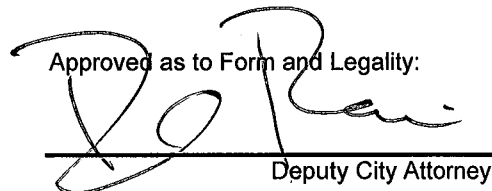


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REVISED COUNCIL 6/19/2017

Approved as to Form and Legality:

  
Deputy City Attorney

**OAKLAND CITY COUNCIL**

**RESOLUTION No. 86774 C.M.S.**

**RESOLUTION (1) IDENTIFYING THE AFFORDABLE HOUSING PROGRAMS THAT ARE AUTHORIZED FOR FUNDING WITH PROCEEDS OF THE CITY OF OAKLAND GENERAL OBLIGATION BONDS (MEASURE KK), SERIES 2017A-1 AND 2017A-2; (2) ALLOCATING BOND PROCEEDS IN THE AMOUNT NOT TO EXCEED \$50,000,000 FOR THE IDENTIFIED PROGRAMS; AND (3) AUTHORIZING THE CITY ADMINISTRATOR OR HER DESIGNEE TO MAKE SITE ACQUISITION PROGRAM LOANS FROM BOND PROCEEDS WITHOUT RETURNING TO COUNCIL**

**WHEREAS**, an ordinance authorizing the issuance of infrastructure bonds in an amount not to exceed \$600 million in general obligation bonds to fund various City infrastructure and affordable housing projects (“Measure KK”, or “the Ordinance”) was approved by more than two-thirds of the qualified voters of the City at the November 8, 2016, Statewide General Election; and

**WHEREAS**, the City Council intends to issue City of Oakland General Obligation Bonds (Measure KK), Series 2017A-1 and 2017A-2 (the “Bonds”) pursuant to Measure KK and the City of Oakland Affordable Housing and Infrastructure Bond Law, Oakland Municipal Code Chapter 4.54 (the “Bond Law”); and

**WHEREAS**, pursuant to Section 2(C) of the Ordinance, prior to issuance of the Bonds, Council must identify how the projects authorized for funding with Measure KK Bond proceeds address social and geographic equity, address improvements to the City’s existing core capital assets, maintain or decrease the City’s existing operations and maintenance costs, and address improvements to energy consumption, resiliency and mobility; and

**WHEREAS**, pursuant to Section 4.54.220 of the Bond Law, the City's affordable housing bond funds may be spent on the acquisition, preservation, rehabilitation, and/or new construction (under certain circumstances) of affordable housing as set forth by the Bond Law; and

**WHEREAS**, in compliance with Section 2(C) of the Ordinance, the Agenda Report accompanying this Resolution reflects the results of the investigation conducted by staff of the affordable housing programs proposed for funding with the Bonds, and identifies, when applicable, how the programs address social and geographic equity, address improvements to the City's existing core capital assets, maintain or decrease the City's existing operations and maintenance costs, and address improvements to energy consumption, resiliency and mobility; and

**WHEREAS**, the affordable housing programs to be funded with Bond proceeds, and the facts and analysis in support thereof, are identified in the Agenda Report and set forth in Exhibit A attached to and incorporated into this Resolution; and

**WHEREAS**, the programs and projects as set forth in Exhibit A meet the criteria established under Section 2(C) of the Ordinance and are eligible activities as described in Section 4.54.220 of the Bond Law; and

**WHEREAS**, the requirements of the California Environmental Quality Act (CEQA), the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore, be it

**RESOLVED:** That the City Council finds and determines that the foregoing recitals are true and correct and are hereby incorporated herein as findings and determinations of the City Council; and be it

**FURTHER RESOLVED:** That the City Council hereby establishes the Affordable Housing Bond Programs as set forth in Exhibit A, which provide funding to property owners and/or developers to acquire, preserve, rehabilitate, and/or develop properties to preserve or secure affordability covenants and/or enable vulnerable homeowners to stay in their homes, as eligible uses of Bond funds; and be it

**FURTHER RESOLVED:** That the City Council hereby allocates up to \$50 million from the proceeds of the Bonds to fund the Affordable Housing Programs set forth in Exhibit A; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator or his or her designee to adjust the estimated funding allocations among the programs set forth in Exhibit A to meet demand, community need and the need for timely expenditure of the funds, to cover the cost of issuance of the Bonds, and to allocate Bond proceeds to cover appropriate staff costs not to exceed five percent of the Bond proceeds pursuant to Section 4.54.040 of the Bond Law; and be it

**FURTHER RESOLVED:** That the funding is being appropriated through the FY 2017 – 2019

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budget in Fund 5330 Measure KK: Infrastructure and Affordable Housing; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator or his or her designee to select borrowers and make loans under the Bond Measure KK Site Acquisition Program in an amount not to exceed \$18 million as listed in Exhibit A from Bond Funds appropriated in the FY 2017-2019 budget in Fund 5330 Measure KK: Infrastructure and Affordable Housing; and be it

**FURTHER RESOLVED:** That the making of each loan under the Bond Measure KK Site Acquisition Program shall be contingent on and subject to such appropriate terms and conditions as the City Administrator or his or her designee may establish; and be it

**FURTHER RESOLVED:** That as a condition of the loans under the Bond Measure KK Site Acquisition Program, the City will require that appropriate restrictions on project occupancy, rents and operations be recorded against the property and any project improvements; and be it

**FURTHER RESOLVED:** That all loan documents shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution; and be it

**FURTHER RESOLVED:** That the City hereby authorizes the City Administrator or his or her designee in his or her discretion to subordinate the priority of any of the City's recorded interests in each project property to a lien or encumbrance of another private or governmental entity providing financial assistance to the project, if the City Administrator or his or her designee determines that (1) an economically feasible alternative method of financing the project on substantially comparable terms and conditions but without subordination is not reasonably available, (2) the City's investment in the project in the event of default is reasonably protected, and (3) subordination is in the best interests of the City; and be it

**FURTHER RESOLVED:** That the City Council has independently reviewed and considered this environmental determination, and Council finds and determines, based on the information provided in the staff report accompanying this Resolution, that this action complies with CEQA because it is exempt from CEQA pursuant to Section 15267 (lower-income housing projects), Section 15301 (minor alterations to existing facilities), Section 15302 (replacement or reconstruction of existing structures), Section 15303 (new construction of small structures), Section 15332 (infill development projects), and Section 15061(b)(3) (no significant effect on the environment) of the CEQA Guidelines; and be it

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**FURTHER RESOLVED:** That the City Council hereby appoints the City Administrator and his or her designee as agent of the City to conduct negotiations, execute and submit all documents, administer the loans, extend or modify the repayment terms, and take any other actions with respect to the Bond Measure KK Site Acquisition Program consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 19 2017

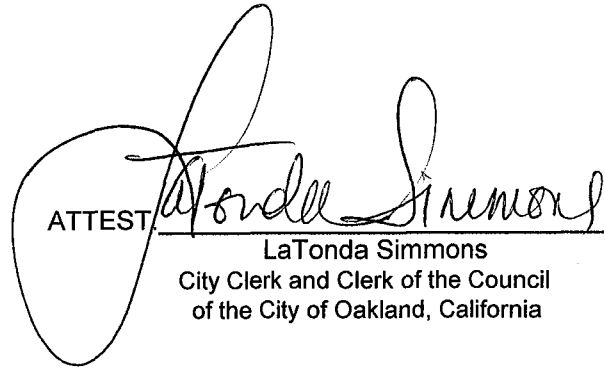
**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, AND PRESIDENT REID - *8 ayes*

NOES - *0*

ABSENT - *0*

ABSTENTION *0*

ATTEST   
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**Exhibit A  
Affordable Housing Bond Programs**

<b>Multifamily Housing Programs 5+ Units</b>			
<b>Program Name/ Eligible Activity Per Bond Law</b>	<b>Program Description</b>	<b>Project Attributes per Ordinance</b>	<b>Estimated Funding Allocation</b>
<b>Acquisition of Transitional Housing Facility/</b>  Protect Existing Homes (Rental)	Purchase of transitional housing facility. Staff will return to Council with recommended property to purchase.	<b>Social and geographic equity:</b> Creates affordable housing. <b>Impacts on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements. <b>Impacts on City's existing operations and maintenance costs:</b> Property will be operated and maintained by lessee. <b>Improvements to energy consumption, resiliency and mobility:</b> Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.	\$14,000,000
<b>Bond Measure KK Site Acquisition Program/</b>  Protect Existing Homes (Rental), Protect Existing Homes (Ownership)	Short-term loans with the option to extend for acquisition-related costs. Protects and preserving long-term affordable housing for both ownership and rental. Funds available on an "over-the-counter" basis.	<b>Social and geographic equity:</b> Creates affordable housing through long-term affordability restrictions. <b>Impact on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements. <b>Impact on City's existing operations and maintenance costs:</b> Operations and maintenance cost will be covered by the property owner. <b>improvements to energy consumption, resiliency and mobility:</b> Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.	\$18,000,000

**Exhibit A  
Affordable Housing Bond Programs**

<b>Multifamily Housing Programs 5+ Units</b>			
<b>Program Name/ Eligible Activity Per Bond Law</b>	<b>Program Description</b>	<b>Project Attributes per Ordinance</b>	<b>Estimated Funding Allocation</b>
<b>Notice of Funding Availability (NOFA) for Housing Rehabilitation and Preservation/</b>  Protect Existing Homes (Rental), Protect Existing Homes (Ownership)	Loans for rehabilitation of both ownership and rental housing to secure and preserve affordability restrictions. Projects are awarded through a competitive process. Applies 55-year affordability restrictions. Staff will return to Council with recommended projects.	<b>Social and geographic equity:</b> Creates affordable housing through long-term affordability restrictions.  <b>Impact on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements.  <b>Impact on City's existing operations and maintenance costs:</b> Operations and maintenance cost will be covered by the property owner.  <b>improvements to energy consumption, resiliency and mobility:</b> Future rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.	\$10,000,000
<b>NOFA for New Construction of Affordable Rental and Ownership Housing/</b>  New Construction (Rental and/or Ownership)	Matching funds to leverage Alameda County A1 Bond funds. Loans for new construction of affordable housing including rental, ownership and supportive housing. Projects are awarded through a competitive process. Applies 55-year affordability restrictions. Staff will return to Council with recommended projects.	<b>Social and geographic equity:</b> Creates affordable housing through long-term affordability restrictions.  <b>Impact on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements.  <b>Impact on City's existing operations and maintenance costs:</b> Operations and maintenance cost will be covered by the property owner.  <b>improvements to energy consumption, resiliency and mobility:</b> Future development will improve energy consumption based on current standards and possibly address other resiliency issues.	\$2,000,000

**Exhibit A  
Affordable Housing Bond Programs**

<b>Housing Programs (1-4 Units)</b>			
<b>Program Name/ Eligible Activity Per Bond Law</b>	<b>Program Description</b>	<b>Project Attributes per Ordinance</b>	<b>Estimated Funding Allocation</b>
<b>Owner-Occupied Residential Rehabilitation/  Homeowner Assistance</b>	Provides low-interest loans to lower income, senior and/or disabled homeowners for home rehabilitation. Prioritizes emergency and health and safety improvements including: sewer laterals, roofs, electrical hazards, and structural deficiencies. Affordability restrictions on 2-4 unit properties. Staff will return to Council for approval of proposed program.	<b>Social and geographic equity:</b> Enables vulnerable homeowners to keep their homes and creates affordable housing units through affordability restrictions. <b>Impacts on City’s existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements. <b>Impacts on City’s existing operations and maintenance costs:</b> Operations and maintenance cost will be covered by the property owner. <b>Improvements to energy consumption, resiliency and mobility:</b> Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.	\$3,000,000, combined, for the following four programs
<b>Rental Rehabilitation Program/  Protect Existing Homes (Rental)</b>	Provides low-interest loans to rental property owners of 1-4 units. Targets properties occupied by lower income renter households. Prioritizes fire safety, emergency improvements, abatement of code violations, unhealthy housing conditions such as mold and lead, safe-at-home improvements for seniors, and other health/safety issues. Staff will return to Council for approval of proposed program.	<b>Social and geographic equity:</b> Creates affordable housing through affordability restrictions on rental housing that is currently “naturally affordable.” <b>Impact on City’s existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements. <b>Impact on City’s existing operations and maintenance costs:</b> Operations and maintenance cost will be covered by the property owner. <b>improvements to energy consumption, resiliency and mobility:</b> Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.	See above

**Exhibit A  
Affordable Housing Bond Programs**

<b>Housing Programs (1-4 Units)</b>			
<b>Program Name/ Eligible Activity Per Bond Law</b>	<b>Program Description</b>	<b>Project Attributes per Ordinance</b>	<b>Estimated Funding Allocation</b>
<p><b>Accessory Dwelling Unit (ADU) Legalization Pilot Program/</b></p> <p>Protect Existing Homes (Rental), Homeowner Assistance</p>	<p>Pilot program to legalize unpermitted ADUs, of which there are an estimated 2,000+ in Oakland. Provides low-interest loans to homeowners to legalize undocumented, attached ADUs. Prioritizes lower income homeowners. Legalized ADUs will have affordability restrictions. Staff will return to Council for approval of proposed program.</p>	<p><b>Social and geographic equity:</b> Makes undocumented housing units safe, legal and affordable through rental restrictions. Helps lower income homeowners keep their homes.</p> <p><b>Impacts on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements.</p> <p><b>Impacts on City's existing operations and maintenance costs:</b> Operations and maintenance cost will be covered by the property owner.</p> <p><b>Improvements to energy consumption, resiliency and mobility:</b> Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>See above</p>
<p><b>Community Buying Program - Vacant Lot Acquisition/</b></p> <p>Protect Existing Homes (Rental and/or Ownership), New Construction (Rental and/or Ownership)</p>	<p>Acquires vacant lots for future development of affordability-restricted housing (both rental and ownership). Acquisition cost can be used as City match for County A1 bond funds for development of affordability-restricted housing units. Prioritize acquisition of tax-defaulted properties. Properties selected based on development feasibility analysis and preliminary environmental review. Developer partners selected based on competitive solicitation process. Staff will return to Council for approval of proposed program.</p>	<p><b>Social and geographic equity:</b> Creates affordable housing through long-term affordability restrictions; addresses vacancy and blight in impacted areas.</p> <p><b>Impact on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements.</p> <p><b>Impact on City's existing operations and maintenance costs:</b> Increases property tax revenues. Reduces City costs associated with code enforcement, law enforcement and public works intervention necessitated by blight, illegal dumping and public safety nuisances on vacant lots.</p> <p><b>Improvements to energy consumption, resiliency and mobility:</b> Development will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>See above</p>



**Exhibit A  
Affordable Housing Bond Programs**

<b>Housing Programs (1-4 Units)</b>			
<b>Program Name/ Eligible Activity Per Bond Law</b>	<b>Program Description</b>	<b>Project Attributes per Ordinance</b>	<b>Estimated Funding Allocation</b>
<b>Acquisition and Rehabilitation Program/</b>  Protect Existing Homes (Ownership), Protect, Existing Homes (Rental and/or Ownership)	RFP for third-party program administrator to design and implement new 1-4 unit Acquisition-Rehabilitation Program. Prioritize purchase of properties that are vacant/blighted, tax-defaulted, or have expiring affordability/occupancy restrictions. Rehabilitation will bring property up to all applicable building standards and may include energy efficiency and seismic safety improvements. Long-term affordability restrictions for both rental and ownership properties. Staff will return to Council for approval of proposed program.	<b>Social and geographic equity:</b> Creates affordable housing through long-term affordability restrictions <b>Impact on City's existing core capital assets:</b> Does not directly improve core capital assets but may provide collateral improvements. <b>Impact on City's existing operations and maintenance costs:</b> Increases property tax revenues. Reduces City costs associated with code enforcement for blighted properties. <b>Improvements to energy consumption, resiliency and mobility:</b> Development will improve energy consumption based on current standards and possibly address other resiliency issues.	\$3,000,000