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OFFICE OF THE CITY CLERK
OAKLAND

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

AGENDA REPORT

2011 FEB 10 PM 6:37

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: February 15, 2011

RE: A Supplemental Report Regarding a Report on the Status of the Oakland Community Housing, Inc. Portfolio, and a Report and Agency Resolution Allocating Up to \$92,000 from the 2006 Affordable Housing Bond Fund to Pay Property Insurance Premiums for Up to Seven Oakland Community Housing, Inc.-Affiliated Affordable Housing Rental Properties

SUMMARY

At the Community and Economic Development Committee on February 8, 2011, additional information was requested regarding the length of affordability restrictions on former Oakland Community Housing Inc. (OCHI) rental properties that have been agreed to by Renaissance Housing Partners (RHP). Staff prepared this Supplemental Report to respond to those questions.

KEY ISSUES AND IMPACTS

The table on the next page summarizes the affordability restrictions agreed to by Renaissance Housing Partners, a for-profit entity that has acquired ownership of three of the properties (Foothill Plaza, San Antonio Terrace and Nueva Vista) and is in negotiations to acquire a fourth property (Marin Way Court) in the former OCHI Oakland rental portfolio. Staff reported that RHP have accepted existing affordability restrictions on the properties for the remainder of their terms, generally serving higher incomes and shorter terms than the properties acquired by local non-profit groups.

The properties acquired in the last year by non-profit entities (and those scheduled to be acquired in the next 1-2 years) must serve households earning between 30-60% of Area Median Income (AMI) for 55 years from the start of their new Regulatory Agreements as a condition of their additional NOFA funding—generally, these restrictions will run until 2065-2067, depending on whether the ownership transition takes place.

The RHP-acquired properties are serving units with affordability levels ranging from 50% - 80% of AMI, with the lower income restrictions ending by 2036, except for Marin Way Court, which ends in 2066. Note: Staff wishes to clarify discussion from the February 8th Committee meeting, to note that RHP has accepted some much longer affordability terms on San Antonio Terrace and Nueva Vista; however, maximum rents at the 80% AMI level currently exceed fair market rates established by the Oakland Housing Authority for similarly sized units.

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As an example, for a four person household occupying a two bedroom unit, RHP will serve households earning between \$45,150 to \$64,400 (50% and 80% AMI, respectively), with maximum gross rents ranging from \$1,016 to \$1,450. Currently, the maximum city-wide fair market rent for a two bedroom unit is \$1,377. The non-profit acquired two bedroom units will serve households earning between \$27,100 (or lower with Project Based Section 8 assistance) to \$54,180 (30% and 60% of AMI, respectively), with maximum gross rents ranging from \$609 to \$1219. For other household/unit scenarios, please refer to the maximum income and rent limits in **Attachment A** to this supplemental report.

In addition, RHP's regulatory restrictions for San Antonio Terrace and Nueva Vista do not have required annual operating and replacement reserve contributions. On Marin Way Court, staff was able to commit RHP to making these reserve contributions.

Property	City/Agency Regulatory Term	Affordability Level
Foothill Plaza 54 units	No City/ Agency restrictions remain on property – these were wiped out by the foreclosure on CalHFA's loan	No City/Agency restrictions remain 51 units are still restricted by state agency CalHFA for households earning up to 60% AMI through 4/1/2036
San Antonio Terrace - 23 Units	Ends 2062	80% of Area Median Income (AMI)
Nueva Vista 30 Units	HODAG Restrictions end 2036 Agency Restrictions end 2062	10 units have City HODAG restrictions through 2/28/2036: 1 – one bedroom, 7 – two bedroom and 2 – three bedroom units are restricted with rents not to exceed 30% of 50% of AMI (Note: HODAG restrictions allow these units to serve households earning up to 80% of AMI). Remaining 20 units, and all 30 units after 2/28/2036, are reserved for households earning up to 80% of AMI, with rents not to exceed 30% of 80% of AMI.
Marin Way Court (pending) 20 Units	As presently proposed, affordability term will expire in 55 years (2066).	5 units @ 50% AMI and 15 units @ 80% AMI through 2066

RHP is not receiving any funds from the City/Agency, while the non-profits are increasing their affordability terms as a condition of receiving additional City/Agency funding. However, at Foothill Plaza, San Antonio Terrace and Nueva Vista, the RHP foreclosures removed existing City and Agency loan receivables, whereas the non-profit entities have thus far kept the original City/Agency loans in place.

ACTIONS REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

Staff requests that the Redevelopment Agency approve the Agency resolution to allocate funds to cover insurance premiums at seven properties.

Respectfully submitted,

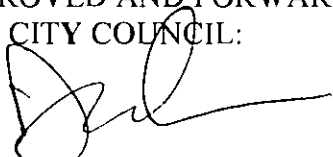


Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by: Michele Byrd, Deputy Director
Housing & Community Development

Prepared by: Christia Mulvey
Housing Development Coordinator

**APPROVED AND FORWARDED TO
THE CITY COUNCIL:**



Office of the Agency Administrator

Attachments

Attachment A: Current Maximum Household Income and Rent Payment Restrictions

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**INCOME LIMITS UNDER FEDERAL, STATE AND CITY/AGENCY HOUSING PROGRAMS
OAKLAND, CALIFORNIA**

Effective Date: HOME - June 26, 2010; Sec 8 FMRs - October 1, 2009; All Others - May 14, 2010

INCOME LEVEL	INCOME LIMITS ADJUSTED FOR HOUSEHOLD SIZE							
	One Person	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
25% AMI	\$15,850	\$18,100	\$20,350	\$22,600	\$24,400	\$26,200	\$28,000	\$29,800
30% of Area Median Income (HUD/State Extremely/Low Income)	\$19,000	\$21,700	\$24,400	\$27,100	\$29,300	\$31,450	\$33,650	\$35,800
35% AMI	\$22,160	\$25,310	\$28,460	\$31,600	\$34,160	\$36,680	\$39,200	\$41,720
40% AMI	\$25,320	\$28,920	\$32,520	\$36,120	\$39,040	\$41,920	\$44,800	\$47,680
45% AMI	\$28,490	\$32,540	\$36,590	\$40,640	\$43,920	\$47,160	\$50,400	\$53,640
50% of Area Median Income (CDBG Low Income) (All Others: Very/Low Income) (1, 2, 3)	\$31,650	\$36,150	\$40,650	\$45,150	\$48,800	\$52,400	\$56,000	\$59,600
60% of Area Median Income (1, 2)	\$37,980	\$43,380	\$48,780	\$54,180	\$58,560	\$62,880	\$67,200	\$71,520
65% AMI	\$41,145	\$46,995	\$52,845	\$58,695	\$63,440	\$68,120	\$72,800	\$77,480
70% AMI	\$44,310	\$50,610	\$56,910	\$63,210	\$68,320	\$73,360	\$78,400	\$83,440
75% AMI	\$47,475	\$54,225	\$60,975	\$67,725	\$73,200	\$78,600	\$84,000	\$89,400
80% of Area Median Income (CDBG Moderate) (All Others: Low Income) (2, 3, 4, 5)	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050
100% of Area Median Income (Median Income)	\$63,200	\$72,250	\$81,250	\$90,300	\$97,500	\$104,750	\$111,950	\$119,200
120% of Area Median Income (State Moderate Income) (3, 6)	\$75,850	\$86,700	\$97,500	\$108,350	\$117,000	\$125,700	\$134,350	\$143,050
150% of Area Median Income	\$94,800	\$108,380	\$121,880	\$135,450	\$146,250	\$157,130	\$167,930	\$178,800

NOTE: HUD Regulations and California State Law define "low" and "moderate" income differently, but all are based on the same figure for median income.

1. Applies to Tax Credit Program eligibility.
2. Applies to HOME Program eligibility.
3. Applies to City/Redevelopment Agency Housing Development Program eligibility.
4. HUD's methodology, which sets a national maximum income for "Moderate Income," results in actual limits that are less than 80% of the median income.
5. Applies to City First-Time Homebuyers Home Mortgage Assistance Program
6. Applies to First-Time Homebuyers Downpayment Assistance Program, Citywide.

**MAXIMUM RENTS ALLOWED UNDER FEDERAL, STATE AND CITY/AGENCY HOUSING PROGRAMS
OAKLAND, CALIFORNIA**

Effective Date: HOME - June 26, 2010; Sec 8 FMRs - October 1, 2009; All Others - May 14, 2010

RENT LIMITATIONS	SRO¹	0 Bdrm.²	1 Bdrm.	2 Bdrm.	3 Bdrm.	4 Bdrm.	5 Bdrm.
30% of 25% of area median income	\$297	\$396	\$424	\$508	\$587	\$655	\$723
30% of 30% of area median income	\$356	\$474	\$508	\$609	\$704	\$786	\$867
30% of 35% of area median income	\$415	\$553	\$593	\$711	\$822	\$917	\$1,011
30% of 50% of area median income	\$593	\$791	\$847	\$1,016	\$1,174	\$1,310	\$1,445
30% of 60% of area median income	\$712	\$949	\$1,017	\$1,219	\$1,409	\$1,572	\$1,734
30% of 80% of area median income	\$846	\$1,128	\$1,208	\$1,450	\$1,675	\$1,869	\$2,062
30% of 110% of area median income	\$1,304	\$1,738	\$1,862	\$2,234	\$2,582	\$2,881	\$3,178
HOME Low Rents³	\$593	\$791	\$847	\$1,016	\$1,174	\$1,310	\$1,445
HOME High Rents⁴	\$722	\$963	\$1,081	\$1,299	\$1,492	\$1,645	\$1,797
Section 8 Fair Market Rent	\$722	\$963	\$1,162	\$1,377	\$1,867	\$23,132	

(1) SRO units are single room units without both a kitchen and a bathroom.

(2) 0 Bedroom units have both kitchen and bathroom (efficiency and studio units)

(3) HOME "low" rents are set at 30% of 50% of area median income

(4) HOME "high" rents are the lower of either rents for 65% of area median income or Fair Market Rents.

Rents must be reduced by an allowance for tenant-paid utilities.

Sponsors may use the utility allowances under the federal Section 8 Program as published by the Oakland Housing Authority, or sponsors may present documentation substantiating other figures.

See attached chart of the Oakland Housing Authority Section 8 Utility Allowances.