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OAKLAND

2019 JAN 17 PM 3:19

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: William Gilchrist
Director, PBD

SUBJECT: Impact Fees Annual Report

DATE: January 11, 2019

City Administrator Approval

Date:

1/17/19

RECOMMENDATION

Staff Recommends That The City Council Receive An Annual Report On The Affordable Housing, Transportation, Capital Improvements, and Jobs/Housing Impact Fees.

EXECUTIVE SUMMARY

Oakland is facing a housing affordability crisis and is confronted with inadequate infrastructure. Multiple City policies and initiatives, such as the General Plan, Housing Equity Roadmap, and the Mayor's Housing Cabinet "Oakland At Home" report called for adopting development impact fees so that new development in the city pays its fair share towards funding affordable housing, transportation improvements, and capital facilities.

On May 3, 2016, the City Council adopted the Affordable Housing Impact Fees in Oakland Municipal Code (OMC) Chapter 15.72 (Ordinance No. 13365 C.M.S.), and the Transportation and Capital Improvements Impact Fees in OMC Chapter 15.74 (Ordinance No. 13366 C.M.S.). These Impact Fees went into effect for development projects submitting a building permit application on or after September 1, 2016. Previously, on July 30, 2002, the City Council adopted the Jobs/Housing Impact Fee in OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.); and these Impact Fees went into effect for development projects submitting a building permit on or after July 1, 2005.

This is the annual report for the fiscal year (FY) of July 1, 2017 to June 30, 2018 (FY 2017 – 2018) of the Affordable Housing, Transportation, and Capital Improvements Impact Fees, as well as the previously adopted Jobs/Housing Impact Fee, as required per the Mitigation Fee Act, California Government Code Section 66000.

As expected, the amounts of Impact Fees collected/paid in the second fiscal year are higher than the previous fiscal year (July 1, 2016 – June 30, 2017), but are not as high as the amounts anticipated for the upcoming third fiscal year for a number of reasons, including, but not limited to:

1. There were fewer projects in FY 2017 – 2018 that had vested rights and therefore not subject to Impact Fees.
2. Impact Fees are not paid in full at the time of a building permit application. Instead, the fees are paid later in the building permit process as follows:

Item: _____
CED Committee
January 29, 2019

- 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 were not collected in the first fiscal year and will be paid in the second fiscal year.
 - b. At project completion, 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), the remaining 50% of Affordable Housing Impact Fees and 50% of Jobs/Housing Impact Fee are paid. Approximately 15% of these Impact Fees assessed in the first fiscal year were paid in the second fiscal year; the rest of the assessed Impact Fees from the first fiscal year are anticipated to be paid in the third or fourth fiscal year depending on when the buildings are completed.
 - c. For the Jobs/Housing Impact Fee, the remaining 25% of the Impact Fees are paid 18 months after project completion. A very small amount was collected in this fiscal year from completed projects.
3. The Impact Fees were phased in to give time for developers to incorporate the cost of the Impact Fees into their projects. Phasing in new fees was also consistent with continued real growth of rents and improved feasibility of housing development. The Impact Fees did go up during the second fiscal year, but most of the Impact Fees assessed during the second fiscal year will not be paid until the third fiscal year.

The following are the amounts of Impact Fees that were assessed on building permit applications, as well as the amounts that were paid and due during the July 1, 2017 to June 30, 2018 fiscal year:

1. Affordable Housing Impact Fees: \$14,716,851 assessed and \$3,206,036 paid.
2. Jobs/Housing Impact Fee: \$3,047,059 assessed and \$1,637,551 paid.
3. Transportation Impact Fees: \$2,757,480 assessed and \$1,867,348 paid.
4. Capital Improvements Impact Fees: \$1,687,545 assessed and \$1,598,476 paid.

Both the Affordable Housing Impact Fees and the Jobs/Housing Impact Fee go into the Affordable Housing Trust Fund, for a total assessed amount of \$17,763,910 and paid amount of \$4,843,587. The Affordable Housing Impact Fee programs are designed to generate revenues over time to mitigate impacts from new development; they are not meant to cover existing shortfalls in affordable housing funding. Other sources of revenue for the Affordable Housing Trust Fund include the Redevelopment dissolution funds (aka "boomerang funds"), and fines and penalties under the Foreclosed and Defaulted Residential Property Registration Program.

BACKGROUND / LEGISLATIVE HISTORY

Summary of the Affordable Housing, Transportation, and Capital Improvements Impact Fees

The Affordable Housing, Transportation, and Capital Improvements Impact Fees were adopted in part because Oakland continues to face a housing affordability crisis and is confronted with inadequate infrastructure. As Oakland experiences economic growth, it is important that the City plan for and provide funds for affordable housing, transportation improvements, and capital facilities (for fire, library, parks, police, and storm drain public facilities or infrastructure) to meet the current and evolving needs of residents. Multiple City policies and initiatives, such as the General Plan, Housing Equity Roadmap, and the Mayor's Housing Cabinet "Oakland At Home" report called for adopting development impact fees so that new development in the city pays its fair share towards funding affordable housing, transportation improvements, and capital facilities. While impact fees alone will not solve Oakland's pressing affordable housing and infrastructure improvement needs, they are an important step towards addressing these problems.

Development Projects Subject to Impact Fees and Exemptions

The following projects are subject to the Affordable Housing, Transportation, and/or Capital Improvements Impact Fees:

1. Affordable Housing Impact Fees -
 - New housing units (including live/work and work/live units)
2. Transportation and Capital Improvements Impact Fees -
 - New housing units (including live/work and work/live units)
 - New nonresidential projects
 - Nonresidential projects with additional floor area
 - Nonresidential projects with a "Change and Intensification of Use"

The following projects are exempt from the impact fees:

1. Secondary Units.
2. Affordable housing projects (exempt from the Affordable Housing Impact Fee and the Capital Improvements Impact Fee, but subject to the Transportation Impact Fee).
3. Nonresidential projects converting less than 5,000 square feet of floor area to another use.
4. Nonresidential projects involving less than 5,000 square feet of building floor area occupied by institutional uses.

Impact Fee Zones for Residential Development Projects

Three (3) different impact fee zones for residential projects correspond to three (3) geographic zones of the city that have different market characteristics (i.e., support different prices and rents) and different levels of economic feasibility, and thus different abilities to pay impact fees. A general description of the zones is listed below (see **Attachment A** for a map of the Impact Fee Zones).

1. Impact Fee Zone 1: Downtown, the east side of Lake Merritt, much of North Oakland, and the Hills above I-580.
2. Impact Fee Zone 2: West Oakland, a small part of North Oakland, the area east of Lake Merritt to 23rd Avenue.
3. Impact Fee Zone 3: areas east of 23rd Avenue and below I-580.

Payment of Impact Fees

The impact fees are paid during the building permit review process:

1. All Transportation and Capital Improvements Impact Fees are due prior to the issuance of a building permit.
2. The Affordable Housing Impact Fee is due in two installments:
 - The first installment of 50% of the Impact Fee is due prior to the issuance of a building permit; and
 - The second installment for the remaining 50% is due prior to the issuance of a temporary or permanent certificate of occupancy, whichever comes first.

Allowing for impact fee payment in a phased approach benefits economic feasibility by reducing the carrying cost timeframe.

Impact Fee Amount and Phasing

The amount charged for the Impact Fees was intended to balance the need to generate more affordable housing, while not impeding construction of new housing for all income levels. The generation of additional housing units addresses the scarcity of available units in the current market, scarcity which ultimately contributes to displacement.

The implementation of impact fees was intended to "follow" the market, phasing in new fees consistent with continued real growth of rents and improved feasibility of housing development. By doing so, it intended to encourage near-term development that provides successes on the ground for lenders and investors and increases the ability to absorb higher fees in the future.

The Transportation Impact Fee sufficiently covers the California Environmental Quality Act (CEQA) transportation cumulative impact mitigations that are within the Environmental Impact Reports for all the Specific Plans, Redevelopment Plans, General Plan, and other major projects. Therefore, paying the impact fee satisfies a development's obligation to contribute its fair share towards mitigating the cumulative impact without having to fully fund the mitigation project.

For nonresidential projects, the City adopted a Jobs/Housing Impact Fee that went into effect on July 1, 2005 on office and warehouse activities to provide funding for affordable housing. Therefore, the newer Impact Fees for nonresidential projects were adopted for capital improvements and transportation only, not for affordable housing. For all the nonresidential uses, the Transportation Impact Fees include the minimum amount to cover CEQA transportation cumulative impact mitigations starting in 2016 so developers can pay their fair share of required transportation improvements. For Capital Improvements, the fees vary by land use depending on the economic feasibility for that land use at the time the Impact Fees were

adopted and economic development considerations; the phasing in of higher fees was based on development becoming more feasible over time with higher rents anticipated.

The fees for the Affordable Housing, Transportation, and Capital Improvements Impact Fees started September 1, 2016 (see **Tables 1 – 3a** below for Impact Fee amounts). The Impact Fees are phased in and increased on July 1, 2017; and increased again on July 1, 2018; and then for residential projects stay the same through June 30, 2020, except for Zone 3, which was phased in over 5 years, and then will increase with inflation starting on July 1, 2021 and on July 1st of each year thereafter. For nonresidential projects the Impact Fees will continue to increase on July 1, 2019, July 1, 2020, and then will increase with inflation on July 1st of each year thereafter.

Affordable Housing Impact Fees

Table 1: Affordable Housing Impact Fees - Residential

Affordable Housing Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit						
Housing Use Type	Zone	9/1/16 – 6/30/17	7/1/17 – 6/30/18	7/1/18 – 6/30/19)	7/1/19 – 6/30/20	7/1/20 – 6/30/21
Multi-family	Zone 1	\$5,500	\$11,500	\$22,000	\$22,000	\$22,000
	Zone 2	\$4,550	\$9,250	\$17,750	\$17,750	\$17,750
	Zone 3	\$0	\$0	\$3,000	\$6,000	\$12,000
Townhome	Zone 1	\$6,500	\$12,000	\$20,000	\$20,000	\$20,000
	Zone 2	\$2,600	\$7,200	\$14,250	\$14,250	\$14,250
	Zone 3	\$0	\$0	\$1,000	\$4,000	\$8,000
Single-family	Zone 1	\$6,000	\$12,500	\$23,000	\$23,000	\$23,000
	Zone 2	\$3,750	\$9,000	\$16,500	\$16,500	\$16,500
	Zone 3	\$0	\$0	\$1,000	\$4,000	\$8,000

Capital Improvement Impact Fees

Table 2: Capital Improvements Impact Fees - Residential

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	9/1/16 – 6/30/17	7/1/17 – 6/30/18	7/1/18 – 6/30/19)	7/1/19 – 6/30/20	7/1/20 – 6/30/21
Multi-family	Zone 1	\$750	\$750	\$1,250	\$1,250	\$1,250
	Zone 2	\$250	\$500	\$750	\$750	\$750
	Zone 3	\$0	\$0	\$0	\$0	\$250
Townhome	Zone 1	\$1,000	\$1,000	\$3,000	\$3,000	\$3,000
	Zone 2	\$1,000	\$1,000	\$2,000	\$2,000	\$2,000
	Zone 3	\$0	\$0	\$1,000	\$1,000	\$1,000
Single-family	Zone 1	\$1,500	\$2,000	\$4,000	\$4,000	\$4,000
	Zone 2	\$1,000	\$1,500	\$3,000	\$3,000	\$3,000
	Zone 3	\$0	\$0	\$1,000	\$1,000	\$1,000

Table 2a: Capital Improvements Impact Fees - Nonresidential

Capital Improvements Impact Fees - Nonresidential (Fee Per Square Foot) The Date is Based on When the Applicant Applies for Building Permit					
Nonresidential Use Type	9/1/16 – 6/30/17	7/1/17 – 6/30/18	7/1/18 – 6/30/19	7/1/19 – 6/30/20	7/1/20 – 6/30/21
Office*	\$0.00	\$0.00	\$1.00	\$1.00	\$2.00
Retail, Freestanding	\$0.00	\$0.15	\$0.25	\$0.25	\$0.50
Retail, Ground Floor	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Industrial	\$0.40	\$0.40	\$0.75	\$0.75	\$1.00
Warehouse*	\$0.65	\$0.90	\$1.00	\$1.00	\$1.00
Hotel/Motel	\$0.10	\$0.20	\$0.35	\$0.35	\$0.60
Institutional	\$2.50	\$2.50	\$2.50	\$2.50	\$3.00

*Jobs/Housing Impact Fee for affordable housing = \$5.44 per square foot for July 1, 2017 – June 30, 2018.

Transportation Impact Fees

Table 3: Transportation Impact Fees - Residential

Transportation Impact Fees - Residential (Fee Per Housing Unit) The Date is Based on When the Applicant Applies for Building Permit						
Housing Use Type	Zone	9/1/16 – 6/30/17	7/1/17 – 6/30/18	7/1/18 – 6/30/19	7/1/19 – 6/30/20	7/1/20 – 6/30/21
Multi-family	Zone 1	\$750	\$750	\$750	\$750	\$750
	Zone 2	\$750	\$750	\$750	\$750	\$750
	Zone 3	\$710	\$710	\$750	\$750	\$750
Townhome	Zone 1	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Zone 2	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Zone 3	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Single-family	Zone 1	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Zone 2	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Zone 3	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

Table 3a: Transportation Impact Fees - Nonresidential

Transportation Impact Fees - Nonresidential (Fee Per Square Foot) The Date is Based on When the Applicant Applies for Building Permit					
Nonresidential Use Type	9/1/16 – 6/30/17	7/1/17 – 6/30/18	7/1/18 – 6/30/19	7/1/19 – 6/30/20	7/1/20 – 6/30/21
Office*	\$0.85	\$0.85	\$1.00	\$1.00	\$2.00
Retail, Freestanding	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
Retail, Ground Floor	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
Industrial	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
Warehouse*	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Hotel/Motel	\$0.65	\$0.65	\$0.65	\$0.65	\$0.65
Institutional	\$1.20	\$1.20	\$2.00	\$2.00	\$3.00

*Jobs/Housing Impact Fee for affordable housing = \$5.44 per square foot for July 1, 2017 – June 30, 2018.

On-Site and Off-Site Affordable Housing Options

As an alternative to payment of the Affordable Housing Impact Fee, a developer has the option to mitigate their project's impacts by building affordable units on-site or off-site.

There is a need to have not only stand-alone affordable housing buildings, but also buildings with a mixture of income levels. The Affordable Housing Impact Fee ordinance recognized this need and tried to incentivize the creation of on-site affordable housing units in market rate developments. There are benefits to having projects build affordable units on-site, because such units can be built sooner and are mixed in with market-rate units. Additionally, the units can be built in neighborhoods that often have more amenities and better public services but otherwise lack affordable housing opportunities.

An applicant will not be subject to the Affordable Housing Impact Fee if they provide a certain level of affordable housing within the development project. The same affordable unit percentages were chosen as required under the existing State Density Bonuses and Other Incentives provisions in Government Code Sections 65915-65918 and the Density Bonus and Incentive Procedure in Chapter 17.107 of the Oakland Planning Code:

1. Very-Low Income: 5 percent
2. Low Income: 10 percent
3. Moderate Income: 10 percent

The State and local Density Bonus and Incentive Programs award additional allowable density and certain development incentives to projects with affordable units. The more affordable units provided, the larger the density bonus and the more incentives that are available. Incentives include but are not limited to: reduction in development standards, required off-street parking, required setbacks, maximum building height, required open space, maximum floor-area ratio, minimum lot area, and minimum courtyards. Other cities use similar measures for on-site development to take advantage of the Density Bonus Program.

The State and local Density Bonus and Incentive Program regulations require 10 percent affordable units for both low-income and moderate-income units, however, under the Density Bonus and Incentives Program there are higher density bonuses for providing low-income units as opposed to moderate-income units. So, although moderate-income units are less expensive for the developer to provide compared to low-income units, providing low-income units allows for larger density bonuses. Also, these percentages are the minimums for the Density Bonus and Incentive Program. Projects may opt to provide higher percentages to take advantage of larger bonuses and more incentives.

Summary of Jobs/Housing Impact Fee

On July 30, 2002, the City Council adopted the Jobs/Housing Impact Fee, OMC Chapter 15.68 (Ordinance No. 12442 C.M.S.). These Impact Fees went into effect for development projects submitting a building permit on or after July 1, 2005. The Impact Fees started at \$4.00 per square foot and have adjusted with inflation, and currently are charged at \$5.44 per square foot.

Development Projects Subject to Jobs/Housing Impact Fee and Exemptions

Development Projects that are Subject to the Jobs/Housing Impact Fee:

- New nonresidential Office or Warehouse projects that exceed 25,000 square feet.
- Nonresidential Office or Warehouse projects with additional floor area that exceeds 25,000 square feet.
- Nonresidential projects with a "Change and Intensification of Use" to an office or warehouse that exceeds 25,000 square feet.
- A building that is vacant for a year or more and exceeds 25,000 square feet that obtains a building permit for an office or warehouse activity.
- Development projects subject to the Jobs/Housing Impact Fee only pay for square footage of the building that exceeds 25,000 square feet.

Payment of Jobs/Housing Impact Fee

Development projects subject to the Jobs/Housing Impact Fee only pay for square footage of the building that exceeds 25,000 square feet.

The Jobs/Housing Impact Fee is due in three installments:

- The first installment of 25% of the Impact Fee is due prior to the issuance of a building permit;
- The second installment of 50% is due prior to the issuance of a temporary or permanent certificate of occupancy, whichever comes first; and
- The third installment for the remaining 25% is due 18 months after the temporary certificate of occupancy.

ANALYSIS AND POLICY ALTERNATIVES

Reporting Requirements for Development Impact Fees

In California, State legislation sets certain legal and procedural parameters for the charging of development impact fees ("DIFs"). This legislation was passed as AB1600 by the California Legislature and is now codified as California Government Code Section 66000 through 66008 ("Mitigation Fee Act"). This State law went into effect on January 1, 1989. For the full Impact Fee Annual Report for Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements Impact Fees, Fiscal Year Ended June 30, 2018 see **Attachment B**.

Summary of Impact Fees Collected and Assessed

As expected, the amounts of Impact Fees collected/paid in the second fiscal year are higher than last fiscal year (July 1, 2016 – June 30, 2017), but are not as high as the amounts anticipated for the upcoming third fiscal year for a number of reasons as stated in the Executive Summary at the beginning of this report.

Table 4 below lists:

1. The amount of Impact Fees already collected/paid during the first fiscal year of the program, FY 2016 – 2017, and the second fiscal year of the program, FY 2017 – 2018, as well as the total amount collected/paid over the two fiscal years of FY 2016 – 2017 and FY 2017 – 2018.
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 and the second fiscal year. So if all of the projects that have applied for building permits during this past two fiscal years are built to completion, these are the total Impact Fees that will be paid.
4. Please note that most of the Impact Fees collected/paid in FY 2017 – 2018 are from projects that had their Impact Fees assessed in FY 2016 – 2017.

Table 4: Impact Fees Collected/Paid and Assessed for Building Permit Applications Filed 7/1/16 – 6/30/18						
Impact Fee Fund	Impact Fee and Fiscal Year (FY)		Amount Collected/Paid	Revenue Assessed but Not Due Yet	Total Impact Fees Assessed	
Affordable Housing Trust Fund	Affordable Housing Impact Fees (AHIF)	AHIF, FY 16 - 17	\$477,824	\$5,723,991	\$6,201,815 ^a	
		AHIF, FY 17 - 18	\$3,206,036	\$11,510,815	\$14,716,851	
		Total AHIF FYs 2016 - 2018	\$3,683,860	\$17,234,806	\$20,918,666	
	Jobs/Housing Impact Fee (JHIF)	JHIF, FY 15 - 16	\$526,861 ^b	\$0	\$0	
		JHIF, FY 16 - 17	\$303,360	\$2,758,235	\$3,061,595 ^c	
		JHIF, FY 17 - 18	\$1,637,551	\$1,409,508	\$3,047,059	
		Total JHIF FYs 2015 - 2018	\$2,467,772	\$3,640,882	\$6,350,193	
	AHIG & JHIF	Total of AHIF & JHIF FY 15 - 16	\$526,861 ^b	\$0	\$0	
		Total of AHIF & JHIF FY 16 - 17	\$781,184	\$8,482,226	\$9,263,410	
		Total of AHIF & JHIF FY 17 - 18	\$4,843,587	\$12,920,323	\$17,763,910	
		Total of AHIF & JHIF FYs 2015 - 2018	\$6,151,632	\$21,402,549	\$27,268,859	
	Transportation Impact Fee Trust Fund	Transportation Impact Fee (TIF)	TIF, FY 16 - 17	\$483,269	\$1,138,114	\$1,621,383 ^a
			TIF, FY 17 - 18	\$1,867,348	\$890,132	\$2,757,480
Total TIF FYs 2016 - 2018			\$2,350,617	\$2,028,246	\$4,378,863	
Capital Improvements Impact Fee Trust Fund	Capital Improvements Impact Fee (CIIF)	CIIF, FY 16 - 17	\$141,547	\$993,310	\$1,134,857 ^{ac}	
		CIIF, FY 17 - 18	\$1,598,476	\$89,069	\$1,687,545	
		Total CIIF FYs 2016 - 2018	\$1,740,023	\$1,082,379	\$2,822,402	

^a Last year the Total Impact Fees Assessed in the 2016 – 2017 year as published in the Impact Fee Annual Report Fiscal Year Ended June 30, 2017 was \$7,685,618. The reduction in the amount published in this table of the Total Impact Fees Assessed in Fiscal Year 2016 – 2017 is due to a project that had been incorrectly assessed Affordable Housing Impact Fees for units that were Vested and therefore not subject to Impact Fees. This also accounts for a reduction in Total Impact Fees Assessed for Transportation and Capital Improvement Impact Fees for Fiscal Year 2016 – 2017.

^b Balance from the Jobs/Housing Fiscal Year of 2015 – 2016, Affordable Housing Impact Fees did not start until Fiscal Year 2016 – 2017.

^c Last year the Total Impact Fees Assessed in the 2016 – 2017 year as published in the Impact Fee Annual Report Fiscal Year Ended June 30, 2017 was \$3,303,134. The reduction in the amount published in this table of the Total Impact Fees Assessed in Fiscal Year 2016 – 2017 is due to a project that was granted a reduction in the Jobs/Housing Impact Fee as well as the Capital Improvements Impact Fees because it is a self-storage facility with a small number of employees compared to a regular warehouse.

FISCAL IMPACT

This annual report for Impact Fees has no fiscal impact as it is an informational report only.

The fiscal benefit of the revenues generated by the impact fees for FY 2017-18 is \$3,206,036 for the Affordable Housing Impact Fee, \$1,637,551 for the Jobs/Housing Impact Fee, \$1,867,348 for the Transportation Impact Fee, and \$1,598,476 for the Capital Improvements Impact Fee.

The Mitigation Fee Act requires annual monitoring and reporting, and a five-year update of the Impact Fees, 2% of the Impact Fees paid are being held to pay for these requirements.

PUBLIC OUTREACH / INTEREST

An email notification was sent out on the govdelivery email listserve from the City to those subscribed for updates of the Impact Fees upon posting of this Impact Fee Annual Report. No additional outreach other than posting on the City's website was required.

COORDINATION

Project management, policy guidance, and implementation was coordinated with the City Administrator's Office, Office of the City Attorney, and the Planning and Building Department as well as the Public Works Department, Housing and Community Development Department, and Department of Transportation along with other departments, as appropriate, based on the topic(s) addressed.

SUSTAINABLE OPPORTUNITIES

Economic: The city's adopted impact fees require private development to fund its fair share of affordable housing, transportation and capital improvements infrastructure in a manner that does not hamper new development. The application of the development impact fee process helps provide certainty about development costs.

Environmental: Impact fees pay for the impacts that a project creates and serve to mitigate the cumulative transportation impacts.

Social Equity: Impact fees on new development provides funding for affordable housing units and transportation and capital improvements infrastructure. These funds will be used to mitigate impacts of new development citywide.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Annual Report On The Affordable Housing, Capital Improvements, Transportation, and Jobs/Housing Impact Fees.

For questions regarding this report, please contact Laura Kaminski, Acting Strategic Planning Manager, at (510) 238-6809.

Respectfully submitted,



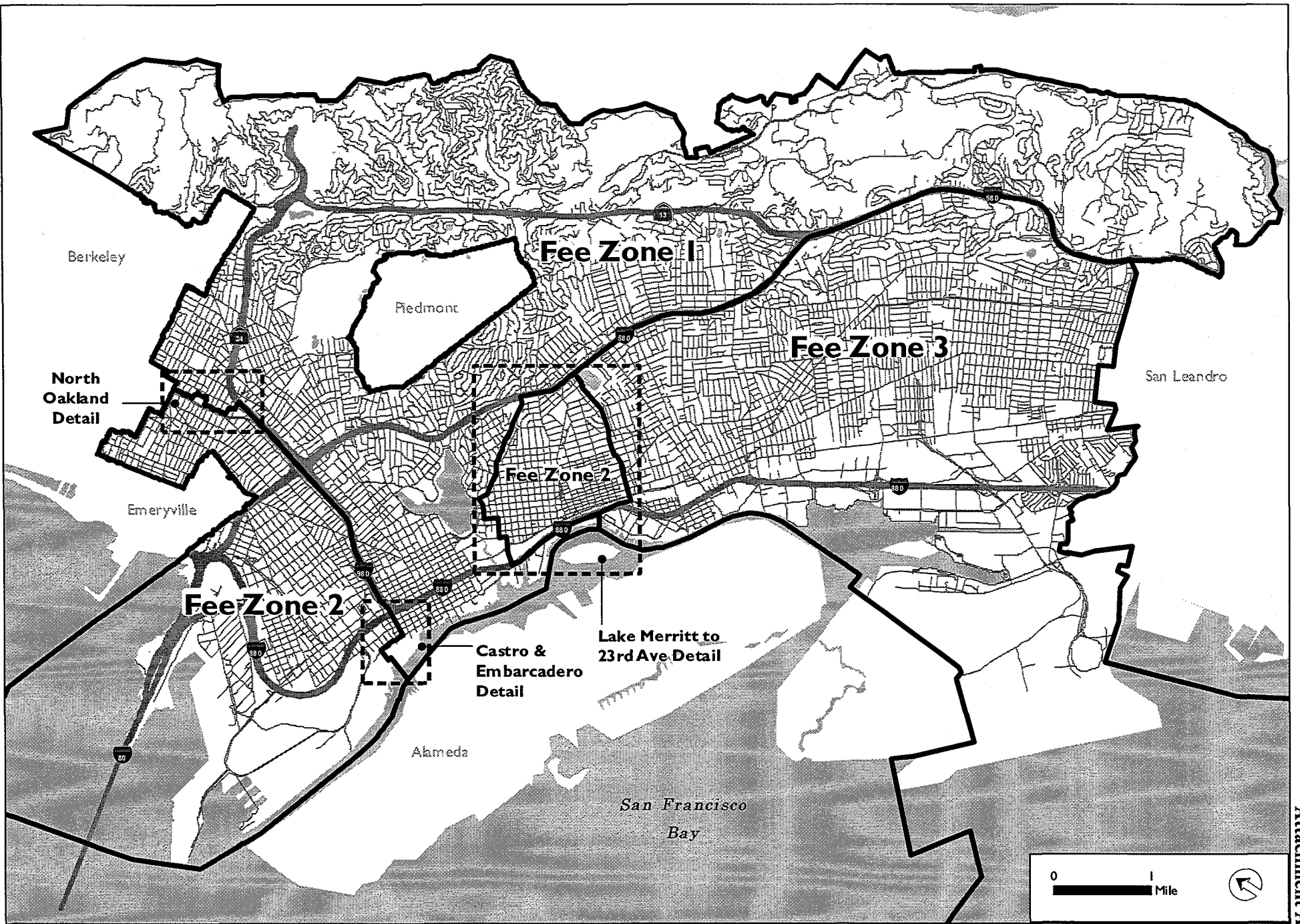
WILLIAM A. GILCHRIST
Director, Planning and Building Department

Reviewed by:
Ed Manasse, Interim Deputy Director
Planning Bureau

Prepared by:
Laura B. Kaminski, Acting Strategic Planning
Manager
Strategic Planning Division

Attachments (2):

- A. *Impact Fee Zone Map*
- B. *Impact Fee Annual Report for: Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements Impact Fees, Fiscal Year Ended June 30, 2018*



Impact Fee Zones for Residential Projects

Planning & Building Department
April 20, 2016

CITY OF OAKLAND
IMPACT FEE
ANNUAL REPORT FOR:

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

Fiscal Year Ended June 30, 2018

December 18, 2018

TABLE OF CONTENTS

I. Reporting Requirements for Impact Fees	2
II. Description of Development Impact Fees	2
A. Affordable Housing Impact Fees	2
B. Jobs/Housing Impact Fee	3
C. Transportation Impact Fees	3
D. Capital Improvement Impact Fees	3
III. Amount of Impact Fee, Fund Balance, and Project Descriptions	4
A. Summary of Impact Fees Collected and Assessed.....	4
B. Affordable Housing Impact Fees	7
C. Jobs/Housing Impact Fee	9
D. Transportation Impact Fees.....	11
E. Capital Improvements Impact Fees	12

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 66001(e) and (f).)
- g. A description of each interfund transfer or loan made from the account or fund, if any, including the public improvement on which the transferred or loaned fees will be expended.
- h. The amount of refunds and/or allocations made pursuant to Sections 66001(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 second fiscal year amounts of Impact Fees collected/paid are higher than last fiscal year, but not as high as anticipated for the third fiscal year amounts for a number of reasons including, but not limited to:

1. The Impact Fee program is designed for revenues generated over time to mitigate impacts from new development and not meant to cover existing shortfalls.
2. The Impact Fees did include a full fiscal year this year, from July 1, 2017 to June 30, 2018, compared to last fiscal year when the revenues did not include a full fiscal year because the Impact Fees did not start until September 1, 2016.
3. There were fewer projects that 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 were not included in the first fiscal year and now a large portion of these Impact Fees were paid in the second 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). There was about 15% of these Impact Fees that were accessed in the first fiscal year that were paid in the second fiscal year, the rest of these accessed Impact Fees from the first fiscal year are anticipated to be paid in the third or fourth fiscal year depending on when the buildings are completed.
 - c. For Jobs/Housing Impact Fee the remaining 25% of the Impact Fees are paid at 18 months after project completion, a very small amount was collected in this fiscal year from that phase of projects.
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 and to contribute to the need for housing earlier. Phasing in new fees was also consistent with continued real growth of rents and improved feasibility of housing development. The Impact Fees did go up during the second fiscal year, but most of the Impact Fees accessed during the second fiscal year will not be paid until the third fiscal year.

Table 1 lists:

1. The amount of Impact Fees already collected/paid during the first fiscal year of the program, Fiscal Year 2016 – 2017, and the second fiscal year of the program, Fiscal Year 2017 – 2018 as well as the total amount collected/paid over the two fiscal years of Fiscal Year 2016 - 2018.
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 and the second fiscal year. So eventually, if all of the projects that have applied for building permits during this past two fiscal years are built to completion, these are the total Impact Fees that will be paid.
4. Please note that most of the Impact Fees collected/paid in Fiscal Year 2017 – 2018 are from projects that had their Impact Fees assessed in Fiscal Year 2016 – 2017.

**Table 1: Impact Fees Collected/Paid and Assessed for
Building Permit Applications Filed 7/1/16 – 6/30/18**

Impact Fee Fund	Impact Fee	Amount Collected/Paid	Revenue Assessed but Not Due Yet	Total Impact Fees Assessed	
Affordable Housing Trust Fund	Affordable Housing Impact Fees (AHIF)	AHIF, Fiscal Year 2016 - 2017	\$477,824	\$5,723,991	\$6,201,815 ^a
		AHIF, Fiscal Year 2017 - 2018	\$3,206,036	\$11,510,815	\$14,716,851
		Total AHIF Fiscal Years 2016 - 2018	\$3,683,860	\$17,234,806	\$20,918,666
	Jobs/Housing Impact Fee (JHIF)	JHIF, Fiscal Year 2015 - 2016	\$526,861 ^b	\$0	\$0
		JHIF, Fiscal Year 2016 - 2017	\$303,360	\$2,758,235	\$3,061,595 ^c
		JHIF, Fiscal Year 2017 - 2018	\$1,637,551	\$1,409,508	\$3,047,059
		Total JHIF Fiscal Years 2015 - 2018	\$2,467,772	\$3,640,882	\$6,350,193
	AHIG & JHIF	Total of AHIF & JHIF Fiscal Year 2015 - 2016	\$526,861 ^b	\$0	\$0
		Total of AHIF & JHIF Fiscal Year 2016 - 2017	\$781,184	\$8,482,226	\$9,263,410
		Total of AHIF & JHIF Fiscal Year 2017 - 2018	\$4,843,587	\$12,920,323	\$17,763,910
		Total of AHIF & JHIF Fiscal Years 2015 - 2018	\$6,151,632	\$21,402,549	\$27,268,859
Transportation Impact Fee Trust Fund	Transportation Impact Fee (TIF)	TIF, Fiscal Year 2016 - 2017	\$483,269	\$1,138,114	\$1,621,383 ^a
		TIF, Fiscal Year 2017 - 2018	\$1,867,348	\$890,132	\$2,757,480
		Total TIF Fiscal Years 2016 - 2018	\$2,350,617	\$2,028,246	\$4,378,863
Capital Improvements Impact Fee Trust Fund	Capital Improvements Impact Fee (CIIF)	CIIF, Fiscal Year 2016 - 2017	\$141,547	\$993,310	\$1,134,857 ^{ac}
		CIIF, Fiscal Year 2017 - 2018	\$1,598,476	\$89,069	\$1,687,545
		Total CIIF Fiscal Years 2016 - 2018	\$1,740,023	\$1,082,379	\$2,822,402

^a Last year the Total Impact Fees Assessed in the 2016 – 2017 year as published in the Impact Fee Annual Report Fiscal Year Ended June 30, 2017 was \$7,685,618. The reduction in the amount published in this table of the Total Impact Fees Assessed in Fiscal Year 2016 – 2017 is due to a project that had been incorrectly assessed Affordable Housing Impact Fees for units that were Vested and therefore not subject to Impact Fees. This also accounts for a reduction in Total Impact Fees Assessed for Transportation and Capital Improvement Impact Fees for Fiscal Year 2016 – 2017.

^b Balance from the Jobs/Housing Fiscal Year of 2015 – 2016, Affordable Housing Impact Fees did not start until Fiscal Year 2016 – 2017.

^c Last year the Total Impact Fees Assessed in the 2016 – 2017 year as published in the Impact Fee Annual Report Fiscal Year Ended June 30, 2017 was \$3,303,134. The reduction in the amount published in this table of the Total Impact Fees Assessed in Fiscal Year 2016 – 2017 is due to a project that was granted a reduction in the Jobs/Housing Impact Fee as well as the Capital Improvements Impact Fees because it is a self-storage facility with a small number of employees compared to a regular warehouse.

B. Affordable Housing Impact Fees**1. The Amount of Affordable Housing Impact Fee**

Housing Use Type	Zone	Fiscal Year 7/1/17 – 6/30/18
Multi-family	Zone 1	\$11,500
	Zone 2	\$9,250
	Zone 3	\$0
Townhome	Zone 1	\$12,000
	Zone 2	\$7,200
	Zone 3	\$0
Single-family	Zone 1	\$12,500
	Zone 2	\$9,000
	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, 2018***	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapters 15.72 & 15.62	N/A	\$468,423	\$3,206,036	tbd	(\$64,121)	(\$0.00)	\$3,674,459	N/A	N/A

*Final interest amounts will be available after audited actuals are provided.
**Transfers out: 2% for Administrative Costs, no transfers were made between funds.
***There were no refunds in the July 1, 2017 to June 30, 2018 Fiscal Year.

3. Affordable Housing Impact Fees Project Descriptions

There were no expenditures from the Affordable Housing Impact Fees for the July 1, 2017 to June 30, 2018 fiscal year, but three projects were awarded funds through the Notices of Funding Availabilities (NOFA) process and are still in pre-development stage. Future fiscal Annual Impact Fee Reports will account for money paid/dispersed to developers once the projects are underway with construction.

Awarding Future Projects

Resolution No. 87470 C.M.S., passed by the Oakland City Council on December 11, 2018, authorized spending the Affordable Housing Trust Funds to various projects. The following projects were awarded funds from the Affordable Housing Trust Fund from the Affordable Housing Impact Fees in FY 2018-2019. Funds for PRE-DEVELOPMENT projects have been ear marked and have yet to be spent. These projects remain in Pre-Development as of December 2018.

- a. **Project: Oak Hill Apartments/NOVA (PRE-DEVELOPMENT)**
Description: Located at 445 30th Street in the Pill Hill neighborhood of East Oakland, CA, the proposed project includes 57 total units of affordable rental housing for chronically homeless persons at 20% of the Area Median Income. Fifty-six (56) units are designated for extremely low income households with one (1) un-restricted on site property manager's unit. Unit types will include studio's and 1 bedroom units with accommodations for accessibility, plus a single 2-bedroom property manager's unit.
- b. **Project: 95th Avenue & International Blvd (PRE-DEVELOPMENT)**
Description: Located at 95th Avenue & International Blvd in the Elmhurst neighborhood of East Oakland, CA, the proposed project includes 55 total units of multifamily affordable rental housing for extremely low to very low income households 20% to 50% of the Area Median Income (AMI) with a 20% set aside for persons homeless or at risk of homelessness. Fifty-four (54) units are designated affordable with one (1) un-restricted on-site property manager's unit. Unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility. The project is a critical housing component of the City of Oakland's grant application to the State of California under the Transit Climate Communities (TCC) Program which seeks to fund development and implementation of neighborhood level transformative climate community plans that include multiple coordinated greenhouse gas emission reduction projects providing local economic, environmental, and health benefits to disadvantaged communities.
- c. **Project: Friendship Senior Rental Housing (PRE-DEVELOPMENT)**
Description: Located at 1904 Adeline Street in the Ralph Bunche neighborhood of West Oakland, CA, the proposed project includes 48 total units of affordable rental housing to very low to low income seniors 50%-60% of the Area Median Income. Affordability will likely deepen with an additional funding commitment of Project Based Section 8 voucher's. Forty-seven (47) units are designated affordable with one (1) unit set aside as an on-site un-restricted property manager's unit. All unit types will include 1 bedroom units with accommodations for accessibility.

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 7/1/17 – 6/30/18
Office	\$5.44
Warehouse	\$5.44

2. Fund Balance Summary

Table 5. Jobs/Housing Impact Fee, Fiscal Year 7/1/17 – 6/30/18									
Document Establishing Fee	Project	Starting Balance	Fees Collected	Interest Earned*	Transfer Out for Admin Costs**	Expenditures	Ending Balance as of June 30, 2018***	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapters 15.68 & 15.62	N/A	\$826,253	\$1,637,551	tbd	(\$32,751)	(\$0.00)	\$2,431,053	N/A	N/A

* Final interest amounts will be available after audited actuals are provided.
 **Transfers out: 2% for Administrative Costs, no transfers were made between funds.
 ***There were no refunds in the July 1, 2017 to June 30, 2018 Fiscal Year.

3. Jobs/Housing Impact Fee Project Descriptions

There were no expenditures from the Jobs/Housing Impact Fees for the July 1, 2017 to June 30, 2018 fiscal year, but two projects were awarded total funds through the NOFA process and are still in pre-development stage. Future fiscal Annual Impact Fee Reports will account for money paid/dispersed to developers once the projects are underway with construction. An additional project was awarded funds through the NOFA process in the July 1, 2018 to June 30, 2019 fiscal year.

Awarding Future Projects

Resolution No. 87019 C.M.S., passed by the Oakland City Council on December 18, 2017, authorized spending the Affordable Housing Trust Funds to various projects. The following projects were awarded funds from the Affordable Housing Trust Fund from the Jobs/Housing Impact Fees in FY 2017-2018. Funds for PRE-DEVELOPMENT projects have been ear marked and have yet to be spent. These projects remain in Pre-Development as of December 2018.

a. Project: Fruitvale Transit Village Phase II-B (PRE-DEVELOPMENT)

Description: Located at E.12th Street & 35th Avenue in the Fruitvale neighborhood of East Oakland, CA, the proposed project includes 181 total units of multifamily affordable rental housing for extremely low to moderate income households 20% to 80% of the Area Median Income (AMI) with a 20% set aside for persons formerly homeless. One hundred seventy-nine (179) units are designated affordable with two (2) on-site un-restricted units for property management. Unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility.

b. Project: West Grand & Brush Phase I (PRE-DEVELOPMENT)

Description: Located at 760 22nd Street & 2201 Brush Street in the Ralph Bunche neighborhood of West Oakland, CA, the proposed project includes 59 total units of multifamily affordable rental housing for extremely low to low income households 20% to 60% of the Area Median Income (AMI). Fifty-eight (58) units are designated affordable with one (1) un-restricted on-site property manager's unit. The unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility.

Resolution No. 87470 C.M.S., passed by the Oakland City Council on December 11, 2018, authorized spending the Affordable Housing Trust Funds to various projects. The following project was awarded funds from the Affordable Housing Trust Fund from the Jobs/Housing Impact Fees in FY 2018-2019. Funds for PRE-DEVELOPMENT projects have been ear marked and have yet to be spent. These projects remain in Pre-Development as of December 2018.

a. Project: 95th Avenue & International Blvd (PRE-DEVELOPMENT)

Description: Located at 95th Avenue & International Blvd in the Elmhurst neighborhood of East Oakland, CA, the proposed project includes 55 total units of multifamily affordable rental housing for extremely low to very low income households 20% to 50% of the Area Median Income (AMI) with a 20% set aside for persons homeless or at risk of homelessness. Fifty-four (54) units are designated affordable with one (1) un-restricted on-site property manager's unit. Unit types will include studios, 1, 2, and 3 bedrooms with accommodations for accessibility. The project is a critical housing component of the City of Oakland's grant application to the State of California under the Transit Climate Communities (TCC) Program which seeks to fund development and implementation of neighborhood level transformative climate community plans that include multiple coordinated greenhouse gas emission reduction projects providing local economic, environmental, and health benefits to disadvantaged communities.

D. Transportation Impact Fees

1. The Amount of Transportation Impact Fees

Housing Use Type	Zone	Fiscal Year 7/1/17 – 6/30/18
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 7/1/17 – 6/30/18
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, 2018***	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapter 15.74	N/A	\$473,762	\$1,867,348	tbd	(\$37,347)	(\$0.00)	\$2,303,763	N/A	N/A

* Final interest amounts will be available after audited actuals are provided.
 **Transfers out: 2% for Administrative Costs, no transfers were made between funds.
 ***There were no refunds in the July 1, 2017 to June 30, 2018 Fiscal Year.

3. Transportation Impact Fees Project Descriptions

The Department of Transportation intends to budget funds from the Transportation Impact Fees to capital projects in the next two-year budget (FY 19-21), to be adopted in June 2019. The Capital Improvement Program is currently being prepared, and will take these available funds into account and program them to eligible projects.

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 7/1/17 – 6/30/18
Multi-family	Zone 1	\$750
	Zone 2	\$500
	Zone 3	\$0
Townhome	Zone 1	\$1,000
	Zone 2	\$1,000
	Zone 3	\$0
Single-family	Zone 1	\$2,000
	Zone 2	\$1,500
	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 7/1/17 – 6/30/18
Office	\$0.00
Retail, Freestanding	\$0.15
Retail, Ground Floor	\$0.00
Industrial	\$0.40
Warehouse	\$0.90
Hotel/Motel	\$0.20
Institutional	\$2.50

2. Fund Balance Summary

Table 9. Capital Improvements Impact Fees, Fiscal Year 7/1/17 – 6/30/18									
Document Establishing Fee	Project	Starting Balance	Fees Collected	Interest Earned*	Transfer Out for Admin Costs**	Expenditures	Ending Balance as of June 30, 2018***	Sufficient Funds to Complete Project?	% of CIP Funded by Fee
Oakland Municipal Code Chapter 15.74	N/A	\$138,762	\$1,598,476	tbd	(\$31,970)	(\$0.00)	\$1,705,268	N/A	N/A

* Final interest amounts will be available after audited actuals are provided.
 **Transfers out: 2% for Administrative Costs, no transfers were made between funds.
 ***There were no refunds in the July 1, 2017 to June 30, 2018 Fiscal Year.

3. Capital Improvements Impact Fees Project Descriptions

The Public Works Department intends to budget funds from the Capital Improvements Impact Fees to capital projects in the next two-year budget (FY 19-21), to be adopted in June 2019. The Capital Improvement Program is currently being prepared, and will take these available funds into account and program them to eligible projects.

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.