

CITY OF OAKLAND
OFFICE OF THE CITY CLERK
OAKLAND



CITY HALL • 1 FRANK H. OAKLAND PLAZA OAKLAND, CALIFORNIA 94612

REBECCA KAPLAN
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Date: October 10, 2019
To: Members of City Council and Members of the Public
From: Council President Kaplan
Re: File No. 18-2212
Resolution Requesting The City Administrator And His Or Her Designee To Release Affordable Housing Impact Fees In The Affordable Housing Trust Fund And Committed Receivables Immediately, Provide A Schedule Of Receivables To The Public, Issue A Notice Of Funds Availability (NOFA) For Housing Development Funds Not Later Than November 2019, And Upon Council Approval Of Funding Awards, Provide Letters Of Commitment Conditioned On Receipt Of The Anticipated Revenue

Dear Colleagues on the City Council and Members of the Public,

The Alameda County EveryOne Counts! 2019 Homeless Count and Survey saw a 47% increase in homelessness in Oakland. Ending homelessness is accomplished in large part by providing permanent affordable housing options which is why the City has engaged in the preservation of rent controlled units and set mandates for affordable housing construction. However, the City has failed to meet its own goals for affordable housing construction, as only 8% of new construction is affordable, not the 28% mandate set by the City's Housing Cabinet.

I appreciate the leadership of our Assistant City Administrator Maraskeshia Smith in taking our requests seriously and since last June, when we first introduced this item, a Notice of Funding Availability ("NOFA") has been issued and our affordable housing impact fees ("AHIF") are now undergoing a much-needed audit. These are steps in the right direction, but if we are to truly meet our goal of 4,760 affordable homes by 2024 (we are at 751), we must more aggressively enact policies and procedures that accelerate affordable housing creation and funding.

During the FY 2019-21 budget process, I, along with others, asked questions about the affordable housing impact fees. What we received in response was as follows from the Department of Finance:

"As mentioned previously, no other revenue sources are baselined in the AHTF in the FY 2019-21 budget, such as the Affordable Housing Impact Fees or the Jobs/Housing Impact Fees, as they can be volatile and are not easy to predict."¹

¹ Department of Finance, City of Oakland. FY 2019-21 Budget Development Questions/Responses #2. (May 15, 2019)

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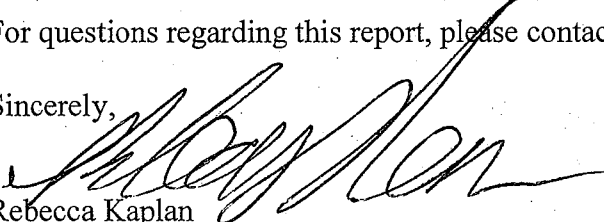
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This illuminates the issue. We ordinarily do budget for, and can do projections for other funding sources, which are also volatile, so we should also project, budget, and plan for Impact Fees.

This is why today, I ask for your support on this Resolution which requests that additional anticipated revenue be provided as soon as possible for affordable housing development by expanding commitment in our existing NOFA process and/or a new NOFA be issued within 45 days of the passage of this Resolution and at least once a year. This allows the City Administrator to issue letters of commitment and requests the City Administrator to provide a comprehensive annual report on the Affordable Housing Impact Fee and Jobs/Housing Impact Fee.

For questions regarding this report, please contact Bobbi Lopez at (510) 238-7082.

Sincerely,


Rebecca Kaplan
Oakland City Council President

CED
October 22, 2019
Item: ____

FILED
OFFICE OF THE CITY CLERK
OAKLAND

DRAFT
City Attorney's Office

2019 OCT 10 PM 3:42

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY COUNCIL PRESIDENT KAPLAN

RESOLUTION REQUESTING THE CITY ADMINISTRATOR AND HIS OR HER DESIGNEE TO RELEASE AFFORDABLE HOUSING IMPACT FEES IN THE AFFORDABLE HOUSING TRUST FUND AND COMMITTED RECEIVABLES IMMEDIATELY, PROVIDE A SCHEDULE OF RECEIVABLES TO THE PUBLIC, ISSUE A NOTICE OF FUNDS AVAILABILITY (NOFA) FOR HOUSING DEVELOPMENT FUNDS NOT LATER THAN NOVEMBER 2019, AND UPON COUNCIL APPROVAL OF FUNDING AWARDS, PROVIDE LETTERS OF COMMITMENT CONDITIONED ON RECEIPT OF THE ANTICIPATED REVENUE

WHEREAS, the City acknowledges that it is facing a serious affordable housing crisis with thousands of residents living in unhoused or in substandard housing conditions; and

WHEREAS, the Alameda County *EveryOne Counts! 2019 Homeless Count and Survey* saw a total of 47% increase of individuals experiencing homelessness in Oakland since 2017; and

WHEREAS, according to a 2015 UC Berkeley report, *Rising Housing Costs and Re-Segregation in Alameda County*, "one in five neighborhoods saw an increase of over 30% in median rent from 2000 to 2015"; and

WHEREAS, in 2019, when the Redwood Hill Townhomes affordable development project offered their 28 units to the public, there were 4,000 applicants, thereby showing the overwhelming need for new affordable housing construction; and

WHEREAS, after four years of the eight-year Housing Element period, only 8% of all housing permitted was for lower income housing, further exacerbating the acute shortage of affordable housing; and

WHEREAS, under the Mitigation Fee Act (AB 1600), codified in California Government Code Sections 66000-66025, the Oakland City Council established affordable housing impact fees under Ordinance No. 13365 C.M.S. on May 3, 2016; and

WHEREAS, Ordinance No. 13365 C.M.S., codified into the Oakland Municipal Code ("OMC") as 15.72.070, establishes the payment of the affordable housing impact

fee for qualifying developments in two installments with the first installment due prior to the issuance of a building permit (50%) and the second installment due prior to the issuance of a temporary certificate of occupancy or certificate of occupancy, and then directs the Building Official to deposit the impact fee into the Affordable Housing Trust Fund (1870) established under OMC Chapter 15.62; and

WHEREAS, the City has identified the need to assist developers and owners of affordable housing in the acquisition, rehabilitation and/or development of properties, in order to create additional opportunities for affordable housing; and

WHEREAS, new funding made available from an increase in the State Low Income Housing Tax Credit and from Proposition 1 funding for State housing programs is anticipated to be made available in early 2020; and

WHEREAS, the City of Oakland seeks to maximize the amount of funding that is leveraged by local funding and to ensure that Oakland gets a fair share of all such funds; and

WHEREAS, local commitment of funds is necessary in order to leverage such funding; and

WHEREAS, the City of Oakland must maximize the use of the affordable housing impact fees by awarding funds as soon as they are assessed; and

WHEREAS, the second installment of affordable housing impact fees are highly likely to come in within 30 months of the issuance of a building permit and the City has in the past issued letters of commitment to developers based on assessed but not collected revenue; and

WHEREAS, letters of commitment assist affordable housing developers to secure additional financing from other public and private sources; and be it

RESOLVED: That the City Council hereby requests the budgeting and appropriation of Affordable Housing Impact Fees assessed and anticipated to be received during the budget cycle; and be it

FURTHER RESOLVED: That the City Council requests the City Administrator or her designee to issue a Notice of Funding Availability (NOFA) for new construction and rehabilitation of affordable housing within 45 days of the passage of this Resolution or incorporate the additional funds for the issuance of NOFAs already underway and at least offer NOFAs once a year; and be it

FURTHER RESOLVED: That upon award of funding the City Administrator and his or her designee shall issue letters of commitment, conditioned on receipt of the assessed and anticipated Affordable Housing Impact Fee revenue, for funding to affordable housing developers and projects; and be it

FURTHER RESOLVED: That the City Council requests the City Administrator and or her designee to provide an annual report on the Affordable Housing Impact Fee and

Jobs/Housing Impact Fee, identifying, at a minimum, for each building permit applied for, issued or finalized that is covered by these fees, the following information:

- The address and assessors parcel number
- The applicable impact fee zone
- The number of residential units
- The date the permit application was deemed complete
- The date the permit was issued or is expected to be issued
- The date a temporary or final certificate of occupancy was issued or is expected to be issued
- The amount of fee assessed, including the rate and total amount
- The date and amount of the first installment, or the anticipated date and amount for permits not yet issued
- The date and amount of the second and third (in the case of the jobs/housing fee) installment or the anticipated date and amount
- Whether the project was exempt from payment of the fee and the reason for such exemption
- Whether the project provided affordable housing units on site or off site in lieu of payment of the fee, and the number and affordability level of the affordable units

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California