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**CITY OF OAKLAND and  
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND**

**COUNCIL AND AGENCY AGENDA REPORT**

TO: Office of the City Administrator and Agency Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: March 20, 2007

RE: **A Supplemental Report To a Report Requesting Approval of A Total of Twenty-One (21) Resolutions Regarding Affordable Housing Activities to Include Information on the Grove Park Homes Affordable Homeownership Development Proposal**

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## SUMMARY

This supplemental informational report addresses the Grove Park Homes ownership project and a motion approved by the Community and Economic Development Committee at the March 13, 2007 meeting. Grove Park Homes, an affordable ownership project application, requested an additional \$8 million in Agency funds to expand a 19-unit mixed income ownership project that received \$852,000 in Vacant Housing Acquisition Rehabilitation Program (VHARP) funds to a 58-unit affordable ownership project. Their application could not meet the financing threshold and affordability levels to qualify. The application needs additional assistance above the 40% currently allowed by the City in order to be financially feasible.

To meet the City Council's goal of allocating equal portions of affordable housing funds for rental and ownership housing, the following motion was approved by the Committee:

- Increase the assistance the City may provide to the Grove Park Homes ownership project from 40% of the total development costs (TDC) of the affordable units to 50% of the TDC of the affordable units; and
- Provide a future commitment of 2007-08 NOFA funds of up to 50% of the TDC of the affordable units to the Grove Park project; and
- Require the Grove Park project to still meet the requirement that the project achieve an average affordability level for all assisted units not to exceed 100% of area median income, utilize the City's calculated maximum sales prices and ensure that the units stay affordable permanently.

## FISCAL IMPACTS

This report is for informational purposes and has no fiscal impact.

## KEY ISSUES AND IMPACTS

The City has set a goal of allocating equal portions of affordable housing funds for rental and ownership housing, but has found it difficult to meet the goal for ownership housing. This year's absolute distribution between rental and ownership will be 77:23 percent.

The policy of limiting the City/Agency subsidy to 40% of the total development cost for the affordable units in the project has been the primary barrier to the feasibility of the proposed Grove Park Homes ownership project. Increasing the City/Agency subsidy to not more than 50% of the total development cost would fill the project's budget gap and make it eligible for NOFA funds. The maximum City/Agency subsidy for Grove Park Homes at the 50% level would be \$11,433,000. An \$852,000 loan from the Vacant Housing Acquisition Rehabilitation Program (VHARP) was already provided to the 19-unit project. Therefore, the Grove Park project could receive up to an additional \$10,581,000 commitment of City and Agency funds. Currently, only \$10,400,800 in non-restricted housing funds are projected for 2007-08 that could be made available for Grove Park from City HOME funds, Agency Low and Moderate Income Housing funds, and the remaining 2006 Housing Bond proceeds.

Staff will return to City Council at a later date with a report recommending a revision to the affordable homeownership development program allowing a City/Agency subsidy of up to 50% of the total development cost of an ownership project's affordable units.

## RECOMMENDATION AND RATIONALE

Receive and comment on this informational report.

Respectfully submitted,

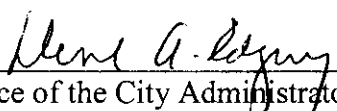
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APPROVED AND FORWARDED TO THE COMMUNITY  
AND ECONOMIC DEVELOPMENT COMMITTEE:

Office of the City Administrator/Agency Administrator