

CITY OF OAKLAND

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2017 SEP 14 AM 9:50

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Mark Sawicki  
Economic & Workforce  
Development Director

**SUBJECT:** Displacement Of Oakland's Non-Profit  
Organizations Supplemental Report

**DATE:** August 31, 2017

City Administrator Approval

*[Handwritten signature]*  
for SBL

Date:

*9/14/17*

## RECOMMENDATION

**Staff Recommends That The City Council Receive A Report From The City Administrator And Possible Action On The Impact Of The High Costs Of The Current Commercial Rental Market On Nonprofit And Community Based Organizations; An Analysis Of The Displacement Of Nonprofits From The City Of Oakland Between 2012 To The Present (Analysis To Include The Impact On The Delivery Of Services); And Recommendations On How To Retain A Vibrant Non-Profit Community In Oakland Through City Support To Ameliorate The Impact Of Rising Rental Costs.**

## REASON FOR SUPPLEMENTAL

An informational report regarding the status of the nonprofit sector and displacement risk was provided to the CED Committee on April 11, 2017. The report detailed best practices for cities in supporting local nonprofit organizations, the strategies, programs and practices underway in the City of Oakland, and recommendations for continuing and deepening those efforts. The Committee passed a motion to hold the report for further consideration.

A supplemental report was provided to CED on June 13, 2017. This report provided additional details on the City's prompt payment process for its nonprofit contracts. A second supplemental report was provided to CED on July 11, 2017 with answers to five questions distributed at the meeting by the Oakland Private Industry Council (PIC) regarding current City assistance for Oakland nonprofits who are facing displacement due to rising commercial rents.

The CED Committee directed staff to scope out a survey to undertake a more in-depth engagement of the local nonprofit sector, gauge the extent of displacement pressure and raise awareness of City services.

Item: \_\_\_\_\_

CED Committee

September 26, 2017

## ANALYSIS AND POLICY ALTERNATIVES

### Assessing the Scale of Nonprofit Displacement in Oakland

An employment analysis of the nonprofit sector based on state records shows that the sector is steadily growing in Oakland despite significant increases in the cost of commercial rents. However, a previous survey of Bay Area nonprofits, conducted by the Northern California Grantmakers at the end of 2015, identified 86 Oakland nonprofits that anticipated having to make a relocation decision in the next five years, with 41 nonprofits stating that cost was the main reason they anticipated relocating. Moreover, of the 115 surveyed Oakland nonprofits who primarily or exclusively serve low income communities or communities of color, 87 percent said that the current real estate market affects their organization. A total of 14 organizations reported being somewhat or very likely to leave the city.<sup>1</sup> Oakland commercial rents have continued to rise since this survey was completed.

In the last year, several nonprofits have contacted City Business Development staff for location assistance due to a rent increase at their current location. Staff conducts site searches and refers nonprofits to the Northern California Community Loan Fund (NCCLF) to support them on their space search and assist them with financial planning to support securing long-term real estate. NCCLF has given pro bono location and technical assistance to 20 Oakland-based nonprofits, including six arts and cultural organizations who received technical assistance grants from the Keeping Space – Oakland program. NCCLF has also reached additional nonprofits through their free real estate workshops in Oakland. The City has advertised these workshops and available services through the *Oakland Economy Now* newsletter and on the radio.

The primary reasons to survey Oakland's nonprofit sector again would be to gauge the current extent of displacement pressure and raise awareness of available pro bono technical assistance. Best practice research finds that individualized assistance to organizations is more effective than a general program aimed at nonprofits. Equity considerations suggest that public assistance should be prioritized for those organizations that serve low income residents and communities of color. A survey could encourage more organizations to connect with the City if they are at risk for displacement and help inform the City on the scale of resources needed.

Foundations, private property owners, and consultants tracking nonprofit real estate in Oakland have expressed interest in creating new nonprofit co-working spaces, as well as concern that many organizations are not prepared for relocation, e.g. they have not discussed options with their boards or developed internal consensus on their real estate goals, and do not have funding set aside to support moving expenses.

### Conducting a Survey

The City could conduct a survey of Oakland nonprofits on their displacement risk and raise awareness of City services. The City's Business Tax Database has 1,512 active nonprofit records, including several organizations with multiple certificates. Of these, 382 have email addresses associated with their tax certificate. Staff could create an online survey for email distribution and mail postcards with a link to the survey to those organizations for whom only a

---

<sup>1</sup> Harder & Company Research, Survey of Bay Area Nonprofit Space and Facilities, 2016.

mailing address is available. The estimated cost of this postcard distribution is \$1,410 for design, printing and postage. In addition, staff estimates a total of \$7,500 in staff costs to create and distribute the survey, and analyze the results.

Below are the potential survey questions:

Section 1: Information on Nonprofits and Communities Served

1. Please check the category that best describes your organization's main area(s) of focus: [Check all that apply]

- |   |   |
|---|---|
| <input type="checkbox"/> Arts/Culture/Humanities                        | <input type="checkbox"/> Human Services                       |
| <input type="checkbox"/> Business Association                           | <input type="checkbox"/> International/Foreign Affairs        |
| <input type="checkbox"/> Community Development                          | <input type="checkbox"/> LGBT Issues                          |
| <input type="checkbox"/> Early Childhood Education/Services (0-5 Years) | <input type="checkbox"/> Mental Health/Substance Use Services |
| <input type="checkbox"/> Education                                      | <input type="checkbox"/> Religious                            |
| <input type="checkbox"/> Environment and Animals                        | <input type="checkbox"/> Veterans                             |
| <input type="checkbox"/> Health   | <input type="checkbox"/> Workforce Development                |
| <input type="checkbox"/> Housing and Homelessness                       | <input type="checkbox"/> Youth Development                    |
| <input type="checkbox"/> Other (specify) _____                          |   |

2. Which best describes your organization's primary activities? [Check all that apply]

- Providing direct services to individuals or families (e.g. case management, training, food bank, art education, etc.)
- Serving/reaching audiences or large groups of people (e.g. performances, school-based interventions, educational services, shared cultural spaces)
- Serving/reaching the general public (e.g. advocacy, public health campaigns, animal welfare, neighborhood associations, etc.)
- Providing services to other nonprofit organizations (e.g. capacity-building, training, consulting, fiscal sponsorship, etc.)
- Other, please describe: \_\_\_\_\_

3. Approximately how many people does your organization serve every year?

\_\_\_\_\_

4. Does your organization serve low-income communities exclusively, primarily, or neither?

- Exclusively
- Primarily
- Neither

5. Does your organization serve communities of color exclusively, primarily, or neither?

- Exclusively
- Primarily
- Neither

Item: \_\_\_\_\_

CED Committee  
September 26, 2017

6. Which communities of color does your organization primarily serve? [Check all that apply]
- African-American
  - Asian/Pacific Islander
  - Hispanic/Latino
  - Native American
  - Other, please specify: \_\_\_\_\_
7. Please tell us the primary races and/or ethnicities of your leadership team and, if applicable, Board members (may check more than one):
- African-American
  - Asian/Pacific Islander
  - Hispanic/Latino
  - Native American
  - white
  - Other
8. Do you currently have a contract with City of Oakland or other government?
- Yes, indicate whom: \_\_\_\_\_
  - No
9. How many people does your organization currently employ?
- 0-5
  - 5-10
  - 10-20
  - 20+

Section 2: Real Estate Assistance for Nonprofits

1. Are you aware that the City of Oakland's Business Development team, including the Business Assistance Center, offers site search assistance to nonprofits and, through partners, technical assistance related to financial planning, lease negotiations, and securing stable real estate?
- Yes
  - No
2. What type of space does your organization currently occupy?
- Office
  - Church
  - Day Care
  - Drop-in Center
  - Other
3. Please let us know whether your organization owns or leases the space:

- My organization owns the space
- My organization leases the space
- My organization has a verbal agreement to use the space
- Other, please describe \_\_\_\_\_

4. If you lease the space, please answer the following questions:

- a. Does your lease expire in the next 18 months?
- b. Is your current lease month-to-month?
- c. Is your current rent cost less than \$3.50/square foot?

5. If you are interested in receiving location assistance from the City, please answer the following questions:

- a. What is your current rent?
- b. What is a sustainable monthly rent range for your organization?
- c. What size space do you require for your operations?
- d. What is your current location? Would you like to stay in this location or consider other Oakland neighborhoods?
- e. Please identify which building amenities that are desirable or essential for your organization:
  - Kitchen
  - Meeting rooms
  - ADA accessibility
  - Ground floor location
  - Security
  - Public Transportation access
  - Other
- f. Would you be willing to co-locate with other organizations and share some amenities if it meant a reduction in costs?

**NEXT STEPS:**

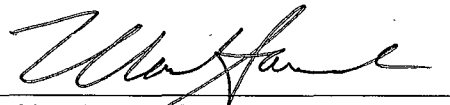
Staff recommends engaging foundations and other partners for their assistance on the survey content, distribution and analysis, and then administering the survey. Based on the results, staff should assess the qualities of nonprofits most at risk for displacement and gaps in assistance needed. Staff should engage those nonprofits reporting a need for help and create a portfolio of site options.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Receive A Report From The City Administrator And Possible Action On The Impact Of The High Costs Of The Current Commercial Rental Market On Nonprofit And Community Based Organizations; An Analysis Of The Displacement Of Nonprofits From The City Of Oakland Between 2012 To The Present (Analysis To Include The Impact On The Delivery Of Services); And Recommendations On How To Retain A Vibrant Non-Profit Community In Oakland Through City Support To Ameliorate The Impact Of Rising Rental Costs

For questions regarding this report, please contact Marisa Raya, Special Projects, 510-238-6230.

Respectfully submitted,



MARK SAWICKI

Director, Economic & Workforce Development

Reviewed by:

Aliza Gallo, Business Development Manager

Prepared by:

Marisa Raya, Analyst  
Special Projects