

The following is a draft of Oakland's 2024 PRO Housing application. 40 page maximum.

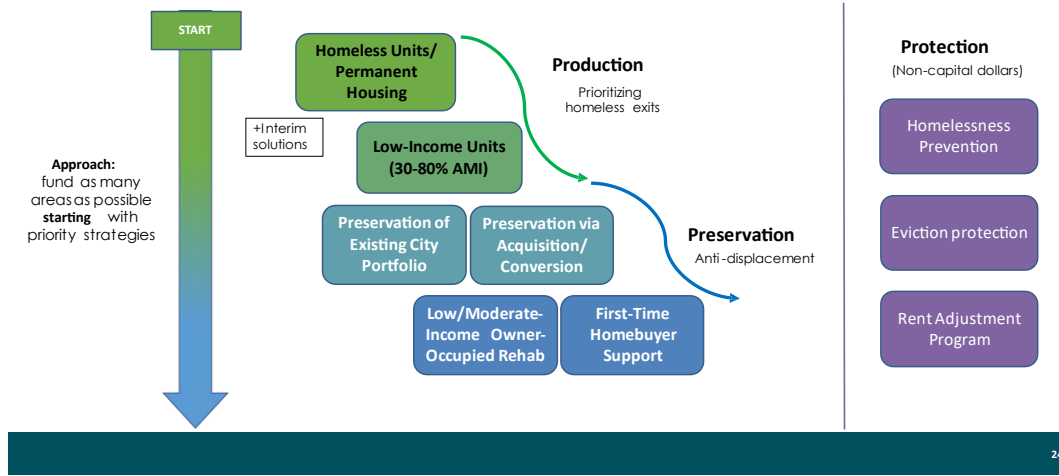
Exhibit A Executive Summary

The City of Oakland, California is actively taking steps to remove barriers to affordable housing and boost housing production to reduce long-term housing costs for families. These steps include a new Affordable Housing Overlay that offers ministerial approval to 100% affordable housing projects in residential and commercial districts across Oakland, the elimination of parking requirements for affordable housing, height limit increases for housing across the income spectrum, and local funding investments in hundreds of affordable housing units every year. These land use reforms and funding commitments will help the 2 in 5 cost-burdened renters in Alameda County find stable and affordable homes. These land use reforms also Affirmatively Further Fair Housing by increasing height limits and offering ministerial affordable housing approvals in Oakland's high-amenity and high resourced Downtown and Rockridge neighborhoods, amongst others.

Despite these measures, Oakland, and Alameda County as a whole, are currently experiencing a homelessness crisis of unprecedented severity. Oakland has the highest per capita rate of homelessness among the 50 largest cities in America (1310 per 100,000 residents). With 58% (5,493) of Alameda County's 9,450 homeless residents residing in Oakland, creating high-quality, permanent exits from homelessness is the City of Oakland's top affordable housing priority. The City of Oakland Department of Housing & Community Development's 2023-2027 Strategic Action Plan identified the production of Permanent Supportive Housing as the top investment priority necessary to accomplish this broader objective around homelessness exits (see Figure 1). This plan was based on a detailed equity analysis and extensive community engagement.

Figure 1: City of Oakland Department of Housing & Community Development Capital Investment Equity Framework

Capital Investment Equity Framework



To tackle this immense challenge, the City of Oakland (“City”), Housing Authority of the City of Oakland, California (“OHA”), and County of Alameda (“County”) are working together to create an innovative new partnership for funding “rapid response” Permanent Supportive Housing and other affordable housing. “Rapid response” Permanent Supportive Housing (PSH) can involve the conversion of motels to housing, modular construction, and other innovations to speed up the development process and drive down costs for long term housing solutions for people exiting homelessness. The City, OHA, and County have together successfully funded nine rapid response PSH projects through the State of California’s Homekey program. In many cases, these rapid response projects can deliver PSH units at half the cost and half the time as a conventional new construction PSH building. This new program represents a key part of the City’s work to reduce bureaucratic and funding barriers to affordable housing production.

Building on this past success, the City, OHA, and County are working to create a local program that is modeled after the State’s Homekey program that continues this important work and takes into consideration the lessons we have learned to date. Called the Rapid Response Homeless Housing Program (R2H2), this effort consists of three core components:

- **A single joint funding process for rapid response PSH projects** By bundling capital funding from the City, supportive services funding from the County, and operating subsidy from the OHA, this new one stop funding process will dramatically simplify and accelerate the process for developers to fund new rapid response PSH projects.
- **A streamlined process for land use and planning approvals:** By developing new local policies, protocols, and tools, simplifying approvals and better supporting developers through National Environmental Policy Act reviews and other regulatory processes, R2H2 will expedite the development process and save projects money.
- **Predevelopment funding:** Accessing predevelopment funds is often a barrier for small developers and service providers of PSH. By providing predevelopment funding that can support the early stages of development of PSH, the R2H2 program will position projects

to move more quickly through the predevelopment phase to construction. In fact, a shortfall in predevelopment resources was identified as a key unmet need through stakeholder engagement in Oakland's master plan for land use (Housing Element) and for Oakland's Housing & Community Development Strategic Action Plan. Funding predevelopment will be key to create a pipeline of ready-to-go projects to use the upcoming capital, services, and operating resources described below. These predevelopment funds are especially needed because the developers drawn to rapid response projects tend to be emerging developers and social service agencies with greater needs for predevelopment support.

The City, in partnership with the OHA and Alameda County, is seeking \$5,777,241.75 from the PRO Housing grant program to advance the R2H2 program through an innovative, rolling, revolving predevelopment loan program for quick build Permanent Supportive Housing projects. This predevelopment fund will help streamline access to funding for all aspects of rapid response PSH through a single application process. This would fit a key unmet need as predevelopment is the largest financing challenge for the R2H2 program.

While the largest budgeted item is \$5,777,241.75 for the predevelopment revolving loan program, additional streamlining funding can significantly enhance the R2H2 program. A \$50,000 set-aside in the application will support the cost of a consultant to help refine the joint City/County/OHA funding program. An additional \$1,172,758.25 in the application will pay for the cost of a dedicated Process Coordinator III to serve as a liaison between affordable housing projects and planning staff for five years. This staff member will fill a new role helping developers proactively understand the next step in the permitting process and help resolve disagreements in the permitting process as they emerge. This work will seek to ensure that National Environmental Policy Act (NEPA) reviews and other permitting requirements do not delay projects. This work as a "permitting concierge" for affordable housing developers is significantly different from the scope of work for existing Process Coordinator roles in the City of Oakland's Planning and Building Department because existing Process Coordinators are focused on the Planning and Building Department's internal requirements (meeting permit processing deadlines imposed by the State, ensuring different reviewers share information effectively etc.). The new public-facing support from this proposed role therefore represents a new activity by Oakland's Planning and Building Department outside the general course of government.

This streamlining will build on Oakland's many land use reforms, including its recently adopted "Affordable Housing Overlay," which offers 100% affordable projects extra height, unlimited density, and by-right approval in all fire-safe residential and commercial zones. The City of Oakland's most recently adopted master plan for zoning, the 2023-2031 Housing Element, has identified locations for thousands of housing units in high amenity neighborhoods and offers ministerial approval to projects on those sites that contain 20 percent or more affordable housing (see <https://www.oaklandca.gov/documents/2023-2031-adopted-housing-element> for more information).

All three agencies have upcoming resources to commit to this effort- Oakland passed a \$350 million affordable housing bond in 2022, the County will receive increased funding for supportive services under recent State of California policy changes, and OHA, as a Moving to Work housing authority, administers the voucher program and other housing assistance programs citywide. Together, these resources can ensure that funded PSH projects have sufficient operating and services supports to meet the needs of formerly homeless residents. Therefore, this holistic funding process will lead not just to lower costs and faster timeframes, but also to better client outcomes. In addition, the City's capital funds can take out the PRO Housing predevelopment loans upon permanent financing for R2H2 projects, thereby ensuring the predevelopment funds can revolve toward use in future projects.

Solving the dire homelessness crisis in Oakland and Alameda County through the construction of quality Permanent Supportive Housing will require streamlined development approvals, significant local resource commitments, and close partnership between different funding agencies. Through their innovative collaboration, the City of Oakland, OHA, and the County of Alameda are making tremendous progress on all these components of success. By providing meaningful predevelopment resources, coupled with a coordinated funding process for the three key components of PSH (capital, rental subsidies, and supportive services), and a streamlined planning review and approval process, the proposed \$7 million PRO Housing grant can help Oakland and its partners accelerate the pace of their efforts to address the homelessness crisis.

Exhibit B Threshold Requirements and Other Submission Requirements.

Review and provide a narrative response, as necessary, to the Threshold Eligibility Requirements in Section III.D and Other Submission Requirements in Section IV.G

Threshold Eligibility Requirements

1. Resolution of Civil Rights Matters: The City does not have unresolved civil rights matters.
2. Timely Submission of Applications: This application shall be submitted before the deadline stated within the NOFO--11:59:59 PM Eastern time on 10/15/2024.
3. Eligible Applicant: In accordance with Section III.A of the NOFO, the City of Oakland is an eligible applicant as a city government.
4. Number of Applications: The City of Oakland is submitting only one grant application.

Other Submission Requirements

1. Standard Application, Assurances, Certifications and Disclosures
 - The City acknowledges the assurance provided by signing the SF-424, HUD 424-B, and HUD 2880 forms.
 - The City is submitting a code of conduct with this application.
 - This application discusses how the City will carry out the proposed activities in a manner that affirmatively furthers fair housing in compliance with the Fair Housing Act. The City's Housing Element also signifies the City's commitment to fair housing and its efforts to reduce disparities in housing access and opportunity.

2. Other Program-Specific Requirements

- a. Limited English Proficiency (LEP): The City of Oakland has a large LEP population, with 40% of residents speaking a language other than English at home. The City has a Language Access Plan and Policy that ensures that all City services are accessible to LEP residents. 485 of Oakland's 2,308 public contact staff are bilingual.
- b. Physical Accessibility: All meetings that are held in person will be held in facilities that are physically accessible to persons with disabilities.
- c. Environmental Review: The City will comply with applicable environmental requirements related to any awarded funds.
- d. Federal Assistance Assurances: To assure compliance with statutory requirements for non-construction grant programs, the City shall complete the Federal Assistance Representations and Certifications section of the sam.gov registration.
- e. 424-CBW Budget Form: The 424-CBW budget form, providing a breakdown of the aggregate numbers detailing the funding allocation to each activity, is included in this application.
- f. Certification Regarding Lobbying: This certification is included in this application.
- g. Disclosure of Lobbying Activities (SF-LLL): This form is included in the application.

Exhibit C Need. *Review and provide a narrative response to V.A.1.a*

Describe your efforts so far to identify, address, mitigate, or remove barriers to affordable housing production and preservation. (15 points)

Demonstrate your progress and commitment to overcoming local barriers to facilitate the increase of affordable housing production and preservation, primarily by having enacted improved laws and regulations. (15 points)

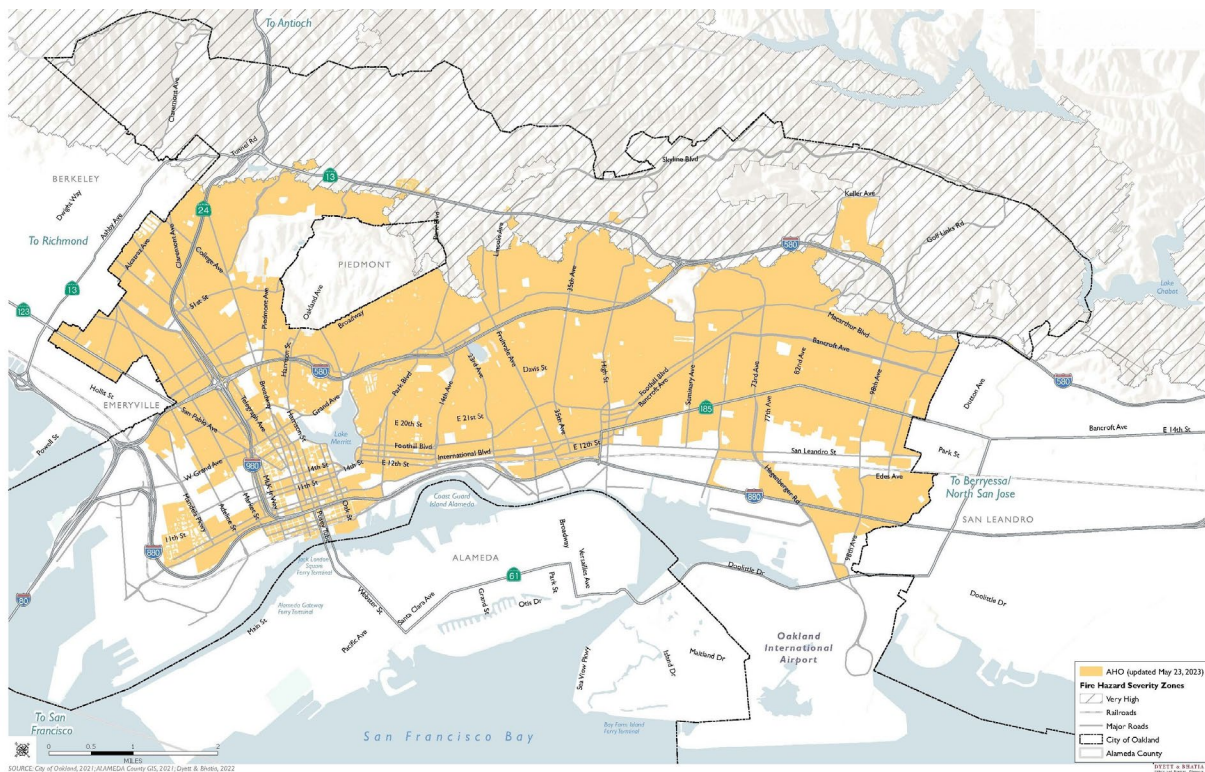
a. Improved laws, regulations, or land use local policies (10 points)

The City of Oakland, in partnership with the County of Alameda and the Housing Authority of the City of Oakland, California, has made considerable efforts to eliminate barriers to affordable housing production and preservation.

With regards to land use, the City of Oakland has adopted several local policies, and embraced several state-wide policy innovations, to streamline the construction of housing, especially affordable housing. These land use reforms resulted in the State of California naming Oakland as the first "Prohousing" city in the San Francisco Bay Area. On September 26th, 2023, the City adopted an "Affordable Housing Overlay" that permits by-right development of 100% affordable housing, offers at least two extra stories of height, allows unlimited density within the envelope of the building, reduces setbacks, and abolishes parking requirements for these all-affordable projects. This Affordable Housing Overlay applies to every residential and commercial zone in Oakland, with limited geographic exceptions for hard-to-evacuate, very high fire risk areas and

historic landmarks. The Affordable Housing Overlay therefore included many affluent neighborhoods above Interstate 580, including the College Avenue, Piedmont Avenue, and Claremont Avenue corridors (see Figure 2, upper left corner of map). In addition to the Affordable Housing Overlay, the City is in the process of preparing an ordinance to institute a ministerial approval process for all 1-4 unit projects. This will build on past efforts to streamline “gentle density,” such as the City’s adoption of planning code amendments in October 2023 that increased height and density limits for 2-4 unit projects, eliminated parking requirements for 2-4 unit housing near major transit stops, and made all unit densities by-right instead of requiring any conditional use permit approvals.

Figure 2: Oakland’s Affordable Housing Overlay, qualifying parcels highlighted in gold, hatched areas are Very High Fire Severity Zones

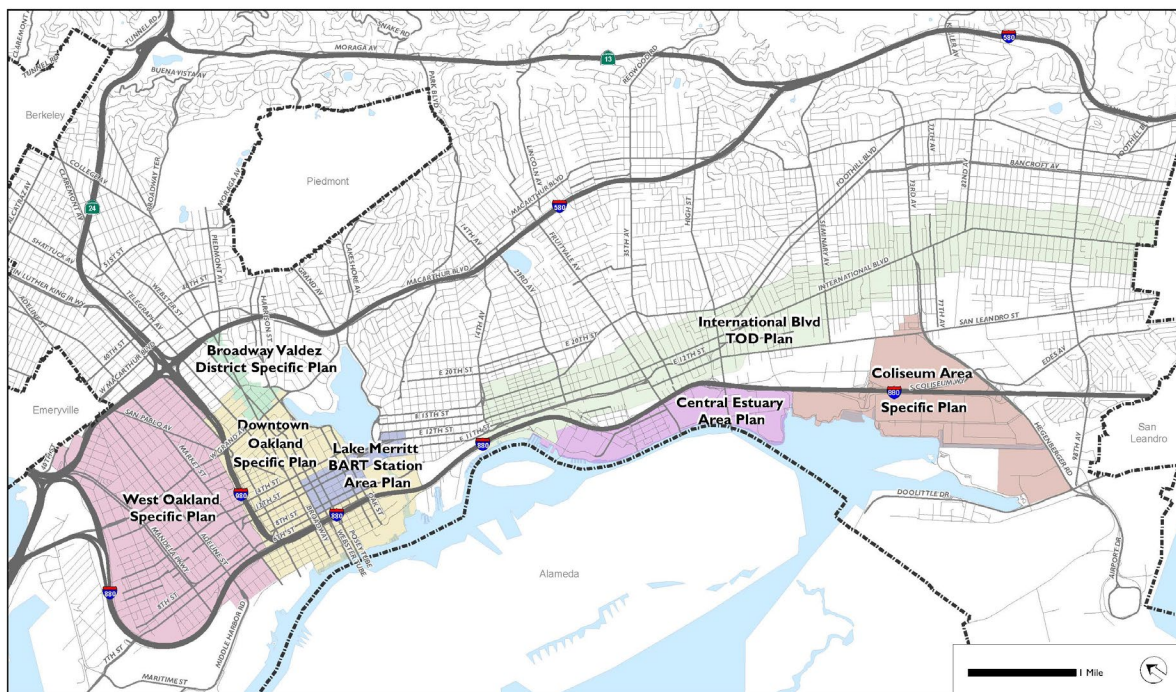


This most recent policy innovation follows years of housing leadership. Affordable housing projects in Oakland are actively encouraged to make use of California’s SB 35 streamlined review process for affordable housing, which also imposes a deadline on the City to review planning applications.

Although the new Affordable Housing Overlay will serve to exempt all participating affordable housing projects from state-mandated environmental review (as California’s environmental review rules only apply to discretionary, non-ministerial approval processes), Oakland has successfully streamlined environmental review for many previous affordable and market-rate housing projects through the use of area specific plans. Oakland has adopted these neighborhood-level plans near most major transit stations, which enables all major

environmental reviews to be conducted on a plan-wide basis up front and thereby avoid the need for lengthy analysis on a project-by-project basis. These neighborhood plans have also provided the opportunity to increase building height limits and reduce parking requirements in a systematic and methodical manner (see Figure 3: Oakland’s area specific plans). As a result of this streamlining, no Oakland affordable housing project has been refused entitlements in at least a decade. These neighborhoods plans and other land use improvements are key factors why Oakland has issued building permits for 19,493 housing units between 2015 and 2023. This includes 423 units of affordable housing that are currently under construction in Oakland. However, the ongoing affordability crisis indicates that land use reforms alone will be insufficient to solve Oakland’s housing crisis.

Figure 3: Oakland’s Specific and Area Plans



Specific and Area Plans

b. Other recent actions taken to overcome barriers to facilitate the increase of affordable housing production and preservation (5 points)

The City and voters of Oakland have made substantial financial investments in affordable housing. After \$100 million from the 2016 Measure KK bond was successfully spent to deliver 1500 units of affordable housing, Oakland voters approved Measure U, a \$350 million affordable housing bond, in 2022. In line with the Oakland Department of Housing and Community Development strategic plan, this funding is being prioritized to expand the supply of deeply affordable and supportive housing for the homeless. Oakland also levies an affordable housing

impact fee on new residential and commercial development to provide an ongoing local source of funding for affordable housing. Figure 4 demonstrates Oakland’s commitment to affordable housing. Figure 4 are the housing projections based on the City’s existing resources in the Housing and Community Development Strategic Action Plan for 2023-2027.

Figure 4: City of Oakland Affordable Housing Investments, 2023-2027

Program Type	Measure U Funding	Local Capital Dollars	Local Operating Subsidy	Total Funding	%of Total	Number of Units
Permanent Homeless Units (0-30% AMI)	\$110,957,282	\$10,000,000	\$67,073,747	\$188,900,325	39%	806
Low-Income Units (30-80% AMI)	\$149,650,000	\$28,760,093	\$0	\$178,410,093	37%	1,189
Preservation via Acquisition/Conversion	\$46,550,000	\$22,390,000	\$0	\$68,940,000	14%	230
Preservation of Existing City Portfolio	\$25,342,718	\$10,000,000	\$0	\$35,342,718	7%	527
Other Housing Programs**	\$0	\$9,000,000	\$0	\$9,000,000	2%	0
Totals	\$332,500,000	\$80,150,093	\$67,943,043	\$480,593,136	100%	2,752

The Housing Authority of the City of Oakland, California and County of Alameda also bring substantial resources to the table. In 2016, Alameda County voters adopted a \$580 million affordable housing bond to develop and preserve affordable housing. The City and County were able to collaborate to jointly fund 10 affordable housing projects with a total of 762 units through a combination of Measure A1 and City funding sources. Moving forward, the County has access to substantial funding from the State of California to provide supportive services for Permanent Supportive Housing (PSH). As a Moving to Work (MTW) housing authority, the Housing Authority of the City of Oakland, California received a waiver that provides funding flexibility that non-MTW agencies do not have. The OHA recently received approval to use that flexibility to create a local rental assistance program to provide eligible projects with rental assistance to serve low-income individuals and families.

The City, OHA, and the County have responded to the escalating cost of conventional new construction by shifting focus to “rapid response” housing interventions. Pioneered by the State of California’s Homekey program, “rapid response homeless housing” involves innovative approaches like motel-to-housing conversions and the use of modular housing. These approaches have been able to deliver PSH units in past Oakland Homekey projects at as much as half the cost and half the time as conventional new construction. Thus far, the City has successfully used the Homekey program to create nine rapid response PSH projects in Oakland (photos of two projects are shown in Figure 5). The OHA and the County were strong collaborative partners in evaluating these projects, and the County made services funding commitments to three these projects. The three agencies meet monthly to discuss projects, policies, and funding opportunities to advance PSH in Oakland.

Figure 5: Two of Oakland’s Past Homekey Projects, Clifton Hall (L) and Piedmont Place (R).



To build off the success of Homekey-funded rapid response projects, the City, County, and OHA have created an innovative joint funding process to support this project type on an ongoing basis, called the Rapid Response Homeless Housing program. This partnership will take advantage of future Homekey grant rounds and fund rapid response projects after Homekey concludes. By creating a single, consistent funding process, this partnership will enable the agencies to fund limited-time opportunities and provide funding with greater speed and certainty. This will help further reduce costs and speed up project delivery.

In addition to its work to accelerate the production of new affordable housing, the City of Oakland has made considerable investments in preserving existing housing. The City regularly provides funding to local affordable housing developers and community land trusts to acquire and permanently protect naturally occurring affordable housing via the City's "Acquisition and Conversion to Affordable Housing" Notice of Funding Availability. The City has separately provided grants to property owners to help retrofit buildings against earthquake hazards- in the past three calendar years, over 300 homes were retrofitted with assistance from this program. The City also operates a home rehabilitation program to repair decrepit homes, address lead paint hazards, and install accessibility upgrades. In Fiscal Year 23-24, this home rehabilitation program completed 38 projects, 2/3rds of which were for households with an income at or below 30% of Area Median Income.

The City of Oakland also has a robust tenant protection system that provides rent stabilization and just cause for eviction protections to approximately 90,000 units. In 2023, the City strengthened protections for tenants in these units by requiring owners to participate in a rental registry. The City has also passed a "fair chance" ordinance that protects the formerly incarcerated against housing discrimination and a "code relocation" ordinance that requires property owners to compensate tenants if they are forced to move out because of a code violation and the owner is at fault for the violation.

Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know? (10 points)

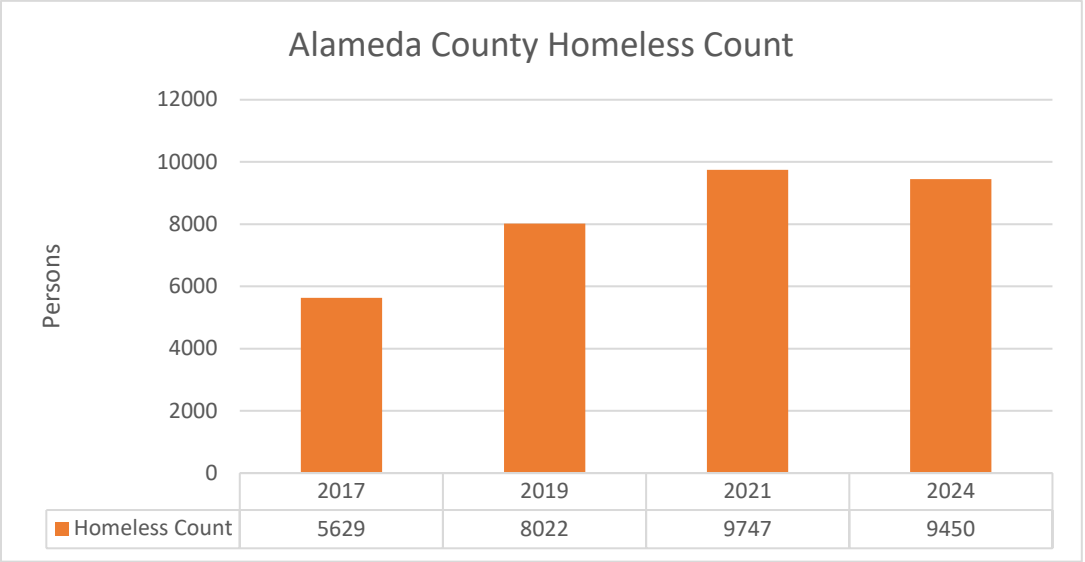
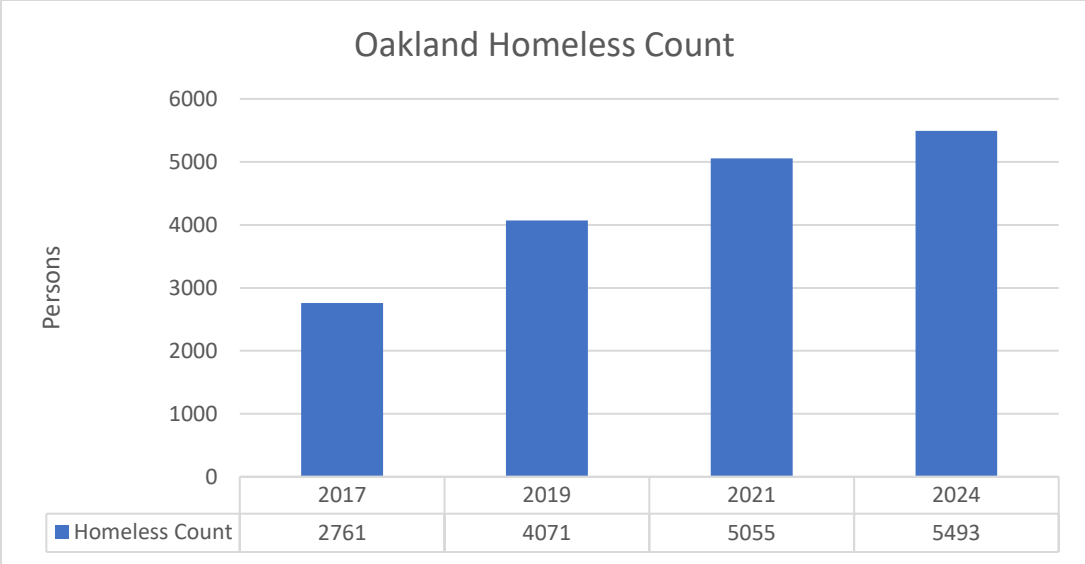
Both Oakland and Alameda County are experiencing a dire shortage of affordable housing. Although the City of Oakland is lead applicant for this grant, the intended use will benefit Alameda County as a whole and this application should therefore qualify for the 10 points for

priority jurisdictions. Units created in projects supported with funding from this application will be filled via the County-wide Coordinated Entry System and serve the highest-need Alameda County residents regardless of which city they live in.

Oakland and Alameda County's most acute housing need is for deeply affordable homes available to Extremely Low-Income households. Due to a lack of available funding resources, both Oakland and Alameda County as a whole have missed their state assigned Extremely Low Income (ELI) housing production targets for over 20 years. Rental prices have increased faster than inflation since the Great Recession, and thousands of naturally occurring affordable housing units have been lost to gentrification over the past decade. 48% of Alameda County households and 50% of Oakland households are housing cost burdened. 59% of Oakland residents are renters, which makes them particularly vulnerable to displacement. This vulnerability is aggravated by the prevalence of substandard housing- the median age of a home in Oakland is 1954, and many properties have been inadequately maintained by out-of-town owners. It is difficult for many renters to afford homeownership- the price-to-rent ratio in Oakland is a punishing 29:1.

The consequence of these housing pressures is a catastrophic homelessness crisis. According to Alameda County's 2024 Point in Time Count, Alameda County is home to 9,450 unhoused residents, of which a disproportionate 5,493 unhoused residents live in Oakland. The Point in Time count estimates have exploded since 2017, when 5,629 and 2,761 unhoused residents were counted in Alameda County and Oakland, respectively (see Figure 6, Oakland and Alameda County's Point in Time count). Oakland is currently home to the highest per capita rate of homelessness among the 50 largest cities in the country (1165 per 100,000 residents). During the PIT count survey, a majority of unhoused residents reported that a loss of housing was the primary cause of their homelessness (as opposed to domestic abuse, mental illness, or substance abuse). A majority of unhoused residents were either employed or looking for work. This underlines how wages have been unable to keep up with housing prices over time and how homelessness is now experienced by an ever-increasing share of Alameda County's most vulnerable workers.

Figure 6: Oakland and Alameda County's Point in Time Count Over Time

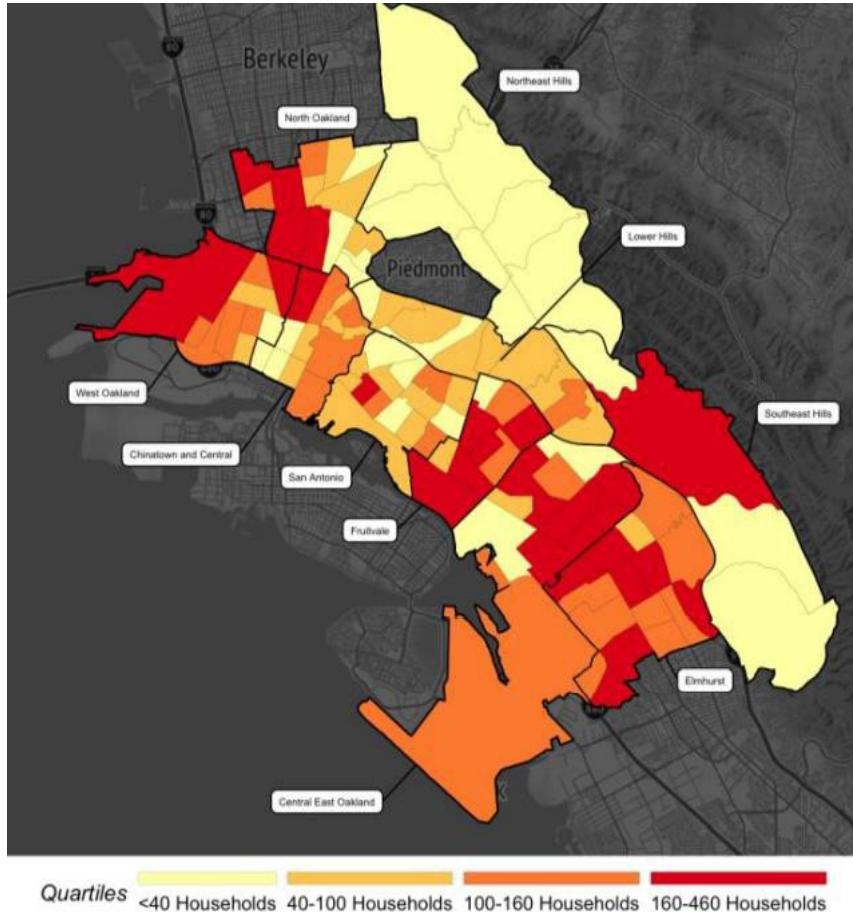


According to the State of California, Alameda County as a whole needs to build 23,606 Extremely- and Very Low-Income units between 2023 and 2031, of which 6,511 should be built in Oakland. This State projection is based on population growth- additional units will be needed to serve the existing residents of Oakland and Alameda County. The “Home Together Plan”, developed by the Alameda County Continuum of Care to serve as the County-wide strategic plan to end homelessness, estimates that over 17,000 deeply affordable housing units will be required to serve those currently experiencing homelessness or at risk of homelessness.

The COVID-19 pandemic has amplified existing displacement trends. According to recent Stanford research (<https://ccrl.stanford.edu/projects/gentrification-residential-instability/#oakland>), which used credit bureau data to track residential moves over time, as many as 9% of low-income residents in Oakland’s most-vulnerable neighborhoods were displaced from the city during a three-month period in late 2020 (see Figure 7: recent

displacement). While Oakland and Alameda County’s eviction moratorium temporarily reduced displacement levels, evictions in both jurisdictions spiked after moratoriums ended in 2023.

Figure 7: Number of Extremely Low Income and Very Low Income Households Displaced, September 2021-September 2022, map courtesy of the Changing Cities Research Lab



The data points listed above were some of the key factors that went into informing the City of Oakland Department of Housing & Community Development’s 2023-27 Strategic Plan (see Figure 8, key information sources). This ultimately led to the data- and equity-driven decision to focus City resources on creating permanent exits from homelessness as the top spending priority in the plan.

Figure 8: Key Information Sources for the City of Oakland Housing & Community Development Strategic Action Plan

#	Source	Grounding Data
1	2018 Equity Indicators Report	Key housing issues in Oakland
2	2023-2031 Regional Housing Needs Allocation (RHNA)	Eight-year goal to produce very- and extremely-low-income units
3	2022 Oakland Point-In-Time Count	5,055 unhoused residents in 2022*
4	2026 Home Together Plan	Plan to eliminate homelessness by 2026
5	2021 Centering Racial Equity in Homeless System Design	Identifies nine root causes of homelessness in Oakland*
6	Tax Credit Allocation Committee Oakland Opportunity Map	High/low-resource neighborhood map & state funding competitiveness
7	2021-2022 Oakland Residential Displacement Map	Displacement rates of very- and extremely-low-income Oakland households

What key barriers still exist and need to be addressed to produce and preserve more affordable housing? (10 points)

To build the vast quantity of Permanent Supportive Housing (PSH) that is needed to successfully tackle the homelessness crisis, the City of Oakland, the Housing Authority of the City of Oakland, California, and the County of Alameda must identify and fund PSH projects with speed and efficiency. As described above, all three agencies have identified resources to fund the capital, operating, and services funding needed to meet the needs of people exiting homelessness. By focusing on “rapid response” housing like motel conversions and modular construction, and via a joint funding process to streamline funding commitments, the three agencies can make extraordinary strides in addressing the homelessness crisis. However, there is a severe unmet need for predevelopment resources that local sources cannot meet in the necessary timeframe. These predevelopment investments are essential to creating a pipeline of rapid response projects to activate the City, County, and OHA investments.

The framework of “rapid response” projects pioneered by the State of California’s Homekey program poses several challenges that create an urgent need for predevelopment resources. The rapid response framework is new to many developers and therefore requires careful predevelopment work to identify and prepare suitable projects. These quick build/adaptive reuse projects often require specific expertise in project management for modular development or expertise in assessing the condition of and implementing a plan to renovate existing buildings. Rapid response projects are usually smaller than conventional tax-credit financed multifamily projects, and the more established, better resourced affordable housing developers often do not engage with this project type. Instead, smaller emerging developers and social service agencies have stepped up to pursue these opportunities. While they bring many innovative approaches to improve the cost and speed of PSH delivery, this newer set of developers needs more predevelopment resources than their longer-established peers. This is especially true of the roughly dozen faith- and service-based organizations that the County is helping to redevelop church-owned property.

Rapid response projects are essential to minimizing the cost and complexity that have become barriers to conventional new construction PSH. The total development cost for a conventional,

stick built new construction PSH unit in Oakland is approaching \$1 million/unit. According to Turner Center research (<https://turnercenter.berkeley.edu/blog/psh-homelessness-cost/>), the cost of operating a well-run Permanent Supportive Housing unit with strong client outcomes averages slightly more than \$20,000/unit annually. This research also found that bundling multiple populations together drove up operating costs and may make it harder to deliver effective services. Unfortunately, the traditional landscape for operating sources has been severely fragmented between different focuses and funding agencies, which has required projects to complete an arduous exercise in combining capital, operating and services resources. Homekey has helped provide an example of how to improve on the funding system, and the City's R2H2 program in partnership with the County and OHA will help scale and improve our approach to PSH, focusing on streamlining the process to deliver PSH more quickly and cheaply.

Historically, predevelopment funding was provided by redevelopment agencies, an affiliate of California local governments funded via tax increment financing. However, redevelopment agencies were abolished in 2012 by the State of California and no major alternate source of predevelopment funding has emerged since. The services and operating funding administered by the OHA and County cannot be used for pre-construction expenses. As for the City's affordable housing bond, while it can take out predevelopment expenses at the permanent loan closing, there is legal uncertainty if it is permissible to use these funds for predevelopment funding.

In addition to the challenge of identifying predevelopment expenses, many PSH developers face process-related obstacles that can delay a project. The primary process-related obstacle is when projects use federal funding for capital or operating and thereby trigger review under the National Environmental Policy Act (NEPA). NEPA review can currently add six months or more to the development timeline for a proposed affordable housing project. This is a serious challenge because delays in rapid response projects can significantly affect costs or cause potential deals to fail. This challenge is aggravated by the uneven understanding of NEPA requirements among affordable housing developers in Oakland, which can introduce additional processing delays. For modular projects, many manufacturers of modular units require a substantial deposit when committing to a project. This creates significant carrying costs in the event of project delays. For conversions of existing motels and other buildings, these properties are often on the market for limited windows. If evaluation of a building takes too long, the original owner may make alternate plans to dispose of the property. Unfortunately, this NEPA review roadblock is a significant barrier because rental assistance commitments from OHA trigger a NEPA review requirement.

Rental assistance is a key limiting factor in the creation and operation of well-run Permanent Supportive Housing programs that keep people housed. Developers will not create new PSH units without a long-term commitment of subsidies to cover the difference between the rent levels a household experiencing homelessness can pay and the cost to operate the property. OHA operating support is one of the only major sources of operating support for PSH projects in Oakland and can serve as the exclusive operating subsidy provider for some projects. This underlines the importance of addressing NEPA-related obstacles in the development process.

Exhibit D Soundness of Approach. *Review and provide a narrative response to V.A.1.b*

What is your vision?(15 points)

The City of Oakland, the Housing Authority of the City of Oakland, California, and the County of Alameda are intently focused on ending homelessness in Oakland through deeper collaboration and strategic investments in permanent housing for the homeless. The rates of homelessness in Oakland and Alameda County are a result of long-standing unmet needs, and it is through investment at the local, state, and federal level that homelessness rates will finally change direction. Every resident of Oakland and Alameda County deserves a safe and dignified place to live, and the PRO Housing grant would significantly advance this vision.

Through the partnership of the City, OHA, and County, capital, services, and operating funding will all be available for Permanent Supportive Housing through a single streamlined process. This new program, the Rapid Response Homeless Housing program (R2H2), will speed up project completions, enable coherent and robustly funded operating plans to be created, and keep down overall costs. These are tangible benefits experienced during Oakland's past Homekey projects, and, with the R2H2 Program reaching full potential, hundreds of desperately need PSH units will be completed quickly and efficiently to finally reverse Oakland's rising rates of homelessness. While a limited version of the R2H2 Program launched in late 2023, the crucial integration between different funding agencies and the availability of predevelopment sources to build a healthy bench of potential projects has not yet occurred.

The missing ingredient to accomplish the City's vision for dramatically expanding the homeless housing supply is the PRO Housing grant as the PRO Housing grant would fund a critical need for predevelopment resources. The predevelopment revolving loan program would support the expense of appraisals, property assessments, permit applications, and other predevelopment expenses. This will build a robust pipeline of proposals for the joint City/OHA/County process (the R2H2 program) and thereby expedite the development of affordable housing for people exiting homelessness.

The City's Housing & Community Development Department staff have already prepared a draft description for a new "Equitable Predevelopment Loan Program" and if awarded PRO Housing funding can implement the new predevelopment loan program in 2025. As this is a revolving predevelopment loan program, this program is expected to help developers prepare new homeless housing projects on an ongoing basis. Addressing Oakland's homelessness crisis will require an unprecedented expansion of deeply affordable housing, and these predevelopment funds will be key in growing the pipeline of these projects rapidly enough to keep up with the demand for proposals. This revolving predevelopment fund program will advance the National Objective of expanding housing opportunities for low- and moderate-income persons by supporting the construction of new homeless housing, and it falls under eligible use ii.a (financing the construction or rehabilitation of affordable housing).

The PRO Housing grant would also fund the creation of a new position (or equivalent consultant support) dedicated to helping affordable developers work through the entitlement and NEPA process. This role would help projects slash approval times by providing developers with a real-

time understanding of the next step in their permitting process. This coordinator position would also help developers understand the correct timing and process to secure NEPA review for federally-funded projects. This new land use/environmental review coordination position will therefore ensure the pipeline is able to rapidly use available OHA funding to put PSH units online without unnecessary delays from NEPA-related confusion. In addition to troubleshooting project-level difficulties, this position will have a unique window into ways the permitting process can be more transparent to affordable housing developers and more efficient for Oakland's Planning and Building Department. The troubleshooting and process improvement support from this role will ultimately help address homelessness and cost burden in Oakland by improving how quickly affordable housing receives its land use and permitting approvals. This will ultimately increase the total amount of affordable housing and homeless housing the City can fund by reducing the impact of interest costs and construction cost inflation on project budgets. This permit expediting and process streamlining role will advance the National Objective of expanding housing opportunities for low- and moderate-income persons by supporting the construction of new affordable housing, and it falls under eligible use i.h (developing proposals to streamline and modernize local permit processing).

The set aside for a consultant to help design the joint City/OHA/County funding process will help develop an efficient and accessible process to distribute these funding resources. The consultant would help conduct a landscape analysis of the funding resources available to the City, OHA, and County, identify and resolve any funding source compatibility, timing and compliance issues, and help align the project evaluation frameworks that each agency uses. By building a streamlined, consistent, and concurrent process for funding homeless housing, homeless housing projects that need funding from multiple agencies will no longer spend months in limbo waiting for the next agency to host their own funding process. Faster development timelines will ultimately increase the total amount of affordable housing and homeless housing the City, OHA, and county can fund by reducing the impact of interest costs and construction cost inflation on project budgets. This funding process streamlining consultant will advance the National Objective of expanding housing opportunities for low- and moderate-income persons by supporting the construction of new homeless housing, and it falls under eligible use ii.a (Financing the construction or rehabilitation of affordable housing) as it is unlocking the capacity of these agencies to more efficiently fund projects.

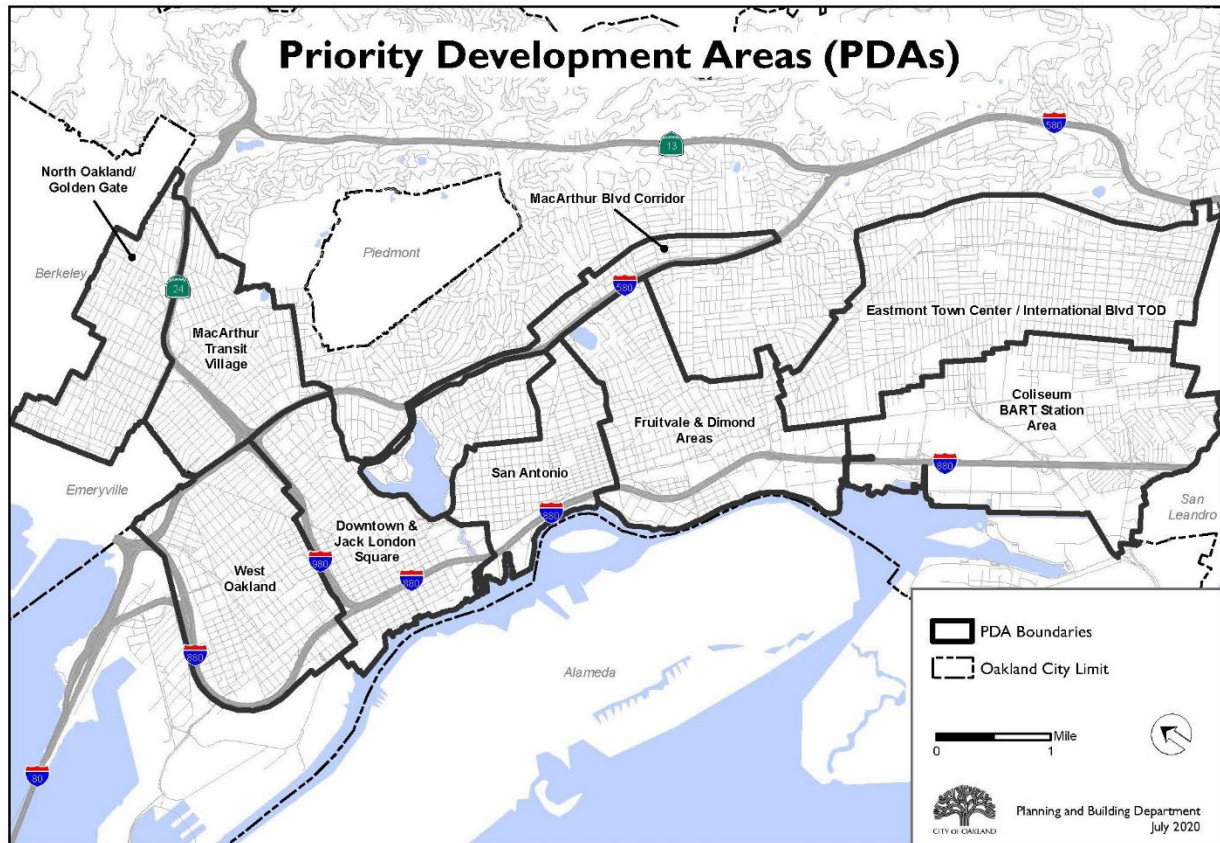
The predevelopment funding from the PRO Housing grant will also complement the City/OHA/County's work in the R2H2 funding process to improve the quality of PSH outcomes. Fully funded predevelopment work and the streamlined joint funding process will allow developers to assemble operating funding that fits the scope of the project. This would implement the lessons learned from a recent study of PSH in California from the Turner Center at UC Berkeley (<https://turnercenter.berkeley.edu/blog/psh-homelessness-cost/>), which found that A) PSH with more operating support had measurably better client outcomes, and B) combining multiple populations (chronically homeless, transition aged youth, etc.) drives up the per unit cost of operating needs. The streamlined funding process and predevelopment resources would help developers avoid time-related pressures to assemble a cumbersome mix of operating sources or rush a project to completion without lining up adequate long-term operating support.

This would enable developers to propose projects that are more narrowly focused on the primary target populations and are therefore easier and more affordable to operate.

The most likely roadblock that this effort would encounter is a limited supply of State matching funds for homeless housing development. After one more confirmed Homekey funding round, the outlook for future State investment in homeless housing production is unclear. As the City's funding for homeless housing is primarily in the form of capital dollars that can be used for construction of homeless housing (but not for operating homeless housing), a shortfall of State funding risks creating an operating subsidy bottleneck. By building closer cooperation between the City, the County, and OHA, service/operating subsidy from the County and OHA could substantially offset this prospective State shortfall. A driving focus of the R2H2 program- and especially this PRO Housing grant- is to build this alignment so that the City's homeless housing development is less dependent on unpredictable State funding sources. This will significantly offset the operating subsidy bottleneck that would otherwise stall the City's homeless housing pipeline.

The PRO Housing grant will complement existing planning initiatives by supporting infill housing development near transit. Infill affordable housing development near transit is a key priority for several relevant planning efforts, such as the Bay Area's Metropolitan Planning Organization's regional development plan, "Plan Bay Area." Much of Oakland is within the "Priority Development Areas" that Plan Bay Area seeks to concentrate future housing development in, as displayed in Figure 9

Figure 9, Plan Bay Area Priority Development Areas



Oakland’s existing funding guidelines for affordable housing projects prioritize projects that are near transit and other key amenities such as schools. The overwhelming majority of proposed affordable housing projects in Oakland are within walking distance of transit because Oakland is served by over 40 local bus routes, a regional ferry stop, two Amtrak stations, and 9 metro stations operated by the Bay Area Rapid Transit (BART) system.

All of the homeless housing supported by the PRO Housing grant will be environmentally friendly and climate resilient. All ground-up affordable housing construction in Oakland is required to be 100% electric (no natural gas) and is required to adhere to California’s strict insulation standards for energy efficiency. In addition to reducing energy costs for these affordable housing projects, the high-performance insulation standards also shield the residents of these buildings from the worst impacts of climate-change related extreme heat. Affordable housing in California is also eligible to apply for State funding to install solar panels on the roof of their buildings, potentially leading to net zero development. Building infill affordable housing projects in Oakland helps protect residents from one of California’s greatest natural hazards, wildfires, by increasing density in areas away from the Wildland-Urban Interface (WUI). This reduces urban sprawl and ultimately reduces the number of residents at risk from wildfires. Building more affordable infill housing in Oakland also protects the existing residents of the WUI, as there is a direct connection between the number of residents in the WUI and the rate of wildfires (source: <https://www.pnas.org/doi/full/10.1073/pnas.2310080121>).

There is no displacement risk created by the proposed program, as the City exclusively funds homeless housing projects that are developed on vacant land or are a redevelopment of a non-residential use (like hotel conversions).

What is your geographic scope? (5 points)

The Rapid Response Homeless Housing program and the proposed predevelopment revolving loan fund would both serve Permanent Supportive Housing projects for the homeless that will be physically located in neighborhoods across Oakland, CA. However, the completed PSH will be open to unhoused residents from across Alameda County. Oakland participates in the Alameda County-wide Coordinated Entry system, in which homeless placements are based on need regardless of an individual's origin city. Therefore, while the funded projects will be physically limited to Oakland, the homelessness exit opportunities from this program will flow to residents across Alameda County.

As further explored in the response to the "Affirmatively Furthering Fair Housing" prompt, the Rapid Response Homeless Housing program will expand access to housing in high amenity neighborhoods by reducing the cost of development and paving the way for the reuse of motels/nonresidential buildings.

Who are your key stakeholders? How are you engaging them? (5 points)

Besides the Housing Authority of the City of Oakland, California and County of Alameda, both of which were extensively consulted in the preparation of this proposal, the key stakeholders include affordable housing developers and vulnerable residents of Oakland/Alameda County. The need for a more streamlined funding process for rapid rehousing projects, as well as the urgent need for more predevelopment funding, was directly identified as a need during the extensive community engagement process conducted as part of the City of Oakland Department of Housing and Community Development's Strategic Action Plan.

Community engagement to develop the City of Oakland Housing and Community Development Department's [2023-2027 Strategic Action Plan](#) was extremely robust. Oakland HCD conducted multiple stakeholder engagement sessions with over 25 affordable housing developers, housing preservation practitioners, regional funding agencies, community development financial institutions, and more. Additionally, staff worked in coordination with each Oakland City Councilmember to conduct community conversations directly with residents. Each session lasted 90 minutes via Zoom, with live interpretation available upon demand, and took place in every Council District. These sessions allowed Oakland residents to provide their thoughts, questions, and feedback on the City's Measure U and capital spending strategy. Over 300 residents registered for all sessions combined with 15-45 participants present for each conversation. In each session, Oakland HCD provided an overview of its draft equitable capital investment framework, key data sources, and spending priorities for feedback and discussion.

A need for predevelopment resources and more assistance liaising between developers and the City of Oakland's Planning and Building Department were two key needs that also emerged

from community engagement for the 2023-31 Oakland Housing Element. This plan represents Oakland's long-term land use plan for housing and outlines important policy priorities to seize these land use opportunities. Community engagement for Oakland's Housing Element also identified housing for the homeless as a top community priority, which is a perfect fit for the Rapid Response Homeless Housing program. The Housing Element involved a year-long community engagement process. To support this planning process, the City hired a consortium of trusted community organizations, the Deeply Rooted Collaborative, to serve as the public engagement consultant. This consortium partnered with a wide variety of other community organizations to help with specialized outreach to unhoused, immigrant, and other hard-to-reach populations. The Deeply Rooted collaborative held an extensive series of pop-up community engagement events ranging from front porch conversations to tabling at community fairs. This pop-up engagement reached 1,006 individuals, a majority of whom were people of color. Deeply Rooted also held four townhalls/workshops to provide a dedicated forum for community input, which drew dozens of additional residents. To further capture the perspectives of hard-to-reach populations, Deeply Rooted provided stipends to 20 youth fellows to engage with school-aged youth about Oakland's Housing Element and provided stipends to a 20-member Equity Working Group for in-depth feedback on how community members wanted equity incorporated into Oakland's housing plans.

This series of community discussions, as well as feedback from developers who partnered with the City of Oakland on State Homekey applications for the initial tranche of rapid response projects, was critical in informing the City priorities for this grant. Fragmentation of funding sources, a lack of predevelopment resources, and difficulty navigating the planning process were serious concerns that came up over and over, and with this proposed grant, the City, the County, and the OHA can together decisively address these challenges.

As both the challenges and the solution set identified in this grant application are a direct result of past engagement, the City is focused on implementing the outcome of that engagement. The City will therefore plan to focus instead on ensuring that the implementation of the PRO Housing grant continues to align with key stakeholder priorities. Unhoused Oaklanders and other low-income residents will be engaged in 2025 as part of the City of Oakland's upcoming Homelessness Strategic Plan, which will become the City's new master plan for solving homelessness. Affordable housing developers would be engaged at several points, including around the next Notice of Funding Availability for the R2H2 program, around the rollout of the predevelopment loan program, and at regular intervals by the new permit streamlining role. Both affordable housing developers and users of affordable housing will be engaged during the next update to the Oakland Housing & Community Development Department's Strategic Plan.

How does your proposal align with requirements to affirmatively further fair housing? (5 points)

This grant's investment in the Rapid Response Homeless Housing program will affirmatively further fair housing in two key ways. First, by allowing for the conversion of motels and construction of low-cost modular housing, this program will unlock previously unavailable opportunities to expand affordable housing in the more affluent neighborhoods of Oakland (such as the Temescal, Rockridge, and Laurel neighborhoods). Second, building housing for the

homeless in neighborhoods facing severe displacement pressures can allow existing residents to stay in Oakland instead of being forced out by rising rents. This ensures that long-time residents can benefit from economic revitalization and improved public infrastructure.

Both motel conversions and innovative techniques for new construction can expand housing opportunities in more affluent neighborhoods. Oakland's past Homekey projects, which are similar in nature to the projects in the Rapid Response Homeless Housing program, were geographically spread across the City of Oakland in socioeconomically divergent neighborhoods. In many cases, motels in Oakland are located in primarily single-family, upper middle-class neighborhoods. While it can be difficult to find vacant lots to develop in these built out neighborhoods, motel conversions are an excellent way to expand affordable housing opportunities in these high-amenity areas. Two of Oakland's past Homekey projects, Clifton Hall and Temescal Commons, expanded affordable housing opportunities in some of the most desirable parts of Oakland. In affluent areas with vacant lots, high land costs have historically made these projects less competitive for funding. However, pursuing modular or other innovative building methods that reduce building costs can offset land costs and make construction in these affluent neighborhoods more financially feasible. County-wide, 43% of the homeless individuals that would benefit from R2H2 are Black, 25% are Latino, 14% are White, and 19% belong to other races or to multiple races. Increasing homeless housing opportunities for this population in affluent neighborhoods will therefore increase the racial diversity of these historically White areas.

This grant would specifically make infill projects in high opportunity neighborhoods more feasible by 1) using the predevelopment revolving loan fund to build a larger bench of potential projects in high opportunity neighborhoods, and 2) using the permit expediter position to help potential projects in high-opportunity neighborhoods secure their permits faster. With a greater availability of predevelopment resources, developers will have the funding they need to explore more difficult sites in high opportunity neighborhoods (like cleaning and redeveloping brownfield sites) that they would have historically passed on entirely. The permit expediter role will likewise help developers accelerate the permitting timeframe for projects in high opportunity neighborhoods, which will make it possible for these projects to compete for State grants, like the upcoming Homekey Plus program, that place a premium on project readiness.

The City's commitment to encourage increased developer participation for women, minority, and veteran-led developer firms fits within its broader efforts to encourage emerging affordable housing developers that are still new to the field. The permit expediter role funded by this grant will be of particular benefit to emerging minority, women, and veteran-led developers as emerging developers will likely be less familiar with the City's permitting process than existing developers and need a higher level of support with the process. Finally, the grant's funding for a consultant to better align City, County, and OHA funding timelines will help emerging developers secure funding for their projects in a more predictable and streamlined manner than the status quo. As these emerging developers will likely be less familiar with the affordable housing funding application process than existing developers, the emerging minority, women, and veteran-led developers will receive an outsized benefit from the reduced bureaucracy.

In addition to encouraging more minority, women, and veteran-led affordable housing developers, the City requires that 15% of the work on most City-funded affordable housing be conducted by apprentices. This expands opportunities for underrepresented groups, such as women, minorities, and veterans, to enter the building trades. While the City is prohibited under State law from explicitly prioritizing women or minority contractors, the City generally requires that 50% of construction work be awarded to local and small local subcontractors. In practice, this increases the portion of work that goes to minority-owned subcontractors as local/small local businesses in Oakland are more likely to be minority-led than larger state-wide or national firms.

Some of the homeless housing described above could potentially be built on parcels identified by Oakland's 2023-31 Housing Element as sites suitable for affordable housing in neighborhoods classified as "High or Highest" opportunity by the State of California's California Debt Limit Allocation Committee's "opportunity map." These sites collectively contain identified capacity to accommodate 622 affordable housing units in "High or Highest" opportunity areas, but recently increased height limits in the high-resource Rockridge neighborhood would potentially allow affordable housing to be built on dozens of other parcels not specifically designated for affordable housing. As noted in the "past actions" section of this application, the City of Oakland has also adopted an Affordable Housing Overlay that provides relaxed development standards and ministerial approval for affordable housing in high-amenity neighborhoods like Rockridge, Temescal, and Piedmont Avenue. In addition to these existing reforms, the City has committed as Action 3.3.19 in its state-mandated Housing Element (strategic master plan for housing) to assess rates of affordable housing construction in the state-designated "High" or "Highest" Opportunity Areas during an interim evaluation in 2022. The City will then undertake additional rezoning to increase density/height limits in High/Highest Opportunity areas if the existing zoning reforms are insufficient to spur meaningful integration in these neighborhoods. This will serve as a valuable backstop to ensure that new affordable housing takes place in high-amenity neighborhoods and that historically White neighborhoods are more thoroughly integrated.

The Rapid Response Homeless Housing program will also play an important role in preserving diversity in neighborhoods undergoing rapid economic and demographic transition. According to the most recent available Point in Time Count data, 90 percent of Oakland's homelessness population are local residents who were pushed into homelessness by an explosion in rental prices over the past decade. Providing a permanent, affordable place for these families to live will help staunch the widespread displacement of low-income and minority Oakland residents to the outer extremities of the San Francisco Bay Area. This will in turn allow these residents to benefit from the fruits of Oakland's economic revitalization- a roaring job market, infrastructure improvements, and vibrant neighborhoods full of thriving small businesses. The new housing from the R2H2 program will therefore address the two biggest challenges identified in Alameda County's most recent Analysis of Impediments to Fair Housing, which found housing affordability and availability are the most severe obstacles to housing choice. As one of Oakland's funding priorities is affordable housing funding in neighborhoods experiencing gentrification, the predevelopment funding and permit streamlining supported by the PRO Housing grant will help reduce displacement from gentrifying neighborhoods. This displacement was another key challenge identified by the most recent Analysis of Impediments to Fair

Housing. While the City is committed to preventing displacement in neighborhoods experiencing displacement pressures, the City remains mindful of the risk of over-concentrating affordable housing.

The City does not anticipate any significant resistance to the proposed use of the PRO Housing grant funds to support homeless housing and affordable housing. There is a general political consensus in Oakland that the City needs dramatically more affordable housing and especially homeless housing. Oakland's most recent affordable housing bond, Measure U in 2022, was adopted with a resounding 75.33% yes vote. During the most recent City-commissioned poll of Oakland residents, in 2023, 50% of Oaklanders said that housing or homelessness was their top City budget priority. The Oakland City Council has not rejected the entitlements or funding for any affordable housing project in at least a decade. The projects supported by the PRO Housing grant will benefit from Oakland's Affordable Housing Overlay, which provides a fully ministerial approval pathway. This means that the projects will not be subject to any discretionary public hearings. A side effect of the ministerial approval process is that the projects will also be insulated from any hypothetical bad-faith legal challenges- California's law for environmental review only allows project approvals to be challenged if they are approved by a discretionary process. As ministerially approved projects, the affordable housing supported by the PRO Housing grant will be protected from such lawsuits.

OHA would require all of the projects funded through the R2H2 program to meet HUD housing quality and inspection standards. Past rapid response projects in Oakland have required a minimum of 15 percent of units to be accessible to persons with disabilities. Homeless housing units supported through this grant will adhere to HUD's affirmative marketing requirements as they will be filled through the Coordinated Entry system. Individuals eligible for such units will be proactively contacted by street outreach workers in accordance with standard Coordinated Entry procedures. Homeless housing units for families with children are typically funded in Oakland in mixed-income affordable housing funded via the New Construction Notice of Funding Opportunity- the permit expediting component of the grant will help deliver these units faster and (therefore) at a lower cost, enabling more of them to be built.

As described in the Executive Summary, the City of Oakland takes a data-driven approach to racial equity that resulted in the Housing and Community Development Department's 2023-2027 Strategic Action Plan (available at <https://cao-94612.s3.us-west-2.amazonaws.com/documents/HCD-2023-2027-Strategic-Action-Plan.pdf>). According to the Racial Equity Impact Analysis conducted for this plan, homelessness is the most severe housing-related inequity facing Oakland. This analysis is the reason why reducing the disparate impact of homelessness on Black residents of Alameda County is a central component of the R2H2 program and why maximizing the impact of the R2H2 program is a key focus of this PRO Housing grant application.

The City will be able to measure the effect of its proposal on promoting desegregation, expanding equitable access to well-resourced areas of opportunity, and furthering the de-concentration of affordable housing by tracking, over the life of the grant, the average number of new affordable housing units per acre in the City's neighborhoods identified as "high" or

“highest” resource by the State of California’s Opportunity Map versus all other Oakland neighborhoods. The City is already obligated to track this information under Action 5.2.8 of the City’s State-approved master plan for housing (Housing Element), and the units supported by the PRO Housing grant will be reflected in this indicator. This will ultimately serve as a rigorous tool to ensure that the highest amenity and least diverse Oakland neighborhoods are receiving a fair share of new affordable housing.

What are your budget and timeline proposals? (5 points)

The City of Oakland proposes a \$7 million budget as follows:

- \$5,777,241.75 for a revolving predevelopment loan program for Rapid Response Homeless Housing (R2H2) projects, of which:
 - \$5,199,517.58 would be used as lending capital
 - \$577,724.17 would be used for administrative costs implementing the loan program, based on a 10% administrative overhead portion.
- \$1,172,758.25 for a Process Coordinator III to serve as a liaison between affordable housing developers and planning staff to expedite land use approvals for five years. The annual cost is based on the Process Coordinator III salary cost of \$127,806/year, a corresponding annual benefits cost of \$93,545.65, an indirect cost of \$13,200/year (less than the 10% indirect cost rate for the City as a whole) for a combined annual cost of \$234,551.65.
- \$50,000 for a consultant to help with the streamlining of funding processes when the agencies design the details of the Rapid Response Homeless Housing Program.

The proposed timeline for this program is below:

Date	Milestone
Consultant is hired for Rapid Response Homeless Housing Program design	2/28/25
Consultant finishes consulting on Rapid Response Homeless Housing Program design; recommendations begin to be incorporated to streamline funding processes	5/30/25
Launch revolving predevelopment loan program, which will continue indefinitely	6/30/25
Process Coordinator III is hired by this date and begins serving as an intermediary between affordable housing developers and the Planning and Building department.	6/30/25
Completion date for implementation of funding streamlining recommendations from the consultant	5/30/26

Interim target date to commit a majority of funding from the revolving predevelopment loan program for the first time	6/30/26
Target date for all funding in the revolving predevelopment loan program to be spent at least once. Future loans will be funded by repayments from the initial round of predevelopment loans as projects undergo permanent loan closings	6/30/28
Grant funding for Process Coordinator III terminates after 5 years	6/30/30

The proposed revolving predevelopment loan fund will be cost-effective and appropriate for the project for several reasons. First, the predevelopment loan fund will revolve indefinitely, which is a far more efficient use of funds than a one-time injection into project budgets. Second, the amount each project can seek will be capped, to ensure that multiple projects are able to access these resources simultaneously. Third, by providing upfront funding to investigate potential affordable housing development sites, the predevelopment loan fund can help projects unlock additional funding such as the State of California’s Equitable Community Revitalization Grant for brownfield cleanup. Fourth, as local affordable housing developers currently struggle to access adequate pre-development funding, the revolving predevelopment loan program will enable them to explore a larger range of potential development sites. In the long run, some of the projects with difficult predevelopment may have below average total development costs, which will generate a positive cost-benefit ratio for the predevelopment loans. A good example of such a site would be a brownfield site near a major transit stop- the predevelopment cost of testing and planning a mitigation strategy for the site contamination would be substantially outweighed in the long run by the construction cost savings from no on-site parking (due to the transit proximity).

The permit streamlining position will be cost-effective and appropriate for the project for several reasons. First, it is the lowest-paid classification in the City with the requisite experience/responsibility for the intended permit streamlining role. Second, the permitting time savings generated by this position will reduce homeless housing projects’ interest and construction cost inflation-related costs by significantly more than the cost of the position itself. Third, the permitting process streamlining opportunities identified by this position will have long term benefits in accelerating the permitting process that will outlive the term of the grant. This will reduce affordable housing project costs on an ongoing basis.

The consultant for coordinating and streamlining the funding processes for the City, County, and OHA will be cost-effective and appropriate for the project for several reasons. First, the scope of work is sufficiently complex that the full budget will be required to support an intensive examination of existing funding programs. Second, the consultant will be procured via the City’s normal competitive bidding process, which will help contain costs. Third, closer alignment between the funding process for the City, County, and OHA will enable projects to receive

funding and begin construction months faster than under the status quo. This will reduce interest and construction cost inflation-related costs for projects by significantly more than the \$50,000 budget for the consultant, ensuring a favorable cost-benefit ratio.

If half the requested funding was available (\$3.5 million), the City of Oakland would propose to reduce the scale of the predevelopment loan pool from \$5.777 million to \$2.277 million. This would reduce the projected number of units served in the initial round of predevelopment lending from 110-210 units annually to 40-75 units annually. As a result, some pipeline projects will be unable to receive predevelopment funding in a timely manner. However, the funding process streamlining and affordable developer permit coordination would see their budgets preserved and would still be able to serve hundreds of units. By reducing the amount of funding in the predevelopment lending pool, the budget for the process coordinator and the funding streamlining consultant would remain intact. The budgets for these items are kept intact as they are impractical to scale while still having the desired impact of streamlining the permitting and funding processes.

As discussed in the “leverage” section of this application, the \$5 million local match would be used as capital to develop projects identified through the R2H2 program. This is part of at least \$25.7 million in local resources the City has identified and committed to serve as capital and operating funds for projects in the Rapid Response Homeless Housing program during the first two years of operation.

Exhibit E Capacity. *Review and provide a narrative response to V.A.1.c*

What capacity do you and your Partner(s) have? What is your staffing plan? (10 points)

The City of Oakland, Housing Authority of the City of Oakland, California, and County of Alameda all have a deep well of expertise and practical experience to contribute to this program. As a natural evolution of previous collaborations, the City will take the lead in organizing the funding process in the Rapid Response Homeless Housing program with the OHA and County participating in the review process as pertains to their funding, as well as to provide their expertise.

The City of Oakland has been building its capacity in multiple ways to increase the development of high quality PSH that is created quickly and that delivers long lasting positive outcomes in housing people experiencing homelessness. This capacity building consists of:

- **Staffing Increases:** Two current staff positions are dedicated to homeless housing efforts, including overseeing the new Rapid Response Homeless Housing Program. This includes a Program Manager and a Housing Development Coordinator. An additional Housing Development Coordinator position is being recruited. These positions are already funded and will be filled whether or not the PRO Housing grant is awarded. These staff are currently responsible for evaluating funding applications for homeless housing in Oakland, including the evaluation of project underwriting and service plans.
- **Merger with the City’s Human Services Department’s Community Housing Services division:** This upcoming merger will increase the level of staffing and expertise related

to homeless services and transitional/interim housing interventions. This will provide additional capacity to evaluate operating plans for R2H2 projects.

- Creating a new homeless housing program: Building on the experience and learnings from the City's very successful engagement with the Homekey program, the City has created a new homeless housing program (the Rapid Response Homeless Housing Program), which is deepening staff knowledge and expertise in vetting, funding and monitoring PSH and other homelessness interventions.
- Subject matter expert consultants in PSH and Homekey projects are assisting the City in all the above activities.

This capacity-building follows the City's successful expenditure of \$100 million from the Measure KK affordable housing bond since 2014. The City of Oakland has extensive experience in reviewing affordable housing funding applications and has historically issued a New Construction Notice of Funding Availability on an annual basis.

Since 1994, the City of Oakland has administered approximately \$450 million in U. S. Department of Housing & Urban Development Community Planning & Development Entitlement Formula Grants awarded under Community Development Block Grant (CDBG), HOME Investments Partnership Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities of Persons with HIV/AIDS (HOPWA) programs for the provision of affordable housing and community services.

Over the past 30 years, Oakland has administered over \$240 million in CDBG funds supporting:

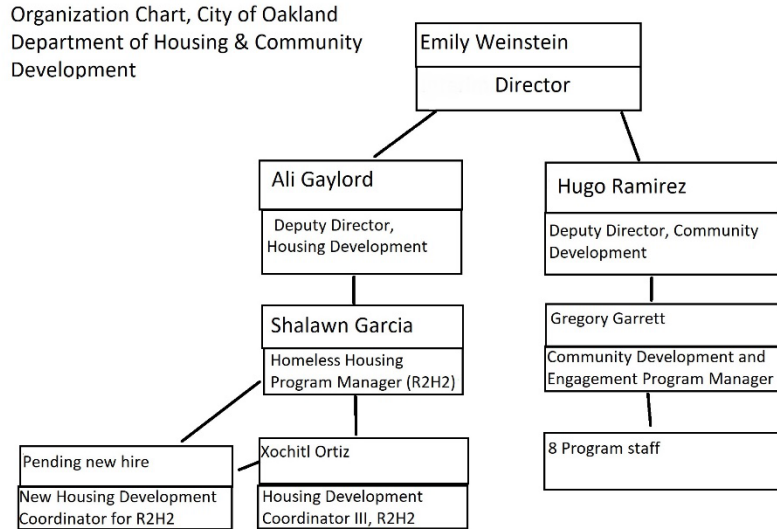
1. Capital improvement projects for homeowner occupied housing rehabilitation; homeless facilities, senior centers, parks and recreation, other neighborhood facilities, and street improvements;
2. Acquisition, clearance and demolition of real property for public use;
3. Fair Housing, Legal Services, and Code Enforcement Relocation;
4. Special Economic Development activities;
5. COVID Response for low- and moderate income residents of Oakland;
6. Disaster Recovery; and
7. Public Services, including but not limited to homeless shelter & services, homelessness prevention, anti-displacement, senior and youth services, literacy programs, food distribution and other qualifying public services.

CDBG funded projects in Oakland benefit an average of 6,500 Oakland residents annually. The City's long-standing use of CDBG funds to effectively serve the public bolsters Oakland's capacity to successfully oversee the implementation of the PRO Housing grant.

The City of Oakland's Department of Housing & Community Development has extensive capacity to analyze and incorporate fair housing and racial equity into its operations. The Department centered racial equity in the development of its 2023-2027 Strategic Action Plan (available at: <https://cao-94612.s3.us-west-2.amazonaws.com/documents/HCD-2023-2027-Strategic-Action-Plan.pdf>). In partnership with the City of Oakland's Department of Race & Equity, Oakland's Department of Housing & Community Development has conducted extensive

analysis of race-based disparities in housing access and quality (see Pg. 85 in Oakland’s Equity Indicators Report: <https://cao-94612.s3.us-west-2.amazonaws.com/documents/2018-Equity-Indicators-Full-Report.pdf>).

Organization chart, City of Oakland Department of Housing & Community Development (note: staff not involved in the administration of the grant are not shown):



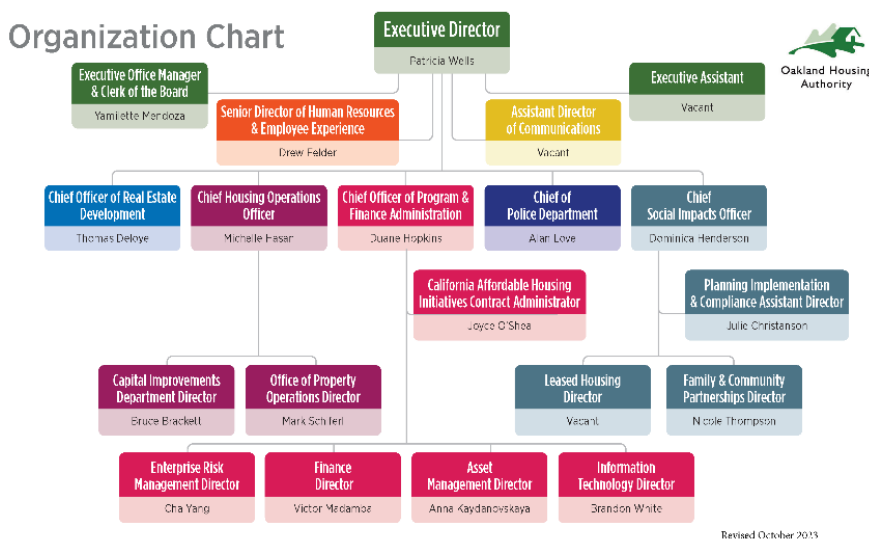
Responsibility for administering the predevelopment loan program will be assigned to three staff in the Homeless Housing Program or similarly qualified staff in the Housing Development Services Program (a program which focuses on more conventional tax-credit financed affordable housing). In either case, the predevelopment program will be administered by staff with extensive experience in reviewing project pro formas, underwriting and closing loans, and evaluating the viability of proposed homeless housing projects.

The permit expediting/streamlining role in the Planning and Building Department would be filled by a Process Coordinator III hired specifically for the scope of work in this grant (or by consultants with equivalent experience and ability). Process Coordinator III is an advanced classification that requires a minimum of four years of experience in permit processing, plan checking, and/or building inspections. A Process Coordinator III must demonstrate a detailed understanding of Oakland’s planning code, design review process, building code, permit processing procedures, record systems, and how to navigate the different divisions of the Planning and Building Department. This level of expertise will ensure that the Process Coordinator III hired for this grant is capable of troubleshooting even the thorniest permitting issues. The breadth of their knowledge will also ensure they are able to connect the dots on how their troubleshooting work points to broader insights on how the Planning and Building Department can improve their processes and procedures to more speedily process affordable housing permits.

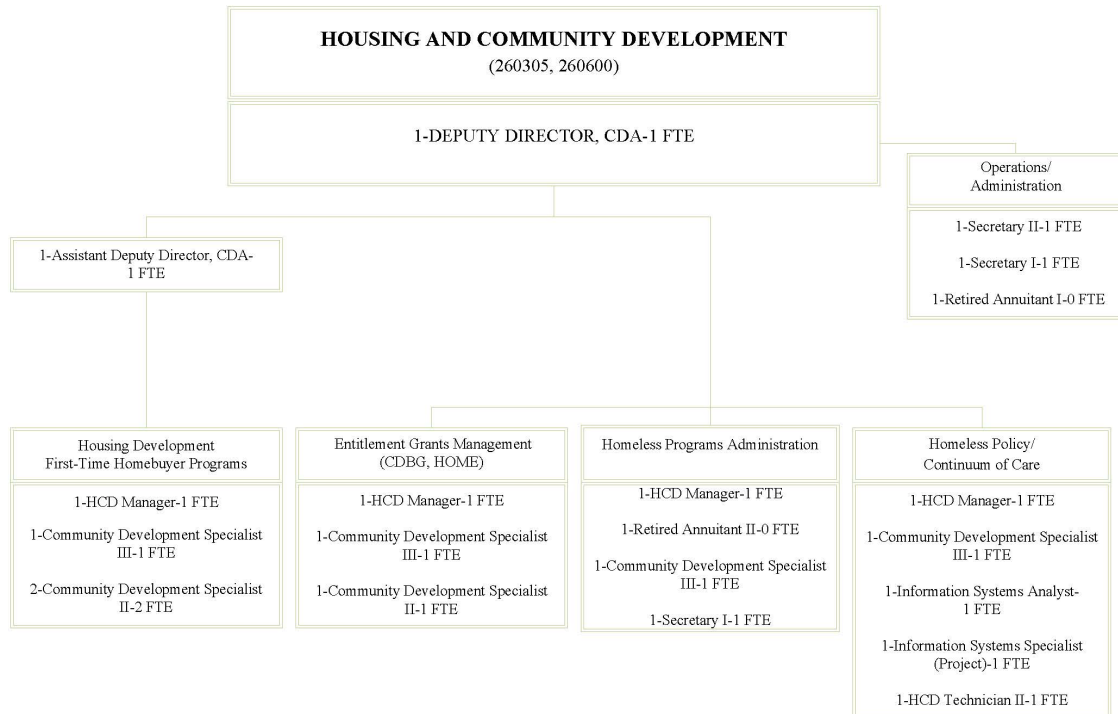
Since entering the Moving to Work Demonstration program in 2001, the Housing Authority of the City of Oakland, California (OHA) has endeavored to increase housing choice for the almost 18,000 low-income families it serves, including the elderly and persons with disabilities. The Office of Real Estate Development (ORED) supports this mission by leveraging local, state, federal and private funding in order to construct new, and rehabilitate existing, affordable housing in Oakland. Under the leadership of Executive Director and Chief Executive Officer Patricia Wells and the OHA’s Board of Commissioners, ORED, on behalf of OHA, partners with developers and works on its own behalf to facilitate the construction of housing that is durable, well-designed, energy-efficient, and service-enriched. Since its creation as an OHA department in the year 2000, ORED has facilitated the construction of over 2,000 housing units for very-low, low- and moderate-income families.

Traditionally, ORED has fostered partnerships with developers where OHA provides gap and/or acquisition financing for affordable housing projects. These strategies have allowed ORED to leverage federal and state funding from sources like Housing Opportunities for People Everywhere (HOPE) VI and Project Homekey and expand affordable housing in the City of Oakland. More recently, OHA launched a Rental Assistance Subsidy (RAS), which explores a novel method of providing nontraditional subsidy to certain affordable housing projects that would otherwise be unable to meet operating expenses. The RAS is overseen by ORED, with senior program management staff working with developers or other community partners to shepherd projects through the development process and stabilize funding to preserve affordable housing for the long-term.

Organization chart, Housing Authority of Oakland, California:



The County of Alameda’s Housing and Community Development org chart is displayed below:



Funding for Permanent Supportive Housing is distributed by Alameda County’s Housing and Community Development and Office of Homeless Care and Coordination programs. Both programs have extensive experience in designing and running competitive funding programs to support Permanent Supportive Housing. This includes distributing \$580 million over the past decade from Alameda County’s Measure A1 affordable housing bond. The County of Alameda is also very familiar with CDBG, as it operates a separate CDBG program to serve as the local recipient for five of Alameda County’s smallest cities as well as unincorporated Alameda County.

The City of Oakland will take lead responsibility for implementing the scope of this proposal. The role of the County and OHA is to collaborate with the City on potential R2H2 funding awards, as both agencies operate their own funding streams. Both agencies will collaborate with the consultant hired to help align funding processes between the three agencies, and OHA-initiated projects may ultimately benefit from both the predevelopment loan program and the permit expediter role.

This grant application was written by Caleb Smith, Program Analyst III, from the City of Oakland’s Department of Housing and Community Development.

Exhibit F Leverage. *Review and provide a narrative response to V.A.1.d*

Are you leveraging other funding or non-financial contributions? (10 points)

The City of Oakland is pledging \$5 million in matching funds from the \$10.4 million Rapid Response homeless Housing Acquisition Fund. These matching funds will be committed to projects funded through the Rapid Response Homeless Housing program as capital funds for construction. In doing so, the City of Oakland is making a firm financial commitment to the kind of projects funded by the predevelopment loan program proposed in this grant application.

These committed funds are not the full extent of the City of Oakland's planned commitment to the program. On September 17, 2024, the Oakland City Council committed an additional \$21 million in Measure U bond funding to the R2H2 program.

In 2023, OHA used Moving to Work flexibility to launch the Rental Assistance Subsidy (RAS) fund, which is intended to be a source of stabilizing, place-based funding to maximize and leverage existing City and state funding by adding OHA Federal dollars to preserve affordable housing for the long-term. This streamlined source of funding helps to ensure the sustainable and healthy operation of properties that serve Extremely Low-Income households at or below 30% of the Area Median Income (AMI). The RAS is designed to be a 15-year subsidy that aims to fill any negative net income gaps that result primarily from minimal collectable rents from extremely low-income households.

Permanent Supportive Housing (PSH) projects participating in the City of Oakland's proposed Rapid Response Homeless Housing Program (R2H2) program would be able to apply for funding through the RAS application process. Eligible projects must set aside 25% of the total units for households earning at or below 30% of AMI, must adhere to NEPA and HUD Housing Quality Standards or related inspection requirements, and may be subject to subsidy layering reviews based on additional funding sources. The RAS is projected to subsidize approximately 357 families through the addition of new affordable units in projects throughout the City of Oakland in the FY 2024-25 OHA Annual MTW Plan and this includes capacity for new projects to apply for funding.

The County of Alameda oversees several funding sources that can be deployed in support of the R2H2 program. This includes flexible operating support, which was most recently awarded via a \$20 million Solicitation of Interest in early 2023. The County of Alameda also serves as a conduit for services funding from the CalAIM program. The CalAIM program is a State of California program that funds housing services via California's Medicaid program (as described here: <https://www.dhcs.ca.gov/CalAIM/Documents/CalAIM-HHI-a11y.pdf>). Alameda County also oversees THP+ vouchers, which are a form of housing subsidy in California for Transition Aged Youth at risk of homelessness.

Exhibit G Long-term Effect. *Review and provide a narrative response to V.A.1.e*

What permanent, long-term effects will your proposal have? What outcomes do you expect? (10 points)

The proposed Rapid Response Homeless Housing program is expected to continue into the indefinite future, and the benefits of the proposed PRO Housing grant-funded predevelopment loan program will likewise continue indefinitely.

The partnership between three agencies that each bring unique funding streams as well as expertise and networks will provide a strong foundation to the work of ending homelessness. Harnessing each agency's strengths with a unified vision will go a long way to both avoid inter-agency delays and bureaucratic roadblocks. By creating a permanent one-stop shop for homeless housing funding sources, the Rapid Response Homeless Housing program will reduce the time, cost, and uncertainty associated with developing Permanent Supportive Housing for the homeless. By ensuring all the right funding sources are lined up early in the project planning stage, developers can make more intentional decisions about unit mix and operating/service plans. This will ultimately result in positive outcomes for the Alameda County residents who occupy these units, as research from the Turner Center at UC Berkeley (<https://turnercenter.berkeley.edu/blog/psh-homelessness-cost>) shows that well-designed and well-funded Permanent Supportive Housing has better outcomes. In the long run, this program will institutionalize the sense of urgency and creativity that is needed to have a long-lasting impact on addressing homelessness.

The proposed predevelopment loan program will be structured as a revolving program. Most loans will be taken out upon permanent financing of deals, which will allow for additional predevelopment loans to be issued. This should allow for the program to continue building the pipeline of cost-efficient affordable housing for years to come. Over time, these predevelopment funds could help dozens of affordable housing projects for the homeless move from a conceptual idea to full-fledged, fully-funded, and fully-operational permanent supportive housing project. In the more immediate future, these predevelopment funds would likely support 4-7 rapid response projects a year. If project sizes continue with historic trends, the funding would likely support 110-210 units of Permanent Supportive Housing annually. This program would have no sunset date and should guarantee a strong pipeline of homeless housing project in Alameda County well beyond 2030.

The funding for a consultant to help streamline funding process and for a new position to serve as an intermediary between affordable housing developers and Oakland's Planning & Building Department will also serve large numbers of affordable units. The streamlined funding process is expected to also support 110-210 units of Permanent Supportive Housing annually. The entitlement/environmental review coordination role is projected to serve over 500 units of affordable housing annually, as it will support not only Rapid Response Homeless Housing projects but also the City of Oakland's broader affordable housing pipeline. Although the grant funding for this new role is only proposed for five years, the benefits of this role will be felt beyond the grant period as this role will help a new generation of emerging developers understand the permitting process for Rapid Response Homeless Housing. This institutional knowledge will ensure that developers are able to secure timely permits for their projects on an ongoing basis. This will be particularly valuable because many R2H2 developers are new to the affordable housing field and are still learning how to navigate the permitting process. The

process coordination role will also provide lasting lessons on how the Planning and Building Department can streamline their permit processing procedures, which will have permanent benefits for all affordable housing developments in Oakland.

With the impact multiplying investments from the PRO Housing grant, the Rapid Response Homeless Housing program has strong potential to serve as a role model for other communities struggling with the cost and length of building affordable housing. By demonstrating how cities, housing authorities, and counties can coordinate their funding and prioritize more cost-efficient project types, the Rapid Response Homeless Housing program will be a replicable solution to address the homelessness crisis in communities across the West Coast and beyond. The use of a revolving predevelopment loan fund will also be a widely replicable method for communities across the country to expand their pipeline of potential affordable housing projects. Finally, the use of a dedicated staffer to expedite the housing permitting process and troubleshoot issues around NEPA and entitlements will show other communities how to break down the silos between their housing and planning and building departments.

As discussed in the AFFH section, the City will be able to measure the impact of the affordable housing supported by the PRO Housing grant on expanding housing opportunities in high-amenity neighborhoods by measuring the average number of new affordable housing units per acre in the City's neighborhoods identified as "high" or "highest" resource by the State of California's Opportunity Map versus all other Oakland neighborhoods. The City is already obligated to track this information under Action 5.2.8 of the City's State-approved master plan for housing (Housing Element), and the units supported by the PRO Housing grant will be reflected in this indicator.

Advancing Racial Equity Narrative (Unscored, but mandatory)

The City of Oakland takes a data-driven approach to racial equity that resulted in the Housing and Community Development Department's 2023-2027 Strategic Action Plan (available at <https://cao-94612.s3.us-west-2.amazonaws.com/documents/HCD-2023-2027-Strategic-Action-Plan.pdf>). According to the Racial Equity Impact Analysis conducted for this plan, homelessness is the most severe housing-related inequity facing Oakland. This analysis is the reason why reducing the disparate impact of homelessness on Black residents of Alameda County is a central component of the R2H2 program and why maximizing the impact of the R2H2 program is a key focus of this PRO Housing grant application. The City will monitor the demographics of R2H2 projects after they are completed to ensure Black residents have equitable access to this homeless housing, and the City will if necessary work in partnership to improve Coordinated Entry procedures if enrollment of Black residents falls short of their percentage of the overall homeless population. County-wide, 43% of the homeless individuals that would benefit from R2H2 are Black, 25% are Latino, 14% are White, and 19% belong to other races or to multiple races. Increasing homeless housing opportunities in affluent neighborhoods will therefore increase the racial diversity of these historically White areas.

The City will be able to measure the effect of its proposal on promoting desegregation, expanding equitable access to well-resourced areas of opportunity, and furthering the de-concentration of affordable housing by tracking, over the life of the grant, the average number of new affordable housing units per acre in the City's neighborhoods identified as "high" or "highest" resource by the State of California's Opportunity Map versus all other Oakland neighborhoods. The City is already obligated to track this information under Action 5.2.8 of the City's State-approved master plan for housing (Housing Element), and the units supported by the PRO Housing grant will be reflected in this indicator. This will ultimately serve as a rigorous tool to ensure that the highest amenity and least diverse Oakland neighborhoods are receiving a fair share of new affordable housing.