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Office of the City Auditor
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FEBRUARY 8, 2005

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: A TOTAL OF NINE (9) RESOLUTIONS REGARDING AFFORDABLE HOUSING ACTIVITIES: FOUR CITY AND AGENCY RESOLUTIONS AUTHORIZING DEVELOPMENT LOANS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$10,803,600 FOR AFFORDABLE HOUSING PROJECTS; FOUR CITY AND AGENCY RESOLUTIONS TO EXTEND FOR AN ADDITIONAL YEAR THE FUNDING RESERVATION DEADLINE IN AN AGGREGATE AMOUNT OF \$8,145,900; ONE AGENCY RESOLUTION APPROPRIATING \$1,708,148 FOR HOUSING DEVELOPMENT PROGRAM

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolutions, Agenda Report, and attachments.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only two (2) weeks for us to plan, perform and report on our analysis. Due to this time constraint, we did not verify data contained in the Proposed Resolutions and Agenda Report.

SUMMARY

Although the Proposed Resolutions involve three separate aspects of funding for affordable housing, the *Agenda Report* concentrates almost exclusively on development loans totaling \$10,803,600.

NOTICE OF FUNDING AVAILABILITY (NOFA)

The Community and Economic Development Agency (CEDA) issued a Notice of Funding Availability (NOFA) on September 13, 2004. Eligible activities included new construction, rehabilitation and preservation activities. Both ownership and rental projects were eligible.

Although nine (9) applications were received, only eight (8) met the eligibility requirements: the construction of four (4) new rental housing developments and the rehabilitation and preservation of four (4) existing rental housing projects. There were no applications for affordable ownership housing development.

FISCAL IMPACT/EVALUATION PROCESS

Since the eight (8) eligible contractors that responded requested funding totaling \$18,376,000, which significantly exceeded the \$10,813,254 that is available, staff used a ranking process that took into account factors such as the location, target population, developer's capacity, preservation of existing affordable housing, and the ability of the projects to leverage other public financing sources. Based on this evaluation process, staff proposes that development loans totaling \$10,803,600 be awarded to three (3) projects, as shown in the following table:

Score	Project Name	Project Type	Funds Requested	Funds Proposed
66.00%	Altenheim Senior Housing	Reuse Senior	\$ 2,306,100	\$ 2,306,100
62.50%	Coliseum Gardens Phase III	New Construction Family	3,000,000	3,000,000
61.50%	Madison & Fourteenth Streets	New Construction Family	5,497,500	5,497,500
59.00%	Brush St. Apartments	New Construction Family	4,150,000	0
51.90%	Drasnin Manor	Cap Improvement Family	519,800	0
51.90%	Kenneth Henry Court	Cap Improvement Family	275,700	0
48.00%	MLK BART/Senior	New Construction Senior	994,800	0
48.73%	Eldridge Gonaway Commons	Cap Improvement Family	1,632,700	0
		Totals	\$18,376,600	\$ 10,803,600

The Altenheim Senior Housing Project (Phase I) will contain 92 affordable housing units (and one manager's unit) for seniors on the 1720 MacArthur Boulevard site. It entails the reuse of a historic facility, which provided assisted living for seniors until it closed in 2002.

The Coliseum Gardens proposal will be Phase III of the Oakland Housing Authority's ("OHA") HOPE VI Coliseum Gardens project for which HUD has authorized a HOPE VI Implementation Grant of \$34,500,000. Phase III consists of the construction of 106 units of affordable family rental housing. Phase I and Phase II (with 115 and 126 affordable rental housing units respectively) are currently under construction.

Madison & Fourteenth Streets will provide 76 new affordable rental housing units for very low and lower income households and 2,659 square feet of commercial/social services space.

CONCLUSION


Based on our analysis of data presented in the Agenda Report, the Proposed Resolutions appear to be reasonable.

Prepared by:


Jack McGinity, CPA

Report completion date:
January 28, 2005

Issued by:


Roland E. Smith, CPA, CFS
City Auditor