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OAKLAND

2019 MAY -2 PM 6: 20

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Maraskeshia Smith
Assistant City Administrator

SUBJECT: FY 2019-21 Proposed Affordable
Housing Expenditures (Measure KK)

DATE: May 1, 2019

City Administrator Approval

Date:

5/2/19

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The Proposed Affordable Housing Expenditures From Measure KK Funds Per The Fiscal Year (FY) 2019-21 Proposed Budget.

EXECUTIVE SUMMARY

The Fiscal Year (FY) 2019-21 Proposed Budget appropriates \$15 million each year toward new affordable housing programs, for a total of \$30 million over the two-year budget, from Measure KK affordable housing bonds.

These funds are proposed to be used for anti-displacement and affordable housing preservation projects, including the acquisition, rehabilitation, and new construction of affordable housing, as outlined in the Analysis and Policy Alternatives section of this report.

BACKGROUND / LEGISLATIVE HISTORY

On November 8, 2016, the City of Oakland ("City") received voter approval authorizing the City to issue \$600 million in general obligation bonds to fund various City infrastructure and affordable housing projects ("Measure KK"). Of the total voter-authorized indebtedness, \$100 million was authorized for affordable housing preservation, \$350 million was authorized for street and road projects, and \$150 million was authorized for facilities.

On August 1, 2017, the City issued the first two series of General Obligation ("GO") bonds totaling \$117.86 million, of which \$55 million was allocated toward affordable housing.

ANALYSIS AND POLICY ALTERNATIVES

A total of \$55 million of Measure KK funds was allocated to affordable housing projects in FY 2017-19. A summary of the allocations and expenditures through February 4, 2019 (as presented to the Finance & Management Committee on March 19, 2019) is included in **Table 1**.

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Table 1. FY 2017-19 Measure KK Allocations & Expenditures (in millions)

	FY 2017-19 Allocation	Expenditures (as of 2/4/19)	Allocation Available
Acquisition of Transitional Housing	\$14.00	\$6.98	\$7.02
Site Acquisition Program	\$18.00	\$15.27	\$2.73*
Notice of Funding Availability (NOFA) for Housing Rehabilitation and Preservation	\$10.00	\$0.00	\$10.00 *
NOFA for New Construction of Affordable Rental and Ownership Housing	\$7.00	\$0.030	\$6.97*
1-4 Housing Programs	\$6.00	\$0.00	\$6.00
TOTAL	\$55.00	\$22.28	\$32.72

* All of the funding allocated to these three programs has been committed to projects. At present, there are no funds available in these three programs.

The FY 2019-21 Proposed Budget would allocate an additional \$30 million in Measure KK funding over the two-year budget as shown in **Table 2**. The remaining \$15 million of the total \$100 million allocation for affordable housing is anticipated to be appropriated in FY 2021-22.

Table 2. FY 2019-21 Measure KK Allocations & Proposed Expenditure Plan (in millions)

	FY 2019-20 Allocation	FY 2020-21 Allocation	2-Year Total
Acquisition of Transitional Housing	\$2.00	\$2.00	\$4.0
Site Acquisition Program	\$3.33	\$3.33	\$6.67
Notice of Funding Availability (NOFA) for Housing Rehabilitation and Preservation	\$3.33	\$3.33	\$6.67
NOFA for New construction of Affordable Rental and Ownership Housing	\$4.33	\$4.33	\$8.67
1-4 Housing Programs	\$2.0	\$2.0	\$4.0
TOTAL	\$15.00 million	\$15.00 million	\$30.00 million

The following is a description of how the allocation of 2019-20 and 2020-21 Measure KK funding is anticipated to be deployed and the anticipated number of units that will be created in the various program categories:

- **Acquisition of Transitional Housing:** With the \$7 million available from 2017-19 and the additional \$4 million allocated in 2019-21, the acquisition of approximately three buildings is expected, producing a total of 80 to 100 additional transitional housing units. Housing and Community Development (HCD) and Real Estate staff has been investigating opportunities to acquire vacant or under-utilized buildings and is working with the Department of Human Services to ensure the viability and appropriateness of prospective acquisitions for this type of use.
- **Site Acquisition Program:** HCD will replenish its "over-the-counter" Notice of Funding Availability (NOFA) for these funds to facilitate the acquisition of properties that will be developed for affordable housing. Based on the funding deployed in 2017-19, it is anticipated that the \$6.67 million available will generate approximately 90 units of affordable housing.
- **Housing Rehabilitation and Preservation:** HCD will issue a competitive NOFA to fund the rehabilitation of housing which will be converted to restricted affordable housing, as well as the preservation of existing affordable housing. Based on typical HCD loan limits, it is anticipated that the \$6.67 million available will generate approximately 50 units of affordable housing.
- **New Construction:** HCD will issue a competitive NOFA to fund the new construction of rental and ownership housing which will be restricted affordable housing. Based on typical HCD loan limits, it is anticipated that the \$8.67 million available will generate approximately 62 units of newly constructed affordable housing.
- **1 – 4 Housing Programs:** There are two components that will be funded: *Owner-Occupied Housing Rehabilitation* and *1 – 4 Unit Acquisition and Rehabilitation*. HCD has an open "over-the-counter" process through which these funds will be deployed. Based on typical HCD loan limits, the funds available is expected to result in 20 - 25 rehabilitated units over two years.

The Site Acquisition, Housing Rehabilitation and Preservation, and New Construction programs leverage millions of dollars from various sources such as Low Income Housing Tax Credits, State affordable housing programs, and County funds. As such, the total number of units produced will likely be greater than those noted above based on these additional sources.

FISCAL IMPACT

The cost of these affordable housing developments will be fully covered by General Obligation bonds authorized under Measure KK. This will not have an adverse impact on any of the City's other funds.

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PUBLIC OUTREACH / INTEREST

No public outreach was required in the preparation of this report. However, the Finance Department regularly reports to the Public Oversight Committee concerning project expenditures.

COORDINATION

This report was prepared by HCD staff with assistance from the Finance Department.

SUSTAINABLE OPPORTUNITIES

Economic: Preserves the ability for residents to live in Oakland, enhancing the local economy and supporting local businesses.

Environmental: Housing developed and preserved in urban areas near transportation hubs will mitigate environmental impacts, including greenhouse gas emissions.

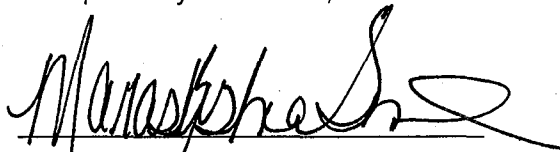
Social Equity: Affordable housing is necessary to preserve a diverse, just, and equitable housing stock within the City and to prevent the displacement of long-term residents, including low-income residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On The Proposed Affordable Housing Expenditures From Measure KK Funds Per The Fiscal Year (FY) 2019-21 Proposed Budget.

For questions regarding this report, please contact Maryann Leshin, HCD Deputy Director, at 510-238-6225.

Respectfully submitted,



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Assistant City Administrator

Prepared by:
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