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OAKLAND

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: William Gilchrist
Director, PBD

SUBJECT: Impact Fees Annual Report

DATE: January 17, 2020

City Administrator Approval

Date:

[Signature]
1/30/2020

RECOMMENDATION

Staff Recommends That The City Council Receive The Annual Report On The Affordable Housing, Transportation, Capital Improvements, and Jobs/Housing Impact Fees.

EXECUTIVE SUMMARY

Oakland is facing a housing affordability crisis and is confronted with inadequate infrastructure. Multiple City policies and initiatives, such as the General Plan, Housing Equity Roadmap, and the Mayor's Housing Cabinet "Oakland At Home" report called for adopting development impact fees so that new development in the city pays its fair share towards funding affordable housing, transportation improvements, and capital facilities.

On May 3, 2016, the City Council adopted the Affordable Housing Impact Fees, Oakland Municipal Code (OMC) Chapter 15.72 (Ordinance No. 13365 C.M.S.), and the Transportation and Capital Improvements Impact Fees, OMC Chapter 15.74 (Ordinance No. 13366 C.M.S.). These Impact Fees went into effect for development projects submitting a building permit application on or after September 1, 2016. Previously, on July 30, 2002, the City Council adopted the Jobs/Housing Impact Fee, OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.) and these Impact Fees went into effect for development projects submitting a building permit on or after July 1, 2005.

This is the annual report for the fiscal year (FY) of July 1, 2018 to June 30, 2019 (FY18-19) of the Affordable Housing, Transportation, and Capital Improvements Impact Fees as well as the previously adopted Jobs/Housing Impact Fee, OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.), as required per the Mitigation Fee Act, California Government Code Section 66000.

When reviewing the Impact Fees Annual Report, it is important to note that:

1. The Impact Fee program is designed for revenues generated over time to mitigate impacts from new development and not meant to cover existing shortfalls.
2. Impact Fees are not paid in full when a building permit is applied for. Instead, they are paid later in the building permit process as follows:
 - a. At building permit issuance, 100 percent of Transportation and Capital Improvements Impact Fees, 50 percent of Affordable Housing Impact Fees, and

CED Committee
February 11, 2020

25 percent of Jobs/Housing Impact Fees are paid. Building permit issuance may occur up to one year after a building permit application. Therefore, a large portion of these fees were not included in the first fiscal year and now a large portion of these Impact Fees were paid in the second fiscal year.

- b. At project completion, the remaining 50 percent of Affordable Housing Impact Fees and 50 percent of Jobs/Housing Impact Fees are paid, which for larger projects typically occurs 1 to 3 years after the building permit issuance (and 2 to 4 years after the building permit application). There was about 15 percent of these Impact Fees that were assessed in the first fiscal year that were paid in the second fiscal year, the rest of these assessed Impact Fees from the first fiscal year are anticipated to be paid in the third or fourth fiscal year depending on when the buildings are completed.
 - c. For Jobs/Housing Impact Fee the remaining 25 percent of the Impact Fees are paid at 18 months after project completion, a very small amount was collected in this fiscal year from that phase of projects.
3. The Impact Fees were phased in to give time for developers to incorporate the cost of the Impact Fees into their projects as well as to incentivize development projects to build now so the housing built can contribute to the immediate need for housing. Phasing in new fees was also consistent with continued real growth of rents and improved feasibility of housing development. The Impact Fees did go up during the second fiscal year, but most of the Impact Fees assessed during the second fiscal year will not be paid until the third fiscal year.
 4. In June of 2019, a change in the way assessed amounts are reported was instituted, which retroactively adjusted the assessed amounts for all projects going back to the beginning of the project. In the past, a placeholder of \$.50 or \$1.00 was inputted into the system if the status of the project's regulatory agreements were unknown. The new process records the assessed fee for all projects, including for projects whose regulatory agreement status is not yet known.

The following are the amounts of Impact Fees that were assessed on building permit applications as well as the amount that was paid and due during the July 1, 2018 to June 30, 2019 fiscal year:

1. Affordable Housing Impact Fees: \$8,760,266 assessed and \$3,461,063 paid.
2. Jobs/Housing Impact Fee: \$6,383,631 assessed and \$627,936 paid.
3. Transportation Impact Fees: \$2,219,622 assessed and \$1,660,515 paid.
4. Capital Improvements Impact Fees: \$1,392,057 assessed and \$642,636 paid.

Both the Affordable Housing Impact Fees and the Jobs/Housing Impact Fee go into the Affordable Housing Trust Fund, for a total assessed amount of \$15,143,897 and paid amount of \$4,088,999. Other sources of revenue for the Affordable Housing Trust Fund include the Redevelopment dissolution funds (aka "boomerang funds"), and fines and penalties under the Foreclosed and Defaulted Residential Property Registration Program.

BACKGROUND / LEGISLATIVE HISTORY

Summary of the Affordable Housing, Transportation, and Capital Improvements Impact Fees

The Affordable Housing, Transportation, and Capital Improvements Impact Fees were adopted in part because Oakland continues to face a housing affordability crisis and is confronted with inadequate infrastructure. As Oakland experiences economic growth, it is important that the City plan for and provide funds for affordable housing, transportation improvements, and capital facilities to meet the current and evolving needs of residents. Multiple City policies and initiatives, such as the General Plan, Housing Equity Roadmap, and the Mayor's Housing Cabinet "Oakland At Home" report called for adopting development impact fees so that new development in the city pays its fair share towards funding affordable housing, transportation improvements, and capital facilities. While impact fees alone will not solve Oakland's pressing affordable housing and infrastructure improvement needs, they are an important step towards addressing these problems.

Development Projects Subject to Impact Fees and Exemptions

Development Projects that are Subject to Impact Fees:

1. Affordable Housing Impact Fees
 - New housing units (including live/work and work/live units)
2. Transportation and Capital Improvements Impact Fees
 - New housing units (including live/work and work/live units)
 - New nonresidential projects
 - Nonresidential projects with additional floor area
 - Nonresidential projects with a "Change and Intensification of Use"

The following projects are exempt from the impact fees:

1. Secondary units.
2. Affordable housing projects (exempt from the Affordable Housing Impact Fee and the Capital Improvements Impact Fee, but subject to the Transportation Impact Fee).
3. Nonresidential projects converting less than 5,000 square feet of floor area to another use.
4. Nonresidential projects involving less than 5,000 square feet of building floor area occupied by institutional uses.

Impact Fee Zones for Residential Development Projects

Three (3) different impact fee zones for residential projects correspond to three (3) geographic zones of the city that have different market characteristics (i.e., support different prices and rents) and different levels of economic feasibility, and thus different abilities to pay impact fees. A general description of the zones is listed below (see **Attachment A** for a map of the Impact Fee Zones).

1. Impact Fee Zone 1: Downtown, the east side of Lake Merritt, much of North Oakland, and the Hills above Interstate-580
2. Impact Fee Zone 2: West Oakland, a small part of North Oakland, the area east of Lake Merritt to 23rd Avenue

3. Impact Fee Zone 3: areas east of 23rd Avenue and below Interstate-580

Payment of Impact Fees

The impact fees are paid during the building permit process:

1. All Transportation and Capital Improvements Impact Fees are due prior to the issuance of a building permit.
2. The Affordable Housing Impact Fee is due in two installments:
 - The first installment of 50 percent of the Impact Fee is due prior to the issuance of a building permit; and
 - The second installment for the remaining 50 percent is due prior to the issuance of a temporary or permanent certificate of occupancy, whichever comes first.

Allowing for impact fee payment in a phased approach benefits economic feasibility by reducing the carrying cost time frame.

Impact Fee Amount and Phasing

The amount charged for the Impact Fees was intended to balance the need to generate more affordable housing, while not impeding construction of new housing for all income levels. The generation of additional housing units addresses the scarcity of available units in the current market, scarcity which ultimately contributes to displacement.

The implementation of impact fees was intended to “follow” the market, phasing in new fees consistent with continued real growth of rents and improved feasibility of housing development. By doing so, it intended to encourage near-term development that provides successes on the ground for lenders and investors, and increases the ability to absorb higher fees in the future.

The Transportation Impact Fee sufficiently covers the California Environmental Quality Act (CEQA) transportation cumulative impact mitigations that are within the Environmental Impact Reports for all the Specific Plans, Redevelopment Plans, General Plan, and other major projects. Therefore, paying the impact fee satisfies a development’s obligation to contribute its fair share towards mitigating the cumulative impact without having to fully fund the mitigation project.

For nonresidential projects, the City adopted a Jobs/Housing Impact Fee that went into effect on July 1, 2005 on office and warehouse activities to provide funding for affordable housing. Therefore, the newer Impact Fees for nonresidential projects were adopted for capital improvements and transportation only, not for affordable housing. For all the nonresidential uses the Transportation Impact Fees include the minimum amount to cover CEQA transportation cumulative impact mitigations starting in 2016 so developers can pay their fair share of required transportation improvements. For Capital Improvements, the fees vary by land use depending on the economic feasibility for that land use at the time the Impact Fees were adopted, economic development considerations, and the phasing-in of higher fees was based on development becoming more feasible over time.

The fees for the Affordable Housing, Transportation, and Capital Improvements Impact Fees started on September 1, 2016 (see **Tables 1 – 3a** below for Impact Fee amounts). The Impact Fees were phased in and increased on July 1, 2017; and increased again on July 1, 2018; and then for residential projects stay the same through June 30, 2020, except for Zone 3, which was

phased in over 5 years, and then will increase with inflation starting on July 1, 2021 and each July 1st of each year after. For nonresidential projects the Impact Fees will continue to increase on July 1, 2019, July 1, 2020, and then will increase with inflation on July 1st of each year after.

Affordable Housing Impact Fees

Table 1: Affordable Housing Impact Fees - Residential

| Affordable Housing Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit | | | | |
|--|--------|------------------|------------------|-------------------|
| Housing Use Type | Zone | 9/1/16 – 6/30/17 | 7/1/17 – 6/30/18 | 7/1/18 – 6/30/19) |
| Multi-family | Zone 1 | \$5,500 | \$11,500 | \$22,000 |
| | Zone 2 | \$4,550 | \$9,250 | \$17,750 |
| | Zone 3 | \$0 | \$0 | \$3,000 |
| Townhome | Zone 1 | \$6,500 | \$12,000 | \$20,000 |
| | Zone 2 | \$2,600 | \$7,200 | \$14,250 |
| | Zone 3 | \$0 | \$0 | \$1,000 |
| Single-family | Zone 1 | \$6,000 | \$12,500 | \$23,000 |
| | Zone 2 | \$3,750 | \$9,000 | \$16,500 |
| | Zone 3 | \$0 | \$0 | \$1,000 |

Capital Improvement Impact Fees

Table 2: Capital Improvements Impact Fees - Residential

| Capital Improvement Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit | | | | |
|---|--------|------------------|------------------|-------------------|
| Housing Use Type | Zone | 9/1/16 – 6/30/17 | 7/1/17 – 6/30/18 | 7/1/18 – 6/30/19) |
| Multi-family | Zone 1 | \$750 | \$750 | \$1,250 |
| | Zone 2 | \$250 | \$500 | \$750 |
| | Zone 3 | \$0 | \$0 | \$0 |
| Townhome | Zone 1 | \$1,000 | \$1,000 | \$3,000 |
| | Zone 2 | \$1,000 | \$1,000 | \$2,000 |
| | Zone 3 | \$0 | \$0 | \$1,000 |
| Single-family | Zone 1 | \$1,500 | \$2,000 | \$4,000 |
| | Zone 2 | \$1,000 | \$1,500 | \$3,000 |
| | Zone 3 | \$0 | \$0 | \$1,000 |

Table 2a: Capital Improvements Impact Fees - Nonresidential

| Capital Improvements Impact Fees - Nonresidential (Fee Per Square Foot) | | | |
|---|------------------|------------------|------------------|
| The Date is Based on When the Applicant Applies for Building Permit | | | |
| Nonresidential Use Type | 9/1/16 – 6/30/17 | 7/1/17 – 6/30/18 | 7/1/18 – 6/30/19 |
| Office | \$0.00 | \$0.00 | \$1.00 |
| Retail, Freestanding | \$0.00 | \$0.15 | \$0.25 |
| Retail, Ground Floor | \$0.00 | \$0.00 | \$0.00 |
| Industrial | \$0.40 | \$0.40 | \$0.75 |
| Warehouse | \$0.65 | \$0.90 | \$1.00 |
| Hotel/Motel | \$0.10 | \$0.20 | \$0.35 |
| Institutional | \$2.50 | \$2.50 | \$2.50 |

Transportation Impact Fees

Table 3: Transportation Impact Fees - Residential

| Transportation Impact Fees - Residential (Fee Per Housing Unit) | | | | |
|---|--------|------------------|------------------|------------------|
| The Date is Based on When the Applicant Applies for Building Permit | | | | |
| Housing Use Type | Zone | 9/1/16 – 6/30/17 | 7/1/17 – 6/30/18 | 7/1/18 – 6/30/19 |
| Multi-family | Zone 1 | \$750 | \$750 | \$750 |
| | Zone 2 | \$750 | \$750 | \$750 |
| | Zone 3 | \$710 | \$710 | \$750 |
| Townhome | Zone 1 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 2 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 3 | \$1,000 | \$1,000 | \$1,000 |
| Single-family | Zone 1 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 2 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 3 | \$1,000 | \$1,000 | \$1,000 |

Table 3a: Transportation Impact Fees - Nonresidential

| Transportation Impact Fees - Nonresidential (Fee Per Square Foot) | | | |
|---|------------------|------------------|------------------|
| The Date is Based on When the Applicant Applies for Building Permit | | | |
| Nonresidential Use Type | 9/1/16 – 6/30/17 | 7/1/17 – 6/30/18 | 7/1/18 – 6/30/19 |
| Office | \$0.85 | \$0.85 | \$1.00 |
| Retail, Freestanding | \$0.75 | \$0.75 | \$0.75 |
| Retail, Ground Floor | \$0.75 | \$0.75 | \$0.75 |
| Industrial | \$0.55 | \$0.55 | \$0.55 |
| Warehouse | \$0.35 | \$0.35 | \$0.35 |
| Hotel/Motel | \$0.65 | \$0.65 | \$0.65 |
| Institutional | \$1.20 | \$1.20 | \$2.00 |

On-Site and Off-Site Affordable Housing Options

As an alternative to payment of the Affordable Housing Impact Fee, a developer has the option in some cases to mitigate their project's impacts by building affordable units on-site or off-site.

There is a need to have not only stand-alone affordable housing buildings, but also buildings with a mixture of income levels. The Affordable Housing Impact Fee ordinance recognized this need and tried to incentivize the creation of on-site affordable housing units in market rate developments. There are benefits to having projects build affordable units on-site, because such units can be built sooner and are mixed in with market-rate units. Additionally, the units can be built in neighborhoods that often have more amenities and better public services that otherwise lack affordable housing opportunities.

Staff originally considered calibrating the on- and off-site options so that they had the same cost impact on the project as the impact fee, and allowing the provision of moderate-income and/or lower-income units in the project. The cost of on-site compliance was represented by the difference between the market-rate rent/sales price and the affordable rent/sales price for the affordable units required in a residential development. From the perspective of the market-rate project subject to the requirements, the "cost" is the reduction in revenues from renting or selling a unit at the affordable rent/price instead of the market-rate rent/price. It was assumed that the development costs for the affordable units would be essentially the same as the costs of developing the market-rate units in the project. The percentages under this cost-neutral approach turned out to be low: two percent for very low-income, three percent for low-income, and five percent for moderate-income. Based on the analysis outcome under a cost-neutral approach, the percentages stated below were adopted instead.

An applicant will not be subject to the Affordable Housing Impact Fee if they provide a certain level of affordable housing within the development project. The same affordable unit percentages were chosen as required under the existing State Density Bonuses and Other Incentives provisions in Government Code Sections 65915-65918 and the Density Bonus and Incentive Procedure in Chapter 17.107 of the Oakland Planning Code:

1. Very-Low Income: 5 percent
2. Low Income: 10 percent
3. Moderate Income: 10 percent

These percentages are higher than percentages that were considered based upon a cost-neutral approach—two to three times higher in some cases. The extra costs associated with providing a higher percentage of affordable units can be offset because the developer can take advantage of the State and local Density Bonus and Incentive Programs to bridge the gap between the cost of the Impact Fees and the cost of building on-site. The State and local Density Bonus and Incentives Programs award additional allowable density and certain development incentives to projects with affordable units. The more affordable units provided, the larger the density bonus and the more incentives that are available. Incentives include, but are not limited to: reduction in development standards, required off-street parking, required setbacks, maximum building height, required open space, maximum floor-area ratio, minimum lot area, and minimum courtyards. Other cities use similar measures for on-site development to take advantage of the Density Bonus Program.

The regulations require 10 percent affordable units for both low-income and moderate-income units, however, under the Density Bonus and Incentives Program there are higher density bonuses for providing low-income units as opposed to moderate-income units. So, although moderate-income units are less expensive for the developer to provide compared to low-income units, providing low-income units allows for larger density bonuses. Also, these percentages are the minimums for the Density Bonus and Incentive Program. Projects may opt to provide higher percentages to take advantage of larger bonuses and more incentives.

Summary of Jobs/Housing Impact Fee

On July 30, 2002, the City Council adopted the Jobs/Housing Impact Fee, OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.). These Impact Fees went into effect for development projects submitting a building permit on or after July 1, 2005. The Impact Fees started at \$4.00 per square foot and have adjusted with inflation, and currently are charged at \$5.44 per square foot.

Development Projects Subject to Jobs/Housing Impact Fee and Exemptions

Development Projects that are Subject to Jobs/Housing Impact Fee:

- New nonresidential Office or Warehouse projects that exceed 25,000 square feet.
- Nonresidential Office or Warehouse projects with additional floor area that exceeds 25,000 square feet.
- Nonresidential projects with a "Change and Intensification of Use" to an office or warehouse that exceeds 25,000 square feet.
- A building that is vacant for a year or more and exceeds 25,000 square feet that obtains a building permit for an office or warehouse activity.
- Development projects subject to the Jobs/Housing Impact Fee only pay for square footage of the building that exceeds 25,000 square feet.

Table 4: Jobs/Housing Impact Fees - Nonresidential

| Jobs/Housing Impact Fees - Nonresidential (Fee Per Square Foot) The Date is Based on When the Applicant Applies for Building Permit | |
|---|---------------------|
| Nonresidential Use Type | 7/1/16 – 6/30/19 |
| Office | \$5.44 |
| Warehouse | \$5.44 |

Payment of Jobs/Housing Impact Fee

Development projects subject to the Jobs/Housing Impact Fee only pay for square footage of the building that exceeds 25,000 square feet.

The Jobs/Housing Impact Fee is due in three installments:

- The first installment of 25 percent of the Impact Fee is due prior to the issuance of a building permit;

- The second installment of 50 percent is due prior to the issuance of a temporary or permanent certificate of occupancy, whichever comes first; and
- The third installment for the remaining 25 percent is due 18 months after the temporary certificate of occupancy.

ANALYSIS AND POLICY ALTERNATIVES

Reporting Requirements for Development Impact Fees

In California, State legislation sets certain legal and procedural parameters for the charging of development impact fees (DIFs). This legislation was passed as Assembly Bill (AB) 1600 by the California Legislature and is now codified as California Government Code Section 66000 through 66008 (Mitigation Fee Act). This State law went into effect on January 1, 1989. For the full Impact Fee Annual Report for Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements Impact Fees, Fiscal Year Ended June 30, 2019 see **Attachment A**.

Summary of Impact Fees Collected and Assessed

As expected, the second fiscal year amounts of Impact Fees collected/paid are higher than last fiscal year, but not as high as anticipated for the third fiscal year amounts for a number of reasons.

Table 5 below lists:

1. The amount of Impact Fees already collected/paid during each fiscal year since the beginning of the program.
2. The amount of revenue assessed, but not due yet because the building permit has not been issued yet and/or a certificate of occupancy has not been received yet.
3. The assessed Impact Fees that are listed in this report will only be fully collected if all of the projects that have applied for building permits during the past three fiscal years are built to completion.
4. Please note that most of the Impact Fees collected in any fiscal year are from projects that had their impact fees assessed in the previous fiscal year.

| Table 5: Impact Fees Collected/Paid and Assessed for Building Permit Applications Filed 7/1/16 – 6/30/19 | | | | | | |
|---|--|---------------------------|-----------------------|-----------------------------------|----------------------------|--|
| Impact Fee Fund | Impact Fee | | Amount Collected/Paid | Revenue Assessed but Not Due Yet* | Total Impact Fees Assessed | |
| Affordable Housing Trust Fund | Affordable Housing Impact Fees (AHIF) | FY2016-17 | \$477,824 | \$1,987,776 | \$2,465,600 | |
| | | FY2017-18 | \$3,206,036 | \$11,908,227 | \$15,114,263 | |
| | | FY2018-19 | \$3,461,063 | \$5,299,203 | \$8,760,266 | |
| | | Total FY 2016-2019 | \$7,144,923 | \$19,195,206 | \$26,340,129 | |
| | Jobs/Housing Impact Fee (JHIF) | FY2015-16 | | | | |
| | | | \$526,861 | \$0 | \$526,861 | |
| | | FY2016-17 | \$303,360 | \$0 | \$303,360 | |
| | | FY2017-18 | \$1,633,583 | \$2,230,879 | \$3,864,462 | |
| | | FY2018-19 | \$627,936 | \$5,755,695 | \$6,383,631 | |
| | | Total FY 2016-2019 | \$3,091,740 | \$7,986,574 | \$11,078,314 | |
| | AHIF & JHIF | FY2015-16 | \$526,861 | \$0 | \$526,861 | |
| | | FY2016-17 | \$781,184 | \$1,987,776 | \$2,768,960 | |
| | | FY2017-18 | \$4,839,619 | \$14,139,106 | \$18,978,725 | |
| | | FY2018-19 | \$4,088,999 | \$11,054,898 | \$15,143,897 | |
| | | Total FY 2016-2019 | \$10,240,631 | \$27,181,780 | \$37,422,411 | |
| Transportation Impact Fee Trust Fund | Transportation Impact Fee (TIF) | FY2016-17 | \$483,269 | \$65,171 | \$548,440 | |
| | | FY2017-18 | \$1,856,841 | \$792,093 | \$2,648,934 | |
| | | FY2018-19 | \$1,660,515 | \$559,107 | \$2,219,622 | |
| | | Total FY 2016-2019 | \$4,000,625 | \$1,416,371 | \$5,416,996 | |
| Capital Improvements Impact Fee Trust Fund | Capital Improvements Impact Fee (CIIF) | FY2016-17 | \$141,547 | \$52,921 | \$194,468 | |
| | | FY2017-18 | \$1,594,191 | \$584,715 | \$2,178,906 | |
| | | FY2018-19 | \$642,636 | \$749,421 | \$1,392,057 | |
| | | Total FY 2016-2019 | \$2,378,374 | \$1,387,057 | \$3,765,431 | |

*The Assessed value listed for a given fiscal year will vary as the fees are collected or when projects are canceled in the given fiscal year and fiscal years thereafter.

FISCAL IMPACT

This item is for informational purposes and does not have a direct fiscal impact or cost. The fiscal benefit of the revenues generated by the impact fees for FY18-19 is \$3,461,063 for the Affordable Housing Impact Fee, \$627,936 for the Jobs/Housing Impact Fee, \$1,660,515 for the Transportation Impact Fee, and \$642,636 for the Capital Improvements Impact Fee.

The Mitigation Fee Act requires annual monitoring and reporting, and a five-year update of the Impact Fees, two percent of the Impact Fees paid are being held to pay for these requirements. The two percent service charge associated with this program has not been paid/transferred out since the beginning of the program.

PUBLIC OUTREACH / INTEREST

An email notification was sent on the govdelivery email listserve from the City to those subscribed for updates of the Impact Fees upon posting of this Impact Fee Annual Report.

COORDINATION

Project management, policy guidance, and implementation was coordinated with the City Administrator's Office, Office of the City Attorney, and the Planning and Building Department as well as the Public Works Department, Housing and Community Development Department, and Department of Transportation along with other departments, as appropriate, based on the topic(s) addressed.

SUSTAINABLE OPPORTUNITIES

Economic: The impact fees require private development to fund its fair share of affordable housing, transportation and capital improvements infrastructure in a manner that does not hamper new development. The application of the development impact fee process helps provide certainty about development costs.

Environmental: Impact fees pay for the impacts that a project creates and serves to mitigate the cumulative transportation impacts.

Race & Equity: Impact fees on new development provides funding for affordable housing units and transportation and capital improvements infrastructure. These funds will be used to mitigate impacts of new development citywide.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive The Annual Report On The Affordable Housing, Capital Improvements, Transportation, and Jobs/Housing Impact Fees.

For questions regarding this report, please contact Albert Merid, Management Assistant, at (510) 238-3588.

Respectfully submitted,



WILLIAM A. GILCHRIST
Director, Planning and Building Department

Reviewed by:
Adam Benson, Director
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Prepared by:
Katie Dignan, Former Assistant Director
Operations & Administration Division

Albert Merid, Management Assistant
Operations & Administration Division

Attachments (1):

- A. Impact Fee Annual Report for: Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements Impact Fees, Fiscal Year Ended June 30, 2019

**THE
CITY OF OAKLAND
IMPACT FEE
ANNUAL REPORT FOR:**

**AFFORDABLE HOUSING,
JOBS/HOUSING, TRANSPORTATION,
& CAPITAL IMPROVEMENTS IMPACT
FEES**

Fiscal Year Ended June 30, 2019

December 27, 2019

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I. REPORTING REQUIREMENTS FOR IMPACT FEES

In California, State legislation sets certain legal and procedural parameters for the charging of impact fees. This legislation was passed as AB1600 by the California Legislature and is now codified as California Government Code Sections (GC §) 66000 through 66008 (“Mitigation Fee Act”). This State law went into effect on January 1, 1989.

GC § 66006(b) states the following requirements as pertains to impact fees for the prior fiscal year:

- a. A brief description of the type of fee in the account or fund.
- b. The amount of the fee.
- c. The beginning and ending balance of the account or fund.
- d. The amount of the Impact Fee revenue collected and the interest earned on the fund balance.
- e. An identification of the capital projects (Affordable Housing, Transportation Infrastructure, or Capital Facilities) on which Impact Fees were expended and the amount of expenditures on each capital project, including the total percentage of the cost of the capital project that was funded with Impact Fees.
- f. If a specific capital project is identified in the City’s Capital Improvement Program for funding by Impact Fees, and if sufficient Impact Fees have been collected to complete funding of the capital project, then the approximate date by which the construction of that capital project will commence. (If a date is not identified, then Impact Fees may have to be refunded pursuant to Government Code Sections 66001(e) and (f).)
- g. A description of each interfund transfer or loan made from the account or fund, if any, including the public improvement on which the transferred or loaned fees will be expended.
- h. The amount of refunds and/or allocations made pursuant to Sections 66001(e) and (f).

II. DESCRIPTION OF DEVELOPMENT IMPACT FEES

A. Affordable Housing Impact Fees

Oakland Municipal Code (OMC) Chapter 15.72 (Ordinance No. 13365 C.M.S.) establishes affordable housing impact fees in the City of Oakland to assure that market-rate residential development projects pay their fair share to compensate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any development project, unless exempt from this chapter, resulting in additional housing units in new or existing buildings must pay to the City the Affordable Housing Impact Fees, or the applicant may elect to construct on-site or off-site affordable housing units as permitted under OMC Sections 15.72.100 and 15.72.110. These Impact Fees are further broken down into three Impact Fee Zones for which fees vary.

The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Affordable Housing Impact Fees collected and all interest and investment earnings thereon, shall be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low income households.

B. Jobs/Housing Impact Fee

OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.) establishes a Jobs/Housing Impact Fee in the City of Oakland to assure that certain commercial development projects compensate and mitigate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any new office or warehouse/distribution development project in a new or existing building over 25,000 square feet must pay to the City the Jobs/Housing Impact Fee, or may elect to construct affordable housing as per OMC Section 15.68.080.

The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Jobs/Housing Impact Fees collected and all interest and investment earnings thereon, shall be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low income households.

C. Transportation Impact Fees

OMC Chapter 15.74 (Ordinance No. 12442 C.M.S.) establishes citywide transportation impact fees in the City of Oakland to assure that development projects pay their fair share to compensate for the increased demand for transportation infrastructure generated by such development projects within the City of Oakland. Any development project, unless exempt from the chapter, resulting in additional square footage for a non-residential project or additional housing units in a residential project in new or existing buildings must pay to the City the Transportation Impact Fees, or comply with the Developer Constructed Facilities in OMC Section 15.74.120. For residential development projects, these Impact Fees are further broken down into three Impact Fee Zones for which fees vary.

A Transportation Impact Fee Fund receives all Transportation Impact Fees collected and all interest and investment earnings thereon, shall be used to pay for improvements within the public right-of-way for pedestrians, bicyclists and/or motor vehicles. Fee revenues may be used to fund a capital project or portion of a capital project that meets the requirements of OMC Section 15.74.100.

D. Capital Improvement Impact Fees

OMC Chapter 15.74 (Ordinance No. 12442 C.M.S.) establishes citywide capital improvement impact fees in the City of Oakland to assure that development projects pay their fair share to compensate for the increased demand for capital improvements infrastructure generated by such development projects within the City of Oakland. Any development project, unless exempt from the chapter, resulting in additional square footage for a non-residential project or additional housing units in a residential project in new or existing buildings, must pay to the City the Capital Improvement Impact Fees, or comply with the Developer Constructed Facilities in OMC Section 15.74.120. For residential development projects, these Impact Fees are further broken down into three Impact Fee Zones for which fees vary.

A Capital Improvements Impact Fee Fund receives all the Capital Improvements Impact Fees collected and all interest and investment earnings thereon, shall be used to pay for projects that are required for fire, police, library, parks and recreation, or storm drain services. Fee revenues may be used to fund a public facility or portion of a public facility that meets the requirements of OMC Section 15.74.110.

III. AMOUNT OF IMPACT FEE, FUND BALANCE, AND PROJECT DESCRIPTIONS

A. Summary of the Impact Fees Program

1. The Impact Fee program is designed for revenues generated over time to mitigate impacts from new development and not meant to cover existing shortfalls.
2. The Impact fees in this report include all the fees collected since the beginning of the program in September 1, 2016.
3. Projects that have vested rights are not subject to Impact Fees.
4. A number of projects had development agreements that already require some type of community benefits and were not subject to Impact Fees.
5. Impact Fees are not paid in full when a building permit is applied for but later in the building permit process:
 - a. At building permit issuance, 100% of Transportation and Capital Improvements Impact Fees, 50% of Affordable Housing Impact Fees, and 25% of Jobs/Housing Impact Fee are paid. Building permit issuance may occur up to one year after a building permit application. Therefore, a large portion of these fees were not included in the first fiscal year and now a large portion of these Impact Fees were paid in the second fiscal year.
 - b. At project completion, the remaining 50% of Affordable Housing Impact Fees and 50% of Jobs/Housing Impact Fee are paid, which for larger projects typically occurs 1 to 3 years after the building permit issuance (and 2 to 4 years after the building permit application). There was about 15% of these Impact Fees that were accessed in the first fiscal year that were paid in the second fiscal year, the rest of these accessed Impact Fees from the first fiscal year are anticipated to be paid in the third or fourth fiscal year depending on when the buildings are completed.
 - c. For Jobs/Housing Impact Fee the remaining 25% of the Impact Fees are paid at 18 months after project completion, a very small amount was collected in this fiscal year from that phase of projects.
6. The Impact Fees were phased in to give time for developers to incorporate the cost of the Impact Fees into their projects as well as to incentivize development projects to be built and to contribute to the need for housing earlier. Phasing in new fees was also consistent with continued real growth of rents and improved feasibility of housing development. The Impact Fees did go up during the second fiscal year, but most of the Impact Fees accessed during the second fiscal year will not be paid until the third fiscal year.
7. Refunds for a total of \$38,000 were issued for projects located on 925 61st Street, 1680 14th Street and 921 Alvarado Road. The refunds were due to project cancelations.
8. A change in the way assessed amounts are reported was instituted in June of 2019 that retroactively adjusted the assessed amounts for all projects going back to the beginning of the project. In the past, a place holder of \$.50 or \$1.00 was inputted into the system if the status of the project's regulatory agreements were unknown. The new process records the assessed fee for all projects, including for projects whose regulatory agreement status is not yet known.
9. The 2% service charge associated with this program has not been paid/transferred out since the beginning of the program.
10. An independent auditor is in the process of doing a complete audit of the Impact Fee program. The auditors work is due to be completed by June of 2020.

Table 1 lists:

1. The amount of Impact Fees already collected/paid during each fiscal year since the beginning of the program.
2. The amount of revenue assessed, but not due yet because the building permit has not been issued yet and/or a certificate of occupancy has not been received yet.
3. The assessed Impact Fees that are listed in this report will only be fully collected if all of the projects that have applied for building permits during the past three fiscal years are built to completion.
4. Please note that most of the Impact Fees collected in any fiscal year are from projects that had their impact fees assessed in the previous fiscal year.

| Table 1: Impact Fees Collected/Paid and Assessed for Building Permit Applications Filed 7/1/16 – 6/30/19 | | | | | |
|---|--|---------------------------------|------------------------------|--|-----------------------------------|
| Impact Fee Fund | Impact Fee | | Amount Collected/Paid | Revenue Assessed but Not Due Yet ^a | Total Impact Fees Assessed |
| Affordable Housing Trust Fund | Affordable Housing Impact Fees (AHIF) | FY 2016-2017 | \$477,824 | \$1,987,776 | \$2,465,600 |
| | | FY 2017-2018 | \$3,206,036 | \$11,908,227 | \$15,114,263 |
| | | FY 2018-2019 | \$3,461,063 | \$5,299,203 | \$8,760,266 |
| | | Total FY 2016-2019 | \$7,144,923 | \$19,195,206 | \$26,340,128 |
| | Jobs/Housing Impact Fee (JHIF) | FY 2015-2016 | \$526,861 | \$0 | \$526,861 |
| | | FY 2016-2017 | \$303,360 | \$0 | \$303,360 |
| | | FY 2017-2018 | \$1,633,583 | \$2,230,879 | \$3,864,462 |
| | | FY 2018-2019 | \$627,936 | \$5,755,695 | \$6,383,631 |
| | | Total FY 2016-2019 | \$3,091,740 | \$7,986,574 | \$11,078,314 |
| | AHIF & JHIF | FY 2015-2016 | \$526,861 | \$0 | \$526,861 |
| | | FY 2016-2017 | \$781,184 | \$1,987,776 | \$2,768,960 |
| | | FY 2017-2018 | \$4,843,587 | \$14,139,106 | \$18,982,693 |
| | | FY 2018-2019 | \$4,088,999 | \$11,054,898 | \$15,143,897 |
| | | Total FY 2016-2019 | \$10,240,631 | \$27,181,780 | \$37,422,410 |
| | Transportation Impact Fee Trust Fund | Transportation Impact Fee (TIF) | FY 2016-2017 | \$483,269 | \$65,171 |
| FY 2017-2018 | | | \$1,856,841 | \$792,093 | \$2,648,934 |
| FY 2018-2019 | | | \$1,660,515 | \$559,107 | \$2,219,622 |
| Total FY 2016-2019 | | | \$4,000,625 | \$1,416,371 | \$5,416,996 |
| Capital Improvements Impact Fee Trust Fund | Capital Improvements Impact Fee (CIIF) | FY 2016-2017 | \$141,547 | \$52,921 | \$194,468 |
| | | FY 2017-2018 | \$1,594,191 | \$584,715 | \$2,178,906 |
| | | FY 2018-2019 | \$642,636 | \$749,421 | \$1,392,057 |
| | | Total FY 2016-2019 | \$2,378,374 | \$1,387,057 | \$3,765,431 |

^aThe Assessed value listed for a given fiscal year will vary as the fees are collected or when projects are canceled in the given fiscal year and fiscal years thereafter.

B. Affordable Housing Impact Fees

1. The Amount of Affordable Housing Impact Fee

| Housing Use Type | Zone | 9/1/16 - 6/30/17 | 7/1/17 - 6/30/18 | 7/1/18 - 6/30/19 |
|------------------|--------|------------------|------------------|------------------|
| Multi-family | Zone 1 | \$5,500 | \$11,500 | \$22,000 |
| | Zone 2 | \$4,550 | \$9,250 | \$17,750 |
| | Zone 3 | \$0 | \$0 | \$3,000 |
| Townhome | Zone 1 | \$6,500 | \$12,000 | \$20,000 |
| | Zone 2 | \$2,600 | \$7,200 | \$14,250 |
| | Zone 3 | \$0 | \$0 | \$1,000 |
| Single-family | Zone 1 | \$6,000 | \$12,500 | \$23,000 |
| | Zone 2 | \$3,750 | \$9,000 | \$16,500 |
| | Zone 3 | \$0 | \$0 | \$1,000 |

2. Fund Balance Summary

| Document Establishing Fee | Project | Starting Balance | Fees Collected | Interest Earned* | Refunds | Expenditures | Ending Balance as of June 30, 2019 | Sufficient Funds to Complete Project? | % of CIP Funded by Fee |
|---|---------|------------------|----------------|------------------|---------|--------------|------------------------------------|---------------------------------------|------------------------|
| Oakland Municipal Code Chapters 15.72 & 15.62 | N/A | \$3,368,099 | \$3,461,063 | TBD | (7,500) | (\$0.00) | \$6,821,662 | N/A | N/A |

* Final interest amounts will be provided by the independent auditor at the conclusion of the audit.

3. Affordable Housing Impact Fees Project Descriptions

There were no expenditures from the Affordable Housing Impact Fees for the July 1, 2018 to June 30, 2019 fiscal year, but three projects were awarded funds through the Notice of Funding Availability (NOFA) process and were still in pre-development stage. Future fiscal Annual Impact Fee Reports will account for money paid/dispersed to developers once the projects are underway and in construction.

Awarding Future Projects

Resolution No. 87470 C.M.S., passed by the Oakland City Council on December 11, 2018, authorized awarding Affordable Housing Trust Funds to various projects. The following projects were awarded funds from the Affordable Housing Trust Fund from the Affordable Housing Impact Fees in FY 2018-2019. Funds for these projects are commitments that enable the developers to leverage the additional capital needed to fully fund the projects, but have yet to be spent. Two of these projects remain in pre-development as of December 2019. The third, Oak Hill/NOVA Apartments, started construction in December 2019, outside of the current reporting period.

- a. **Project: Oak Hill Apartments/NOVA (PRE-DEVELOPMENT as of June 30,2019)**
Description: Located at 445 30th Street in the Pill Hill neighborhood of East Oakland, CA, the project includes 57 total units of affordable rental housing of which 56 units are designated for chronically homeless persons at 20% of the Area Median Income and one is an unrestricted on site property manager's unit. Unit types will include studios and 1-bedroom units with accommodations for accessibility, plus a single 2-bedroom property manager's unit.

- b. **Project: 95th Avenue & International Blvd (PRE-DEVELOPMENT)**
Description: Located at 95th Avenue & International Blvd. in the Elmhurst neighborhood of East Oakland, CA, the proposed project includes 55 total units of multifamily affordable rental housing of which 54 units are designated for extremely low to very low income households at 30% to 50% of the Area Median Income with a 20% set aside for persons who are homeless or at risk of homelessness and one is an unrestricted on-site property manager's unit. Unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility. The project is a critical housing component of the City of Oakland's grant application to the State of California under the Transit Climate Communities (TCC) Program which seeks to fund development and implementation of neighborhood level transformative climate community plans that include multiple coordinated greenhouse gas emission reduction projects providing local economic, environmental, and health benefits to disadvantaged communities.

- c. **Project: Friendship Senior Rental Housing (PRE-DEVELOPMENT)**
Description: Located at 1904 Adeline Street in the Ralph Bunche neighborhood of West Oakland, CA, the proposed project includes 48 total units of affordable rental housing of which 47 are designated to very low to low income seniors at 50%-60% of the Area Median Income and one is an unrestricted on-site property manager's unit. Affordability will likely deepen with an additional funding commitment of Project Based Section 8 vouchers. All unit types will include 1-bedroom units with accommodations for accessibility.

C. Jobs/Housing Impact Fee

1. The Amount of Jobs/Housing Impact Fee

| Nonresidential Use Type | Fiscal Year 7/1/16 – 6/30/19 |
|-------------------------|------------------------------|
| Office | \$5.44 |
| Warehouse | \$5.44 |

2. Fund Balance Summary

| Document Establishing Fee | Project | Starting Balance | Fees Collected | Interest Earned* | Refunds | Expenditures | Ending Balance as of June 30, 2019 | Sufficient Funds to Complete Project? | % of CIP Funded by Fee |
|---|---------|------------------|----------------|------------------|----------|--------------|------------------------------------|---------------------------------------|------------------------|
| Oakland Municipal Code Chapters 15.68 & 15.62 | N/A | \$2,463,804 | \$627,936 | TBD | (\$0.00) | (\$0.00) | \$3,091,741 | N/A | N/A |

* Final interest amounts will be provided by the independent auditor at the conclusion of the audit.

3. Jobs/Housing Impact Fee Project Descriptions

There were no expenditures from the Jobs/Housing Impact Fees for the July 1, 2018 to June 30, 2019 fiscal year, but two projects were awarded total funds through the NOFA process and are still in pre-development stage. Future fiscal Annual Impact Fee Reports will account for money paid/dispersed to developers once the projects are underway with construction. An additional project was awarded funds through the NOFA process in the July 1, 2018 to June 30, 2019 fiscal year.

Awarding Future Projects

Resolution No. 87019 C.M.S., passed by the Oakland City Council on December 18, 2017, authorized spending the Affordable Housing Trust Funds to various projects. The following projects were awarded funds from the Affordable Housing Trust Fund from the Jobs/Housing Impact Fees in FY 2017-2018. Funds for these projects are commitments that enable the developers to leverage the additional capital needed to fully fund the projects, but have yet to be spent. These projects remain in Pre-Development as of December 2019.

a. Project: Fruitvale Transit Village Phase II-B (PRE-DEVELOPMENT)

Description: Located at E.12th Street & 35th Avenue in the Fruitvale neighborhood of East Oakland, CA, the proposed project includes 181 total units of multifamily affordable rental housing of which 179 are designated for extremely low to moderate income households at 20% to 80% of the Area Median Income with a 20% set aside for persons who are homeless and two are unrestricted on-site units for property management. Unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility.

b. Project: West Grand & Brush Phase I (PRE-DEVELOPMENT)

Description: Located at 760 22nd Street & 2201 Brush Street in the Ralph Bunche neighborhood of West Oakland, CA, the proposed project includes 59 total units of multifamily affordable rental housing of which 58 are designated for extremely low to low income households at 20% to 60% of the Area Median Income and one is an un-restricted on-site property manager's unit. The unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility.

Resolution No. 87470 C.M.S., passed by the Oakland City Council on December 11, 2018, authorized spending the Affordable Housing Trust Funds to various projects as noted above. In addition to being awarded Affordable Housing Impact Fee funds, the following project was also awarded funds from Jobs/Housing Impact Fees in FY 2018-2019. Funds for this project are a commitment that enables the developer to leverage the additional capital needed to fully fund the project, but have yet to be spent. These project remains in Pre-Development as of December 2019.

a. Project: 95th Avenue & International Blvd (PRE-DEVELOPMENT)

Description: Located at 95th Avenue & International Blvd in the Elmhurst neighborhood of East Oakland, CA, the proposed project includes 55 total units of multifamily affordable rental housing of which 54 units are designated for extremely low to very low income households at 30% to 50% of the Area Median Income with a 20% set aside for persons who are homeless or at risk of homelessness and one is an unrestricted on-site property manager's unit. Unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility. The project is a critical housing component of the City of Oakland's grant application to the State of California under the Transit Climate Communities (TCC) Program which seeks to fund development and implementation of neighborhood level transformative climate community plans that include multiple coordinated greenhouse gas emission reduction projects providing local economic, environmental, and health benefits to disadvantaged communities.

D. Transportation Impact Fees

1. The Amount of Transportation Impact Fees

| Housing Use Type | Zone | 9/1/16 - 6/30/17 | 7/1/17 - 6/30/18 | 7/1/18 - 6/30/19 |
|------------------|--------|------------------|------------------|------------------|
| Multi-family | Zone 1 | \$750 | \$750 | \$750 |
| | Zone 2 | \$750 | \$750 | \$750 |
| | Zone 3 | \$710 | \$710 | \$750 |
| Townhome | Zone 1 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 2 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 3 | \$1,000 | \$1,000 | \$1,000 |
| Single-family | Zone 1 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 2 | \$1,000 | \$1,000 | \$1,000 |
| | Zone 3 | \$1,000 | \$1,000 | \$1,000 |

| Nonresidential Use Type | 9/1/16 - 6/30/17 | 7/1/17 - 6/30/18 | 7/1/18 - 6/30/19 |
|-------------------------|------------------|------------------|------------------|
| Office | \$0.85 | \$0.85 | \$1.00 |
| Retail, Freestanding | \$0.75 | \$0.75 | \$0.75 |
| Retail, Ground Floor | \$0.75 | \$0.75 | \$0.75 |
| Industrial | \$0.55 | \$0.55 | \$0.55 |
| Warehouse | \$0.35 | \$0.35 | \$0.35 |
| Hotel/Motel | \$0.65 | \$0.65 | \$0.65 |
| Institutional | \$1.20 | \$1.20 | \$2.00 |

2. Fund Balance Summary

| Document Establishing Fee | Project | Starting Balance | Fees Collected | Interest Earned* | Refunds | Expenditures | Ending Balance as of June 30, 2019 | Sufficient Funds to Complete Project? | % of CIP Funded by Fee |
|--------------------------------------|---------|------------------|----------------|------------------|------------|--------------|------------------------------------|---------------------------------------|------------------------|
| Oakland Municipal Code Chapter 15.74 | N/A | \$2,340,110 | \$1,660,515 | TBD | (\$21,500) | (\$0.00) | \$3,979,125 | N/A | N/A |

* Final interest amounts will be provided by the independent auditor at the conclusion of the audit.

3. Transportation Impact Fees Project Descriptions

The Department of Transportation budgets funds from the Transportation Impact Fees to capital projects in each two-year budget. The Capital Improvement Program, approved every two years takes these available funds into account and program them to eligible projects

Future Projects

Funds deposited into the Transportation Impact Fee Fund, and all interest and investment earnings thereon, will be used to pay for improvements within the public right-of-way for pedestrians, bicyclists and/or motor vehicles. There are a number of projects that are CEQA cumulative mitigation measures that will be funded by the Transportation Impact Fees. Fee revenues may be used to fund a capital project or portion of a capital project that meets all of the following criteria:

- a. The project is a capital project contained within the City's Capital Improvement Program;
- b. The project is part of the City's citywide transportation infrastructure or provides connectivity between neighborhoods and activity centers within the City, or to neighboring communities or regional transportation facilities, and is not primarily for access to one specific neighborhood or development site; and
- c. The project improves or expands the City's citywide transportation infrastructure to address and manage travel demand from new development.

Projects may include not only managing vehicle impacts, but also shifting demand to transit, biking, and walking. Funds may not be used for rehabilitation, maintenance or operating costs.

One significant upcoming project, funded by these dollars, are the intersection improvements at Harrison, Bay Place, 24th and 27th Street. This public improvement project will address pedestrian safety, bicycling and traffic concerns at the five-way intersection as well as create a public plaza. The project is currently going through council approvals for construction.

E. **Capital Improvements Impact Fees**

1. The Amount of Capital Improvements Impact Fees

| Housing Use Type | Zone | 9/1/16 - 6/30/17 | 7/1/17 - 6/30/18 | 7/1/18 - 6/30/19 |
|------------------|--------|------------------|------------------|------------------|
| Multi-family | Zone 1 | \$750 | \$750 | \$1,250 |
| | Zone 2 | \$250 | \$500 | \$750 |
| | Zone 3 | \$0 | \$0 | \$0 |
| Townhome | Zone 1 | \$1,000 | \$1,000 | \$3,000 |
| | Zone 2 | \$1,000 | \$1,000 | \$2,000 |
| | Zone 3 | \$0 | \$0 | \$1,000 |
| Single-family | Zone 1 | \$1,500 | \$2,000 | \$4,000 |
| | Zone 2 | \$1,000 | \$1,500 | \$3,000 |
| | Zone 3 | \$0 | \$0 | \$1,000 |

| Nonresidential Use Type | 9/1/16 - 6/30/17 | 7/17/17 - 6/30/18 | 7/1/18 - 6/30/19 |
|-------------------------|------------------|-------------------|------------------|
| Office | \$0.00 | \$0.00 | \$1.00 |
| Retail, Freestanding | \$0.00 | \$0.15 | \$0.25 |
| Retail, Ground Floor | \$0.00 | \$0.00 | \$0.00 |
| Industrial | \$0.40 | \$0.40 | \$0.75 |
| Warehouse | \$0.65 | \$0.90 | \$1.00 |
| Hotel/Motel | \$0.10 | \$0.20 | \$0.35 |
| Institutional | \$2.50 | \$2.50 | \$2.50 |

2. Fund Balance Summary

| Document Establishing Fee | Project | Starting Balance | Fees Collected | Interest Earned* | Refunds | Expenditures | Ending Balance as of June 30, 2019 | Sufficient Funds to Complete Project? | % of CIP Funded by Fee |
|--------------------------------------|---------|------------------|----------------|------------------|-----------|--------------|------------------------------------|---------------------------------------|------------------------|
| Oakland Municipal Code Chapter 15.74 | N/A | \$1,735,738 | \$642,636 | TBD | (\$9,000) | (\$0.00) | \$2,369,374 | N/A | N/A |

* Final interest amounts will be provided by the independent auditor at the conclusion of the audit.

3. Capital Improvements Impact Fees Project Descriptions

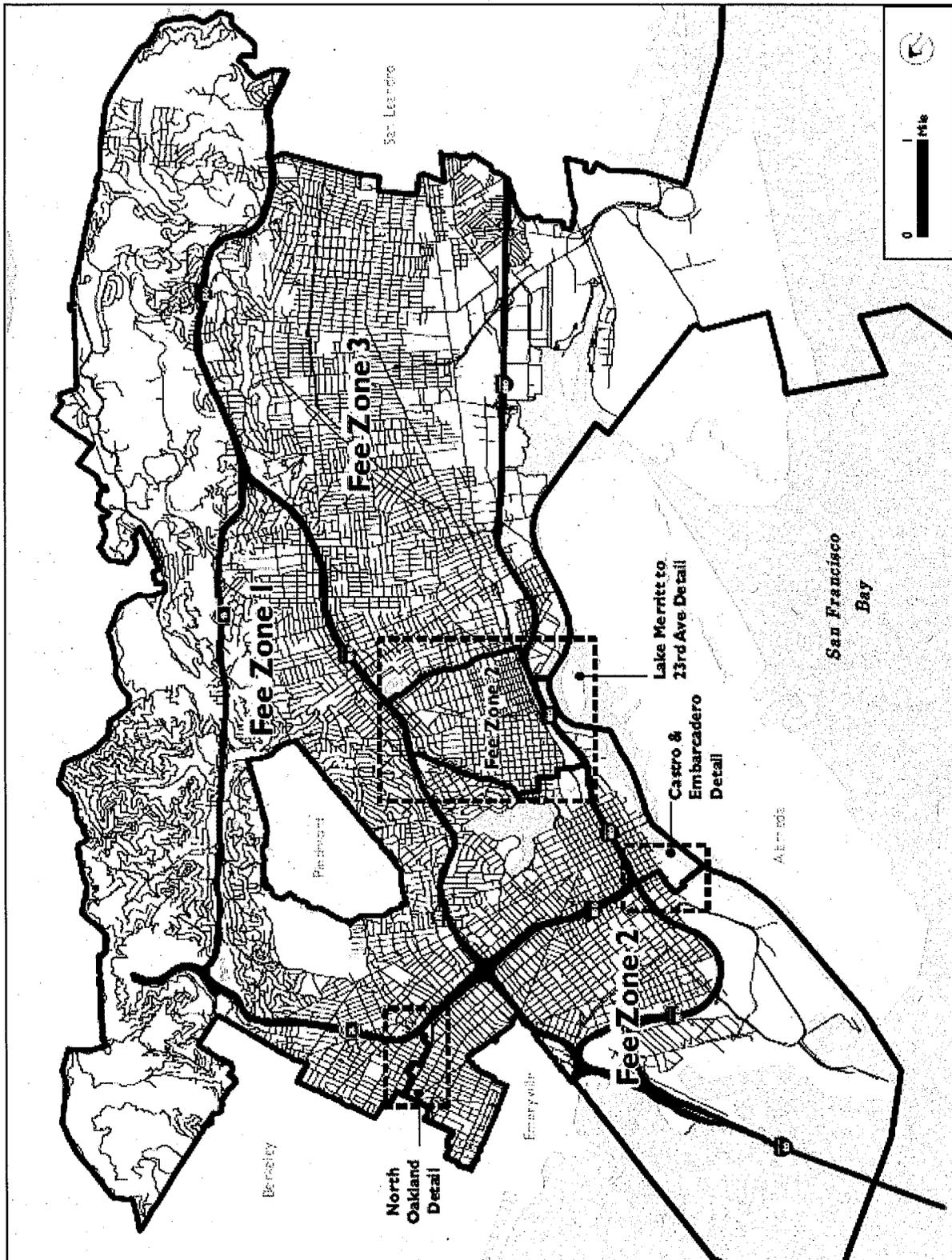
In the Fiscal Year 2019-2021 CIP Budget, \$100,000 has been identified for a Fire Department project to provide scoping for a fire station. The Public Works Department will consult with the Planning and Building Department and City Attorney's Office to continue develop eligible projects and implement capital project in accordance with the Administrative Regulations and Manual.

Future Projects

Funds deposited into the Capital Improvements Impact Fee Fund, and all interest and investment earnings thereon, shall be used to pay for future projects that are required for fire, police, library, parks and recreation, or storm drain services. Fee revenues may be used to fund a public facility or portion of a public facility that meets all of the following criteria:

- The project is a capital project contained within the City's Capital Improvement Program;
- If the project supports fire, police, library, or parks and recreation services, the project must improve or expand the City's public facilities to accommodate service demand from new development; funds may not be used for rehabilitation, maintenance or operating costs; and
- If the project supports storm drain services the project must improve, expand, or rehabilitate the City's storm drain facilities to accommodate service demand from new development.

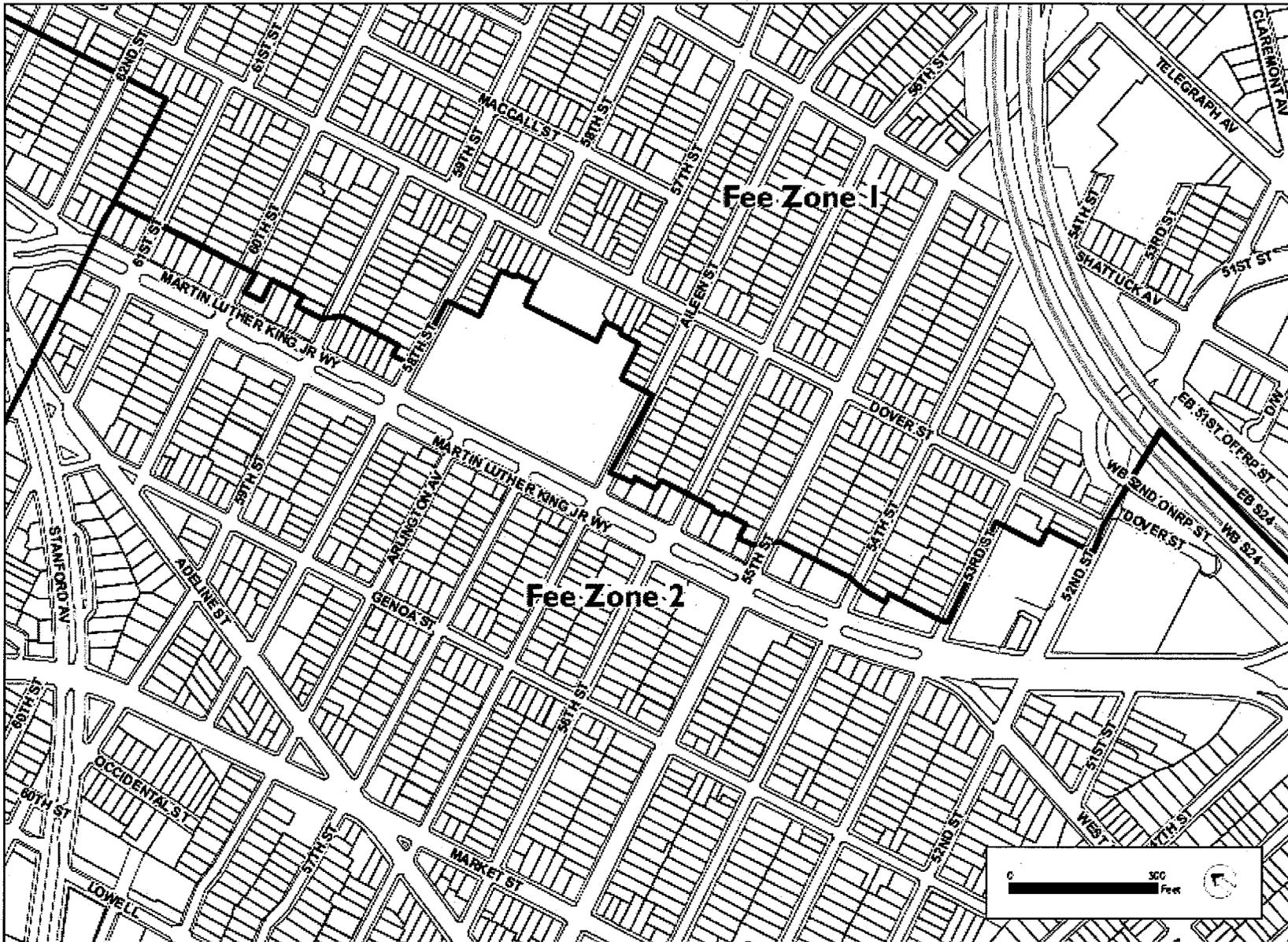
IV. IMPACT FEE ZONE MAPS



Planning & Building Department
April 20, 2016

Impact Fee Zones for Residential Projects

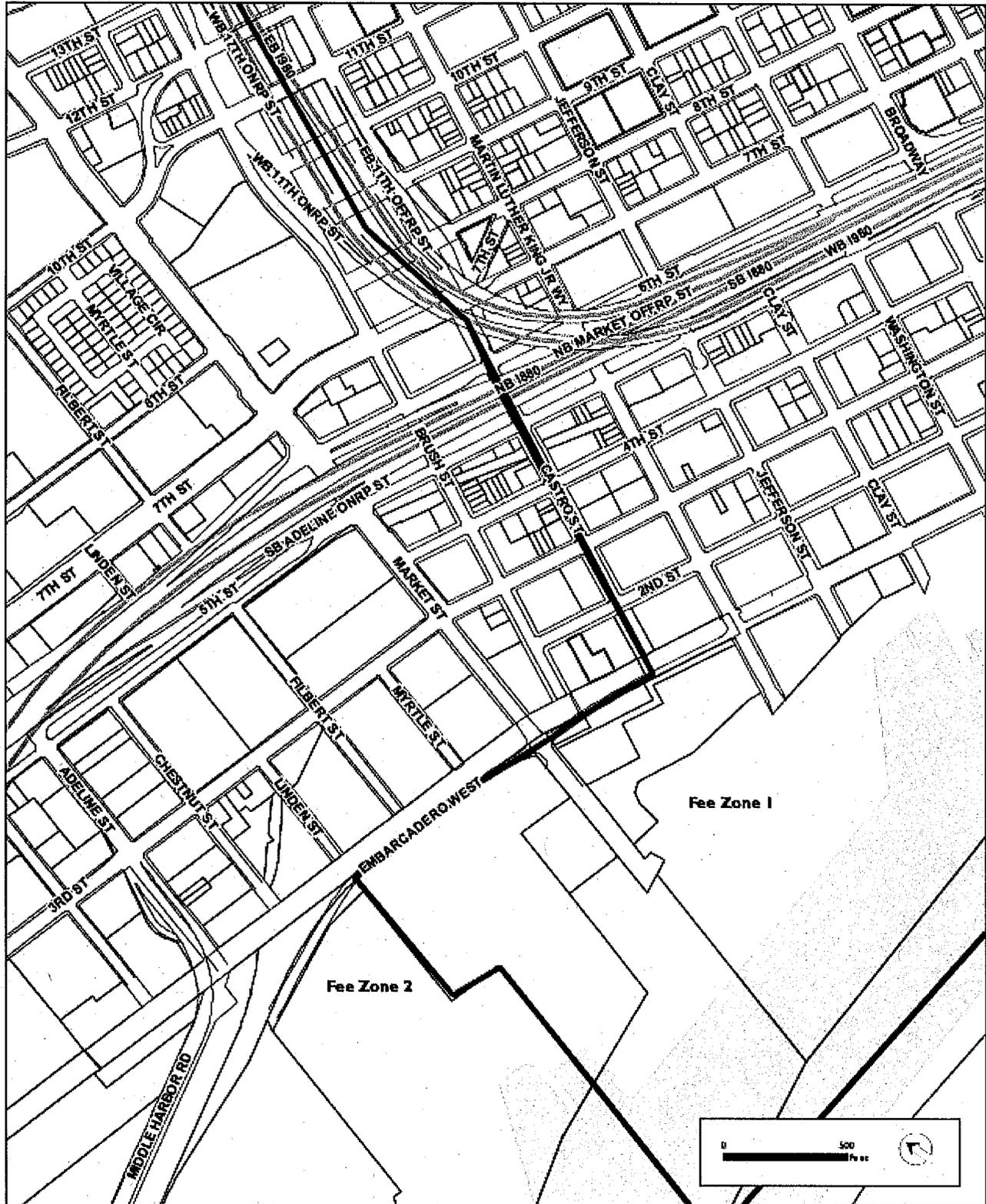




Impact Fee Zones for Residential Projects - North Oakland Detail

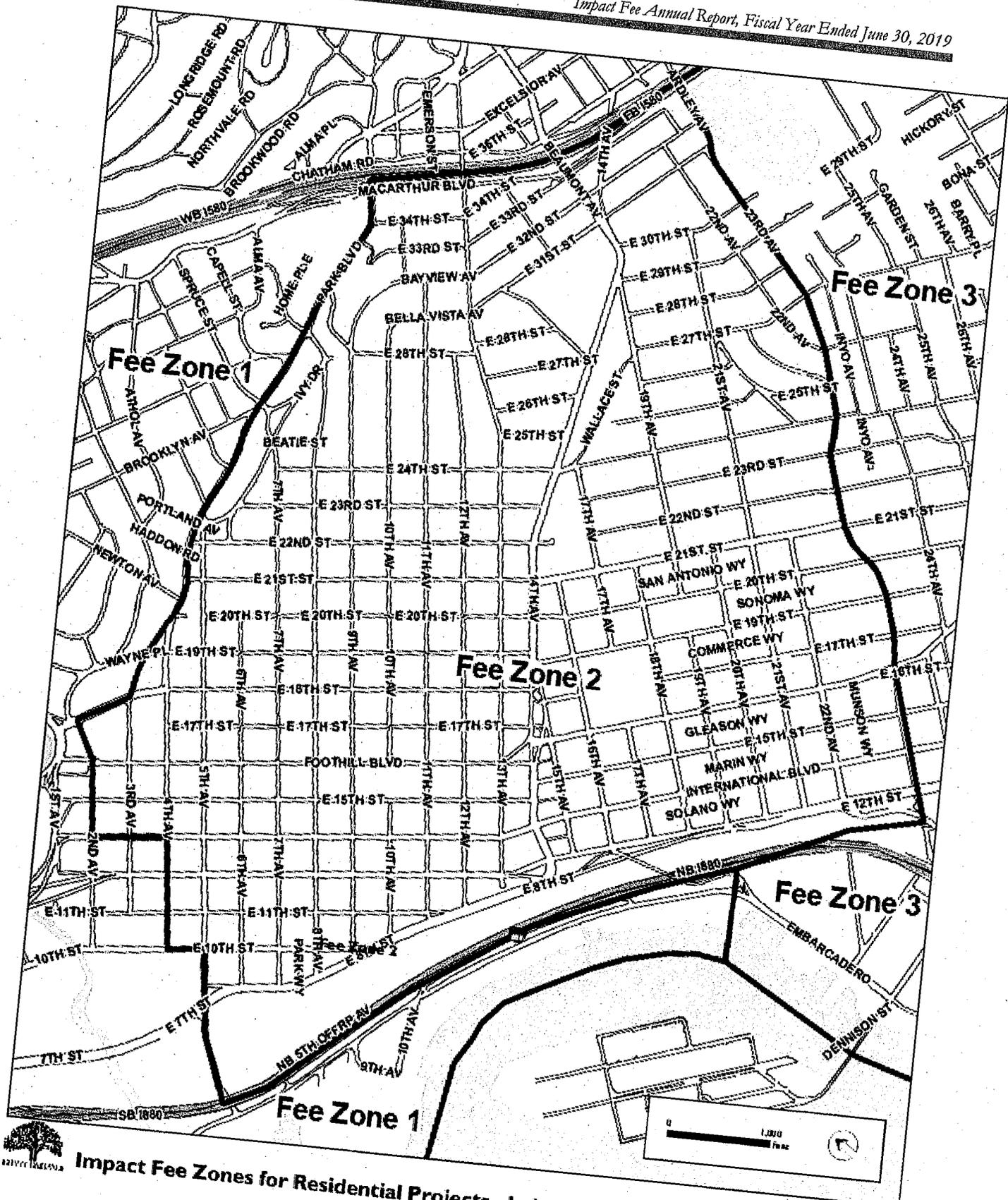
Planning & Building Department
March 10, 2016





Impact Fee Zones for Residential Projects- Castro St & Embarcadero Detail

Planning & Building Department
March 10, 2016



Impact Fee Zones for Residential Projects - Lake Merritt to 23rd Ave Detail

Planning & Building Department
March 10, 2016

