

Five-Year Impact Fee Review and Housing Strategy Study

ABOUT

The Mitigation Fee Act (Government Code Sections 66000 – 66025) requires a local agency to conduct an analysis and make findings every five years for each impact fee that the agency imposes on development projects. The City first started collecting the affordable housing, transportation and capital improvements fees on September 1, 2016, during the 2016-17 fiscal year; thus, FY 2020- 21 ending on June 30, 2021, is the end of the fifth fiscal year. In addition to the statutory requirement, the City is also conducting a feasibility analysis and housing strategy study. The process will culminate in a recommendation to City Council on changes to the Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements Impact Fees.

This study is being undertaken in a four-part process. See below for the project scope and timeline.

1. PHASE I, JULY – DECEMBER 2021: IMPACT FEE FIVE-YEAR REVIEW STATUTORY REQUIREMENT - COMPLETE

- This initial phase is a statutory requirement of the State Mitigation Fee Act, which requires a five-year review of each impact fee.
- In accordance with the State Mitigation Fee Act, the following reports were
- published on the City’s website by December 27, 2021:
 - Oakland Affordable Housing Impact Fee Five-Year Review and Update
 - Oakland Jobs/Housing Impact Fee Review and Update
 - Oakland Transportation and Capital Improvements Impact Fee Five-Year Review and Update
- The reports reviewed and updated the maximum justified fee that could be charged.
- Reports were presented to the CED Committee on June 28, 2022.

2. PHASE II, OCTOBER 2023 – MAY 2024: FEASIBILITY ANALYSIS AND HOUSING STRATEGY STUDY

- A. Feasibility Analysis and Evaluation of Impact Fees and Options for New Development
 - Analyze the impacts of changing the fee structure based on the Impact Fee Five Year Review.
 - Describe the economic feasibility context for development in Oakland and evaluate new impact fee program options to provide input for refining proposals and to assess potential for impacts on project feasibility and real estate investment. This analysis will include a feasibility analysis on increasing the impact fees, including analysis of:
 - Potential for increases in the amount of citywide impact fees, by type of fee, by fee zone, and by land use
 - Timing and phase-in for changes in fees
 - Paying the fee earlier in the process
 - Changing fee zone boundaries
 - Increases in providing on-site affordable units in lieu of paying the fee
 - Identify other funding options for new development to support affordable housing and transportation and capital improvements, such as:
 - Affordable Housing Impact Fee (with on-site option)
 - Consideration of Inclusionary housing built on-site (with fee option)
 - Enhanced Infrastructure Financing District (EIFD)
 - Mello-Roos tax

- B. Analysis of Inclusionary Affordable Housing and Affordable Housing Impact Fee Options to Evaluate Implications for Affordable Housing Production
 - Implement Action 3.3.7: Study the targeted adoption of an inclusionary housing requirement, from Chapter 4 of Oakland’s Adopted Housing Element 2023- 2031. The task also includes evaluation of and comparison to providing affordable housing units on-site in-lieu of the Affordable Housing Impact Fee (the on-site affordable housing option—Oakland Municipal Code Section 15.72.100). Finally, the task provides an overview context of inclusionary / on-site affordable housing policy vs. affordable housing impact fee policy. Key components include:
 - Define inclusionary options and researching differences in the regulatory/legal context for impact fees vs. inclusionary housing requirements.
 - Produce a set of policy options (impact fee, alternative on-site affordable units, inclusionary requirements) for affordable housing production offer means of achieving different components of Oakland’s affordable housing strategy.
 - Potentials for affordable housing unit production – clarifying the differences between what can be achieved with inclusionary vs. impact fees.
 - Ability to incentivize overall housing production.
 - Depth of affordability
 - Mixed income and affordable housing potential in higher-resource neighborhoods, specific plan areas, and job- and transit-rich areas
 - Ability to leverage outside funding.
 - Ability to satisfy key affordable housing production needs.
 - Timing: how quickly are affordable housing units likely to be delivered

3. PHASE III, FEBRUARY 2024 - APRIL 2024: FOCUSED OUTREACH

- Present, explain, discuss proposed options for impact fees and affordable housing.

4. PHASE IV, FROM JUNE 2024: CITY COUNCIL HEARINGS

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

