East Bay Housing Organizations (EBHO) On-Site Proposal
Received by Oakland City Staff on February 24, 2016

Parameters for Onsite and Off-Site Mitigation In Lieu of Impact Fee

- Assume City subsidy requirement is $100,000 per unit, because City funds leverage Low Income Housing Tax Credits and other subsidies. (Based on recent NOFA funding amounts)

- City-subsidized housing typically serves a range of incomes from 30% - 60% of area median income. Any production alternative should serve a similar range of incomes. At a minimum, affordable units should be divided equally between Very Low Income and Low Income.

- Initial fee of $5,500 yields $550,000 for a 100-unit project.
  $550,000 would support 5.5 affordable units.
  Inclusionary requirement would then be 5.5%.

- Target fee of $22,000 yields $2,200,000 for a 100-unit project.
  $2,200,000 would support 22 affordable units.
  Inclusionary requirement would then be 22%

PROPOSAL

Percentage of Units Required
- Year 1: 3% Very Low Income; 3% Low Income
- Year 2: 6% Very Low Income; 6% Low Income
- Year 3: 11% Very Low Income; 11% Low Income

- Fractional units should be rounded to nearest whole number.

- Units must be affordable for at least 55 years.

Off-Site Alternative
- Affordable Units can be provided off-site in a 100% affordable project located within ¼ mile of the market-rate project.
- Developer may build the affordable housing units or partner with an affordable housing developer.
- Developer must have site control of land for affordable units prior to obtaining building permit for market-rate units, and must dedicate that land for affordable housing with City-recorded affordability restrictions.
- Developer must demonstrate that cost of land plus other financial contributions is equivalent to fee amount otherwise due.

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On-Site Mitigation Option or Inclusionary Requirements by City

City	Fee Amount	Onsite Alternative (Rental)	Inclusionary Requirement (Owner)	Notes
Berkeley	$28,000 (considering increase to $34,000)	10% Very Low Income (considering increase to 20%, consisting of 10% Very Low Income and 10% Low Income)	20% Low Income	
Emeryville	$28,000	12%, consisting of 4% Very Low Income and 8% Low Income	20% Moderate Income	Housing seeking development bonuses must provide additional BMR units
Oakland (proposed)	$5,500 initial fee $22,000 target fee	Cost neutral equivalent: 1.25% VLI or 1.33% LI (at initial fee level) 5% VLI or 5.32% LI (at target fee level)	1.35% VLI or 1.58% LI (at initial fee level) 5.4% VLI or 6.32% LI (at target fee level)	On-site and inclusionary percentages are calculated at same cost to developer as paying the fee.

Both Berkeley and Emeryville require impact fee on rental, with onsite option, and require inclusionary units for owner-occupied housing.
Both Berkeley and Emeryville use California Health and Safety Code 50052.5 to define affordable rent and sales price.
Oakland was assumed to require the same standard for rents and sales prices (this is also what was used in the nexus study).

Calculations for Oakland cost-neutral alternative

- Assume 100-unit project for calculation purposes
- Initial fee of $5,500 per unit yields $550,000; Target fee of $22,000 per unit yields $2,200,000
- Rental affordability gap is $438,919 for Very Low Income and $413,806 for Low Income. Owner affordability gap is $406,878 for Very Low Income and $347,223 for Low Income (from Nexus Study tables A7 and A8, 11/12/16 Stakeholder Group).
- Inclusionary percentages are based on dividing total fee revenue by per unit affordability gap to yield number of affordable units, then dividing by 100.