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2012 NOV 28 PM 3:29

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Affordable Housing Trust Fund

DATE: November 19, 2012

City Administrator
Approval

Date

11/27/12

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council:

1. Receive A Status Report On The Affordable Housing Trust Fund; And
2. Adopt A Resolution Appropriating \$966,709 From The Affordable Housing Trust Fund For Housing Development Project Funding And \$240,000 From The Affordable Housing Trust Fund For Project Staffing

OUTCOME

Passage of this resolution will provide new funding to be award to affordable housing development projects as part of the FY 2012-13 Notice of Funding Availability (NOFA) process, and for staff costs necessary to carry out those projects in FY 2013-14.

BACKGROUND/LEGISLATIVE HISTORY

On July 30, 2002, the City Council adopted Ordinance No. 12242 CMS, now codified as Chapter 15.68 of the Oakland Municipal Code, establishing a Jobs/Housing Impact Fee and an Affordable Housing Trust Fund. The Ordinance covers projects that apply for building permits on or after July 1, 2005. Section 15.68.100 requires periodic reports to the City Council on impact fees imposed, revenues collected, funds committed, expenditures made, and any decisions made as to requests for reductions or exceptions to the fee.

The Jobs/Housing Fee is assessed on construction of buildings for office and warehouse/distribution uses. Retail and wholesale activities, hotels, manufacturing and other uses are exempt from the fee. The fee was initially established at \$4.00 per square foot of

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building area, with the first 25,000 square feet exempted. The fee is indexed to changes in construction costs and for fiscal year 2011-12, the fee was \$4.74 per square foot.

Jobs/Housing Impact Fee revenues are deposited into an Affordable Housing Trust Fund, and may be used only to "increase, improve, and preserve the supply of affordable housing in the City of Oakland, with priority given to housing for very low income households." Funds may also be used "to cover reasonable administrative or related expenses of the city" (OMC Section 15.68.100).

Between July 1, 2005, when the fee went into effect, and June 30, 2011, only \$275,000 was generated by the fee. These funds were previously appropriated by the City Council for development of affordable housing.

During fiscal year 2011-12, the City received fee revenue in the amount of \$1,206,709 from the following projects:

Fed Ex	\$793,201
5 Sally Ride Way	
Payment of the entire fee due for an addition to an existing sorting building. Two story mixed-used facility with both office and package sorting (warehouse/distribution) uses.	

Kaiser Medical Center Office Building	\$413,508
MacArthur Blvd and Broadway	
This represents payment of the entire fee due for the net increase in office space created by construction of the Broadway Medical Office Building and Specialty Medical Office Building less the office space demolished in the old MacArthur-Broadway and office space to be demolished in the future in the existing Hospital. Once the Hospital is demolished, if new office space is constructed on the site, it will not be eligible for a reduction in the fee based on the demolition of the old facility, since that credit has already been awarded.	

While these funds have been received and deposited to the Affordable Housing Trust Fund, they have not yet been appropriated or programmed for expenditures.

ANALYSIS

The dissolution of redevelopment has resulted in a loss of at least \$10 million per year in funding for affordable housing activities and several million dollars in funding for project management, compliance monitoring, administration and related activities. The funding situation is further exacerbated by a 50 percent reduction in federal grant funding under the HOME Investment

Partnerships program. As these were the primary sources of funding for preservation, improvement and new construction of affordable housing, the City's ability to meet pressing affordable housing needs, as described in the Housing Element and the Consolidated Plan, has been severely restricted. The Affordable Housing Trust Fund is the only other significant funding source available at this time.

Staff is seeking City Council approval to allocate Affordable Housing Trust Fund monies so that they may be awarded as part of the City's current Notice of Funding Availability (NOFA) process for affordable housing. Specific project awards will be brought to City Council for approval at a later date. At present staff is requesting that the City Council allocate 80 percent of the available funds (\$966,709) to project funding.

Staff is also requesting that the City Council set aside 20 percent of the available funds (\$240,000) for staff costs for project management and related costs. This is the same percentage that is used for the Community Development Block Grant Fund and is slightly less than the percentage that was used for the Low and Moderate Income Housing Fund prior to redevelopment dissolution. These funds will be used for staff costs in FY 2013-14.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

Staff of the Department of Housing and Community Development consulted with staff in the Office of the City Attorney and the Budget Office in the preparation of this report.

COST SUMMARY/IMPLICATIONS

1.	AMOUNT OF RECOMMENDATION/COST OF PROJECT:	
	Project Delivery (staffing)	\$240,000
	Funding for Loans to Developers	\$966,709
	<u>Total Project Costs</u>	<u>\$1,206,709</u>

2. SOURCE OF FUNDING:

Funds are available in the Affordable Housing Trust Fund (Fund 7450)

3. **FISCAL IMPACT:**

This action will make it possible to provide financing for affordable housing development activities. As a result of this action, all available funds will be allocated.

FISCAL/POLICY ALIGNMENT

Funding for affordable housing is consistent with the City's policies and goals as set forth in both the Housing Element and the Consolidated Plan for Housing and Community Development.

SUSTAINABLE OPPORTUNITIES

Economic: This action will make possible the expansion of the City's housing inventory and will create construction jobs, at prevailing wages, subject to the City's local employment and local contracting programs.

Environmental: The City's affordable housing program includes strong incentives for green building techniques and sustainable development practices.

Social Equity: Development of affordable housing provides expanded opportunities for lower income residents.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Jeffrey Levin, Housing Policy and Programs Manager, at 238-6188.

Respectfully submitted,



Fred Blackwell, Assistant City Administrator

Reviewed by:
Michele Byrd, Director
Department of Housing and Community Development

Prepared by:
Jeffrey Levin, Housing Policy & Programs Manager
Housing Policy Unit

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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION APPROPRIATING \$966,709 FROM THE AFFORDABLE HOUSING TRUST FUND FOR HOUSING DEVELOPMENT PROJECT FUNDING AND \$240,000 FROM THE AFFORDABLE HOUSING TRUST FUND FOR PROJECT STAFFING

WHEREAS, Oakland Municipal Code (OMC) Section 15.68 provides for a Jobs/Housing Impact Fee and requires that all such fee revenue be deposited into the Affordable Housing Trust Fund; and

WHEREAS, there is currently a fund balance in the Affordable Housing Trust Fund of at least \$1,206,709; and

WHEREAS, OMC Section 15.68.100 provides that funds deposited into the Affordable Housing Trust Fund, and all interest and investment earnings thereon, shall be used to increase, improve, and preserve the supply of affordable housing in the City of Oakland, with priority given to housing for very low income households; and

WHEREAS, OMC Section 15.68.100 further provides that funds may also be used to cover reasonable administrative or related expenses of the City; and

WHEREAS, the dissolution of redevelopment agencies and consequent loss of redevelopment funding of affordable housing, along with recent cuts to federal grants for housing, have left the City with few sources of funding to provide for development of affordable housing and for the costs of staff necessary to carry out affordable housing activities; now, therefore, be it

RESOLVED: That the City Council hereby appropriates the sum of \$966,709 from the Affordable Housing Trust Fund (7450) to the Housing Development Organization (89929), Housing Trust Fund Housing Development Project (P435210) to provide funding support to affordable housing development projects, with any allocations to specific projects to be approved by the City Council; and be it

FURTHER RESOLVED: That the City Council hereby appropriates the sum of \$240,000 from the Affordable Housing Trust Fund (7450) to a project management project to be established to fund City staffing costs associated with affordable housing projects; and be it

FURTHER RESOLVED: That the City Council hereby appoints the City Administrator and his/her designee as agent of the City to take any actions necessary with respect to this funding consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California