



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, Housing and
Community Development

SUBJECT: Amend and Restate LHTF
Resolutions

DATE: March 18, 2022

City Administrator Approval

Date:

Apr 7, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Amending And Restating Resolution No. 88765 C.M.S. Authorizing The City Administrator To Apply For, Accept, And Appropriate Up To \$5,000,000 In Funds From The California Department Of Housing And Community Development Under The Local Housing Trust Fund Program And To Allocate Up To \$5,000,000 For Affordable Housing Preservation And Production Programs, And Amending Resolution No. 88213 C.M.S. To Allocate Funds To The Local Housing Trust Fund.

EXECUTIVE SUMMARY

In July 2020 and July 2021, the City Council adopted Resolutions No. 88213 C.M.S. (**Attachment D**) and No. 88765 C.M.S. (**Attachment B**) to apply for, accept, and appropriate up to a total of \$10 million (\$5 million in each resolution) from the State of California Department of Housing and Community Development's Local Housing Trust Fund (LHTF) Program with matching funds from the City for affordable housing production.

The purpose of amending and restating Resolution No. 88765 C.M.S. is to provide supplemental information as required by the State, to the City's LHTF Program application, and to also deposit said funds into Cal HCD (Fund 2144). And the purpose of amending Resolution No. 88213 C.M.S. is to deposit the LHTF Program funds into the same Cal HCD (Fund 2144) instead of the Affordable Housing Trust Fund (Fund 1870) as originally identified in the resolution approved by City Council.

BACKGROUND / LEGISLATIVE HISTORY

On July 14, 2020, the City Council adopted Resolution No. 88213 C.M.S. authorizing the City to apply for, accept and appropriate up to \$5 million from the State of California Department of Housing and Community Development's Local Housing Trust Fund (LHTF) Program with matching funds from the City for affordable housing production. Further background information

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about the original resolution can be found in the Agenda Report “State of California Local Housing Trust Fund Grant Program,” submitted for the July 14, 2020 City Council Meeting (**Attachment C**).

Amending Resolution No. 88213 C.M.S. would require that the LHTF Program funds be deposited into Cal HCD (Fund 2144) instead of the Affordable Housing Trust Fund (AHTF Fund 1870) as originally stated in the resolution. For projects awarded with LHTF funds, an equivalent amount of matching funds will be allocated on a dollar-for-dollar basis from the City of Oakland’s AHTF Fund 1870, pursuant to the State’s LHTF guidelines.

On July 20, 2021, the City Council adopted Resolution No. 88765 C.M.S. to allow the City Administrator to apply for, accept, and appropriate up to \$5 million in funds from the State’s LHTF Program for affordable housing production. Further background information about the original resolution can be found in the Agenda Report “State of California Local Housing Trust Fund Grant Program,” submitted for the July 20, 2021 City Council Meeting (**Attachment A**).

On December 29, 2021, the State requested the City to make changes to its 2021 LHTF application, including amending Resolution No. 88765 C.M.S. to incorporate additional elements from the State’s resolution template, including the addition of an attachment to summarize how the City will programmatically commit to use the LHTF Program funds and matching funds. To this end, the amended and restated Resolution No. 88765 C.M.S. now includes Attachment 1, which states that one hundred percent (100%) of the funds through the State’s LHTF Program and the matching funds from the City’s AHTF Fund 1870 will be committed to the City of Oakland’s New Construction of Multifamily Affordable Rental Housing Projects, as funded under the City’s 2020 and 2021-2022 Notices of Funding Availability (NOFA). Eligible projects include the new construction of multifamily affordable rental housing developments, including housing for people experiencing homelessness and those earning 30% of area median income. Funds will be used on eligible projects in a manner consistent and in compliance with the applicable LHTF Program’s Area Median Income (AMI) requirements, as well as the minimum affordability requirements established by the City of Oakland’s New Construction NOFAs.

Lastly, amended and restated Resolution No. 88765 C.M.S. and amended Resolution No. 88213 C.M.S. deposit LHTF funds into the correct fund for State awards, Cal HCD (Fund 2144), rather than the Housing Trust Fund (Fund 1870) as originally identified in the resolutions. Depositing the awarded funds into the Cal HCD (Fund 2144) is to allow for proper tracking and reporting of funds, per guidance from the Budget Bureau.

Both of the City’s 2020 and 2021 LHTF applications totaling \$10 million have been awarded, and this action will allow the City to successfully receive the awarded funds. Staff will then bring recommendations for LHTF funding allocations to City Council as part of the 2021-2022 NOFA recommendations in May 2022.

ANALYSIS AND POLICY ALTERNATIVES

The LHTF Program provides matching grants to eligible applicants that have a local housing trust fund. In 2002, the City Council adopted Ordinance No. 12442 CMS to establish the Affordable Housing Trust Fund (AHTF), codified in Section 15.62 of the Oakland Municipal Code (OMC). The AHTF receives funding from ongoing revenue streams including the Jobs

Housing Impact Fee, the Affordable Housing Impact Fee, and “boomerang” funds. To apply for LHTF funds, the City must have matching funds on deposit, and said matching funds must be utilized on a dollar-for-dollar basis for the same eligible projects for which LHTF program funds are used.

HCD seeks to use LHTF funds and the matching funds from the City’s AHTF Fund 1870 to support new construction of affordable housing through the City of Oakland’s New Construction of Multifamily Affordable Rental Housing Projects, as funded under the City’s 2020 and 2021-2022 Notices of Funding Availability.

Eligible projects include the new construction of multifamily affordable rental housing developments, including housing for people experiencing homelessness and those earning 30% of area median income. Funds will be used on eligible projects in a manner consistent and in compliance with the applicable LHTF Program’s Area Median Income (AMI) requirements, as well as the minimum affordability requirements established by the City of Oakland’s New Construction NOFAs. In addition, selection criteria advantage applications that have the deepest affordability targeting, that include prospective projects that are most ready to commence construction, and that increase the supply of lower-income rental housing through new construction.

The application, acceptance, and allocation of LHTF Program funds and matching AHTF funds support the Citywide priority for housing, economic, and cultural security.

FISCAL IMPACT

Approval of the proposed resolution will authorize the updated application, acceptance, and allocation of the 2021 LHTF Program funds in an amount of \$5 million and will deposit awarded funds from both 2020 and 2021 LHTF Program applications, for a total of \$10 million combined, into the correct fund for State awards. Funds will be deposited into Cal HCD (Fund 2144), rather than the Housing Trust Fund (Fund 1870), to allow for proper tracking and reporting of funds per guidance from the Budget Bureau.

Program awardees are entered into a state Standard Agreement (Standard Agreement) for distribution of funds. The Standard Agreement process will specify, among other things, the amount of funds granted, timeline for expenditure of funds, and the approved use of funds. Expenditure report dates and other requirements will also be identified in the Standard Agreement.

For projects awarded with LHTF funds, an equivalent amount of matching funds will be allocated on a dollar-for-dollar basis from the City of Oakland’s AHTF Fund 1870, pursuant to the State’s LHTF guidelines.

PUBLIC OUTREACH / INTEREST

Leading up to the creation of the HCD’s Strategic Action Plan, approved by City Council on June 1, 2021, the HCD Director and staff met with many community stakeholders. A clear outcome of those discussions centered around the need for more resources for housing

preservation and production overall. As mentioned in the Agenda Report submitted for the July 20, 2021 City Council Meeting (**Attachment A**), HCD staff determined that the most competitive application for the State LHTF funds must focus on New Construction to score maximum possible points. Under this strategy, the 2021 LHTF award combined with the 2020 LHTF award, for a total of \$10 million, will effectively expand available sources to support housing production activities.

COORDINATION

This report and resolution have been reviewed by the Office of the City Attorney and by the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

The awarded LHTF funds will finance pipeline affordable housing projects that will address the following sustainability priorities as follows:

Economic: Projects financed by LHTF funds will generate construction, professional services, and ongoing property management jobs in Oakland. Providing families with affordable housing provides financial stability for extremely low-, very low-, and low-income households.

Environmental: By constructing more infill units, pipeline projects will reduce the pressure to build on suburban or rural land far from public transit and proximity to Oakland jobs.

Race and Equity: Affordable housing is a fundamental means of achieving greater social equity. Projects financed by LHTF funds will provide housing stability for tenants. The investment of LHTF and City funds into pipeline projects will invest in the development of quality affordable housing for extremely low-, very low-, and low-income residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Amending And Restating Resolution No. 88765 C.M.S. Authorizing The City Administrator To Apply For, Accept, And Appropriate Up To \$5,000,000 In Funds From The California Department Of Housing And Community Development Under The Local Housing Trust Fund Program And To Allocate Up To \$5,000,000 For Affordable Housing Preservation And Production Programs, And Amending Resolution No. 88213 C.M.S. To Allocate Funds To The Local Housing Trust Fund.

For questions regarding this report, please contact Christina Mun, Deputy Director of Housing Development, HCD, at 510-238-3360.

Respectfully submitted,



SHOLA OLATOYE
Director, Housing and Community Development
Department

Reviewed by:

Christina Mun, Deputy Director, Housing and
Community Development Department

Prepared by:

Shannon Bowman, Housing Development
Coordinator, Housing and Community
Development Department

Attachments (4):

- A: Agenda Report "State of California Local Housing Trust Fund Grant Program" submitted for the July 20, 2021 City Council Meeting
- B: Resolution No. 88765 C.M.S.
- C: Agenda Report "State of California Local Housing Trust Fund Grant Program" submitted for the July 14, 2020 City Council Meeting
- D: Resolution No. 88213 C.M.S.