

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 SEP 27 PM 6:50

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: October 9, 2007

RE: Report And Resolution Authorizing The City Administrator To Submit An Enterprise Zone Application To The State Of California Department Of Housing And Community Development For The Re-Designation Of The Oakland Enterprise Zone For An Additional 15 Years

SUMMARY

The City of Oakland's State Enterprise Zone (EZ) fifteen-year designation expires in September 2008. Changes in the Enterprise Zone Act by the California Legislature allow expiring Enterprise Zones to submit applications, due November 2007, for a new fifteen-year designation.

Enterprise Zones target economically distressed areas through the use of special and local tax incentives that encourage business investment and promote the creation of new jobs by saving local businesses thousands of dollars in State income tax. Oakland EZ Program has issued over 45,000 hiring tax credit vouchers to Oakland businesses resulting in tax savings worth tens of millions of dollars over the last 14 years. Extending the EZ designation by an additional fifteen years will continue to support Oakland's business attraction and retention efforts, and continue to promote job creation and job retention of Oakland residents, including those who have been unemployed, on government assistance or who have been formerly incarcerated. Therefore, staff requests that the City Council authorize the City Administrator to submit an Enterprise Zone application to the State of California Department of Housing and Community Development for the re-designation of the Oakland Enterprise Zone for an additional fifteen years.

FISCAL IMPACT

The expiration of the Enterprise Zone designation would result in a loss of approximately \$225,000 per year in voucher processing fees, which currently offset the cost of administering the EZ program. It would also have a substantial impact on Oakland-based businesses that take advantage of the tax credits. Oakland businesses file more than 4,500 hiring tax credit vouchers annually, with the maximum allowable credit per employee exceeding \$30,000 over a five-year period. Other EZ incentives include credits for sales and use taxes, business expense deductions, and net interest deductions for lenders. The EZ is one of Oakland's most significant incentives for attracting and retaining businesses, for job creation, and for generating tax revenues for the City.

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DISABILITY AND SENIOR CITIZEN ACCESS

The Enterprise Zone Program also provides tax incentives to businesses that hire disabled individuals and senior citizens.

RECOMMENDATION AND RATIONALE

Staff recommends that the City Council adopt the resolution authorizing the City Administrator to submit an Enterprise Zone application to the State of California Department of Housing and Community Development for the re-designation of the Oakland Enterprise Zone for an additional fifteen years. The Enterprise Zone has greatly contributed to the revitalization of our community. It is one of the most powerful economic incentives Oakland has for attracting and retaining businesses to Oakland.

ACTION REQUESTED OF THE CITY COUNCIL

Adopt the resolution authorizing the City Administrator to submit an Enterprise Zone application to the California Department of Housing and Community Development for the re-designation of the Oakland Enterprise Zone for an additional fifteen years.

Respectfully submitted,

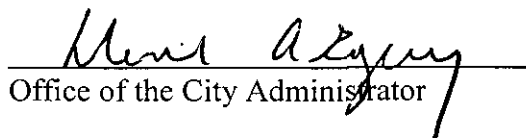


Gregory D. Hunter, Deputy Director
Community & Economic Development Agency
Economic Development & Redevelopment

Prepared by:

Susana Villarreal, Enterprise Zone Coordinator
Business Development Services Unit

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City Administrator

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Approved as to Form and
Legality:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO SUBMIT AN ENTERPRISE ZONE APPLICATION TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE RE-DESIGNATION OF THE OAKLAND ENTERPRISE ZONE FOR AN ADDITIONAL 15 YEARS

WHEREAS, the City of Oakland wishes to submit an application for re-designation of the Oakland Enterprise Zone to the California Department of Housing and Community Development on or before November 16, 2007; and

WHEREAS, the City of Oakland finds that the application area within the City of Oakland is a depressed area and that re-designation of the area as an Enterprise Zone is necessary in order to attract private sector investment to the application area; and

WHEREAS, the City of Oakland supports job development, job creation, and economic development; and

WHEREAS, the City of Oakland shall authorize that staffing be made available to maintain record-keeping, monthly updates on zone activities, and to discuss these activities with program auditors; and

WHEREAS, the City of Oakland shall develop a self-evaluation process to measure its progress in meeting its goals and objectives and that the results of this process shall be submitted to the Department of Housing and Community Development for review, approval and inclusion in the Memorandum of Understanding (MOU) prior to final re-designation; and

WHEREAS, the City of Oakland agrees to complete all actions stated within the application that apply to its jurisdiction should the proposed Enterprise Zone be awarded re-designation; and

WHEREAS, the City Council of the City of Oakland is committed to the designation, implementation, and operation of the Oakland Enterprise Zone; now, therefore, be it

RESOLVED: That the City Administrator is hereby authorized to submit an Enterprise Zone application to the State of California Department of Housing and Community Development for the re-designation of the Oakland Enterprise Zone for an additional 15 years; and be it

FURTHER RESOLVED: That the City Administrator is further authorized to take whatever action is necessary with the respect to the Enterprise Zone application consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

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