

AGENDA REPORT

TO: FRED BLACKWELL
CITY ADMINISTRATOR

FROM: Michele Byrd

SUBJECT: State Housing Funding Request

DATE: March 17, 2014

City Administrator
Approval

Date

3/20/14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff requests that the City Council adopt:

A Resolution Authorizing The City Administrator To Apply For, Accept, And Appropriate Up To \$2 Million In Funds From The California Department Of Housing And Community Development Under The Local Housing Trust Fund Matching Grant Program, Housing And Emergency Shelter Trust Fund Act Of 2006 (Proposition 1C) Affordable Housing Innovation Fund, And Allocating Up To \$2 Million For The Affordable Rental And Ownership Housing Development Program

EXECUTIVE SUMMARY

This item is a request for City Council approval of a resolution authorizing the City Administrator to apply for, accept, and appropriate up to \$2 million in State HCD funding. It also authorizes the City to enter into an agreement with HCD for use of the funds. The Local Housing Trust Fund Program (LHTFP) is administered by the State HCD and has \$8.1 million in remaining Proposition 1C funds available for the purpose of supporting new Local Housing Trust Funds beginning April 21, 2014. Applications will be accepted on an 'over-the-counter' basis and will end when all funds have been awarded or no later than April 21, 2015, 5:00 p.m., Pacific Standard Time.

OUTCOME

If the HCD application is successful the funds will be used to underwrite the development of new affordable multi-family housing units. Depending on how quickly the funding is accessed by the City, it may be used in the 2014 Notice of Funding Availability (NOFA) round to fund new construction projects.

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BACKGROUND/LEGISLATIVE HISTORY

The LHTFP was created by AB 2638 in 2006 and provides grant funds to eligible City, County and non-profit applicants to support new and existing local housing trust funds dedicated to the creation and preservation of affordable housing. This program is funded by Proposition 1C, the Housing and Emergency Shelter Act (SB 1689), which authorized a \$2.85 billion housing bond for the State of California, and is administered by California HCD.

The LHTFP is intended to support local entities that have identified and committed sources of funds not traditionally utilized in the development and provision of affordable housing. The LHTFP awards must be matched dollar-for-dollar with funds that are not required by any state or federal law to be spent on housing by the applicant at the time of application. Funds must be used to provide first time homebuyer assistance or the development of affordable rental or ownership housing, emergency shelters, safe havens or transitional housing. In addition, applicants must continue to deposit funds from these identified local sources into its existing local housing trust fund for at least the next five years after receiving the LHTFP award.

ANALYSIS

The LHTFP rewards jurisdictions that implement innovative ways to fund affordable housing activities. Only jurisdictions that can provide a dedicated source of funds not restricted for housing use by state or federal law for at least five years are eligible for an award. The state's one-for-one match requirement will be satisfied by the City with dedicated set-aside funds authorized by the City Council on October 1, 2013 (Ordinance No. 13193 C.M.S). The Ordinance adopted a policy of setting aside into the City's Affordable Housing Trust Fund an amount equal to 25% of funds distributed to the City as a taxing entity under the state law dissolving redevelopment agencies.

The state LHTFP includes the following requirements:

Eligible Use of Funds

- Funds shall be used to provide loans for payment of housing predevelopment expenses, acquisition, new construction or rehabilitation.

Income Restrictions

- At least 30% of the total funds (program funds and matching funds) must be expended on projects affordable to, and restricted to, extremely low income households (households at or below 35% of Area Median Income-AMI).
- No More than 20% of the total amount of funds may be expended on projects affordable to, and restricted for, moderate income households (households at or below 120% of AMI).

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- The remaining 50% of funds shall be used for projects affordable to, and restricted for, lower income households (households at or below 80% of AMI).

Affordability Restrictions

- All assisted rental units shall be restricted for not less than 55 years.
- Ownership housing must have a recorded deed restriction that meets the resale restrictions required by California Community Redevelopment Law.

Time Period

- Matching funds equal to or in excess of the amount of the LHFTP award must be provided by the jurisdiction and these funds must be available for use at the time of application (April 21, 2014).
- Funds must be encumbered by a loan commitment within 36 months of receipt.

Evaluation Criteria

- The extent to which the applicant agrees to provide matching funds from sources other than local impact fees.
- The extent to which the applicant agrees to expend more than 30% of the total amount of its LHFTP funds to serve persons and families of extremely low income.
- The extent to which the applicant agrees to expend less than 20% of the total of its LHFTP funds and matching funds to serve persons and families with incomes exceeding 120% of the AMI.
- The extent to which the applicant agrees to provide matching funds in excess of the amount of the LHFTP funds.

PROGRAM DESCRIPTION

State LHFTP funds and the local match will be awarded to developers of affordable multifamily rental housing through the City's annual NOFA process. The affordable housing NOFA is customarily issued in September with responses due to City staff the following November. A NOFA pre-application meeting is held in mid-September to explain the NOFA application process, CEQA and NEPA requirements, and the City's required employment and contracting programs. Staff from the Housing, Planning and Contract Compliance departments is available to answer any NOFA-related questions and the responses are posted on the website one week following the pre-application meeting. Housing staff review, scoring, and ranking of applications is conducted through the end of the year, with NOFA recommendations presented to Council for approval between mid-February and early March.

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PUBLIC OUTREACH/INTEREST

NOFA applicants are required to hold at least one meeting with an established neighborhood organization prior to application submission. Applicants must prepare a community outreach plan with evidence of outreach. Each applicant is required to contact neighborhood organizations in the vicinity of the proposed development prior to applying for City financing.

COORDINATION

Housing staff consults with Planning staff to coordinate CEQA determinations, planning and zoning conformity and to identify possible barriers to development. Legal staff is consulted to ensure legality of funding commitment resolutions. Budget staff is consulted to confirm funding amounts.

COST SUMMARY/IMPLICATIONS

If awarded, the City will receive a grant of up to \$2 million from the California Department of Housing and Community Development which administers the Local Housing Trust Fund Program. Funds will be deposited into the State of California Department of Housing and Community Development Fund (2144). Local one-for-one match funds will be on deposit in the City's Low and Moderate Income Housing Asset Fund (2830). The program will be administered by existing staff of the City's Department of Housing and Community Development.

SUSTAINABLE OPPORTUNITIES

The housing development projects recommended for funding will address the "3 E's" of sustainability in the following ways:

Economic: Projects funded by the state and local Housing Trust Funds will generate construction, professional services, and ongoing property management jobs in Oakland. Providing families with affordable housing will stabilize low-income residents and free up household disposable income to be spent on other goods and services in Oakland. These properties will create activity on underutilized parcels, stimulating demand for goods and services in Oakland.

Environmental: By developing in already built-up areas, infill projects reduce the pressure to build on agricultural and other undeveloped land. Proposed projects are near to public transit, and sites near mass transit enable residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development. Projects will be selected for funding

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partially based on their ability to achieve high scores using LEED or Alameda County's GreenPoint Rating system.

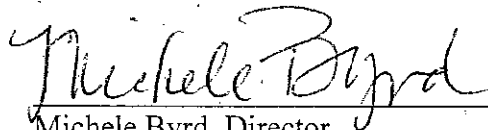
Social Equity: Affordable housing is a means of achieving greater social equity. Oakland's neighborhood-level environment will be improved by replacing underused and sometimes blighted buildings and lots with new homes and residents. The developments funded by the LHFP will provide affordable rental units for low and very low-income residents. Social services, such as computer centers for residents, are normally a component of each rental development, which further builds social equity.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Under the California Environmental Quality Act (CEQA), the City is required to review possible environmental impacts of all projects prior to a definitive commitment of funding, unless the project is exempt from CEQA review.

For questions regarding this report, please contact Norma Thompson, Housing Development Manager, at 510-238-7137.

Respectfully submitted,



Michele Byrd, Director

Department of Housing and Community
Development

Prepared by:
Norma Thompson
Manager, Housing Development

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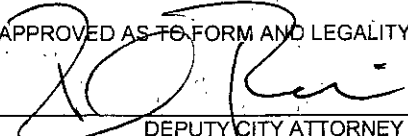
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FILED
OFFICE OF THE CITY CLERK
OAKLAND

2014 MAR 27 PM 2:59

APPROVED AS TO FORM AND LEGALITY:


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE UP TO \$2 MILLION IN FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THE LOCAL HOUSING TRUST FUND MATCHING GRANT PROGRAM, HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006 (PROPOSITION 1C) AFFORDABLE HOUSING INNOVATION FUND, AND ALLOCATING UP TO \$2 MILLION FOR THE AFFORDABLE RENTAL AND OWNERSHIP HOUSING DEVELOPMENT PROGRAM

WHEREAS, in 2006, the Local Housing Trust Fund Matching Grant Program (LHTFP) was created by AB 2638 and provides grants to eligible city, county and nonprofit applicants to support new and existing local housing trust funds dedicated to the preservation of affordable housing; and

WHEREAS, the program is funded by Proposition 1C, the Housing and Emergency Shelter Act (SB 1689), which authorized a \$2.85 billion housing bond for the State of California; and

WHEREAS, the California Department of Housing and Community Development (CA HCD) is authorized to allocate LHTFP funds and issued a Notice of Funding Availability (NOFA) announcing the availability of funds under the LHTFP in February 2014; and

WHEREAS, in response to the NOFA, the City of Oakland wishes to apply to CA HCD for, and receive an allocation of up to \$2 million in LHTFP funds; and

WHEREAS, the City desires to accept these funds from CA HCD and allocate up to \$2 million for the affordable rental and ownership housing development program; and

WHEREAS, the City must provide matching funds of up to \$2 million, which will be allocated from incoming 'boomerang' funds to be deposited in the Affordable Housing Trust Fund for at least five years in order for the City to be eligible for the funds; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator to apply for, accept, and appropriate up to \$2 million in LHTFP funds from CA HCD, consistent with the requirements set forth in the Notice of Funding Availability, and hereby allocates up to \$2

million of those funds for the affordable rental and ownership housing development program;
and be it

FURTHER RESOLVED: That the LHFP funds shall be appropriated in Fiscal Year 14-15 to the State of California Department of Housing and Community Development Fund (2144), HCD Administration Organization (88919) in a Project to be established; and be it

FURTHER RESOLVED: That the City will receive credit for up to \$2 million of the required matching funds, which shall be provided from the City's affordable rental and ownership development program; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to take any actions necessary to execute and submit the documents required by CA HCD to secure approval of the City's application for funds; and be it

FURTHER RESOLVED: That the City Administrator is authorized to negotiate and execute a standard agreement, any amendments thereto, and any and all other documents or instruments necessary or required by CA HCD for participation in the LHFP, and take any other actions with respect to such funding consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON-MCELHANEY, KALB, KAPLAN, SCHAAF, REID and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

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