

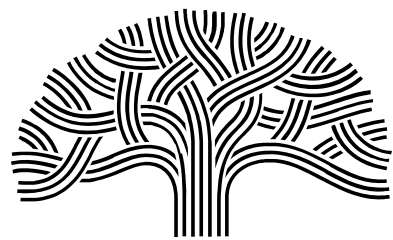
Impact Fee Annual Report FY 2020-21

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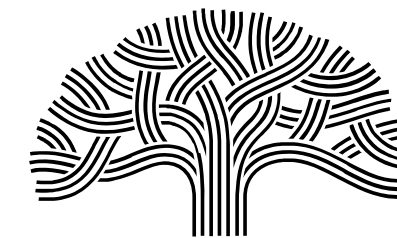


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Purpose of Meeting

- Present the Annual Impact Fee Report for fiscal year (FY) 2020-21
- For the full Impact Fee Annual Report for Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements Impact Fees, Fiscal Year Ended June 30, 2021 see ***Attachment A of the Report.***



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What are Impact Fees?

- Authorized under the Mitigation Fee Act (Gov. Code Section 66000 et seq.).
- Related to increased demands to the City of Oakland for the services and facilities it provides.
- Impact fees are one-time contributions made by project applicants to offset the effects that result from their project.
- Impact fees must be proportional to the impacts of the project.

How have impact fees been implemented in Oakland?

- Oakland currently assesses the following impact fees:
 - Jobs/Housing – Chapter 15.68 of the Oakland Municipal Code (OMC)
 - Affordable Housing – Chapter 15.72 of the OMC
 - Capital Improvements and Transportation – Chapter 15.72 of the OMC

What fees were collected in fiscal year (FY) 2019-20?

Table 1: Impact Fees Assessed July 1, 2020 – June 30, 2021

Impact Fee Type	Total Assessed	Total Collected
Affordable Housing Impact Fees	\$15,688,799	\$ 4,430,250
Jobs/Housing Impact Fee	\$3,250,168	\$ 2,841,342
Transportation Impact Fees	\$2,148,217	\$ 1,314,672
Capital Improvements Impact Fees	\$2,040,876	\$ 984,335

Assessed Fees vs. Collected Fees

Table 7. Expired Permits with Assessed Fees as of FY 2019-20

Impact Fee Type	Total Fees for Expired Permits
Affordable Housing Impact Fee	\$ 5,165,875
Jobs/Housing Impact Fee	\$2,476,725
Transportation Impact Fee	\$ 274,376
Capital Improvements Impact Fee	\$ 587,927
Grand Total	\$ 6,028,178

Affordable Housing Development

- As an alternative to payment of the Affordable Housing Impact Fee, a developer has the option in some cases to mitigate their project's impacts by building affordable units on-site or off-site.
- Please refer to **Attachment B** for details regarding projects that opted to develop affordable housing projects in lieu of payment of the affordable housing impact fee.
- Please refer to **Attachment C** for projects that were assessed impact fees in fiscal year 2020-2021 (July 1, 2020 – June 30, 2021).

Affordable Housing Impact Fees

- OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.) establishes a Jobs/Housing Impact Fee in the City of Oakland to assure that certain commercial development projects compensate and mitigate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any new office or warehouse/distribution development project in a new or existing building over 25,000 square feet must pay to the City the Jobs/Housing Impact Fee, or may elect to construct affordable housing as per OMC Section 15.68.080.
- The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Jobs/Housing Impact Fees collected and all interest and investment earnings thereon, shall be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low-income households.

HCD – Affordable Housing Impact Fees

Fund Balance Summary

Table 3. Affordable Housing Impact Fees, Fiscal Year 7/1/20 – 6/30/21	
Document Establishing Fee	Oakland Municipal Code Chapters 15.72 & 15.62
Project	N/A
Starting Balance	\$13,154,253
Fees Collected	\$4,430,250
Refunds*	\$65,500
Interest Earned**	\$98,109
Expenditures	\$0
Ending Balance as of June 30, 2021	\$17,584,503
Sufficient Funds to Complete Project?	N/A
% of CIP Project Covered by Fees	N/A
Funds Committed as of June 30, 2021***	\$12,933,909
Funds Yet to be Committed as of June 30, 2021	\$4,585,277
<p>* The refund amount in this table may reflect a difference between Oracle and Accela. The total refund amount is \$65,000 including \$12,000 from prior year amount.</p> <p>**Interest is being accrued on these fees at the fund level and those funds are being allocated to the appropriate impact fee accounts. For AHIF and JHIF, the total interest was combined due to both fees sharing the same fund.</p> <p>***Funds have been committed to projects (see projects listed below), but those projects have either not yet closed their City loans, or are currently drawing other funding sources first, so this money is still in the fund balance at this time.</p>	

HCD – Affordable Housing Impact Fees

Project	Description	Status (When was it awarded AHIF, construction status)	AHIF Funds Committed
West Grand & Brush Phase I	59 units	FY19-20; Estimated Construction start Summer 2022	\$3,965,000
Longfellow Corner	76 units	FY19-20; Estimated construction start Fall 2022	\$3,264,000
7th & Campbell	78 units	FY19-20; Estimated construction start Fall 2022	\$460,192
Oak Hill Apartments/ NOVA	56 units	FY18-19; Construction complete, Summer 2022 perm loan conversion target	\$1,600,000
95th & International	55 units	FY18-19;Construction underway, Winter 2022 completion target	\$1,409,717
Friendship Senior Housing	48 units	FY18-19;Construction start estimated Spring 2023	\$2,235,000

Jobs/ Housing Impact Fee

- OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.) establishes a Jobs/Housing Impact Fee in the City of Oakland to assure that certain commercial development projects compensate and mitigate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any new office or warehouse/distribution development project in a new or existing building over 25,000 square feet must pay to the City the Jobs/Housing Impact Fee, or may elect to construct affordable housing as per OMC Section 15.68.080.
- The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Jobs/Housing Impact Fees collected and all interest and investment earnings thereon, shall be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low-income households.

HCD – Jobs Housing Impact Fees

Fund Balance Summary

Table 5. Jobs/Housing Impact Fee, Fiscal Year 7/1/20 – 6/30/21	
Document Establishing Fee	Oakland Municipal Code Chapters 15.68 & 15.62
Project	N/A
Starting Balance	\$7,281,820
Fees Collected	\$2,841,342
Refunds	\$0
Interest Earned*	\$0
Expenditures	\$95,785
Ending Balance as of June 30, 2021	\$10,027,377
Sufficient Funds to Complete Project?	N/A
% of CIP Project Covered by Fees	N/A
Funds Committed as of June 30, 2021**	\$6,463,804
Funds Yet to be Committed as of June 30, 2021	\$3,659,387
<p>*Interest is being accrued on these fees at the fund level and those funds are being allocated to the appropriate impact fee accounts. For AHIF and JHIF, the total interest was combined due to both fees sharing the same fund.</p> <p>**Funds have been committed to projects (see projects listed below), but those projects have either not yet closed their City loans, or are currently drawing other funding sources first, so this money is still in the fund balance at this time.</p>	

HCD – Jobs Housing Impact Fees

Project	Description	Status	JHIF Funds Committed
Phoenix	101 units	Pre-development/ CEQA & land use approvals in place/Construction start 2023	\$2,175,000
Friendship Senior Housing	48 units	Pre-development/ estimated construction start Spring 2023	\$1,825,000
Fruitvale Transit Village Phase II-B	181 units	Construction Underway/ Target completion Summer 2023	\$1,604,123
West Grand & Brush	59 units	Pre-development/ estimated construction start Summer 2022	\$330,000
95th & International	55 units	Construction Underway/ Winter 2022 Target completion	\$129,681
Predevelopment Loan Program	\$50k limit per loan to cover due diligence development costs	Over the counter	\$400,000

Transportation

Transportation Impact Fees

OMC Chapter 15.74 (Ordinance No. 12442 C.M.S.) establishes citywide transportation impact fees in the City of Oakland to assure that development projects pay their fair share to compensate for the increased demand for transportation infrastructure generated by such development projects within the City of Oakland. Unless exempt from the chapter any development project resulting in additional square footage for a non-residential project or additional housing units in a residential project in new or existing buildings must pay to the City the Transportation Impact Fees, or comply with the Developer Constructed Facilities in OMC Section 15.74.120. For residential development projects, these Impact Fees are further broken down into three Impact Fee Zones for which fees vary.

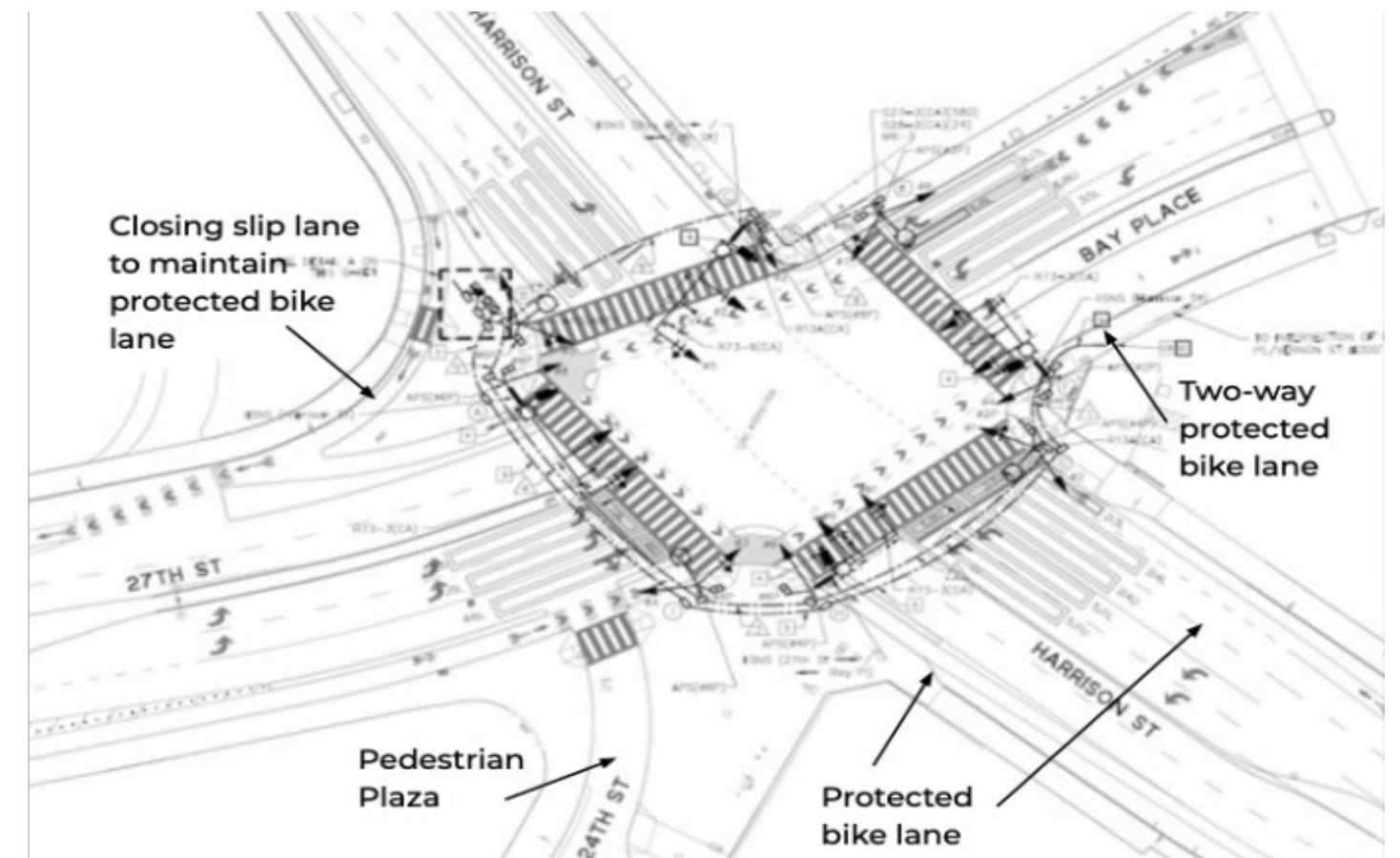
Transportation

Transportation Impact Fees FY 2020-21	
Starting Balance	\$5,594,230
Fees Collected	\$1,314,672
Refunds	\$9,250
Interest Earned	\$17,589
Ending Balance as of June 30, 2021	\$6,899,652
Funds Committed as of June 30, 2021* *TIF funds inadvertently allocated to Trash Capture Project. Funding for this project will be reallocated from CIIF.	\$3,350,000
Funds Yet to be Committed as of June 30, 2021	\$3,549,652

\$2.1 Million in TIF funding for:

Public Improvements at 24th St, Harrison St, Bay Place & 27th St

- Goals:
 - Improve pedestrian, bicyclist, and traffic safety
 - Realign this five-way intersection to a four-way intersection
 - Shorten traffic signal length; reduce vehicle delay
 - Reduce crossing distance for pedestrians and bicyclists
 - Create continuous bike lanes
 - Create a public plaza
- Status:
 - Project approved by city council in October 2021
 - Construction has begun; expected completion by Winter/Spring 2025

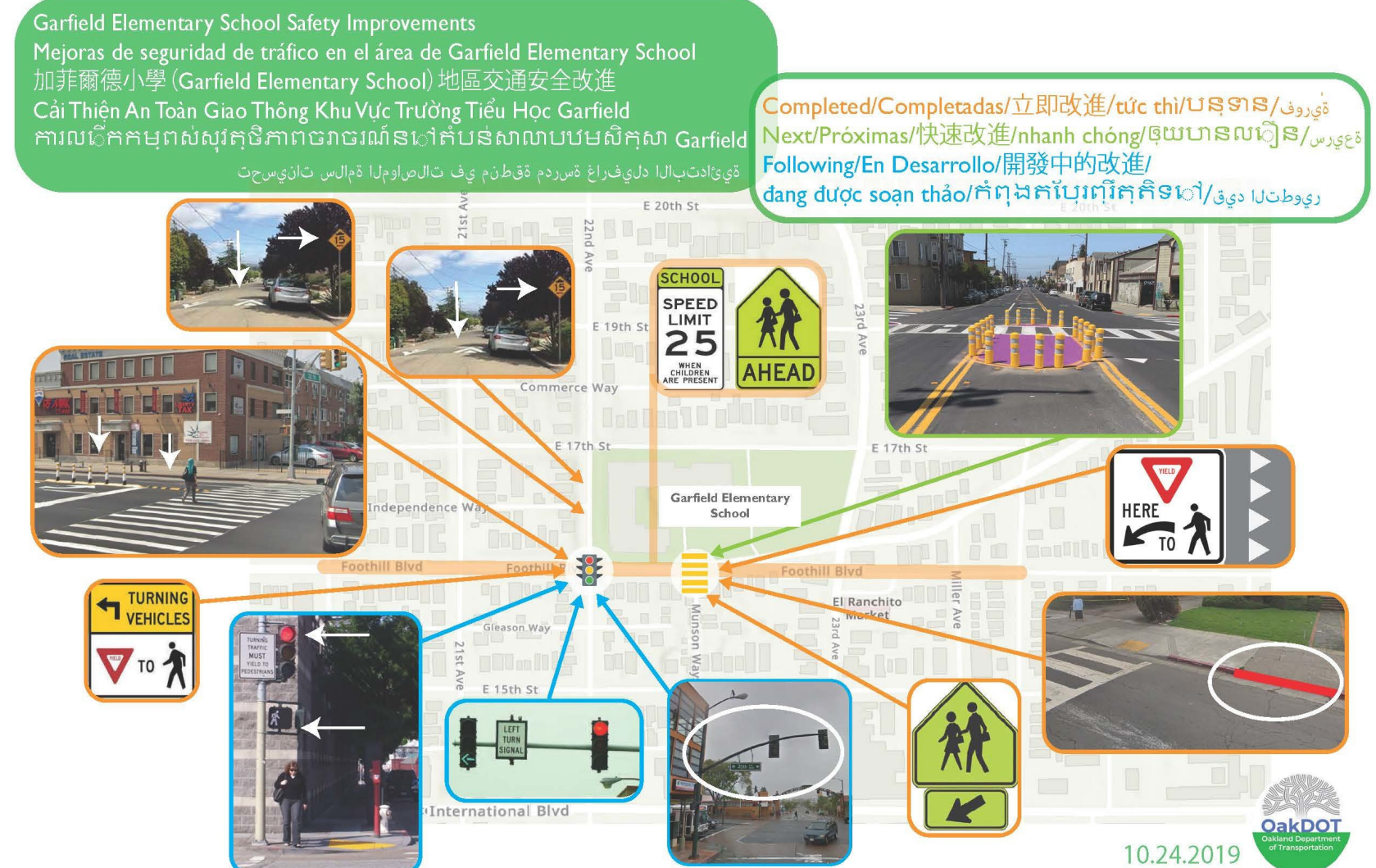


\$1 Million in TIF Funding for:

Garfield Elementary Pedestrian Improvements

- Goals:
 - Improve signal visibility
 - Eliminate conflicts between left-turning vehicles and pedestrians
 - Install leading pedestrian intervals
 - Modernize signal equipment at 22nd Ave and Foothill Blvd.
 - Install concrete median island at intersection of Foothill Blvd and Munson Way

- Status:
 - Project currently in design
 - Expected completion by Winter 2025



OPW

Capital Improvements Impact Fees Project Descriptions

The Public Works Department will consult with the Planning and Building Department and City Attorney's Office to continue develop eligible projects and implement capital project in accordance with the Administrative Regulations and Manual. The following projects were identified for funding as part of the City's CIP Process which coincides with the Biennial and Mid-Cycle Budget processes.

Several policy documents guided the overall preparation of the City's Fiscal Year 2021-2023 CIP. These include:

- Capital Improvement Program Prioritization Process (Resolution 87376 C.M.S., 2018)
- 2017 Infrastructure Bond, Approved CIP Projects (Resolution 86773 C.M.S., 2017)
- 2016 Infrastructure Bond, Measure KK (Resolution 86335 C.M.S., 2016)

Future Projects

Funds deposited into the Capital Improvements Impact Fee (CIF) Fund, and all interest and investment earnings thereon, shall be used to pay for future projects that are required for fire, police, library, parks and recreation, or storm drain services. Fee revenues may be used to fund a public facility or portion of a public facility that meets all of the following criteria:

The project is a capital project contained within the City's Capital Improvement Program;

If the project supports fire, police, library, or parks and recreation services, the project must improve or expand the City's public facilities to accommodate service demand from new development; funds may not be used for rehabilitation, maintenance or operating costs; and

If the project supports storm drain services the project must improve, expand, or rehabilitate the City's storm drain facilities to accommodate service demand from new development.

The project may include preparation and revision of plans, policies, and studies that are required to make necessary findings, prioritizations, and determinations for projects that improve, expand or rehabilitate approved infrastructure.

The table below includes seven capital projects (Items #1-7) to be funded by Fund 2421 in Fiscal Year 2021-2023 in accordance with City Council approved budget whose allocation totals \$936,000. Projects listed in Items #8-10 reflect some, but not all, sample projects that could be funded by the fund balance of \$2,875,992. The actual projects and their scopes that will be funded by the \$2,875,992 fund balance will be clarified and developed prior to project implementation.

OPW

Item #	Fund	Dept.	Description (Include Job Class & FTE)	FY 2021-22 One-Time	FY 2021-22 Total	Notes
1	2421	OPW	Redwood Heights Park tot lot and park expansion	100,000	100,000	For new infrastructure
2	2421	OPW	Junior Science Center	40,000	40,000	Per CM Fife
3	2421	OPW	West Oakland Youth Center	50,000	50,000	Per CM Fife
4	2421	OPW	District 3 Community Center Capital Improvements	96,000	96,000	Per CM Fife (CM Fife to return with resolution)
5	2421	OPW	KONO Signage/Archway	125,000	125,000	Per CM Fife
6	2421	OPW	Arroyo Viejo Park	25,000	25,000	For commercial kitchen
7	2421	OPW	Malonga Center Feasibility Study	500,000	500,000	
8	2421	OPW	Lincoln Recreation Center Expansion	1,000,000	1,000,000	Sample project
9	2421	OPW	Mosswood Recreation Center Expansion	1,375,992	1,375,992	Sample project
10	2421	OPW	Main Library Teen Zone Conceptual Design (sample)	500,000	500,000	Sample project
Subtotal of Expenditure Additions				3,811,992	3,811,992	

Prior Fiscal Year Awards

A status update is provided below for projects for which CIF was identified in prior years.

a. Project: Storm Drainage Master Plan (SDMP)

Description: As part of the phased effort to improve, expand, or rehabilitate the City's storm drain facilities to accommodate service demand from new development, the preparation of the SDMP will identify the program of projects to determine the prioritization of capital improvement repairs needed to improve, expand, or rehabilitate the storm drain infrastructure.

Status: A request for proposals (RFP) was issued for the SDMP during the FY 2019-20 fiscal year. The City Council approved Resolution No. 88355 C.M.S. on November 10, 2020 to award the firm Wood Rogers the contract to develop the SDMP.

Funds Committed: The FY 2020-2021 Adopted Midcycle Budget, Resolution No. 88714 C.M.S., authorized a \$991,000 budget allocation to the Storm Drainage Master Plan (SDMP) project.

FY 2020-21 CIF Project Expenditures: Total amount of \$1345 was expended in FY 2020-2021.

OPW

b. **Project:** Fire Station 12 Renovation project

Description: Fire Station 12 is located in one of the most densely development-impacted areas in the City, serving the Chinatown/Lake Merritt BART neighborhood.

Status: The project is currently in construction.

Funds Committed: Funding in the amount of \$700,000 was allocated to this existing Measure KK project in the Adopted FY 2017-2019 Capital program, to make improvements to existing facilities to accommodate fire operations and improve ADA accessibility.

FY 2020-21 CIF Project Expenditures: Total amount of \$483,222 was expended in FY 2020-2021

OPW

c. **Project:** Brookfield Library Renovation project

Description: The project will demolish existing children's reading room and build new, expanded children's reading room, supporting parks and recreational use, expanding program opportunity for the area.

Status: This project is currently in design with funding reserved for construction.

Funds Committed: Funding in the amount of \$300,000 has been allocated to this existing Measure KK project in the Adopted FY 2017-2019 Capital Program for public services facilities serving the East Oakland community.

FY 2020-21 CIF Project Expenditures: Total amount of \$1967 was expended in FY 2020-2021.

OPW

d. **Project:** Determining scope of services and project definition for a fire station

Description: Funds will be used to develop a project scope for a fire station.

Status: Staff is discussing how best to utilize these funds.

Funds Committed: \$100,000 has been identified in the FY 2019-2021 Adopted Capital Improvement Program for this project.

FY 2020-21 CIF Project Expenditures: No funds were expended in FY 2020-2021.

Five-Year Review of the City's Impact Fee Program – Phase I

- In addition to Annual Impact Fee Report, the State Mitigation Fee Act requires a five-year report.
- In phase I of the Five-Year Review, reports were completed for Affordable Housing, Job/Housing, Transportation, and Capital Improvements Impact Fees to meet the State requirements.
- The following findings for funds remaining in each development impact fee account must be made:
 - Identify the purpose to which the fee is to be put;
 - Demonstrate a reasonable relationship between the fee and purpose charged;
 - Identify all source and amounts of additional (non-impact fee) funding needed to complete projects; and
 - Designate the approximate dates on which additional funding identified in the above finding is anticipated to complete projects.

Five-Year Review of the City's Impact Fee Program – Phase I

- Findings are based on analysis presented in the reports that update the original Nexus Studies for the Affordable Housing, Jobs/Housing, and Transportation and Capital Improvements Impact Fees, which results in an updated amount for the maximum legal impact fees.
- Because of State Assembly Bill 602, the updated maximum legal fee was calculated by square footage as well as by unit for the Affordable Housing, Transportation, and Capital Improvement Impact Fees that are charged on residential development.
- This gives flexibility for the City to charge these impact fees by residential unit, as currently charged, or by square footage
- The Jobs/Housing Impact Fee expanded the evaluation to include all of the non-residential land uses currently subjected to the Transportation and Capital Improvement Impact Fees to now include retail/commercial, hotel/motel, institutional, and industrial uses. Previously only office and warehouse uses were included in the evaluation.

Five-Year Review of the City's Impact Fee Program – Next Steps

Phase II, Feasibility Analysis: Summer 2022 – Fall 2022

- Will analyze the impacts of increasing or otherwise changing the fee structure based on the Impact Fee Five Year Review reports.
- Important to conduct analysis, often the maximum legal fee exceeds what is economically feasible for a development to pay
- Requires that project rents increase to levels that are high enough to cover development costs, pay new impact fees, cover risks, and provide a competitive return.
- If these conditions are not met, then higher impact fees may slow development and adversely affect actual generation of new impact fee collection.

Five-Year Review of the City's Impact Fee Program – Next Steps

Phase II, analysis will include:

- Potential for increases in the amount of impact fees by type, zone, and land use.
- Timing and phase-in for changes in fees
- Paying the fee earlier in the process
- Changing fee zone boundaries
- Increases in providing on-site affordable units in lieu of paying the fee
- Identification of other funding options for new development to support, such as:
 - Comparison of Affordable Housing Impact Fee (with on-site option) and Consideration of Inclusionary housing built on-site (with fee option)
- Enhanced Infrastructure Financing District (EIFD), Mello-Roos tax

Five-Year Review of the City's Impact Fee Program – Next Steps

Phase III, Stakeholder Meetings: Fall/Winter 2022

- Will allow staff to present proposed options for changing existing impact fees for feedback and input from the community.

Phase IV, City Council Hearings: Winter 2022/2023

- Staff will present the options and recommendations to City Council for action based on the analysis and outreach from the preceding phases.

Questions