

# CITY OF OAKLAND

## AGENDA REPORT

08 APR -2 AM ID: 11

TO: Office of the City Administrator  
ATTN: Deborah A. Edgerly  
FROM: Community and Economic Development Agency  
DATE: April 15, 2008

RE: **Agency and City Resolutions Adopting an Oakland Resident and Oakland Worker Preference Policy for Affordable Housing Developments Funded Through the Agency's and City's Notice of Funding Availability (NOFA) Process**

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### SUMMARY

Staff is recommending that the Council/Agency approve one Agency and one City resolution adopting a policy that affordable housing developments funded through the 2007-08 Notice of Funding Availability (NOFA) process and future NOFAs be required to implement a preference for Oakland workers and residents in the selection of tenants and homebuyers for project units. There would be no durational requirement to qualify for the preference (i.e., all Oakland residents and workers would be eligible for the preference regardless of the length of time of residency or employment), and the preference would be applied only if and to the extent that other funding sources for the project permit the preference.

A preference for Oakland residents would help remedy potential gentrification impacts triggered by new development and revitalization, helping Oakland households avoid being "priced out" of their neighborhoods, and therefore avoiding potential displacement. A preference for Oakland workers would encourage households working in Oakland to live near their workplaces, avoiding the negative environmental and traffic impacts of commuters traveling long distances to find affordable housing, as well as encourage businesses to locate in Oakland.

### FISCAL IMPACT

There are no specific fiscal impacts related to this action.

### BACKGROUND

The legal issues arising from a residency preference policy were presented to Council last year by the City Attorney's Office during the discussions around adopting such a policy for the Wood Street affordable housing developments. An Oakland residency preference policy was adopted by the Council/Agency on December 4, 2007 (See Attachment A) to apply to the Wood Street affordable housing developments (Legistar No. 07-0555 and 07-0555-1, Agency Resolution Nos. 2007-0082 and 2007-0083).

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Subsequently, a recommendation to adopt a similar policy was introduced as part of the March 4, 2008 Agenda item regarding recommendations for funding awards for the 07-08 NOFA. Council requested that staff bring the preference policy back to Council as a separate item for further discussion and action.

## **KEY ISSUES AND IMPACTS**

### Policy Reasons for a Preference Policy

There are a number of policy reasons to adopt an Oakland resident and Oakland worker preference policy for affordable housing developments funded by the City/Agency. Giving preference to existing Oakland residents who are otherwise qualified to rent or buy affordable units would be a way to mitigate the effects of gentrification and displacement caused by market-rate development in historically low-income neighborhoods. That is, reserving below-market rate housing units subsidized by the City or Agency for Oakland residents is a way to counteract the effects of market rate redevelopment projects that tend to increase market rate rents and housing prices and make market rate housing unaffordable to existing residents. It would also provide an opportunity for existing Oakland residents to afford the housing provided by the City/Agency and stay in Oakland and benefit from the impacts of the City/Agency's redevelopment and community development efforts.

Another reason is that a residency preference would encourage neighborhood stability, i.e., provide a means for residents who have been active in a community to remain in the community in the face of increasing market rate rents and housing prices.

A preference for Oakland workers would encourage households working in Oakland to live near their workplaces, avoiding the negative environmental and traffic impacts of commuters traveling long distances to find affordable housing. It could also encourage businesses to locate in Oakland in order to take advantage of the affordable housing opportunities available to their workers. Housing applicants who are already working in Oakland, have been notified that they are hired to work in Oakland, or are active participants in education or job training programs in Oakland would be considered Oakland workers for purposes of this policy.

### Disparate Impact

At the recommendation of the City Attorney's office and as a matter of legal due diligence, CEDA staff conducted a preliminary demographic analysis of waiting lists for recently completed affordable housing projects in Oakland to see if the racial or ethnic breakdown of Oakland residents on the lists are significantly different from the racial or ethnic breakdown of non-residents. The results of that analysis showed no significant disparate impacts to any protected class if a residency preference is applied. First, about 75% of households on the

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waiting lists and about 72% of households selected for units are already Oakland residents. Thus the impact of instituting a residency preference would be relatively limited, since three out of four households selected for new units are already Oakland residents. Second, there does not seem to be any significant difference in the racial or ethnic composition of Oakland residents on the lists compared to non-residents. Therefore, based on data from recent projects, staff does not see any evidence that imposing an Oakland resident and Oakland worker preference would have a significant disparate impact on any class protected by fair housing laws.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** Approval of this policy will help reduce potential gentrification impacts triggered by new development and revitalization, helping Oakland households avoid being “priced out” of their neighborhoods, and therefore avoiding potential displacement.

**Environmental:** The preference for Oakland workers would encourage households working in Oakland to live near their workplaces, avoiding the negative environmental and traffic impacts of commuters traveling long distances to find affordable housing.

**Social Equity:** Making affordable housing more easily obtainable for Oakland residents is a means of achieving greater social equity and retaining Oakland’s neighborhood-level environment by allowing families to be able to afford to continue residing and working in Oakland.

## **RECOMMENDATION(S) AND RATIONALE**

Staff recommends that the Council/Agency adopt an Oakland resident and Oakland worker preference policy. Such a policy will be beneficial to applicants of affordable housing units throughout the City of Oakland in that this policy will help remedy potential gentrification impacts triggered by new developments and revitalization, as well as help Oakland households avoid being “priced out” of their neighborhoods, and therefore avoid potential displacement.

Encouraging Oakland workers to live in Oakland would benefit them in time saved in travel and a reduction in traffic impacts and costs while allowing them to be part of a community near their workplace.

Additionally, it is recommended that any Oakland resident/worker preference policy adopted by the City and Agency include a general qualification that the policy only applies if and to the extent that other funding sources for the project permit the Oakland resident and Oakland worker a preference standard.


**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the Council approve a resolution establishing an Oakland resident and Oakland worker preference policy for affordable housing developments funded by the City through the 07-08 NOFA and all future NOFAs.

**ACTION REQUESTED OF THE REDEVELOPMENT AGENCY**

Staff recommends that the Redevelopment Agency approve a resolution establishing an Oakland resident and Oakland worker preference policy for affordable housing developments funded by the Agency through the 07-08 NOFA and all future NOFAs.

Respectfully submitted,



DAN LINDHEIM  
Director  
Community & Economic Development Agency

Reviewed by:  
Sean Rogan  
Deputy Director  
Housing and Community Development

Prepared by:  
Traci Lewis  
Housing Development Coordinator  
Housing and Community Development

APPROVED AND FORWARDED TO THE  
CITY COUNCIL

  
Office of the City Administrator

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## Attachment A

### **Oakland Residency Preference**

The Train Station Partnership has proposed in their letter dated September 25, 2007 that the City "develop a residency preference for West Oakland and/or Oakland residents or workers" for the affordable housing proposed for the Wood Street development project. The CED Committee requested a recommendation on whether or not a preference for Oakland residents (but not for West Oakland residents) for the above housing units would be acceptable. The City Attorney's office issued a confidential opinion to the City Council regarding the legal issues raised by an Oakland residency preference.

Staff is recommending that an Oakland residency preference be implemented for the homebuyer assistance and for the subsidized homeownership units eventually developed on-site at Wood Street. There would be no durational requirement for residency, and the residency preference would be applied only if and to the extent that other funding sources for the project permit the preference. A residency preference would remedy potential gentrification impacts of redevelopment activities in the area. The redevelopment of the Wood Street District is anticipated to raise property values, with the possible result of "pricing out" and displacing existing Oakland residents. A residency preference for Agency subsidized affordable homeownership opportunities at Wood Street would assist households avoid potential displacement, providing an opportunity for existing residents to afford the housing provided and to stay in Oakland and benefit from the impacts of the redevelopment in the Wood Street District. If Council directs staff to pursue a residency preference for all City or Agency subsidized affordable housing developments and first-time homebuyer loan programs, staff could return with a recommendation on a citywide residency preference as part of the next NOFA funding recommendations to Council.

Excerpt from Wood Street Affordable Housing Agenda Report, presented to the Community and Economic Development Committee on November 27, 2007 and approved by the City Council on December 4, 2007.

OFFICE OF THE CITY CLERK  
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:

  
Deputy City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

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### A RESOLUTION ADOPTING AN OAKLAND RESIDENT AND OAKLAND WORKER PREFERENCE POLICY FOR AFFORDABLE HOUSING DEVELOPMENTS FUNDED THROUGH THE CITY'S NOTICE OF FUNDING AVAILABILITY PROCESS

**WHEREAS**, the City funds affordable housing developments through a Notice of Funding Availability ("NOFA") process; and

**WHEREAS**, giving a preference to Oakland residents to rent or buy units in these developments is necessary and justified because such a preference will remedy or mitigate potential displacement and gentrification impacts of redevelopment activities in the City caused by City affordable housing development programs, would provide an opportunity for existing Oakland residents to afford the housing provided by the City and stay in Oakland and benefit from the impacts of City redevelopment and community development efforts, and would encourage neighborhood stability by providing a means for residents who have been active in a community to remain in the community in the face of increasing market rate rents and housing prices; and

**WHEREAS**, giving a preference to Oakland workers to rent or buy units in these developments is necessary and justified because such a preference will encourage households working in Oakland to live near their workplaces, avoiding the negative environmental and traffic impacts of commuters traveling long distances between their jobs and their residences, and will encourage businesses to locate in Oakland to take advantage of the affordable housing opportunities available to their workers; and

**WHEREAS**, such a preference policy will not have a significant disparate impact on any class of people protected by fair housing laws; now, therefore, be it

**RESOLVED:** That the City Council hereby adopts a policy that Oakland residents and Oakland workers shall be given a preference to buy or rent affordable housing units assisted by City funds provided through the NOFA process, provided that the residency and worker preferences shall be non-durational and shall be applied only if and to the extent that other funding sources for the project permit such preferences; and be it

**FURTHER RESOLVED:** That applicants for units who are working in Oakland, have been notified that they are hired to work in Oakland, or are active participants in education or job training programs in Oakland shall be considered Oakland workers for purposes of this policy; and be it

**FURTHER RESOLVED:** That this policy shall be applied to projects funded under the 2007-08 NOFA process and all future NOFAs; and be it

**FURTHER RESOLVED:** That the City Council hereby appoints the City Administrator and his or her designee to adopt rules and regulations for the preference policy consistent with this Resolution, administer the policy, and take any other action with respect to the policy consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2008

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT DE LA FUENTE

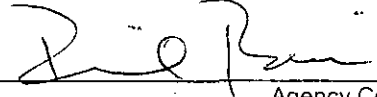
NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

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\_\_\_\_\_  
Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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### A RESOLUTION ADOPTING AN OAKLAND RESIDENT AND OAKLAND WORKER PREFERENCE POLICY FOR AFFORDABLE HOUSING DEVELOPMENTS FUNDED THROUGH THE AGENCY'S NOTICE OF FUNDING AVAILABILITY PROCESS

**WHEREAS**, the Agency funds affordable housing developments through a Notice of Funding Availability ("NOFA") process; and

**WHEREAS**, giving a preference to Oakland residents to rent or buy units in these developments is necessary and justified because such a preference will remedy or mitigate potential displacement and gentrification impacts of redevelopment activities in the City caused by Agency affordable housing development programs, would provide an opportunity for existing Oakland residents to afford the housing provided by the Agency and stay in Oakland and benefit from the impacts of Agency redevelopment efforts, and would encourage neighborhood stability by providing a means for residents who have been active in a community to remain in the community in the face of increasing market rate rents and housing prices; and

**WHEREAS**, giving a preference to Oakland workers to rent or buy units in these developments is necessary and justified because such a preference will encourage households working in Oakland to live near their workplaces, avoiding the negative environmental and traffic impacts of commuters traveling long distances between their jobs and their residences, and will encourage businesses to locate in Oakland to take advantage of the affordable housing opportunities available to their workers; and

**WHEREAS**, such a preference policy will not have a significant disparate impact on any class of people protected by fair housing laws; now, therefore, be it

**RESOLVED:** That the Agency hereby adopts a policy that Oakland residents and Oakland workers shall be given a preference to buy or rent affordable housing units assisted by Agency funds provided through the NOFA process, provided that the residency and worker preferences shall be non-durational and shall be applied



only if and to the extent that other funding sources for the project permit such preferences; and be it

**FURTHER RESOLVED:** That applicants for units who are working in Oakland, have been notified that they are hired to work in Oakland, or are active participants in education or job training programs in Oakland shall be considered Oakland workers for purposes of this policy; and be it

**FURTHER RESOLVED:** That this policy shall be applied to projects funded under the 2007-08 NOFA process and all future NOFAs; and be it

**FURTHER RESOLVED:** That the Agency hereby appoints the Agency Administrator and his or her designee to adopt rules and regulations for the preference policy consistent with this Resolution, administer the policy, and take any other action with respect to the policy consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2008

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND  
CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
Secretary of the Redevelopment Agency  
of the City of Oakland, California