCD staff follow up to inform tenants and owners of the obligations under the ordinance. Under the CCRP, property owners are responsible for making relocation payments to eligible displaced tenants. However, with this catastrophic storm event and subsequent mass displacement of tenants, the City made the unusual decision to step in and provide certain direct payments to tenants as allowed under the ordinance.

Under the CCRP, eligible displaced tenants are entitled to receive a one-time \$500 Immediate Vacation Benefit from the owner. On January 19, 2023, DHCD sent a letter informing Michael Johnson that the City was prepared to provide the Immediate Vacation Benefit payments to eligible Coliseum Connection tenants if the property owner failed to issue the funds. The correspondence also requested a rent roll of Coliseum Connection tenants and informed Mr. Johnson that the City could 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.

DHCD began accepting applications and issuing the \$500 checks directly to tenants on January 24, 2023. All residents of Coliseum Connections were eligible but were required to complete a simple application to receive payment. 96 applications were received and resulted in checks being issued, 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. Residents had from January 24 to March 31, 2023, to apply for the Immediate Vacation Benefit.

On February 13, 2023, City Attorney Barbara J. Parker sent a letter to Michael Johnson setting forth the property owner's obligations under the CCRP including the obligation to provide direct payments to tenants for permanent relocation if tenants are displaced for more than 60 days. On March 6, 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.

As described above, on February 21, 2023, Council authorized up to \$750,000 to assist low-income tenants with relocation payments. On March 10, 2023, DHCD sent a letter to Michael Johnson, informing him that based on the urgent need to relocate the displaced tenants, the City had determined that the tenants were entitled to relocation benefits under the CCRP because the owner had failed to demonstrate that any exception applied. The letter further stated that the City intended to make payments to tenants who resided in rent-restricted affordable units and those who held Section 8 Housing Choice Vouchers and that the City was reserving the right to bill the owner for the payments under the CCRP

Permanent Relocation Payments

While DHCD administers the Code Compliance Relocation Program, DHCD typically only has a small amount of CDBG available to support the program. As such, providing the \$500 direct payments to tenants essentially spent down the small amount of CDBG allocated to this program, and DHCD staff had to identify other resources (Boomerang funds via **Resolution 89605 C.M.S.**) to support relocation payment. Boomerang funds are more restrictive than CDBG, and therefore could only be used to support the permanent relocation payments for the low-income tenants. In July 2023, based on **Ordinance No. 13753 C.M.S.** City Council waived low-income restrictions on the use of Boomerang dollars to fund relocation payments for the building's market-rate tenants and therefore all tenants of Coliseum Connections are entitled to a permanent relocation payment.

To address the urgent questions and needs of tenants for the hotel arrangements and permanent relocation support, the City contracted with relocation specialists Overland, Pacific, and Cutler (OPC) after soliciting three quotes for immediate relocation services.⁷ On March 6, 2023, DHCD staff sent a notice introducing OPC to tenants via email and shared the information with District 6 Councilmember Jenkins' office for the then-weekly newsletter. OPC worked with DHCD and City Attorney staff to prepare an Election of Benefits form that outlined options for tenants. This Election of Benefits form was revised over time to reflect changes in relocation timelines and the expansion of the benefits to market rate tenants. In the Election Benefit Form, households that select Option 1 choose to stay in the City funded hotels until the repairs are complete. Households that select Option 2 choose to take a permanent relocation payment and if staying at a City funded hotel, check out of their hotel or assume the costs.

⁷ The OPC contract is funded by CDBG dollars that were originally programmed for Residential Lending Service grants and loans for low-income homeowner repairs but were unlikely to be drawn down before the new biennial budget was adopted in June 2023; this funding was re-programmed for OPC's contract with limited impact on the repair pipeline. HCD was able to re-program funds under 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.

Permanent relocation benefits are distributed as follows based on unit size and 2023 base rates in place at the occurrence of the original flooding incident.

- \$7,669.78 per studio/one-bedroom unit
- \$9,439.73 per two-bedroom unit
- +\$2,500 for qualifying displaced tenants that are either low-income, seniors, people with disabilities, or residents with minor children (17 or younger) living with the head of household.

All tenants have the option to stay in a hotel until repairs are done and their unit is ready; OPC supports hotel bookings and has supported changes for these temporary stays when necessary, sometimes moving households up to four times to accommodate their needs and/or limited hotel availability. Per the CCRP, all tenants have the right to return to Coliseum Connections.

The matrix below summarizes the number of households that have elected Option 1 or Option 2, as of the date of this memo.

Income Category	Number Interviewed	Status
Low-Income	48 households elected option 2 for relocation payment	41 households checked-out/vacated and payments received, 7 households are in the process of receiving their payment
	13 households are in option 1 to remain in hotels (1 household is not in a hotel and has not requested payment)	All 13 households can select option 1 until the Sept. 22 nd deadline.
Market-Rate	32 households elected option 2 for relocation payment	25 households have received payment 7 households have requested payment but not yet received it
	12 households have not elected option 2	4 households are not in hotels and have not yet requested a payment. 8 households are currently in hotels and have not requested payment. All 12 households can select option 1 until the Sept. 22 nd deadline.

Relocation Services and Tenant Support

Through the NCS program, the City’s relocation consultant OPC helped households move between hotels on several dozen occasions. Many moves were based on a tenant request - primarily to ensure that all households who sought a suite-style room with a kitchenette could have one, but in some cases to enable tenants to stay closer to work or school. Another major cause for moves has been fluctuating hotel capacity- in some cases hotels had prebooked room blocks for conferences or other occasions that required some or all tenants to be moved to another hotel.

DHCD contracted with Bay Area Community Services, Inc. (BACS) to provide linkage and referral service to tenants.⁸ BACS additionally dispatched staff to several hotels with large groups of tenants to provide in-person mental health counseling services with virtual services available for tenants located at more remote hotel locations. This resource was first available on April 15, 2023. While this resource was initially useful in assisting several tenant households, participation declined over time and the BACS program was ultimately discontinued on June 30, 2023, due to a lack of use.

Building Repairs and Code Enforcement

The direct repair costs for Coliseum Connections were estimated to total approximately \$1.62 million, with additional costs for ongoing security (24/7 guards), construction management, and contingency reaching a total of approximately \$1.93 million. Of this amount, \$300,000 was covered by a City loan to the property authorized by **No. 89605 C.M.S.** An additional \$950,000 was provided by Alameda County, and the property investors contributed towards the remaining balance. The repair scope included electrical system repairs (replacement of electrical generator and all the building's electric metering, repairs to security/intercom/telephone/cable), elevator repairs, fire alarm repairs, water extraction/clean up, sheetrock repair or replacement, and boiler repair or replacement. DHCD staff continue to be in conversation with the property owner and other funders about adding a backup generator to the property to make the building more resilient against any future flooding hazard, as well as additional mitigation efforts at preventing damage during major storm events.

Following tenant reports, the City's Code Enforcement division dispatched inspectors to investigate three potential cases of mold in the apartments of Coliseum Connections residents. On July 18, 2023, Code Enforcement identified mold in two units and issued a Notice of Violation (complaints number 2303600 and 2303718). The source of the mold was allegedly leaking and overflowing water from a washing machine. The third reported mold case was investigated on July 24, 2023, but the inspectors ultimately confirmed the suspected mold was a benign toilet bowl mineral deposit. Repairs to the units affected by the mold are ongoing, and the property ownership has agreed to provide the tenants of those units with alternative units in Coliseum Connections between the return date for the building as a whole and when the affected units will be ready for re-occupancy.

Notice to Return and Property Management Transition

As of the date of this memo, repairs to the Coliseum Connections building are nearly complete and on September 1, 2023, tenants were issued a 30-day notice to return by new property management, the John Stewart Company (JSCo). JSCo officially took over property management at the site on September 1, 2023, after the prior property management firm (FPI Management) resigned in June 2023. JSCo has initiated an initial round of intensive cleaning in the property's common areas. They have also conducted unit inspections of all but a few units, and notified tenants of their intent to clean units (e.g. appliances, blinds, etc.) in preparation for re-occupancy of the property.

Pending the expected final sign-off from Building inspectors, tenants will have the option to return as soon as September 25, 2023. The City is ending its NCS hotel program on October 9, 2023, due to the option for tenants to return to their apartments. DHCD sent a message to tenants on September 1, 2023,

⁸ These services were funded through the U.S. Housing & Urban Development (HUD) Emergency Solutions Grant (ESG).

explaining the timeline for the end of the hotel program, reminding tenants of the 30-day notice to return from property management, and reminding tenants about permanent relocation payment deadlines. Ongoing monitoring of the property by City, County, State and BART is anticipated to continue on a more intensive basis until the property is fully stabilized.

For questions regarding this informational memorandum, please contact Emily Weinstein at eweinstein@oaklandca.gov.

Respectfully submitted,

Emily Weinstein

[Emily Weinstein \(Sep 15, 2023 11:58 PDT\)](#)

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