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## **AUDIT REVEALS CITY INCURRED COSTS OF \$12.6 MILLION IN THE LAST TWO FISCAL YEARS, MOSTLY UNBUDGETED, TO MANAGE THE CITY'S EXPLOSIVE GROWTH IN HOMELESS ENCAMPMENTS**

***The City was overwhelmed by the magnitude of the homeless crisis, lacked a comprehensive strategy, and needed policy direction and dedicated funding early in the crisis***

OAKLAND, Calif. (April 14, 2021): Today, Oakland City Auditor, Courtney Ruby, released a performance audit of the City of Oakland's (City) homeless encampment management interventions and activities. The audit reveals the impacts of homeless encampments are far-reaching affecting the City's housed and unhoused residents, City workers, City services, businesses, and the community. This audit was a high priority for both the City Auditor and the Oakland City Council (City Council).

This report examines the City of Oakland's Encampment Management services and activities, including determining the cost to provide interventions such as cleanings, closures, and health and hygiene services, encampment outreach, public safety services, legal services and more. The audit also evaluates how encampment residents are notified of intervention services, and how their belongings are handled during interventions. The report assesses the quality of conditions at encampments, and whether the City is achieving its goals and objectives related to encampment management. The audit also assesses the quality and completeness of the City's data and identifies best practices employed by other local governments. It also includes information on the Police Department's and the Fire Department's response times to 911 emergency calls at encampments, as well as the City's response to the 311 Call Center service requests at encampments. Finally, the report provides guidance for the City Administration to more effectively implement the City's new encampment management policy.

The audit found the City's efforts to address homelessness is akin to other local governments dealing with the growing number of unsheltered residents in their communities, which has only worsened by the severe economic impact of COVID. In July 2019, Alameda County released its Homeless Point-in-Time count, indicating the number of homeless residents living in Oakland between 2015 and 2019 had increased from 2,191 to 4,071, an increase of 86 percent. Nearly 79 percent of these individuals were

unsheltered due to the lack of permanent affordable housing options, coupled with limited emergency and temporary housing options. The count also identified that 70 percent of Oakland's homeless population are African American, compared to 24 percent in the general population. Moreover, the vast majority of known homeless encampments are within communities of concern.

The increase in homeless residents resulted in a significant rise in the number of encampments. The City estimates that at least 140 encampments are scattered throughout the City, and this estimate may be conservative. In response to the rise in encampments, the City established the Encampment Management Team (EMT) in 2017, a multi-departmental team to coordinate the City's encampment response. The EMT developed an Encampment Management Policy (EMP) designed to address the physical management of homeless encampments and establish criteria for determining the types of interventions to undertake at encampments.

The audit found that encampments are unhealthy and unsafe for its residents. In a 2018 report on adequate housing as a component of the right to an adequate standard of living, the United Nations General Assembly described treatment of encampments in Oakland and San Francisco as "cruel and inhumane." It reported that by discouraging informal encampments in the City, residents were denied access to water, sanitation, and health services. In 2020, 19 murders, or 18 percent of all murders in Oakland, occurred in encampments. Additionally, the Oakland Fire Department responded to nearly 1,000 fires at encampments in the last two fiscal years. Some of these fires caused major damage to the encampments and the surrounding areas including recently burning down the Vietnamese American Community Center.

The audit also documents the impacts on City staff who work in and around the encampments. City staff reported being threatened on multiple occasions with guns, bottles, axes and aggressive dogs, as well as being exposed to COVID.

The audit also found encampments are significantly impacting Oakland businesses, schools, public rights-of-way, and public parks. For example, towards the end of 2019, Kaiser Permanente donated \$1 million to provide housing and support services to relocate 50 encampment residents from Mosswood Park, to nearby hotels or other supportive housing. This encampment was directly adjacent to Kaiser's pediatric offices and impacted both staff and patients. Another business, the Home Depot near the Fruitvale neighborhood, also endured significant impacts to its employees and customers. This Home Depot needed to hire additional security officers and threatened to leave Oakland if the City failed to act and move the encampment. This encampment was closed in January 2020 and some RV dwellers were relocated to a City owned lot across the street.

City parks have also been significantly affected by encampments. Two parks, Lake Merritt and the Union Point Park sustained extensive damage due to encampments. Lake Merritt Park and the tidal marsh along the Lake Merritt channel was recently renovated at a cost of \$21 million. The damage at Lake Merritt Park included the loss of vegetation, broken irrigation lines, and ruined fencing. Additionally, the water quality in the tidal marsh has been degraded. The City estimates these repairs will cost \$550,000. Union Point Park, overlooking Alameda Harbor is under the control of the San Francisco Bay Conservation and Development Commission (BCDC), the State Agency responsible for protecting the shoreline. BCDC found the park unusable for safe walking, picnicking, and other public uses due to the damage sustained from homeless encampments. As a result, BCDC issued a cease and desist order to the City in 2019. The City's preliminary assessment of the damage estimated the repair cost for the lighting alone to be \$500,000.

This estimate does not include additional costs to repair bathrooms, landscaping, benches, and other damaged amenities.

To mitigate the impacts of encampments the EMT undertook approximately 500 closures, re-closures, and cleanings in fiscal years 2018-19 and 2019-20. Additionally, the City provided nearly 1,600 garbage pickups and other hygiene services such as providing showers and portable toilets.

Auditor Ruby noted, "The audit found the City was not adequately prepared to shoulder such a massive project and the EMT was overwhelmed by the undertaking of closing and cleaning encampments throughout Oakland." Specifically, the audit found the City lacked an effective strategy for dealing with the growth in encampments and did not provide adequate policy direction or funding at the onset of this crisis. Additionally, the EMT lacked sufficient resources, including a budget. The audit also identified the City needs more complete data on encampment activities, increased outreach, improved notification before encampment interventions occur, improved collection of encampment residents' belongings during interventions, and a comprehensive policy on transporting residents when encampments are closed.

The audit also reported on the response times to police and fire emergencies at encampments. The Police Department response times to emergencies at encampments were not timely, averaging four to six hours in fiscal years 2018-19 and 2019-20. Most of these calls were Priority 2 calls, which includes situations that require an immediate response, with no immediate threat to life or property. Ideally these calls should be responded to in 10 to 15 minutes. For the last two fiscal years, the Fire Department responded to 90 percent of the 988 fire emergencies at encampments in less than 8 minutes. The Fire Department's goal is to respond to 90 percent of all fire emergencies within 7 minutes.

The report estimates the City incurred approximately \$12.6 million in costs, mostly unbudgeted, over the last two fiscal years on encampment services and activities. These costs were primarily for staff and equipment costs associated with closing and cleaning encampments and providing garbage service, portable toilets, and water at encampments. Other costs included contracts, legal costs, police and fire responses to encampment emergencies, and towing abandoned cars.

Because the City has not budgeted for most encampment-related costs, City departments and offices have had to divert time from providing other essential City services. For instance, City staff have been diverted from responding to complaints to illegal dumping, conducting residential and commercial fire inspections, towing abandoned autos, and performing maintenance on traffic signals and street lights.

Overall, the audit found the City needs to establish and fund a formal encampment management program to address the findings in the audit and implement management systems to effectively implement the City's new encampment management policy passed in October 2020. The report dedicates an entire section to this process including recommendations for establishing goals, objectives, strategies, and annual workplans for achieving the City's vision; authorizing a budget for encampment management activities; assessing staffing roles and requirements, implementing written policies and procedures, tracking better management information, and ensuring staff properly receive training on crisis management and interacting with traumatized encampment residents.

The audit included 26 recommendations to address the issues raised in the report and the City Administration has committed to implementing all 26 of the recommendations.

Auditor Ruby stated, “Our government systems were inadequate in providing the level of care and funding before the explosive growth in homelessness, and now these systems are overwhelmed by the crisis and reeling from the impacts of a global pandemic. City staff have been working tirelessly and without adequate funding or training.”

The new encampment management policy recently passed by the City Council lays the groundwork for needed change, and this audit outlines the steps needed to create an encampment management program with the operational structure to effectively manage the homeless encampments, while supporting both our unhoused and housed residents. Auditor Ruby notes, “For several years, the residents of Oakland have identified this as the most pressing issue facing our City. It is critical that a formal encampment management program is established, and properly prioritized and funded during this year’s biannual budget process.”

In closing, Auditor Ruby noted, “Every day our unhoused residents are exposed to unhealthy and dangerous conditions and are vulnerable to serious health risks and significant safety hazards that threaten their lives. As leaders and policymakers across the country seek timely affordable housing solutions and come up with creative policies to help our unsheltered, we on the West Coast, and the Bay Area specifically are called to work at a faster pace than most. Auditor Ruby continued, “Our housed and unhoused residents are counting on us to make this right, both a humanitarian perspective to a civic expectation that our homeless become housed and our City streets and parks are returned to their intended public uses. This is a very complex problem requiring every level of government to participate through policy, funding, leadership, and cooperation. The COVID pandemic has required an unprecedented amount of intergovernmental, business, and nonprofit coordination. To address the root causes of homelessness and affordability – it will require a commitment similar to the COVID response where we all came together with a sense of urgency, respect, commitment, and shared purpose.”

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To read the full report please click [here](#).



#### **ABOUT OAKLAND CITY AUDITOR COURTNEY RUBY**

City Auditor Courtney A. Ruby, CPA, CFE, was re-elected in November 2018, and took office in January 2019. She previously served as Oakland's City Auditor for eight years, between 2007 and 2014. In 2014, Courtney was recognized by the American Center for Government Auditing as one of the most influential professionals in Government Auditing. In April 2019, an Association of Local Government Auditors peer review team found the Office of the City Auditor met the highest standards in performance auditing. The City of Oakland's Financial Condition (annual update audit), IT Security Audit, OPD Overtime Follow-up Audit, Vegetation Management Follow-up Audit, and Measures M and N mandated audits are in progress. Some earlier audits released include Library Services Retention and Enhancement Act (Measure Q) and the 2018 Oakland Public Library Preservation Act (Measure D), the Oakland Fire Departments Fire Prevention Bureau, Oakland Police Department Overtime, the City of Oakland Financial Condition, Oakland Police Commission & Community Police Review Agency, Workforce Development Board Follow-Up, Business Tax Refunds FY 2017-18, Rent Adjustment Program Follow-Up, and Limited Public Financing Act. Notable Investigations include Oakland Promise and Controlled Substances.

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