

**CENTRAL CITY EAST PROJECT AREA COMMITTEE**  
**Monday, May 1, 2006**  
**Patten University, 2433 Coolidge Avenue, Student Activity Center**

**DRAFT**  
**(The minutes are in draft form until approved by the PAC)**

Frank P. Thomas, Jr., Chair of the Central City East Project Area Committee (PAC), chaired the meeting. The meeting started at 6:45 p.m.

**I. Roll Call**

See attached roster of attendance.

**II. Open Forum**

There were no public speakers.

**III. Approval of the Minutes**

There were no proposed changes for the March 6, 2006 PAC minutes.

**Motion (by Tom Thurston, seconded by Charles Chiles) Approve minutes of the March 6, 2006 meeting.**

**Vote: 12 Ayes, 0 Nays, and 0 Abstentions. Motion passed.**

Frank Rose requested a correction to the minutes of the April 3, 2006 meeting. Frank Rose wants an addition in regards to the MacArthur Boulevard Under Grounding project which states that homeowners could be billed for any trenching over 100 feet and that some owners would also be billed for panel connection fees. This was discussed at the April 3, 2006 meeting but was not written in the minutes. CEDA staff will make the corrections to the April 3, 2006 minutes.

**Motion (by Frank Rose, seconded by Art Clark) Approve the minutes, with changes as proposed by Frank Rose, the April 3, 2006 meeting.**

**Vote: 9 Ayes, 0 Nays, and 3 Abstentions. Motion passed.**

**IV. Administrative Items**

**a. An action item to accept nominations for the Residential Tenant positions for the Elmhurst, Fruitvale/San Antonio, and Eastlake/San Antonio sub-areas and the Fruitvale/San Antonio Business Owner position.**

Tom Thurston nominated Favianna Rodriguez for the Fruitvale Residential Tenant position. The nomination was seconded by Suzanne Kunkel. Favianna was not present for the nomination. The PAC will vote on the nomination at the June 5, 2006 meeting.

**b. Announcements from PAC community organizations.**

There were no announcements.

**c. Report on Meetings with City Council Representatives**

This was briefly discussed at the end of the meeting.

**d. Update on Council Actions**

**Oak Knoll**- The City Council meetings for the proposed fiscal merger of the CCE and Oak Knoll Project areas originally scheduled for the Community and Economic Development (CED) Committee on April 25, 2006 and the Joint Public Hearing of the City Council and Oakland Redevelopment Agency on May 2, 2006 are postponed until the fall of 2006. The meetings were postponed because the Oak Knoll neighbors were concerned about the need to have more community outreach meetings and the need for CEDA staff to look at new increment estimates based on the proposed development. The number of units proposed at Oak Knoll is approximately 700.

**Oak to 9<sup>th</sup> Development**- A workshop was held for the City Council on March 28, 2006. The City Council Public Hearing is June 20, 2006 at the City Council Chambers on the 3<sup>rd</sup> Floor of City Hall. This can also be viewed on the KTOP Channel 10. Frank P. Thomas Jr. asked about the impact the Oak to Ninth project will have on the CCE affordable housing funds. Theresa Navarro-Lopez stated that City staff is still negotiating with the developer on the affordable housing so the impact is not clear right now.

Gregory Hunter stated that the CCE PAC elected to keep the affordable housing funds in the CCE Area and the Oak to Ninth Project is no different then any other proposed housing development. It is possible that the land the affordable housing units may be built on will be sold back to the City to allow someone else to build the affordable housing units.

Art Clark asked if the City knows how much it will cost to buy the two blocks for the affordable housing site in the Oak to Ninth area. Gregory Hunter stated that it is premature to know the cost of remediation and other infrastructure costs at this time which will provide for a better cost for the site.

Art Clark asked if the CCE PAC will have some information on the affordable housing for the Oak to Ninth project by the June 2006 PAC meeting. Gregory Hunter responded that he could not make a commitment to have this information by the June 5, 2006 PAC meeting. Some updated information should be available for the June 20, 2006 Public Hearing. CEDA staff will attempt to get the information to the PAC for the June PAC meeting.

Frank P. Thomas, Jr. asked if the Oak Knoll developers will sell land for the affordable housing units as well. Gregory Hunter responded that it is still too early in the process to know whether this will occur.

**e. Discussion about break in August and Election in September**

Frank P. Thomas, Jr. stated that this item was put on the agenda for the PAC to explore the option of taking a break in August and having the election for the CCE Chair and Vice-Chair right after the break. The PAC will have to make the nominations before the break and come back and vote in September.

**Motion (by Frank Rose, seconded by Jean Blacksher) Approve a break for the PAC in August.**

**Vote: 12 Ayes, 0 Nays, and 0 Abstentions. Motion passed.**

The nominations will be in June or July and the vote will be in September.

**f. PAC Renewal of Term by City Council**

Frank P. Thomas, Jr. stated that the term of the PAC term needs to be renewed by July 29, 2006. This has to go to City Council for an extension. The item is currently on the City Council agenda for the May 23, 2006 Community and Economic Development (CED) Committee meeting. The PAC does not have to vote but may do so to show support for the renewal of the term.

**Motion (by Art Clark, seconded by Jean Blacksher) To extend the CCE PAC term from July 29, 2006 to July 29, 2007.**

**Vote: 13 Ayes, 0 Nays, and 0 Abstentions. Motion passed.**

**V. Continued Discussion on Affordable Housing Bond**

Janet Howley, Manager of the Housing Development Division, reviewed the law regarding the affordable housing bond. Janet discussed the requirement of the State Redevelopment Law to have at least 15% of the total units set aside for affordable housing when a new development project is brought in; 6% of the 15% must be for very low income households.

Gloria Jeffrey asked why the Redevelopment Agency finances the projects ahead of time. This is in reference to the Oak to Ninth project. Janet Howley responded that that is part of the negotiations with the developers. The Oakland Redevelopment Agency does work with the developers to see if they will subsidize part of the affordable housing units. Jean Blacksher asked if the developers are not required to contribute towards the development. Janet Howley stated right now the developers are not required to do anything. It is up to the Oakland Redevelopment Agency to provide the affordable housing units in the Oakland Redevelopment Areas.

Gloria Jeffrey asked if the units are built outside of the Redevelopment Area, then does there need to be twice as much spent for the affordable housing units? Janet Howley responded yes and the money would have to come out of the Redevelopment Area.

Charles Chiles stated that the developer may not be enticed to do anything because it is not to their benefit. Janet Howley stated that this is dealt with on a case by case basis. Jennie Mollica stated that the PAC should review the affordable housing options for the Oak to Ninth project and consider what it is that they want to do in relation to the Oak to Ninth project and the CCE housing bond.

Janet Howley reviewed the State's proportionality requirement. The proportion of CCE funds must be spent the same way as the percentage of the population within the CCE area. For example, if there are 40% seniors in the CCE area, then projects can spend up to 40% of affordable housing funds towards housing units for seniors. Janet Howley reviewed the Notice of Funds Availability (NOFA) which is released in August or September. The PAC can specify what the PAC wants to either see developed or will only accept for this NOFA process.

CCE's portion of the Affordable Housing Bond is approximately \$8 million and Janet Howley presented what \$8 million can provide in housing units. The Housing and Community Development Division (HCD) provides a subsidy of up to 40% of the total development costs for affordable housing developments. Rental housing developments have access to additional subsidies from State and Federal funds, while there are few other subsidies for affordable homeownership developments. Therefore, the subsidy needed from the City and the costs to build new homeownership development are higher than for rental.

The Bond money is now available. The housing bonds were sold in April and are now being invested. For this year's NOFA process, the applications may be due in November and the list may go to the City Council next January or February 2007. Art Clark asked if technically the Oak to 9<sup>th</sup> project could have been eligible if they were ready for this round of the NOFA. Janet Howley stated that yes but they will not be ready. Jennie Mollica asked if the 40% subsidy is set by the City Council. Janet Howley stated that yes the 40% is set by the City Council. Janet stated that Housing staff will present a report to the City Council to address various affordable homeownership issues, including the homeownership rate, changing the subsidy amount, increasing the target income level for eligibility. Redevelopment Law allows up to 120% AMI for affordable home ownership units and the City of Oakland allows up to 100% of AMI.

Janet Howley introduced Marge Gladman to talk about other options to address affordable homeownership. Marge presented a range of program options to address homeownership in the City. There are two specific programs offered by the City. They are: (1) the Limited Equity Long Term Affordability option for new construction and (2) the Secondary Mortgage option for the purchase of existing owner-occupied housing units such as the Mortgage Assistance Program (MAP) and other First-Time Home Buyers programs. The term of affordability restrictions for the development of affordable rental units is 55 years and for affordable homeownership units is 45 years.

As required by State law, the long term affordability homeownership option incorporates principal, interest, taxes and insurance as well as homeowners association dues, utilities and repair costs in the calculation of the sales prices for these units. This is not a traditional homeowner model, nor a wealth building model, the affordability restrictions are locked in place

for 45 years. Sheryl Walton asked how someone can have their equity grow and that this does not allow for people to develop wealth. Marge Gladman stated that even under this option equity grows a little bit, but the restrictions are there for the 45 years.

For the secondary mortgage program, the owner can realize significant equity growth when they resell their house and pay off any loans. This program is clearly more conducive for wealth building. Art Clark asked if the Mortgage Assistance Program (MAP) can be used to purchase a home that is currently being rented. Marge responded that this is not allowed because that would trigger relocation costs which are quite high. The property has to be vacant or owner-occupied.

Frank P. Thomas Jr. asked if there is a way to make it easier for people in the CCE area to buy homes. Janet Howley stated that the law only allows the affordable housing set aside money to do so much; the other 75% of the increment can be used for whatever the PAC wants.

Marge Gladman stated that in order to increase the homeownership rate by 1% in the City of Oakland, there would need to be 3,000 new homeownership units built without any new rental units being built. Art Clark would like statistics that compare the number of homeownership affordable units to the number of market rate units in Oakland. Marge stated that we do not have this information but CEDA staff can research to see if we can find it.

In discussing other options to increase the affordable homeownership rate, Marge Gladman stated that the Housing and Community Development (HCD) staff will go to the Planning Commission on June 13<sup>th</sup> and the City Council June 20th to present the Inclusionary Zoning Policy. A subsequent report, to be presented at Council in a couple of months, will address other issues regarding affordable homeownership options.

Art Clark e-mailed some information to the PAC about modular housing and how this reduces the cost to build this housing. He asked if it was possible to have a standard plan for new units in Oakland. The units do not have to be side by side so you can tell they are from the same plan, but place these units in infill lots throughout the City. Marge indicated that this would be an issue for Planning.

Marge Gladman also talked about the Community Land Trust option to assist with building affordable homeownership housing units. Janet mentioned that the Inclusionary Housing Policy would state that the developer must provide 15% of the housing units as affordable units at the developer's expense. Janet Howley stated this will potentially provide another tool to address affordable housing development.

## **VII. Items for the Next PAC Meeting of June 5, 2006**

The items discussed for the next meeting were:

1. Discuss additions or special directions for the Notice of Funds Availability (NOFA) for the use of CCE Housing Bond Funds
2. Nominations for Chair and Vice Chair

The meeting was adjourned.