

CITY OF OAKLAND
AGENDA REPORT

2010 JUN 10 PM 1:32

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: June 22, 2010

RE: **An Informational Report On Compliance By Nonprofit Affordable Housing
Developers With The City's Employment and Contracting Programs**

SUMMARY

This report responds to a request from the Community and Economic Development Committee, made during the March 9, 2010 presentation of Housing NOFA (Notice of Funding Availability for Affordable Rental and Ownership Housing) recommendations, for information on how well affordable housing developers comply with the requirements of the City's employment and contracting programs. Data was assembled by the administrator of those programs, the Contract Compliance Division of the Department of Contracting and Purchasing, which shows that these developers are in compliance with those programs.

FISCAL IMPACT

This report is informational only; there is no fiscal impact.

BACKGROUND

Since 1998, the City Council and Redevelopment Agency have conducted an annual competitive process for funds to assist the development of affordable housing. The Housing NOFA typically awards \$10 to \$20 million in subsidy funds for housing which will be restricted to lower-income households at below-market rents or prices. Since its start, the Council and Agency have awarded \$235 million in NOFA funds, which have helped to build about 5,000 units of affordable housing in more than 100 developments.

Much like contractors who complete public works contracts for the City, developers who receive NOFA subsidies are required to comply with the City's employment and contracting programs. An affordable housing developer, as the prime contractor with the City, may have only a few employees for a project; however, it is not uncommon for the general contractor and the many building trade subcontractors to employ hundreds of workers during the course of construction.

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The City's three major employment and contracting programs are:

- The Local and Small Local Business Enterprise Program (LBE/SLBE), which sets minimums for participation by local businesses in any assisted project.
- The Local Employment Program (LEP), which sets minimums for participation by local residents in any assisted project.
- The Oakland Apprentice Workforce Development Partnership System (OAWDPS)

KEY ISSUES AND IMPACTS

Staff was asked to report to Council on how well affordable housing developers, especially nonprofit developers, are complying with the employment programs.

Data from the most recent period for which complete information is available, 2006 to 2008, is presented in *Attachment A*. There, the Contract Compliance Division presents data for each of twelve developments which show total dollars, Oakland dollars, total employee hours, Oakland employee hours, and Oakland apprentice hours.

Although a few projects fell short of some of the goals described below, contractors typically make up those shortfalls at other projects, per agreements with Contract Compliance. Taken as a group, the developers and their contractors exceeded all employment and contracting program goals for the period reviewed, with one exception: Oakland-resident apprentices worked 10% of total hours, compared with a goal of 15%.

Overall compliance results are summarized below.

Local and Small Local Business Enterprise Program:

Goal: 20% of total project dollars should go to Oakland businesses.

Accomplished: 31% of the dollars for these housing projects went to Oakland businesses.

Goal: 10% of total project dollars should go to Small Oakland businesses.

Accomplished: 15% of housing project dollars went to Small Oakland businesses.

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Local Employment Program

- Goal:** 25% to 50% of project work hours to be performed by Oakland residents, depending on adjustment for contractors' permanent or "core" employees.
- Accomplished:** 30% of project hours were performed by Oakland residents.

Apprenticeship Workforce Development

- Goal:** 20% of project work hours to be performed by apprentices, with 15% of project hours going to Oakland apprentices. (Note that these are "soft" goals, in that there is no punishment for falling short, provided a good faith effort has been made.)
- Accomplished:** 20% of project work hours were performed by apprentices; 10% by Oakland-resident apprentices.

Since the goals of the employment and contracting programs are generally being met by affordable housing developers, it does not appear that any major changes are needed. Nevertheless, the need for continued monitoring of projects certainly remains, and contractors who fall short of goals must be required to correct those problems either by established means (e.g., at other projects) or by new alternatives.

Regarding the on-average shortfall for Oakland-resident apprentices, Contract Compliance staff notes that this goal has been a difficult one to meet for some time, which is why it remains less strict, with no punishment for missing the goal provided a significant effort was made.

SUSTAINABLE OPPORTUNITIES

Economic and Social Equity Opportunities: The LBE/SLBE, LEP, and Apprenticeship programs have been an effective means of promoting economic development and improving social equity. On that point, Contract Compliance staff has noted that affordable housing projects provide extra "bang for the buck" if compared to public works projects, because of the relatively large number of construction workers and the wide variety of building trades that become involved in housing development.

Environmental: Although unrelated to employment matters, it is worth noting that Oakland's affordable housing projects have been consistent award-winners with high Green Point Ratings and LEED recognition.

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RECOMMENDATION AND RATIONALE

Staff recommends that Council accept this report.

Respectfully submitted,

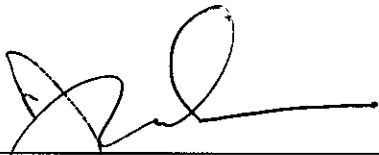


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APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City Administrator

Attachment A

**Participation in Contracting and Employment Programs - Affordable Housing Developers
2006 to 2008**

Developer	Project Name	Contractor	Completion Date	Total Dollars	LBE	SLBE	Total LBE/SLBE	Total Project Hours	Oakland Resident Hours	Local Employment Goal with Core Adjustment	Total Apprentices Hours	Oakland Apprentices Hours
Affordable Housing Assoc.	Madison & 14th Street Apartments	NIBBI BROS.	4/18/2008	\$20,196,544	\$2,131,760 11%	\$452,032 2%	\$2,583,792 13%	113,310	21,467 19%	28,328 25%	19362 17%	8,226 7%
	Orchards on Foothill	JH Fitzmaurice	9/30/2008	\$12,250,550	\$3,678,168 30%	\$1,708,623 14%	\$5,386,791 44%	62,284	18,492 30%	15,571 25%	13,263 21%	7,480 12%
BRIDGE Housing	14th Street Apartments (Ironhorse)	JH Fitzmaurice	12/1/2009	\$21,251,633	\$3,600,000 17%	\$4,288,786 20%	\$7,888,786 37%	123,923	50,953 41%	30,981 25%	31,618 26%	21,589 17%
	Mandela Townhomes	Roberts-Obayashi	6/1/2007	\$3,481,708	\$155,519 4%	\$1,347,470 39%	\$1,502,989 43%	27,099	8,683 32%	6,775 25%	4965 18%	2,278 8%
Citizens Housing Corp.	Altenheim Senior Housing, Phase I	Oliver & Company	1/31/2007	\$16,158,337	\$4,062,550 25%	\$1,956,762 12%	\$6,019,312 37%	75,266	20,705 28%	18,817 25%	14,990 20%	6,944 9%
East Bay Asian Local Dev. Corp. (EBALDC)	Jack London Gateway Senior Housing	Branagh	6/1/2009	\$12,830,557	\$3,711,527 29%	\$1,389,851 11%	\$5,101,378 40%	71,239	29,953 42%	17,810 25%	13,188 11%	7,915 19%
	Seven Directions	Oliver & Company	8/30/2008	\$10,392,703	\$541,140 5%	\$1,566,445 15%	\$2,107,585 20%	87,618	14,967 17%	21,904 25%	18,658 21%	8,350 10%
Related/EBALDC	Coliseum Gardens Phase I	Cahill Contractors	12/15/2005	\$13,456,589	\$1,030,470 8%	\$1,744,690 13%	\$2,775,160 21%	174,996	40,740 23%	43,749 25%	26,195 15%	11,165 6%
	Lion Creek Crossing III	Cahill Contractors	6/1/2008	\$32,780,761	\$1,880,613 6%	\$3,726,769 11%	\$5,607,382 17%	208,940	60,873 29%	52,235 25%	39,607 19%	22,991 11%
Resources for Com'ty Dev.	Fox Courts	JH Fitzmaurice	6/23/2009	\$25,086,156	\$6,216,531 25%	\$7,483,678 30%	\$13,700,209 55%	144,405	52,582 36%	36,101 25%	30,821 21%	21,162 15%
Satellite Housing	Saint Patricks Terrace	Fine Line Construction	6/1/2009	\$4,435,949	\$327,310 7%	\$626,536 14%	\$953,846 22%	21,024	9,063 43%	5,256 25%	17,593 84%	2,392 11%

Total Project Dollars	Total LBE	Total SLBE	Total LBE/SLBE Combined	Total Project Hrs.	Oakland Resident Hrs.	LEP Goal with Core Adjustment	Total Apprentices Hours	Oakland Apprentices Hours
\$175,528,594	\$27,642,625 16%	\$26,992,294 15%	\$54,634,919 31%	1,110,105	328,478 30%	277,526 25%	217,072 20%	112,576 10%