



CITY OF OAKLAND

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OFFICE OF THE CITY CLERK
OAKLAND

2017 JUN 23 AM 9:08

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Director, HCDD

SUBJECT: Amendment to the Infrastructure Bond
Measure KK Affordable Housing
Funding Allocations

DATE: June 26, 2017

City Administrator Approval

M. Byrd for SBL

Date:

6/23/17

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. _____ C.M.S, Which Identified Affordable Housing Programs For Funding Out Of The Measure KK General Obligation Bond And Allocated \$50 Million In Funding To Those Programs, To Increase The Bond Amount For Affordable Housing To \$55 Million And Allocate The Additional Funds To Affordable Housing Programs

EXECUTIVE SUMMARY

This staff report recommends increasing the bond amount for affordable housing from \$50 million to \$55 million to provide additional funding for the new construction of affordable housing. The additional funds will serve as matching funds to leverage Alameda County A1 Bond funds and increase projects' competitiveness for Low Income Housing Tax Credits and Affordable Housing and Sustainable Communities Program funding.

BACKGROUND / LEGISLATIVE HISTORY

On July 19, 2016, the City Council approved Resolution No. 86335 C.M.S to place the Infrastructure Bond Measure KK on the November, 2016 ballot. The bond measure was approved by the voters.

On November 29, 2016, the City Council approved Ordinance No. 13403 C.M.S. that enacted the City of Oakland Affordable Housing and Infrastructure Bond Law.

On June 19, 2017, the City Council approved a resolution 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, allocating bond proceeds in the amount not to exceed \$50,000,000 for the identified programs, and authorizing the City Administrator or her designee to make site acquisition program loans from bond proceeds without returning to Council.

Item: _____
City Council
June 26, 2017

On June 20, 2017, the City Council approved an ordinance amending Chapter 15.62 of the Oakland Municipal Code to allow Affordable Housing Trust Funds from funds distributed to the City under the Redevelopment Dissolution Laws to be used for anti-displacement and homeless prevention services for 10 years and other homeless services for one year.

ANALYSIS

Most affordable housing projects rely on Low Income Housing Tax Credits and Affordable Housing and Sustainable Communities funding for a significant amount of project funding. To be competitive, these projects require an investment of local funds. Of the \$54 million City of Oakland base allocation of County A1 Bond Funds, over \$36 million remains. To access these funds, projects must receive a local match from the City. Additionally, projects with City of Oakland matching funds will be eligible to apply for funds under the North County Region pool of Alameda County A1 Bond funds. The combination of City of Oakland funds and Alameda County Bond funds will make Oakland affordable housing projects applications more competitive for Low Income Housing Tax Credits and Affordable Housing and Sustainable Communities program funds which may accelerate the rate of production of affordable housing.

The expansion of eligible uses of the Affordable Housing Trust Fund beyond affordable housing development may reduce the City's ability to leverage Alameda County A1 Bond Funds and reduce Oakland projects' ability to access Low Income Housing Tax Credits and Affordable Housing and Sustainable Communities funding if these funds are allocated to uses other than the development of affordable housing. Increasing the amount of Measure KK affordable housing bond funds to \$55 million will provide an additional \$5 million in matching funds for Alameda County A1 bond funds which will leverage additional funding and produce more affordable housing.

FISCAL IMPACT

The proposed amendment will increase the amount of the Measure KK Bond fund issued for Affordable Housing by \$5 million. These additional funds will be allocated to the NOFA for New Construction of Affordable Rental and Ownership Housing, increasing this amount from \$2 million to \$7 million.

COORDINATION

HCDD prepared this report in coordination with the Finance Department and the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

The housing development projects recommended for funding will address the “3 E’s” of sustainability in the following ways:

Economic: These projects will generate construction, professional services, and ongoing property management jobs in Oakland. Providing families with affordable housing helps provide financial stability for low- and moderate-income households which could free some household income to be spent on other goods and services in Oakland. Also, providing viable housing creates activity on underutilized parcels which could stimulate demand for goods and services in Oakland.

Environmental: By developing in already built-up areas, infill projects reduce the pressure to build on agricultural and other undeveloped land. Proposed projects that are near public transit enable residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development. Projects are selected for funding partially based on their ability to achieve high scores using LEED or Alameda County’s GreenPoint Rating system.

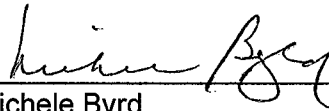
Social Equity: Affordable housing is a means of achieving greater social equity. Oakland’s neighborhood-level environment will be improved by replacing underused and sometimes blighted buildings and lots with new or improved homes. This is especially important for long-term Oakland residents. The proposed developments will provide affordable rental and ownership housing for low and very low-income residents. Social services, such as computer centers for residents, are a component of each rental development and further build social equity.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. _____ C.M.S, Which Identified Affordable Housing Programs For Funding Out Of The Measure KK General Obligation Bond And Allocated \$50 Million In Funding To Those Programs, To Increase The Bond Amount For Affordable Housing To \$55 Million And Allocate The Additional Funds To Affordable Housing Programs

For questions regarding this report, please contact Norma Thompson, Housing Development Manager, at 510-238-7137 or Christina Morales, Housing Development Coordinator, at 510-238-6984.

Respectfully submitted,



Michele Byrd
Director, Department of Housing and
Community Development

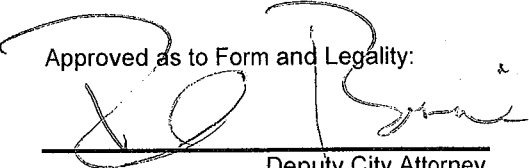
Reviewed by:
Norma Thompson, Manager of Housing
Development

Prepared by:
Christina Morales, Housing Development
Coordinator

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OAKLAND

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Approved as to Form and Legality:



Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

**RESOLUTION AMENDING RESOLUTION NO. _____ C.M.S,
WHICH IDENTIFIED AFFORDABLE HOUSING PROGRAMS FOR
FUNDING OUT OF THE MEASURE KK GENERAL OBLIGATION BOND
AND ALLOCATED \$50 MILLION IN FUNDING TO THOSE PROGRAMS,
TO INCREASE THE BOND AMOUNT FOR AFFORDABLE HOUSING TO
\$55 MILLION AND ALLOCATE THE ADDITIONAL FUNDS TO
AFFORDABLE HOUSING PROGRAMS**

WHEREAS, City Council Resolution No. _____ C.M.S., adopted on June 19, 2017 identified affordable housing programs for funding out of the Measure KK General Obligation Bond (the "Bond") and allocated \$50 million in funding to those programs; and

WHEREAS, Council wants to increase the Bond amount for affordable housing to \$55 million and allocate the addition funds to certain affordable =housing programs; now, therefore, be it

RESOLVED: That the City Council hereby amends Resolution No. _____ C.M.S to increase the allocation of proceeds of Bond proceeds to fund affordable housing programs by \$5 million from up to \$50 million to up to \$55 million; and be it

FURTHER RESOLVED: That Exhibit A to Resolution No. _____ C.M.S. describing and setting forth estimated funding allocations to the “Affordable Housing Bond Programs” is hereby replaced with the “First Revised Affordable Housing Bond Programs” attached as Exhibit A to this Resolution.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

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

Exhibit A
First Revised Affordable Housing Bond Programs

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

**Exhibit A
First Revised Affordable Housing Bond Programs**

Multifamily Housing Programs 5+ Units			
Program Name/ Eligible Activity Per Bond Law	Program Description	Project Attributes per Ordinance	Estimated Funding Allocation
Notice of Funding Availability (NOFA) for Housing Rehabilitation and Preservation/ 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.	Social and geographic equity: Creates affordable housing through long-term affordability restrictions. Impact on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements. Impact on City's existing operations and maintenance costs: Operations and maintenance cost will be covered by the property owner. improvements to energy consumption, resiliency and mobility: Future rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.	\$10,000,000
NOFA for New Construction of Affordable Rental and Ownership Housing/ 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.	Social and geographic equity: Creates affordable housing through long-term affordability restrictions. Impact on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements. Impact on City's existing operations and maintenance costs: Operations and maintenance cost will be covered by the property owner. improvements to energy consumption, resiliency and mobility: Future development will improve energy consumption based on current standards and possibly address other resiliency issues.	\$7,000,000

**Exhibit A
First Revised Affordable Housing Bond Programs**

Housing Programs (1-4 Units)

Program Name/ Eligible Activity Per Bond Law	Program Description	Project Attributes per Ordinance	Estimated Funding Allocation
<p>Owner-Occupied Residential Rehabilitation/ Homeowner Assistance</p>	<p>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.</p>	<p>Social and geographic equity: Enables vulnerable homeowners to keep their homes and creates affordable housing units through affordability restrictions.</p> <p>Impacts on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements.</p> <p>Impacts on City's existing operations and maintenance costs: Operations and maintenance cost will be covered by the property owner.</p> <p>Improvements to energy consumption, resiliency and mobility: Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>\$3,000,000, combined, for the following four programs</p>
<p>Rental Rehabilitation Program/ Protect Existing Homes (Rental)</p>	<p>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.</p>	<p>Social and geographic equity: Creates affordable housing through affordability restrictions on rental housing that is currently "naturally affordable."</p> <p>Impact on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements.</p> <p>Impact on City's existing operations and maintenance costs: Operations and maintenance cost will be covered by the property owner.</p> <p>improvements to energy consumption, resiliency and mobility: Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>See above</p>

**Exhibit A
First Revised Affordable Housing Bond Programs**

Housing Programs (1-4 Units)

Program Name/ Eligible Activity Per Bond Law	Program Description	Project Attributes per Ordinance	Estimated Funding Allocation
<p>Accessory Dwelling Unit (ADU) Legalization Pilot Program/</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>Social and geographic equity: Makes undocumented housing units safe, legal and affordable through rental restrictions. Helps lower income homeowners keep their homes.</p> <p>Impacts on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements.</p> <p>Impacts on City's existing operations and maintenance costs: Operations and maintenance cost will be covered by the property owner.</p> <p>Improvements to energy consumption, resiliency and mobility: Rehabilitation will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>See above</p>
<p>Community Buying Program - Vacant Lot Acquisition/</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>Social and geographic equity: Creates affordable housing through long-term affordability restrictions; addresses vacancy and blight in impacted areas.</p> <p>Impact on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements.</p> <p>Impact on City's existing operations and maintenance costs: 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>Improvements to energy consumption, resiliency and mobility: Development will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>See above</p>

**Exhibit A
First Revised Affordable Housing Bond Programs**

Housing Programs (1-4 Units)

Program Name/ Eligible Activity Per Bond Law	Program Description	Project Attributes per Ordinance	Estimated Funding Allocation
<p>Acquisition and Rehabilitation Program/</p> <p>Protect Existing Homes (Ownership), Protect, Existing Homes (Rental and/or Ownership)</p>	<p>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.</p>	<p>Social and geographic equity: Creates affordable housing through long-term affordability restrictions</p> <p>Impact on City's existing core capital assets: Does not directly improve core capital assets but may provide collateral improvements.</p> <p>Impact on City's existing operations and maintenance costs: Increases property tax revenues. Reduces City costs associated with code enforcement for blighted properties.</p> <p>Improvements to energy consumption, resiliency and mobility: Development will improve energy consumption based on current standards and possibly address other resiliency issues.</p>	<p>\$3,000,000</p>