
CITY OF OAKLAND
IMPACT FEE
ANNUAL REPORT FOR:

**AFFORDABLE HOUSING,
JOBS/HOUSING, TRANSPORTATION,
& CAPITAL IMPROVEMENTS IMPACT
FEES**

Fiscal Year Ended June 30, 2017

November 20, 2017

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I. REPORTING REQUIREMENTS FOR IMPACT FEES

In California, State legislation sets certain legal and procedural parameters for the charging of impact fees. This legislation was passed as AB1600 by the California Legislature and is now codified as California Government Code Sections (GC §) 66000 through 66008 (“Mitigation Fee Act”). This State law went into effect on January 1, 1989.

GC § 66006(b) states the following requirements as pertains to impact fees for the prior fiscal year:

- a. A brief description of the type of fee in the account or fund.
- b. The amount of the fee.
- c. The beginning and ending balance of the account or fund.
- d. The amount of the Impact Fee revenue collected and the interest earned on the fund balance.
- e. An identification of the capital projects (Affordable Housing, Transportation Infrastructure, or Capital Facilities) on which Impact Fees were expended and the amount of expenditures on each capital project, including the total percentage of the cost of the capital project that was funded with Impact Fees.
- f. If a specific capital project is identified in the City’s Capital Improvement Program for funding by Impact Fees, and if sufficient Impact Fees have been collected to complete funding of the capital project, then the approximate date by which the construction of that capital project will commence. If a date is not identified, then Impact Fees may have to be refunded pursuant to Government Code Sections 6601(e) and (f).

II. DESCRIPTION OF DEVELOPMENT IMPACT FEES

A. Affordable Housing Impact Fees

Oakland Municipal Code (OMC) Chapter 15.72 (Ordinance No. 13365 C.M.S.) establishes affordable housing impact fees in the City of Oakland to assure that market-rate residential development projects pay their fair share to compensate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any development project, unless exempt from this chapter, resulting in additional housing units in new or existing buildings must pay to the City the Affordable Housing Impact Fees, or the applicant may elect to construct on-site or off-site affordable housing units as permitted under OMC Sections 15.72.100 and 15.72.110. These Impact Fees are further broken down into three Impact Fee Zones for which fees vary.

The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Affordable 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.

B. 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.

C. 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. Any development project, unless exempt from the chapter, 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.

A Transportation Impact Fee Fund receives all Transportation Impact Fees collected and all interest and investment earnings thereon, shall be used to pay for improvements within the public right-of-way for pedestrians, bicyclists and/or motor vehicles. Fee revenues may be used to fund a capital project or portion of a capital project that meets the requirements of OMC Section 15.74.100.

D. Capital Improvement Impact Fees

OMC Chapter 15.74 (Ordinance No. 12442 C.M.S.) establishes citywide capital improvement impact fees in the City of Oakland to assure that development projects pay their fair share to compensate for the increased demand for capital improvements infrastructure generated by such development projects within the City of Oakland. Any development project, unless exempt from the chapter, 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 Capital Improvement 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.

A Capital Improvements Impact Fee Fund receives all the Capital Improvements Impact Fees collected and all interest and investment earnings thereon, shall be used to pay for 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 the requirements of OMC Section 15.74.110.

III. AMOUNT OF IMPACT FEE, FUND BALANCE, AND PROJECT DESCRIPTIONS

A. Summary of Impact Fees Collected and Assessed

As expected the first fiscal year amounts of Impact Fees collected/paid are low for a number of reasons including, but not limited to:

1. The Impact Fee program is designed for revenues generated overtime to mitigate impacts from new development and not meant to cover existing shortfalls.
2. The Impact Fees did not start at the beginning of the fiscal year of 2016, which was July 1, 2016, but instead started September 1, 2016, therefore the first year revenues did not include a full fiscal year.
3. A number of projects had vested rights and were not subject to Impact Fees.
4. A number of projects had development agreements that already require some type of community benefits and were not subject to Impact Fees.
5. Impact Fees are not paid in full when a building permit is applied for but later in the building permit process:
 - a. At building permit issuance, 100% of Transportation and Capital Improvements Impact Fees, 50% of Affordable Housing Impact Fees, and 25% of Jobs/Housing Impact Fee are paid. Building permit issuance may occur up to one year after a building permit application. Therefore, a large portion of these fees are not included in the first fiscal year.
 - b. At project completion, the remaining 50% of Affordable Housing Impact Fees and 50% of Jobs/Housing Impact Fee are paid, which for larger projects typically occurs 1 to 3 years after the building permit issuance (and 2 to 4 years after the building permit application). These Impact Fees likely will not be paid until the second, third, or fourth fiscal year.
 - c. For Jobs/Housing Impact Fee the remaining 25% of the Impact Fees are paid at 18 months after project completion.
6. The Impact Fees were phased in to give time for developers to incorporate the cost of the Impact Fees into their projects as well as to incentivize development projects to be built now so the housing built can contribute to the need for housing now. Phasing in new fees was also consistent with continued real growth of rents and improved feasibility of housing development.

Table 1 below lists:

1. The amount of Impact Fees already collected/paid during the first fiscal year of the program.
2. The amount of revenue assessed, but not due yet because the building permit has not been issued yet and/or a certificate of occupancy has not been received yet.
3. And finally, the total amount of Impact Fees assessed for all of the building permits that filed applications during the first fiscal year. So eventually, if all of the projects that have applied for building permits during this past fiscal year are built to completion, these are the total Impact Fees that will be paid.

Table 1: Impact Fees Collected/Paid and Assessed for Building Permit Applications Filed 7/1/16 – 6/30/17				
Impact Fee Fund	Impact Fee	Amount Collected/Paid	Revenue Assessed but Not Due Yet	Total Impact Fees Assessed
		7/1/16 – 6/30/17		
Affordable Housing Trust Fund	Affordable Housing Impact Fees (AHIF)	\$477,824	\$7,207,794	\$7,685,618
	Jobs/Housing Impact Fee (JHIF)	\$303,360	\$2,999,774	\$3,303,134
	Total of AHIF & JHIF	\$781,184	\$10,207,568	\$10,988,752
Transportation Impact Fee Trust Fund	Transportation Impact Fee	\$483,269	\$1,418,254	\$1,901,523
Capital Improvements Impact Fee Trust Fund	Capital Improvements Impact Fee	\$141,547	\$1,189,581	\$1,331,128

B. Affordable Housing Impact Fees

1. The Amount of Affordable Housing Impact Fee

Housing Use Type	Zone	Fiscal Year 7/1/16 – 6/30/17
Multi-family	Zone 1	\$5,500
	Zone 2	\$4,550
	Zone 3	\$0
Townhome	Zone 1	\$6,500
	Zone 2	\$2,600
	Zone 3	\$0
Single-family	Zone 1	\$6,000
	Zone 2	\$3,750
	Zone 3	\$0

2. Fund Balance Summary

Document Establishing Fee	Project	Starting Balance	Fees Collected	Interest Earned*	Transfer Out for Admin Costs**	Expenditures	Ending Balance as of June 30, 2017	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapters 15.72 & 15.62	N/A	\$0.00	\$477,824	\$155	(\$9,556)	(\$0.00)	\$468,423	N/A	N/A

* Estimated interest. Final interest amounts will be posted by February 2018 after Fiscal Year 2016-2017 audited actuals are provided.
 **Transfers out: 2% for Administrative Costs.

3. Affordable Housing Impact Fees Project Descriptions

Because the July 1, 2016 to June 30, 2017 fiscal year is the first fiscal year that Affordable Housing Impact Fees have been collected, no projects were built during that same fiscal year utilizing these funds because there was a starting balance of \$0.00.

Awarding Future Projects

Housing and Community Development released two Notices of Funding Availabilities (NOFA) on July 31, 2017, and received 16 applications for New Construction of Affordable Housing and 8 applications for the Rehabilitation and Preservation of Affordable Housing. In December 2017, Housing and Community Development staff will seek Council approval of a project pipeline in order to award funds, including available Affordable Housing Impact Fees funds, to the eligible projects.

C. Jobs/Housing Impact Fee

1. The Amount of Jobs/Housing Impact Fee

Table 4. Jobs/Housing Impact Fees - Nonresidential (Fee Per Square Foot on Projects >25,000 sq. ft.)
The Date is Based on When the Applicant Applies for Building Permit

Nonresidential Use Type	Fiscal Year 7/1/16 – 6/30/17
Office	\$5.44
Warehouse	\$5.44

2. Fund Balance Summary

Table 5. Jobs/Housing Impact Fee, Fiscal Year 7/1/16 – 6/30/17

Document Establishing Fee	Project	Starting Balance	Fees Collected	Interest Earned*	Transfer Out for Admin Costs**	Expenditures	Ending Balance as of June 30, 2017	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapters 15.68 & 15.62	N/A	\$528,861	\$303,360	\$99	(\$6,067)	(\$0.00)	\$826,253	N/A	N/A

* Estimated interest. Final interest amounts will be posted by February 2018 after Fiscal Year 2016-2017 audited actuals are provided.
**Transfers out: 2% for Administrative Costs.

3. Jobs/Housing Impact Fee Project Descriptions

There were no projects paid money from the Jobs/Housing Impact Fees for the July 1, 2016 to June 30, 2017 fiscal year.

Awarding Future Projects

Housing and Community Development released two Notices of Funding Availabilities (NOFA) on July 31, 2017 and received 16 applications for New Construction of Affordable Housing and 8 applications for the Rehabilitation and Preservation of Affordable Housing. In December 2017, Housing and Community Development staff will seek Council approval of a project pipeline in order to award funds, including available Jobs/Housing Impact Fee, to the eligible projects.

D. Transportation Impact Fees

1. The Amount of Transportation Impact Fees

Housing Use Type	Zone	Fiscal Year 9/1/16 – 6/30/17
Multi-family	Zone 1	\$750
	Zone 2	\$750
	Zone 3	\$710
Townhome	Zone 1	\$1,000
	Zone 2	\$1,000
	Zone 3	\$1,000
Single-family	Zone 1	\$1,000
	Zone 2	\$1,000
	Zone 3	\$1,000

Nonresidential Use Type	Fiscal Year 7/1/16 – 6/30/17
Office	\$0.85
Retail, Freestanding	\$0.75
Retail, Ground Floor	\$0.75
Industrial	\$0.55
Warehouse	\$0.35
Hotel/Motel	\$0.65
Institutional	\$1.20

2. Fund Balance Summary

Document Establishing Fee	Project	Starting Balance	Fees Collected	Interest Earned*	Transfer Out for Admin Costs**	Expenditures	Ending Balance as of June 30, 2017	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapter 15.74	N/A	\$0.00	\$483,269	\$158	(\$9,665)	(\$0.00)	\$473,762	N/A	N/A

* Estimated interest. Final interest amounts will be posted by February 2018 after Fiscal Year 2016-2017 audited actuals are provided.
 **Transfers out: 2% for Administrative Costs.

3. Transportation Impact Fees Project Descriptions

Because the July 1, 2016 to June 30, 2017 fiscal year is the first fiscal year that Transportation Impact Fees have been collected, no projects were built during that same fiscal year utilizing these funds because there was a starting balance of \$0.00.

Future Projects

Funds deposited into the Transportation Impact Fee Fund, and all interest and investment earnings thereon, will be used to pay for improvements within the public right-of-way for pedestrians, bicyclists and/or motor vehicles. There are a number of projects that are CEQA cumulative mitigation measures that will be funded by the Transportation Impact Fees. Fee revenues may be used to fund a capital project or portion of a capital project that meets all of the following criteria:

- a. The project is a capital project contained within the City’s Capital Improvement Program;
- b. The project is part of the City’s citywide transportation infrastructure or provides connectivity between neighborhoods and activity centers within the City, or to neighboring communities or regional transportation facilities, and is not primarily for access to one specific neighborhood or development site; and
- c. The project improves or expands the City’s citywide transportation infrastructure to address and manage travel demand from new development.

Projects may include not only managing vehicle impacts, but also shifting demand to transit, biking, and walking. Funds may not be used for rehabilitation, maintenance or operating costs.

E. Capital Improvements Impact Fees

1. The Amount of Capital Improvements Impact Fees

Table 8. Capital Improvement Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit		
Housing Use Type	Zone	Fiscal Year 7/1/16 – 6/30/17
Multi-family	Zone 1	\$750
	Zone 2	\$250
	Zone 3	\$0
Townhome	Zone 1	\$1,000
	Zone 2	\$1,000
	Zone 3	\$0
Single-family	Zone 1	\$1,500
	Zone 2	\$1,000
	Zone 3	\$0

Table 8a. Capital Improvements Impact Fees - Nonresidential (Fee Per Square Foot) The Date is Based on When the Applicant Applies for Building Permit	
Nonresidential Use Type	Fiscal Year 7/1/16 – 6/30/17
Office	\$0.00
Retail, Freestanding	\$0.00
Retail, Ground Floor	\$0.00
Industrial	\$0.40
Warehouse	\$0.65
Hotel/Motel	\$0.10
Institutional	\$2.50

2. Fund Balance Summary

Table 9. Capital Improvements Impact Fees, Fiscal Year 7/1/16 – 6/30/17									
Document Establishing Fee	Project	Starting Balance	Fees Collected	Interest Earned*	Transfer Out for Admin Costs**	Expenditures	Ending Balance as of June 30, 2017	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapter 15.74	N/A	\$0.00	\$141,547	\$46	(\$2,831)	(\$0.00)	\$138,762	N/A	N/A
* Estimated interest. Final interest amounts will be posted by February 2018 after Fiscal Year 2016-2017 audited actuals are provided. **Transfers out: 2% for Administrative Costs.									

3. Capital Improvements Impact Fees Project Descriptions

Because the July 1, 2016 to June 30, 2017 fiscal year is the first fiscal year that Capital Improvements Impact Fees have been collected, no projects were built during that same fiscal year utilizing these funds because there was a starting balance of \$0.00.

Future Projects

Funds deposited into the Capital Improvements Impact Fee 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:

- a. The project is a capital project contained within the City’s Capital Improvement Program;
- b. 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
- c. 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.