



CITY OF OAKLAND

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Honorable Lynette Gibson McElhaney
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Date: Tuesday, February 9, 2016

To: President Pro Tempore Larry Reid

Cc: Sabrina Landreth, City Administrator
 Claudia Cappio, Assistant City Administrator

Re: Motion to Adopt a Citywide Housing, Transportation, and Capital Improvement Impact Fee

President Pro Tempore Reid and Colleagues:

We would like to express our sincere appreciation to everyone who participated in the work and debate regarding the City of Oakland's Impact Fee. City staff did an excellent job of engaging a wide range of experts and putting forth a grounded proposal.

After examining the Nexus Study, Economic Feasibility Analysis and the City staff reports, listening to public testimony, and participating in discussions with a range of housing experts, we submit the following motion for approval at the Community & Economic Development Committee:

Motion to adopt a Citywide Housing, Transportation and Capital Improvement Impact Fee of \$24,000

This motion directs the Administrator to prepare an Ordinance to establish a Citywide Housing, Transportation, and Capital Improvement Impact Fee, including the following parameters which respond to the administration's request on February 3rd for policy direction from Council:

1. **Target Fee: \$24,000**
2. **Fee Distribution, Phasing & Classification:** The majority of funds raised by the Impact Fee will be set aside to build affordable housing units. More moderate fees will be assessed for Transportation and Capital Improvements. (See attached table for fee distribution, phasing and classification.)

The fees will be determined at the time of building permit application. Projects with completed building permit applications prior to September 1, 2016 will be exempt from the fee.

The initial implementation date will be September 1, 2016, with a second phase occurring at July 1, 2017, and with full implementation of the target fee reached at July 1, 2018.



3. **Geographic Zones:** We agree with the staff recommendation establishing three zones for development with the following modifications:
 - Move the border between Zone 1 and Zone 2 in North Oakland to 24/Martin Luther King Jr. Way (MLK), with both sides of MLK included in Zone 2
 - Add a border along the 23rd avenue corridor between 880 and 580 to create an additional Zone 2 between East Lake and 23rd Avenue
 - Additionally, Zone 3 will be modified by delaying the timing of the initial fee implementation to July 1, 2017 excluding the Coliseum City site which should be a separate development area altogether or track with Zone 2.
4. **Projects in the Pipeline Subject to the Fee:** Option B submitted in the January 4, 2016 Staff Report (Page 7), will be implemented to exempt projects that have received planning approvals/permits and also have applied for and/or obtained a building permit by September 1, 2016, but have not yet begun construction.
5. **On-site Mitigation:** Adoption of the Impact Fee should include an on-site mitigation option informed by the matrix developed by City staff. This strategy should be implemented to allow developers to meet the affordable housing fee requirement by providing units on-site instead of paying the affordable housing fee.
6. **Off-site Mitigation:** Off-site mitigation would only be permitted on a case-by-case basis subject to City Council approval.
7. **Performance Incentives:** Adoption of the Impact Fee will include a provision that requires that a project must be under construction within 12 months of building permit application and if not, the applicant will be subject to the fee level in place at the time construction begins.
8. **Nonresidential Impact Fees:** Adoption of the Impact Fee will include the City staff proposal for nonresidential impact fees shown on page 14 of the January 4, 2016 Citywide Impact Fee Update report to the Community & Economic Development Committee.

We urge our City Council colleagues to adopt the Citywide Impact Fee outlined here, which seeks to balance the need to build more affordable housing, while not discouraging construction of new housing. We believe Oakland's housing affordability crisis is fueled by a scarcity of available units in the current market, which contributes greatly to displacement.

When the Council adopted the City of Oakland Housing Equity Roadmap on September 30, 2015, we identified policies to guide Oakland's growth in ways that protect and honor our historic diversity. To meet this overarching goal, the policies we adopt must prioritize:

- 1) eliminating displacement of long-time residents who want to remain in Oakland;
- 2) expanding housing inventory and supporting the creation of affordable housing units; and
- 3) strengthening tenants' rights and ensuring habitability of existing units

In adopting the Citywide Impact Fee in the manner proposed, we believe Oakland can attract development that will relieve pressures on existing units, increase funds set aside for the creation of affordable housing units, and incentivize the creation of on-site affordable housing units in market rate developments.



Office of the Honorable Lynette Gibson McElhaney

Subject: HouseOakland Proposal Citywide Housing, Transportation, and Capital Improvement Impact Fee

Date: February 9, 2016

Proposed phasing of full fee implementation:

Housing Use and Zone (#)	Fee Category	September 1, 2016	July 1, 2017	July 1, 2018 (Full Fee)
Multi-Family Use \ Mixed Use Zone 1	Affordable Housing	\$5,500	\$11,500	\$22,000
	Capital Improvements (Parks, Fire, Libraries, etc.)	\$750	\$750	\$1,250
	Transportation	\$750	\$750	\$750
	Total	\$7,000	\$13,000	\$24,000

Housing Use and Zone (#)	Fee Category	September 1, 2016	July 1, 2017	July 1, 2018 (target fee)
Multi-Family Use \ Mixed Use Zone 2	Affordable Housing	\$4,550	\$9,250	\$17,750
	Capital Improvements (Parks, Fire, Libraries, etc.)	\$250	\$500	\$750
	Transportation	\$750	\$750	\$750
	Total	\$5,550	\$10,500	\$19,250

Housing Use and Zone (#)	Fee Category	September 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019 (target fee)
Multi-Family Use \ Mixed Use Zone 3	Affordable Housing	\$0	\$3,000	\$6,000	\$12,000
	Capital Improvements (Parks, Fire, Libraries, etc.)	\$0	\$0	\$0	\$250
	Transportation	\$0	\$750	\$750	\$750
	Total	\$0	\$3,750	\$6,750	\$13,000

