

CITY OF OAKLAND

OFFICE OF THE CITY CLERK

Agenda Report

2007 MAY 15 PM 4: 22

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: May 15, 2007

**SUBJECT: A Resolution Authorizing The City Administrator To Amend The Professional Services Agreement With Hausrath Economics Group For An Economic Impact Analysis Of Inclusionary Zoning By An Amount Not To Exceed \$40,000, For A Total Contract Amount Not To Exceed \$100,000**

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**SUMMARY**

This item is a request for City Council approval of a resolution authorizing an amendment to a professional services contract with Hausrath Economics Group for an economic impact analysis of inclusionary zoning. The proposed amendment would increase the contract by an amount not to exceed \$40,000. This will bring the total contract to an amount not to exceed \$100,000. Authorization of this amendment is necessary because the original budget developed in 2001 has proven to be insufficient due to the complexity required to develop models of the diverse types of housing (different construction types and neighborhoods) being developed in Oakland today and the request for the contractor to prepare and make presentations to the Blue Ribbon Commission. The amendment will also allow for additional sensitivity testing and exploration of alternative proposals if needed.

**FISCAL IMPACTS**

The amendment to the professional services contract with Hausrath Economics Group will increase the total contract by an amount not to exceed \$40,000, for a total amount not to exceed \$100,000. Funding for this contract is available in CEDA's adopted FY 2006-07 budget. A total of \$40,000 will be allocated from the same source used for the original contract - the Mortgage Revenue Fund (2826), Housing Development Services Project (P05320). This amendment will have no impact on the General Purpose Fund.

**BACKGROUND**

In 2001, the City Council authorized a contract with Hausrath Economics Group, who was selected through a competitive Request for Proposals, to perform an economic impact analysis of inclusionary housing in Oakland for a total budget of \$60,000 (Resolution No. 76728 C.M.S). However, the study was put on hold and the contract was never executed.

In early 2006, there was renewed interest in inclusionary housing and suggestions that Oakland adopt such a policy. On April 24, 2006, Councilmembers Brunner, De La Fuente and Quan announced a proposal for an inclusionary housing policy and the Community and Economic Development Committee directed staff to prepare an ordinance based on that proposal.

The proposed Inclusionary Housing Ordinance was first presented to the Community and Economic Development Committee in June 2006, and was revised several times over the next few months. On October 17, 2006, Councilmember Brooks introduced a substitute resolution to refer the matter to a Blue Ribbon Commission, and on October 31, 2006 Mayor Brown cast a tie-breaking vote to approve this resolution.

In fall, 2006, staff began working with Hausrath Economics Group to proceed with the study originally approved in 2001. In order to get started right away, a contract was executed using the original budget of \$60,000.

### **KEY ISSUES AND IMPACTS**

The purpose of the City's contract with Hausrath Economics Group is to assist the City in its evaluation and refinement of an inclusionary housing program. The scope of services includes an economic analysis to develop an understanding of the interrelationship between the components of the City's proposed inclusionary housing ordinance and the feasibility of developing new market-rate housing, in addition to an economic analysis to identify an in-lieu fee option for the ordinance.

There are three major issues that have prompted this request for an increase in the contract amount:

1. In an effort to begin the study as quickly as possible, the budget was not adjusted from the budget first developed in 2001. Despite efforts to complete the work within the original \$60,000 budget, the scope of services has proven to be too great for completion within the original budget.
2. Second, the particular requirements of the proposed inclusionary housing ordinance are greater than anticipated and necessitate a much more detailed analysis than was envisioned by the 2001 scope of services, in part due to the need to calculate the in-lieu fee based on the number of bedrooms in each unit. As a result, the study requires more detail and effort to ensure its accuracy, which adds to the expense and time required to complete the contract.
3. Lastly, the decision to proceed with the study was made before the creation of the Blue Ribbon Commission. The Commission's consideration of various policy alternatives may require testing of a range of program parameters that may be recommended by the Commission, and additional sensitivity analysis to determine the relative impact of different factors on the feasibility of inclusionary housing. Additional budget

authorization is also needed to prepare and present the report at various public meetings.

## **SUSTAINABLE OPPORTUNITIES**

### **Economic**

The contract will provide an economic impact analysis of the proposed inclusionary housing ordinance on the City's housing market. The analysis will help the Blue Ribbon Commission make an informed and thoughtful decision regarding inclusionary housing.

### **Environmental**

Inclusionary housing can serve to further sustainable development and smart growth policies by encouraging higher density development in appropriate locations, when zoning constrains density. In areas of Oakland where allowable density is not a barrier, limited environmental benefit will be realized since inclusionary housing would most likely not lead to higher density.

### **Social Equity**

Inclusionary housing promotes greater housing opportunities for economically disadvantaged segments of the population. Furthermore, by producing mixed income housing, inclusionary housing contributes to a more equitable distribution of affordable housing and may help to reduce concentrations of lower income households.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

To the extent that inclusionary housing results in the production of more affordable housing, it will also produce more affordable housing opportunities for low income seniors and persons with disabilities.

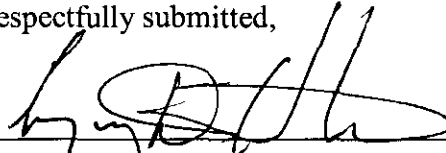
## **RECOMMENDATIONS AND RATIONALE**

Staff recommends that the City Council authorize the proposed amendment to the professional services contract with Hausrath Economics Group, increasing the contract by an amount not to exceed \$40,000, for a total amount not to exceed \$100,000. This amendment is essential to ensure that a full economic impact analysis is available to assist the Blue Ribbon Commission and City Council in their consideration of an inclusionary housing policy.

**ACTION REQUESTED OF THE COUNCIL**

Staff requests that the City Council approve the attached resolution authorizing the City Administrator to amend the professional services contract with Hausrath Economics Group for the economic impact analysis of a proposed inclusionary housing ordinance and other related services.

Respectfully submitted,



Gregory Hunter, Interim Director of  
Redevelopment, Economic Development, Housing  
and Community Development

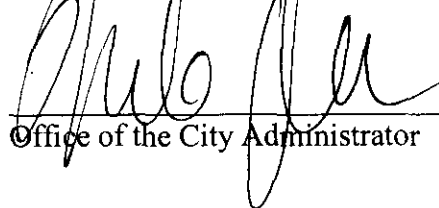
Approved by:

Sean Rogan  
Director of Housing and Community Development

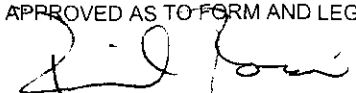
Prepared by:

Meghan Horl  
Housing Development Coordinator III

APPROVED FOR FORWARDING TO  
THE CITY COUNCIL



Office of the City Administrator

  
DEPUTY CITY ATTORNEY

# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C. M. S.

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

**RESOLUTION AMENDING RESOLUTION NO. 76728 C.M.S. TO INCREASE THE AMOUNT OF THE PROFESSIONAL SERVICES AGREEMENT WITH HAUSRATH ECONOMICS GROUP FOR AN ECONOMIC IMPACT ANALYSIS OF INCLUSIONARY HOUSING BY AN AMOUNT NOT TO EXCEED \$40,000, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$100,000**

**WHEREAS**, in 2001, pursuant to Resolution No. 76728 C.M.S., the City Council authorized a contract with Hausrath Economics Group, who was selected through a competitive Request for Proposals, to perform an economic impact analysis of inclusionary housing in Oakland for a total budget not to exceed \$60,000; and

**WHEREAS**, the study was put on hold and the contract was never executed; and

**WHEREAS**, in early 2006, there was renewed interest in inclusionary housing and suggestions that Oakland adopt such a policy; and

**WHEREAS**, in fall 2006, the City entered into a contract with Hausrath Economics Group to proceed with the study, using the original budget of \$60,000 approved in 2001 ; and

**WHEREAS**, the original budget developed in 2001 has proven to be insufficient; and

**WHEREAS**, funding for an increase in the contract amount is available from the Mortgage Revenue Fund (2826), Housing Development Services Project (P05320); now, therefore, be it

**RESOLVED:** That Resolution No. 76728 C.M.S. is hereby amended to increase the amount of the Professional Services Agreement with Hausrath Economics Group by an amount not to exceed \$40,000, for a total contract amount not to exceed \$100,000; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the allocation of up to \$40,000 from the Mortgage Revenue Fund (2826), Housing Development Services Project (PO5320) for this purpose; and be it

**FURTHER RESOLVED:** That the City Administrator or her designee is hereby authorized to negotiate and execute an amendment to the contract, and take whatever action is necessary with respect to this contract consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California