

CITY OF OAKLAND
AGENDA REPORT

2007 MAY 15 PM 6:53

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: May 15, 2007

RE: **Action on Proposed Policies for Allocation / Award of Proposition 1C Infill Housing Funds**

SUMMARY

At the Rules & Legislation Committee of May 10, 2007, the Committee (a) directed that only SB 46 (Perata) be forward to City Council as both AB 29 (Hancock) and AB 1231 (Garcia) have been replaced with another bill; and (b) directed staff to highlight in the Agenda package staff's recommendation for the City Council to adopt policies to guide the City's lobbying efforts concerning Proposition 1C funds for regional planning, housing and infill incentive grants. Staff's proposals are attached.

ACTION REQUESTED OF THE CITY COUNCIL

Approve staff's recommendations and/or provide additional guidance for staff to follow while lobbying to ensure that California legislative bills concerning distribution of Proposition 1C funds will allow Oakland projects to be highly competitive.

Respectfully submitted,



Gregory Hunter

Interim Director of Economic Development,
Redevelopment, Housing and Community
Development

Prepared by: Jeffrey Levin,
Housing Policy & Programs Coordinator
Housing and Community Development, CEDA

APPROVED AND FORWARDED TO THE
CITY COUNCIL:


Office of the City Administrator

Item: _____
ORA / City Council
May 15, 2007

Proposed Policies for Allocation/Award of Prop 1C Infill Housing Funds

To the fullest extent possible, the City of Oakland seeks language in State legislation to implement the Regional Planning, Housing and Infill Incentives Program consistent with the following principles and guidelines:

Manner of Allocation:

Funds should be awarded on a competitive statewide basis by the Department of Housing and Community Development (HCD). Proposals could be screened by regional councils of government to ensure consistency with regional plans or regional priority development areas.

Eligible Applicants:

Private for-profit and non-profit developers and local governments. Developers and governments should be able to apply either separately or jointly. Developer applications should at least require a letter of support from the appropriate jurisdiction.

Eligible Projects:

Support the idea of “eligible projects” within “master projects” or “qualifying areas” where one or more developments taken together within a specified area constitute the project that qualifies for funding.

Large sites are often developed by more than one entity, and related infrastructure may be needed for some or all of those developments.

Qualifying areas could be defined in local and/or regional plans such as a project area redevelopment plan (including a five-year implementation plan), a regional growth plan such as a blueprint or a plan designating priority growth areas, a capital improvement plan, or a regional transportation plan or a transportation corridor plan. Projects would need to be consistent with those plans.

Eligible Uses:

Direct costs related to the creation of infill housing including:

- site acquisition, demolition and preparation
- site clean-up (toxic remediation)

- water, sewer, undergrounding of utilities
- street, road or other transportation improvements, including public transit, bicycle and pedestrian facilities
- park, open space and recreation facilities
- replacement parking required by a public entity (such as BART) to make the project possible.
- development of affordable housing within the qualifying area

Eligible Locations:

Projects should be located on infill sites previously developed for urban uses, or surrounded by already developed urban uses, with existing water and sewer trunk line service.

Any requirement for proximity to transit should use a somewhat more flexible standard than for the Transit Oriented Development program. We suggest that a project must be either (a) within one mile of a rail transit station or ferry terminal served by rail or bus service, or (b) along a transit corridor providing peak service in intervals of 10 minutes or less.

Minimum Density:

At a minimum, the so-called “Mullin densities” specified in Government Code 65583.2: net densities of 30 units per acre in urban areas, 20 units per acre in suburban areas, and 10 units per acre in rural areas.

We would favor higher densities either as a threshold or as a category receiving significant competitive points.

Affordable Housing Component:

At least fifteen percent of the units to be created within the master development or “qualifying area” should be affordable to (a) households at or below 50 percent of area median or less for a period of at least 55 years for rental housing, or (b) households at or below 100 percent of area median income for at least 45 year for ownership housing.

Affordable units do not need to be in the same development as the eligible project, provided they are within the same master project or qualifying area.

Some provision should be made to allow affordable units completed within the past 3 years in a master development to be counted toward this requirement, especially where development of the affordable housing was a catalyst for development of the market rate housing.

Project Readiness:

Projects shall have received all environmental clearances under CEQA and must commence construction within 24 months of award.

Other Considerations:

“Master Development”: Support the concept of master developments as eligible areas that contain one or more individual qualifying housing projects. Eligible infrastructure should include not only infrastructure required for a particular development, but also infrastructure needed to support the cumulative impact of multiple developments within a master project or qualifying area.

Local and Regional Plans: Several proposals have sought to link the funding to local and regional plans. This could be an issue for Oakland. ABAG is in the process of designating “regional priority development areas”. Oakland will need to apply for designation of several such areas. However, linking the funding to these regional plans and priority areas could provide a role for regional bodies to identify priorities for allocation without having regional planning bodies involved in the direct allocation of funding for infrastructure and housing.

Other Criteria for Ranking: Care must be taken in assigning weight for progress in meeting regional housing goals. Oakland’s new allocation for 2007-2014 is in the vicinity of 17,000 units, up sharply from 7,700 units in the 1999-2006 period. While the City might be able to zone to accommodate this many units, the market is unlikely to build or absorb production at this level. Nor does the City have sufficient funds available to provide subsidies to make enough of these units affordable. If funds are awarded based on percentage of housing needs actually met, Oakland could be at a distinct disadvantage.

The existence of an inclusionary housing ordinance should not be a criterion for awarding points.

Ranking criteria that include such factors as age of housing stock, percentage of population that qualifies as “low and moderate income” under HUD definitions, and poverty levels should be pursued.

If funds are awarded similar to the existing Workforce Housing Incentive Grant program (which is the current language in AB29), cities should not be able to get credit for housing that falls below certain minimum densities. Cities that develop a large number of units of very low density housing (e.g., 1 to 4 units to the acre) should not be rewarded for this action.