

SUMMARY

On July 19th, the Planning Commission discussed the proposed inclusionary housing ordinance and amendments. At that time, the Planning Commission requested additional information regarding various affordable housing issues in the City. The following report addresses the Planning Commission's questions.

The City of Oakland Housing Element and the Consolidated Plan for Housing and Community Development provide in-depth information about the City's housing programs. Both are available for your reference on CEDA's Housing and Community Development Division website.

KEY ISSUES AND IMPACTS

Following in italics are the questions and comments raised at the July 19, 2006 Planning Commission meeting, with staff response following each:

- 1. What other programs are currently available to affordable housing (such as Section 8, Redevelopment money, State money, other)?*

Multiple sources of funding are available for affordable housing activities. The Redevelopment Agency's Low and Moderate Income Housing Fund and federal HOME funds are the primary sources of housing funds utilized to support the City's housing development programs. The City also receives federal Community Development Block Grant (CDBG) and other program grant funds (Emergency Shelter Grant and Housing Opportunities for Persons with Aids) that are allocated for the City's housing rehabilitation programs, provide housing for the homeless, fair housing and other housing counseling activities, and fund social services for families and special needs households.

Although state law requires that redevelopment agencies devote 20 percent of tax increment funds to affordable housing, the Agency has allocated 25 percent of gross tax increment to affordable housing activities since 2001. The City uses its Low and Moderate Income Housing and HOME funds to leverage other affordable housing development funds from federal and state governments and private entities. These funds including low income housing tax credits; HUD Section 202 and Section 811 programs for seniors and persons with disabilities; State of California programs administered by the Department of Housing and Community Development and the California Housing Finance Agency; foundation grants; and private lending programs.

The City of Oakland leveraged the third highest amount of Proposition 46 funds of all jurisdictions in the state. (Proposition 46, the Housing and Emergency Shelter Trust Fund Action of 2002, is a \$2.1 million bond measure that was passed by California voters in November 2002).

The Oakland Housing Authority (OHA) owns and operates 3,308 public housing units and administers the Section 8 Certificates and Vouchers Program, which assists 11,142 families to rent housing from private owners. The Section 8 and conventional public housing programs are funded by HUD and provide deep subsidies to residents and, regardless how low their incomes are, ensure that households pay only 30 percent of their incomes for rent.

- 2. What are the "tools in the affordable housing toolbox"?*

CEDA's Housing and Community Development Division implements numerous programs to address the affordable housing needs of Oakland's residents. These "tools" include programs for the Development and Preservation of Affordable Housing, First Time Homebuyer Assistance and Housing Rehabilitation.

Attached to this report is additional information about the specific Housing and Community Development Division housing programs. Please refer to the attachment for more detailed descriptions of the programs.

The Department of Human Services operates a number of programs that provide assistance to the homeless population.

- Emergency Shelter Grant Program, which provides shelter and other forms of temporary housing and support services to the City's homeless population.
- Matilda Cleveland Transitional Housing Program provides temporary housing for homeless families.
- Supportive Housing Program provides a continuum of services, shelter and transitional housing to homeless families.
- Winter Relief Program gives emergency food and temporary shelter during the winter months.

Furthermore, as noted above, the Oakland Housing Authority (OHA) owns and operates 3,308 public housing units and administers 11,142 Section 8 Certificates and Vouchers.

3. *What is the City's bonding capacity for the pursuing an affordable housing bond?*

In 2000, the City of Oakland issued an affordable housing bond in the amount of \$39.5 million. In 2006, a \$55 million affordable housing bond was issued. The majority of the bond funds were used for the development of new affordable housing and the rehabilitation of existing affordable units. Both of these bonds were tax increment bonds that are backed by (and repaid with) the annual deposits to the Agency's Low and Moderate Income Housing Fund. The City plans to issue additional bonds to fund the affordable housing component of the Oak to Ninth project and other large development projects. This bond issuance is also anticipated to be a tax increment bond.

4. *What is Los Angeles proposing with their housing bond? Could Oakland pursue something similar?*

On July 31, 2006, the Los Angeles City Council unanimously voted to place a \$1 billion housing bond proposal on the November ballot. This general obligation bond is believed to be the largest of its kind ever pursued by a municipality. If approved, funds will be used for affordable housing development projects and to establish a homebuyer loan program.

To date, the City of Oakland has not pursued a general obligation bond. A bond of this type would require a ballot measure and two-thirds voter approval. General obligation bonds are secured by the City's full faith and credit and those debt service obligations could make it more difficult to pay for City services funded from the General Fund.

5. *What is the current number of affordable units in Oakland? What are the affordability levels of these units?*

The following table outlines the number of affordable units in Oakland and the affordability levels of these units.

Affordable Housing Units in the City of Oakland

	Total Units ^a	City Assisted Units	Units Assisted with Section 8 ^b	Affordability Level (% AMI)
Family	2,572	1,813	1,152	30 – 80% AMI ^c
Senior	3,914	1,099	3,504	0 – 50% AMI
Supportive	157	145	68	0 – 50% AMI
Single-Room Occupancy (SRO)	679	572	504	0 – 50% AMI
Transitional	90	90	0	0 – 50% AMI
Public Housing	3,308	N/A	N/A	0 – 80% AMI ^d

Total	10,712	3,719	5,228	N/A
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- a. Some projects contain units that are both City-assisted and assisted by Section 8 funds. As a result, the sum of the City Assisted and Section 8 Assisted columns does not equal the total units column.
 - b. Project-based Section 8 guarantees affordability for even the lowest income households.
 - c. City-assisted family units target households between 30% and 80% Area Median Income, although the large majority of the units are occupied by households below 60% Area Median Income. Some family units are also assisted by Section 8 rental assistance that ensures affordability to households between 0% and 50% Area Median Income.
 - d. Most public housing units are occupied by extremely low income households.
6. *The Planning Commission would like some analysis as to how the proposed inclusionary housing ordinance would affect current housing in Oakland.*

CEDA is currently working with a consultant to prepare an inclusionary housing feasibility study. The scope of this study includes analyzing prototypical housing development projects in the City and determining the economic impact of the proposed inclusionary zoning ordinance on market rate housing projects. The study is anticipated to be completed in the fall.

7. *How would the inclusionary housing ordinance affect the City's current affordable housing obligations in our Redevelopment Areas?*

As of June 2006, three Oakland Redevelopment Project Areas had a surplus of affordable housing units for their respective 10-year compliance periods.¹ The Broadway/MacArthur/San Pablo Redevelopment Project Area currently has a deficit of 21 affordable housing units (very low, low and moderate income units) and 15 units specifically for very low income households. The proposed MacArthur BART Transit Village development is anticipated to include sufficient affordable housing to cover the deficit and meet the affordable housing production requirements of the ten-year compliance period.

The proposed inclusionary housing ordinance will help ensure that the Redevelopment Agency will meet its affordable housing requirements for all of the Project Areas subject to production obligations. Furthermore, the units constructed under the proposed inclusionary housing ordinance will free up the City's limited affordable housing funds so they can be focused on very low and low income housing, rather than moderate income housing.

8. *What are neighboring cities along the BART corridor doing for affordable housing (i.e. Berkeley, San Leandro, Hayward, Emeryville, Fremont)?*

Research was recently performed by the Housing and Community Development Department on affordable housing production in 11 cities and towns in Alameda and Contra Costa Counties from 2000 through 2005. It is important to note that the accuracy of this data is unknown, since each city collects and provides its affordable housing production information differently. Some cities, such as Oakland, dedicate considerable amounts of staff time and resources to consistently and accurately track its data, while these efforts may not be priorities for other cities.

The housing production information listed below was gathered from city websites, discussions with housing staff and reviews of annual performance reports. This data does not include units provided under inclusionary zoning or density bonus programs and public housing units that are owned and operated by local housing authorities.

¹ The three Project Areas with an affordable housing surplus are Central City East, Coliseum and West Oakland. Only project areas that were adopted after January 1, 1976 have affordable housing production requirements. It is anticipated that the Oakland Army Base and Oak Knoll Project Areas will fulfill their requirements as housing development projects are completed; .

Affordable Housing Units Completed 2000 through 2005

City	Rental Units	Ownership Units	Total Units
Alameda	122	95	217
Berkeley	187	5	192
Dublin	113	105	218
Emeryville	137	126	263
Fremont	231	0	231
Hayward	397	22	419
Livermore	375	22	397
Oakland	1,168	316	1,484
Richmond	438	147	585
San Leandro	179	47	226

9. *Please comment on the Bay Area's Council's recent report on deficit levels for various cities, including Oakland.*

The Bay Area Council recently released the Bay Area Housing Profile (Third Edition). This report is a rough measure of cities' progress towards meeting its Regional Housing Needs Determination (RHND), also known as fair share allocations.

Jurisdictions were graded based on the extent to which those needs had been met, based on building permits issued. Oakland received an overall grade of B+.

It is important to note that State housing element law requires cities to plan to accommodate anticipated housing needs, but does not require Cities to ensure that the units are actually built. Cities must identify sufficient land with suitable zoning and infrastructure to accommodate the required housing for a range of income levels, and must take actions to remove constraints to development.

The extent to which actual production matches the RHND numbers depends on a variety of factors, most of which are beyond the control of municipal jurisdictions. In particular market conditions and the relationship between housing prices and the cost of development pose a particular constraint.

Oakland's Housing Element was approved by the State in February 2004 (with no comments or requests for changes) and the City is in full compliance with Housing Element law.

While Oakland has not produced all the housing units allocated to it by the RHND, it has produced or approved more housing units in the past five years than is true for any comparable period in several decades.

Compared to many cities, Oakland has few governmental barriers or constraints on housing development; for example, parking requirements are relatively modest and the City does not charge development impact fees on residential development.

SUMMARY

Staff of Housing and Community Development will be available to discuss the responses to these questions and to answer any additional questions from the Planning Commission.

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Attachments:

- A. Directory of Housing Programs, April 2006