

Attachment A

2021-2023 Strategic Action Plan

City of Oakland Housing & Community
Development

Introduction

The Department of Housing and Community Development (HCD) is the City of Oakland’s housing agency charged with allocating federal, state and local housing and community development dollars, managing compliance with local housing laws and supporting the creation and preservation of affordable housing. HCD’s mission is dedicated to improving Oakland’s neighborhoods and to making sure all Oaklanders have safe and affordable housing.

The purpose of this report is to share high-level progress of the City in meeting the City's housing goals while also providing an updated departmental strategic framework and targeted actions to meet the housing challenges of Oakland for 2021-2023.

While it is the function of City leadership to set the vision, the implementation of these actions requires the full throttled support of Oakland’s many diverse stakeholders to rise to the challenge to make quality housing opportunities available to all of its residents and to address systemic housing inequity.

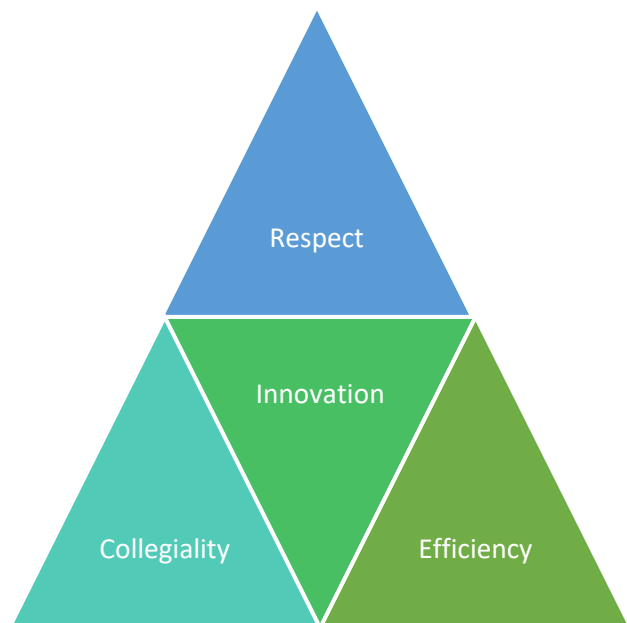


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The strategic framework for this report doubles down on the Three “P” approach generated by the Committee to House the Bay Area (CASA)ⁱⁱ: **Production, Protection and Preservation**. The framework presents actions in each “P” area that are tied to identified needs informed by data and stakeholder input. Furthermore, this Strategic Action Plan centers race and equity in the “how” of the City’s implementation.

This Strategic Action Plan identifies a series of low, medium, and high impact actions led by HCD and in partnership with other City agencies, county, private and philanthropic partners.

HCD has identified core values that drive this important work:



- Staff Survey, Nov-2020 HCD All Staff Retreat

Equity

The recovery from the Great Recession and subsequent years has largely widened the existing uneven economic outcomes for Oaklanders, especially for its Black residents. The City's 2018 Equity Indicators Report ranked Housing third in importance when compared to the other themes of Economy, Education, Public Health, Public Safety and Neighborhood and Community Life.ⁱⁱⁱ The twelve Indicators within the Housing Theme examined inequities faced by racial and ethnic minorities across four Topic areas: Affordability, Displacement, Essential Services, and Housing Quality.

This Strategic Action Plan applies a race and equity lens to the City's housing investments and services in these four ways:

1. Transparent and regular reporting on outcomes disaggregated by race;
2. Clear, Americans with Disabilities Act (ADA)-compliant, accessible information provided in multiple languages to the public;
3. Anti-displacement and housing production programs, policies, and initiatives focused on the most impacted, most vulnerable populations; and
4. Access and opportunity pathways to and for Black, Indigenous and People of Color (BIPOC) developers, service providers, and other contractors to the resources the City has to offer in the conduct of its housing work.

Context: A Call to Action

In 2016, the Oakland Housing Cabinet released "Oakland At Home: Recommendations for Implementing A Roadmap Toward Equity from the Oakland Housing Cabinet."^{iv} This "17k/17k Plan" identified an ambitious set of strategies (see Table 1 below) to support increased funding, policy, and programs to protect 17,000 households and produce 17,000 total units for Oakland residents. The 17k/17k Plan proposed a number of strategies to protect renters and keep people housed, including increasing the Rent Adjustment service fee, which was raised from \$64 to \$101 in 2019. This resulted in nearly \$8 million in revenues in fiscal year (FY) 2019-2020, which enabled the department to greatly enhance its community outreach and education and eliminate backlogs in hearings and appeals, among other improvements. The plan also recommended a new infrastructure bond, and when voters approved the Measure KK Bond in 2016, the City of Oakland allocated \$100 million toward affordable housing. As of publication, the entirety of that Bond Measure has been allocated towards an expected 1,542 units. While nearly all of the proposed strategies have been started, implemented, or accomplished, the City has not produced nearly enough new units to meet the vast demand for affordable housing for Oakland residents.

The January 2019 Point-in-Time Count^v reflected a 47% increase in homelessness in a two-year period, totaling over 4,000 people. This dramatic increase demanded a refocus on strategies, resource allocation, and timing. In response, an updated Permanent Access to Housing Strategy

(PATH) Framework was presented to the City Council in December 2019, and policy priorities were adopted. The PATH Framework encompasses seven goals with accompanying strategies: 1) prevent homelessness, 2) increase rapid returns to housing, 3) reduce the total number of people experiencing homeless, 4) create permanent housing opportunities, 5) stabilize and increase income, 6) deliver health care and proper hygiene to encampments, and 7) address racial disparities. The PATH Framework goals that have been integrated throughout HCD's work and those embedded in the Strategic Action Plan include homelessness prevention/anti-displacement, creation of deeply affordable permanent housing, and addressing racial disparities.

While this Strategic Action Plan is informed by past analyses, planning, and accomplishments, 2020 has presented a bevy of public health, fiscal and social crises that drive this plan. In February of 2020, the public began to learn about the novel Coronavirus. Beginning in March, the economy ground to a halt as public officials issued emergency stay at home orders. In March 2020, California Governor Gavin Newsom declared a State of Emergency to make additional resources available to assist the State in its preparations for broader spread of COVID-19.^{vi} As of March 2021, more than 500,000 Americans have died from COVID-19, with 1,426 deaths in Alameda County.

During the summer of 2020, Oakland's unemployment rate spiked to 13.9% and has since settled down to 7.4% as of February 2021.^{vii} Unemployment continues to disproportionately affect certain groups. In the third quarter of 2020, while California's unemployment was 11.9%, Black unemployment reached 14.7% and Hispanic unemployment reached 13.0%.^{viii}

As many Oaklanders saw their jobs vanish overnight, on March 27, 2020, the Oakland City Council quickly voted to pass what is now believed to be one of the strongest Eviction Moratoriums in the State. The Moratorium prohibits all residential evictions and continues through the end of the Local Emergency. The Moratorium also bans commercial evictions due to the non-payment of rent due to COVID-19 and conforms with the Governor's Executive Order (currently set to expire on June 30, 2021) or any extensions of the order.

The global pandemic threatened the viability of many public health systems, shut schools and offices and introduced new terms like "social distancing." Then George Floyd was murdered. Floyd, a 46 year-old Black man living in Minneapolis, Minnesota was killed while being arrested for allegedly using a counterfeit bill. The act was videotaped and sparked mass peaceful protests and violence in Oakland and across the country. The threats of the health pandemic coupled with the cauldron of generations of racially-motivated police violence culminated in new challenges for Oakland and its residents.

The public health crisis revealed significant existing disparities in health, economic and housing opportunities. For Oakland's homeless population, the State's "stay at home" orders were met with incredulity. For Oakland's housing insecure households, it was infeasible to safely quarantine while living in crowded conditions, couch surfing, or living on the street.

The pandemic and its impacts demand a focused approach. HCD’s charge moving into 2021 and beyond is to accelerate the pace of creating housing opportunities for people who have been left out of the housing market, face displacement, and experience homelessness while planting the seeds for more substantial resources in the future.

Table 1. 2016 Housing Plan Accomplishments To Date

- Protect 17,000 households. **Ongoing**
- Produce 17,000 total units for Oakland residents, including 4,760 affordable units. **Ongoing**
- Successfully placing and passing ballot box updates to the City’s Just Cause for Eviction ordinance (Measures JJ and Y). **Completed**
- Successfully placing and passing on the ballot an infrastructure bond measure that included \$100 million for affordable housing (Measure KK). **Completed**
- Updating the Tenant Protection Ordinance. **Completed**
- Passing an ordinance to provide preference for existing and displaced Oakland residents and workers in the City’s affordable housing programs. **Completed**
- Adopting new regulations to protect existing Single Room Occupancy (SRO) hotels.
- Establishing a new program to improve the seismic safety in vulnerable “soft-story” buildings. **Completed**
- Increasing spending on anti-displacement services. **Ongoing**
- Passing a new affordable housing impact fee. **Completed**
- Easing regulations to encourage more Accessory Dwelling Units (ADUs). **Completed**
- Updating the City’s off-street parking requirements to facilitate new development.^{ix}

DATA-DRIVEN APPROACH

Approach

In the beginning of 2020, HCD leadership launched an extensive stakeholder listening effort. Leading with our values of diversity and innovation, staff sought to “turn outward” and engage stakeholders. HCD staff convened small group meetings (in person and then virtual), interviews and one-on-ones with the diverse stakeholders. Additionally, seeking to bring a data-driven and innovative approach to housing challenges, HCD partnered with Stanford University’s Changing Cities Research Lab, the Federal Reserve Bank of San Francisco, and University of Pennsylvania’s Department of Regional and City Planning to provide data and analysis about Oakland and its residents. [insert graphic of stakeholder map]

Needs Analysis

Displacement and Neighborhood Change

Oakland has experienced numerous shifts in its residential patterns in the years since the Great Recession of 2008. Over 2020, HCD partnered with the Changing Cities Research Lab at Stanford University and the Federal Reserve Bank of San Francisco to understand the shifts in neighborhoods, impact of displacement and overall picture of who and how city residents, especially Black and Brown community members, are faring.^x Their research uses credit score data as a proxy for financial stability, reflecting a distinct dimension of socio-economic status (SES) that is particularly relevant to the housing market where landlords often use credit scores to screen tenants and lenders use credit scores to make lending decisions. A few key findings:

- Over the last 20 years, the Black population declined by over one-third and the share of high-SES residents increased dramatically. Nearly all of Oakland's previously lower-income neighborhoods showed some signs of gentrification.
- Oakland's lower-SES residents have consistently moved at significantly higher rates than high-SES residents, and these moves have been concentrated in Downtown Oakland and parts of North and West Oakland.
- Although residents have been moving less since the Recession, East Oaklanders experienced greater financial insecurity in the post recovery period as evidenced by an increase in households with new delinquencies on mortgages and other credit accounts.
- Lower-SES residents who move from historically Black neighborhoods tend to move to neighborhoods with lower housing values and health scores, suggesting movement under constrained circumstances, whereas higher-income residents and lower-income residents in other neighborhoods tend to move ‘upward’ to higher opportunity neighborhoods. Over time, less lower-SES movers stayed within Oakland or moved into Oakland as affordable options declined.
- Moderate-SES residents may be most vulnerable to displacement, as they moved at increasingly higher rates and increasingly experienced financial insecurity over time.

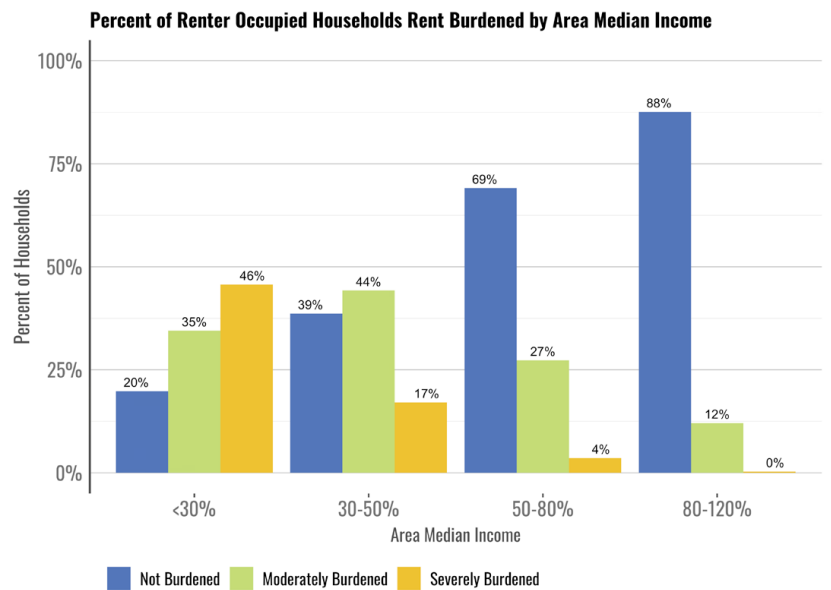
- The effects of the COVID-19 pandemic on residential instability in 2020 are already distinct from the Great Recession. Although indicators predicted that deep East Oakland would experience the most financial instability, financial insecurity and moves to crowded households in 2020 were much more scattered across Oakland than in areas deeply affected by the Recession.

Rent Burden and Renter Vulnerability

In the summer of 2020, HCD partnered with the University of Pennsylvania (UPENN) Department of City and Regional Planning. UPENN brought together cities developing strategies to address housing impacts of COVID-19. The University provided research and analytic support to understand the impact of the pandemic on Oakland renters.^{xi} The City also administered a Renter and Landlord COVID-19 Impact Survey (“Pulse Survey”) to take the pulse of tenants and property owners as they managed through the pandemic from late March to September 2020, with analysis of the results provided by UPENN.^{xii}

Oakland’s lowest income households are experiencing the highest rent burden. Over 80% of extremely low-income (ELI) households pay more than 30% of their income towards rent, with 46% paying over 50% of their income towards rent.

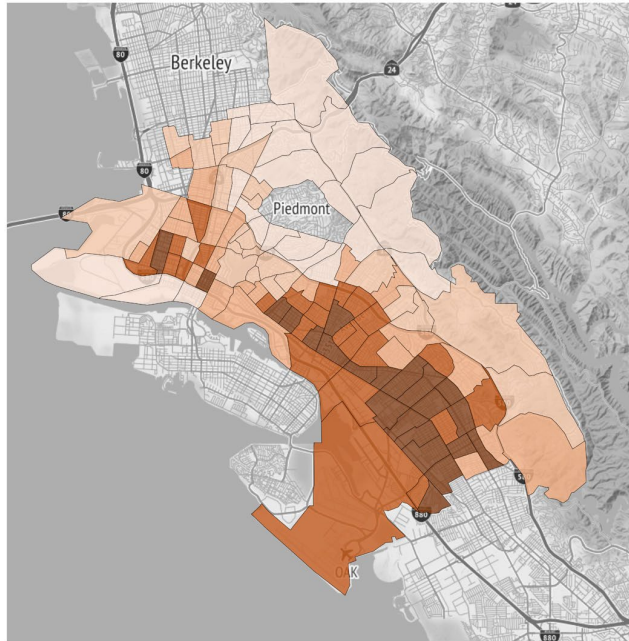
When disaggregated by race, rent burden varies significantly. Black households have the lowest median household income, and approximately 60% of Black renter households are rent burdened with about one-third severely rent burdened — the highest rate of any racial/ethnic group in Oakland.



The City’s Pulse Survey suggests that the pandemic may have affected non-white tenants more severely. The survey found that approximately one-third of tenant respondents reported an

inability to pay rent due to the pandemic, with the majority of non-White respondent groups reporting an inability to pay rent.

Renter Vulnerability Index



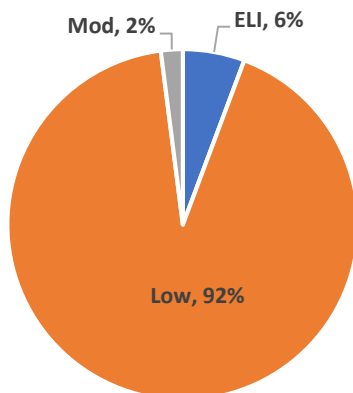
UPENN created a renter vulnerability index based on several indicators, including rent burden and share of non-white renters, to identify the neighborhoods most vulnerable to housing insecurity as a result of COVID-19. As shown to the left, East Oakland and parts of West Oakland have been identified as the most vulnerable to housing insecurity.

5-Year American Census Survey (2018)

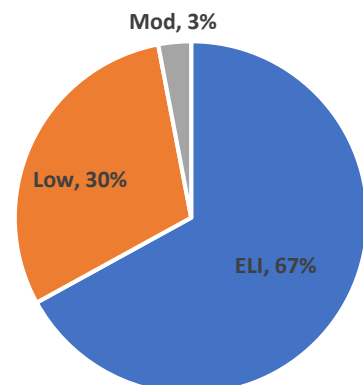
Who We Serve and Housing Production Goals

Below are snapshots of the households served by the Community Development Block Grant (CDBG) and Home Investment Partnerships Act (HOME) programs, based on data from the City’s Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year 2019/20. These programs are a subset of the Department’s overall activity, but they provide a meaningful sample of household composition for these important federal programs. A majority of households served by the CDBG and HOME programs are low- and extremely low-income. For racial composition of households served, over 53% of families assisted by the programs identify as Black; and for ethnic composition, a vast majority of families identify as not Hispanic.

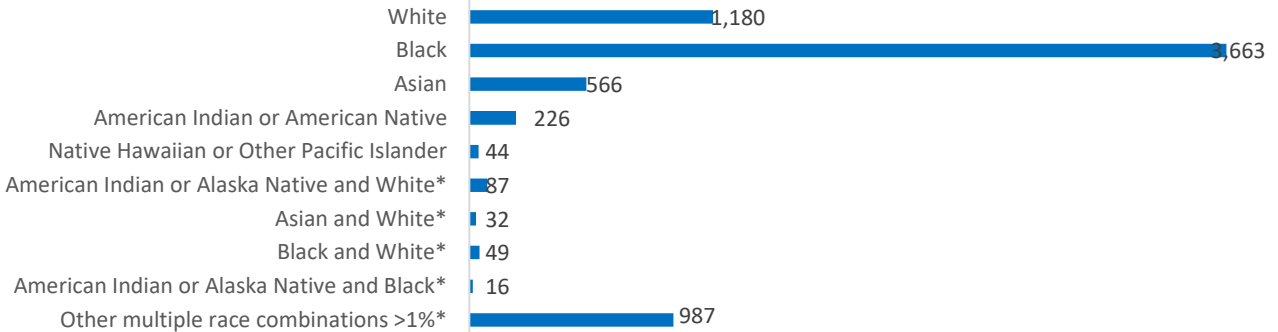
Housing: CDBG & HOME
Households Served by Income FY19-20



Non Housing: CDBG Households
Served by Income FY19-20



Racial Composition of Families Assisted by CDBG + HOME FY19-20

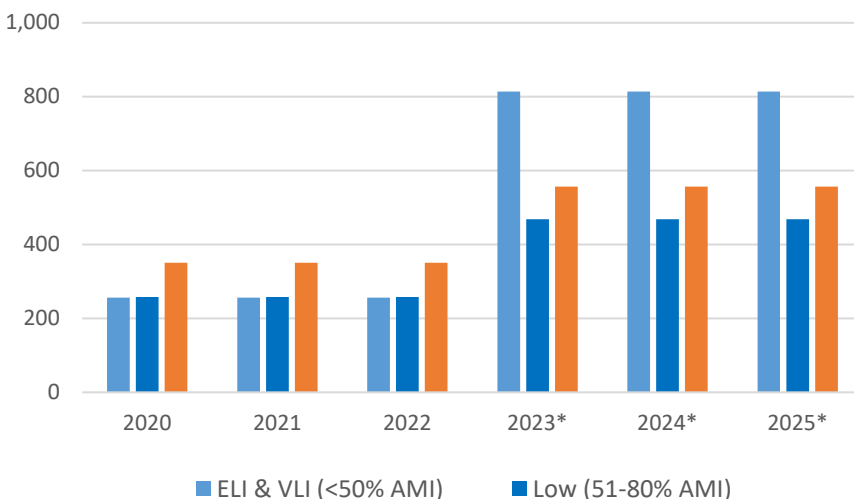


Ethnic Composition of Families Assisted by CDBG + HOME FY19-20



Although still in draft form and not yet adopted, Association of Bay Area Government’s (ABAG) 2023-2030 Regional Housing Needs Allocation^{xiii} doubles the affordable housing production goals for Oakland from the prior Regional Housing Need Allocation (RHNA), and more than triples the goal for units affordable to households earning up to 50% of area median income. This increased allocation, if adopted, would align with our understanding of rent burden and vulnerability to displacement discussed above.

Oakland's RHNA Production Allocation



**Draft 2023-2031 RHNA methodology and allocations are scheduled to be finalized and adopted in December 2021.*

Data and Community Driven Approach

The analyses above clearly point to the City's need for deeper affordability, more affordable housing production, and targeted interventions. Ongoing data analysis will continue to guide the City of Oakland's strategies to protect and house its residents. The City's guiding framework will focus on the following activities, centered on racial equity.

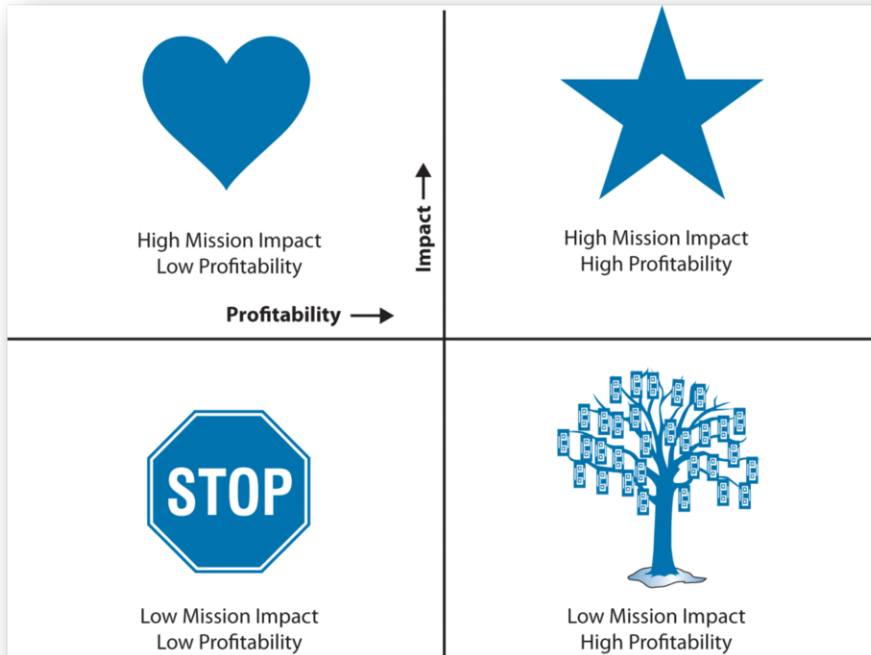
Community Development and Engagement

The Strategic Action Plan approach also entails expanding the practice of community engagement. Toward this end, HCD is harnessing the strength of the Housing Resource Center (HRC) team and the Community Development Block Grant (CDBG) team to create a single Community Development and Engagement unit within the Department. This combined effort will use and build upon our existing networks and tools to ensure that the public has information on affordable housing and community development, that HCD is showing-up in the community in a responsive and holistic manner, and that HCD continues to strive toward the goal of no underserved corners in our city. The City has seven Community Development District Boards with the same geographic boundaries as the City's Council Districts. The Community Development and Engagement unit will work with the Community Development District Boards to become more actively engaged in an ongoing manner and will utilize the HRC skill set in identifying resources and disseminating information. In the immediate term, this group is focused on ensuring that the new Keep Oakland Housed Emergency Rental Assistance Program is accessible to all. Finally, this group will closely coordinate with the Rent Adjustment Program and its robust community outreach and education programming to create synergy and impact.

Strategies for Action

Using the framework of Preservation, Protection and Production to focus on the highest priorities of addressing homelessness, housing for extremely low income (ELI) households, deep racial inequities, displacement, and impacts from the COVID-19 pandemic, HCD will employ the following strategies to address these needs (see Table 2).

Listed with each strategy is a preliminary assessment of how impactful or cost efficient each strategy could be, as a first assessment within a risk-reward matrix framework (example below).



CompassPoint NONPROFIT SERVICES spectrum nonprofit services

xiv

The description of each strategy below includes the needs it meets and a brief assessment of its impact on housing affordability and housing security. The impact is categorized as low, medium, or high based on varying criteria, as described below:

- For Protection, impact is defined as how closely it aligns with HCD’s mission, creates housing stability and security for low-income tenants and protects homeowners at risk of losing their homes, prevents homelessness, and ensures community awareness of and compliance with tenant protection laws.
- For Production and Preservation, impact is defined as how closely it aligns with HCD’s mission of creating new affordable units, deepening affordability, and utilizing the City’s subsidy to leverage other sources of capital. To this end, determination of impact level is based on the number of restricted affordable units created, number of extremely low-income units created, and efficiency of subsidy spent per unit.

Protection Strategies

Protection strategies are designed to prevent displacement and to ensure that low-income renters and homeowners have the information, tools, and support needed to remain in their homes in accordance with local and state laws. These tools also include legal services and financial assistance. The objective of a proactive protection approach is two-fold: to blunt economic and market factors that create housing instability and to strengthen low-income residents' standing as renters and homeowners so as to remain housed in Oakland, if they choose.

A cornerstone of protection strategies is the Rent Adjustment Program, which is about housing stability at its core. Excessive rent increases can have a devastating effect not only on the individual but also on the entire community. They force thousands of Oakland residents to choose between spending over half their income on rent, foregoing other necessities, or moving far away from jobs and community ties. For many, none of these choices are viable, hence homelessness becomes the only option. The COVID-19 crisis has not only exacerbated this problem but has also made it even clearer that there is a need for a strong protective framework. By implementing and enforcing the recently passed Tenant Protection, Just Cause, and Eviction Moratorium Ordinances, the Rent Adjustment Program is a key component of anti-displacement policy.

Anti-displacement and protection efforts must also directly address racial inequities in the housing market. According to the U.S. Census in 2000, Oakland's Black population was 36%, and in 2020 it fell to 23%. The data suggests that rising rents and the disproportionate impact of the foreclosure crisis on black homeowners following the 2008 Recession has contributed to this precipitous demographic shift. While homelessness is the most visible outcome of this displacement, many of Oakland's families had to relocate to more affordable locales within the region or had to leave the region and their communities altogether. Providing a space for these residents to return or stay in Oakland must be a core component of any anti-displacement strategy. In 2016, the Oakland City Council revised its Oakland resident/worker preferences and requirements in City affordable housing programs. This is an important policy objective to ensure Oakland residents can benefit from new affordable housing. As displacement of longtime residents remains an ongoing concern, some municipalities have sought to revise and better target these preferences.^{xv}

[ADD CALL OUT ON CITY NEIGHBORHOOD PREFERENCES PLUS A MAP]^{xvi}

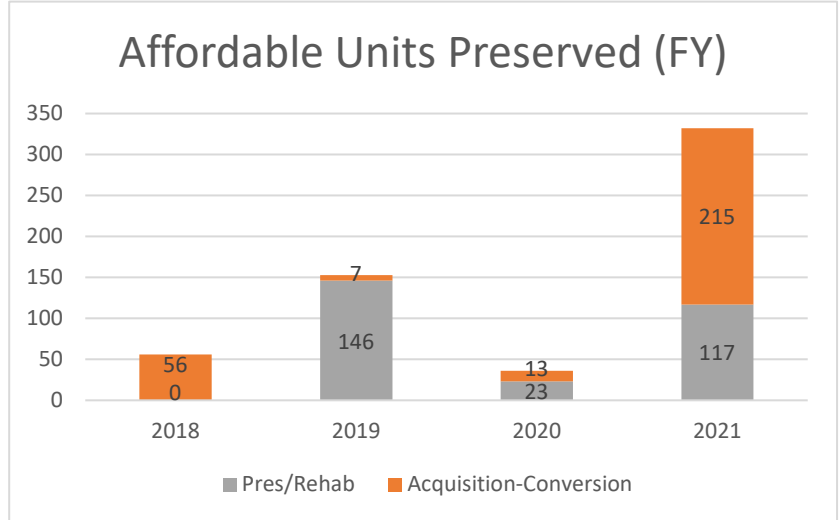
Table 2

Protection Strategies	Needs Being Met	Impact
Align, consolidate and invest in citywide anti-displacement and homelessness prevention activities	<ul style="list-style-type: none"> • Anti-Displacement • COVID Response • ELI Households • Racial Equity 	High
Conduct robust community engagement to ensure residents and property owners are aware of their rights and obligations under Oakland’s tenant/property owner laws <ul style="list-style-type: none"> • Launch Oakland bi-annual Resident Mini Pulse Survey on the state of housing security. 	<ul style="list-style-type: none"> • Racial Equity • Anti-Displacement 	High
Actively enforce Oakland’s rent laws and regulations using tools such as public education, mediation and dispute resolution, hearings, and responding to violations <ul style="list-style-type: none"> • Evaluate implementation of a rent registry 	<ul style="list-style-type: none"> • Racial Equity • Anti-Displacement 	High
Evaluate and strengthen Oakland’s neighborhood preference policy to mitigate and address displacement impacts on Oaklanders, especially its African American residents. <ul style="list-style-type: none"> • Complete analysis required by Alameda County • Strengthen tracking and monitoring of these requirements • Ensure City policies are fully advancing Affirmatively Furthering Fair Housing (AFFH) principles and requirements 	<ul style="list-style-type: none"> • Racial Equity • Anti-Displacement 	Medium

Preservation Strategies

Housing preservation entails placing regulatory restrictions on existing buildings to ensure long-term affordability for residents (see Table 3). Such actions typically, but not always, include capital repairs. These strategies are designed to retain an affordable housing infrastructure for both renters and homeowners. Such preservation strategies also include resident ownership that positions traditionally vulnerable households to have an ownership stake in their homes. Preservation strategies can also serve to preserve neighborhoods and ensure that long standing residents and community institutions are not displaced. Furthermore, there is need for housing

for moderate income families that earn between 80% to 120% area median income (AMI) – our teachers, city workers, and first responders. During what is a “down” cycle of the market, the City should actively explore and support the preservation and acquisition of affordable housing assets that require little direct public financial contribution.



Since FY 2018, the City has acquired and converted and/or preserved nearly 600 units.

Table 3

Preservation Strategies	Needs Being Met	Impact
Develop a public-private preservation financial product that can both increase acquisitions of properties that will house extremely low-income households and people who are homeless, as well as accelerate the pace of the acquisitions	<ul style="list-style-type: none"> Racial Equity ELI - Mod Households Anti-Displacement 	High
Release remaining KK bond funds for resident-led and community land trust supported preservation projects.	<ul style="list-style-type: none"> Racial Equity ELI Households Anti-Displacement 	High
Target and preserve owner-occupied housing in areas experiencing high levels of gentrification.	<ul style="list-style-type: none"> Racial Equity Anti-Displacement ELI-Mod Households 	High
Identify place-keeping preservation strategies and partners in areas most significantly impacted by COVID and reflecting high levels of housing vulnerability. <ul style="list-style-type: none"> Explore potential for a cross-cutting, collective impact model for addressing a variety of distress factors in deep East Oakland [make call out box] 	<ul style="list-style-type: none"> Racial Equity ELI Households Anti-Displacement 	Medium
Evaluate and support acquisition vehicle for single-family homes and/or investor-owned properties.	<ul style="list-style-type: none"> Anti-Displacement Homelessness 	Medium

Design and implement a program to acquire tax-defaulted properties from Alameda County to convert to or build affordable housing.	<ul style="list-style-type: none"> • Anti-Displacement 	Medium
Evaluate resident-led model for ownership solutions, including community land trust and cooperative models.	<ul style="list-style-type: none"> • Racial Equity • Anti-Displacement • ELI-Mod Households 	Medium
Ensure preserved units have access to high speed, broadband access.	<ul style="list-style-type: none"> • Racial Equity 	Low
Evaluate Joint Powers Authority model and others that purport to create housing opportunities for moderate and middle income households.	<ul style="list-style-type: none"> • Anti-Displacement 	Low
Work with City Agencies to develop a citywide affordable housing asset management strategy and staffing plan.	<ul style="list-style-type: none"> • Anti-Displacement 	Low

Production Strategies

Since 2017, the City has invested nearly \$110 million in City funding into affordable housing production, leveraging more than \$730 million of additional investment. This means for every \$1 of City funding, the City has leveraged nearly \$7 of other sources – this is largely due to availability of A1 funding from Alameda County. However, this ratio should go down to about \$1 for every \$4 of other sources moving forward, as County A1 funding has been fully allocated.

Production strategies provide new affordable housing opportunities through new construction of housing, provision of financing for first-time homebuyers to acquire an affordable home, and the provision of rental and operating subsidies that create affordability for low-income residents over the long term (see Table 4). These actionable production strategies are critical in addressing homelessness, displacement, and rent burdens for low-income households.

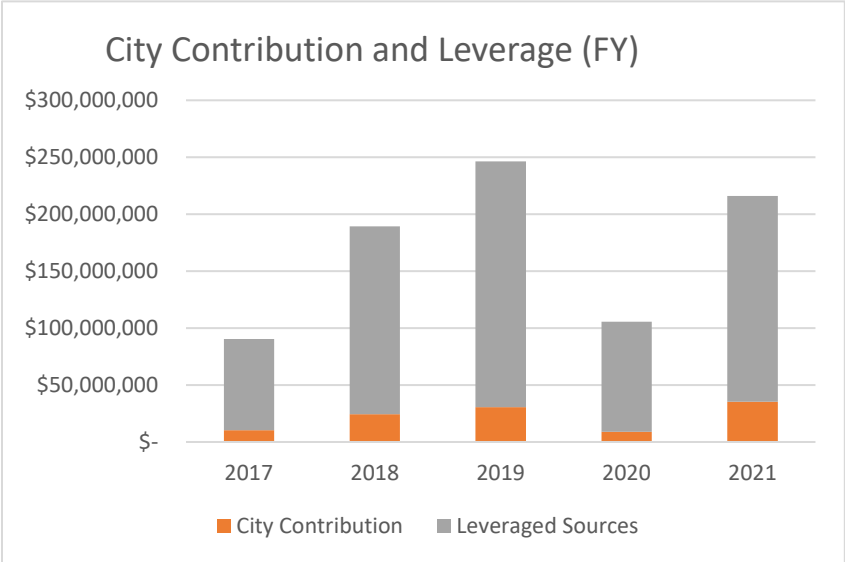


Table 4

Production Strategies	Needs Being Met	Impact
Identify new capital sources to produce new affordable housing units.	<ul style="list-style-type: none"> • ELI Households • Homelessness • Racial Equity 	High
Evaluate creation of debt and equity funds for small sites.	<ul style="list-style-type: none"> • ELI Households • Homelessness • Racial Equity • Anti-Displacement 	High
Assess impact of on-site versus off-site inclusionary affordable unit creation.	<ul style="list-style-type: none"> • ELI Households • Homelessness • Racial Equity 	High
Pursue strategic acquisition of hotel/motel/dorm facilities to house unsheltered residents.	<ul style="list-style-type: none"> • Homelessness • COVID Response • Racial Equity 	High
Develop a project-based rental or operating subsidy program for extremely low-income residents. <ul style="list-style-type: none"> • Dedicate Permanent Local Housing Allocation to support creation of homeless units • Align and target Oakland Housing Authority Section 8 Vouchers for permanent supportive housing and Extremely Low-Income units 	<ul style="list-style-type: none"> • ELI Households • Homelessness 	High
Dispose of publicly-owned sites for immediate and innovative housing, including modular/manufactured solutions.	<ul style="list-style-type: none"> • ELI-Mod Households • Homelessness 	High
Support the Planning and Building Department’s review and assessment of City’s affordable housing impact fees to evaluate fees’ impact. <ul style="list-style-type: none"> • Explore alternative approaches to creating and/or funding new affordable housing such as inclusionary zoning and infrastructure finance districts 	<ul style="list-style-type: none"> • Racial Equity 	High
Pursue strategies to create and ensure long-term affordable housing units at a variety of income levels, including 80%-120% of AMI.	<ul style="list-style-type: none"> • Racial Equity • Low Mod Households • Middle Income Households 	Medium

<ul style="list-style-type: none"> • Access CalHFA bond recycling facility for mixed-income projects 		
Identify and align private capital sources for predevelopment lending to support affordable housing projects (target BIPOC and small nonprofit developers).	<ul style="list-style-type: none"> • Homelessness • COVID Response • Racial Equity • ELI-Mod Households 	Medium
Develop policy and programs to support adding regulatory agreements to affordable housing projects without city investments that will provide affordable rents	<ul style="list-style-type: none"> • Low-Mod Households 	Medium
Evaluate potential vacant commercial buildings for conversion to affordable rental housing.	<ul style="list-style-type: none"> • ELI-Mod Households • 	Medium
Evaluate and increase capacity of existing first-time homebuyer, ownership/asset and wealth building initiatives.	<ul style="list-style-type: none"> • Racial equity • Low to Mod Households 	Medium
Design and launch accessory dwelling unit program in Oakland.	<ul style="list-style-type: none"> • Racial Equity • Mod Households 	Low
Explore how the City can develop citywide funded emerging developer pilot to support new and existing Black-led affordable housing organizations.	<ul style="list-style-type: none"> • Racial Equity 	Low
Evaluate strategies to increase accessible units and adoption of universal design in new construction projects.	<ul style="list-style-type: none"> • ELI-Mod Households • Homelessness 	Low

Implementation Plan

Funding the Plan

Currently, the City of Oakland has limited sources to fund its affordable housing needs. Those sources include seven funds: Housing Trust Fund (Affordable Housing Impact Fees, Jobs-Housing Impact Fees and Boomerang), CDBG, HOME, Low and Moderate Income Housing Asset Fund (LMIHAF), and loan repayments. Although HCD may receive one-time funds, for example through Measure KK or recent federal stimulus funds, those sources are not included in the projections below as they have either been committed and/or they are not recurring sources to the City.

Impact fees rely on market rate development continuing to pay fees. Under the uncertain economic climate, many of these projects may choose to pause or retract, resulting in less sources available to fund affordable housing development. The baseline projections in Table 5 below anticipate reduced Affordable Housing and Jobs Housing impact fee income to the Affordable Housing Trust Fund, and applies the Boomerang projections from the Budget Bureau. These assumptions may be refined as the City's budget is updated with federal American Rescue Plan Act funding.

Table 5

Allocated and Projected HCD Sources by Fiscal Year				Projected Allocations			
Source	Actual Allocations			FY 2021	FY 2022	FY 2023	FY 2024
	FY 2017 - FY 2018	FY 2019	FY 2020				
Affordable Housing Impact Fee	\$4,894,717	\$5,000,000	\$4,137,063	\$2,933,944	\$2,933,944	\$2,993,000	\$3,053,000
Jobs Housing Impact Fee	\$2,463,804	\$0	\$5,273,519	\$2,660,710	\$2,660,710	\$2,714,000	\$2,768,000
Boomerang	\$92,225	\$0	\$8,963,429	\$0	\$2,587,596	\$2,243,086	\$2,288,000
HOME	\$440,253	\$0	\$8,127,746	\$2,642,594	\$2,642,594	\$2,695,000	\$2,749,000
Low-Mod Income Housing Asset Fund	\$1,939,482	\$2,353,500	\$3,074,957	\$1,357,637	\$1,357,637	\$1,385,000	\$1,413,000
Excess Redevelopment Bond	\$13,000,000	\$0	\$0	\$3,900,000	\$0	\$0	\$0
Measure KK	\$55,000,000	\$45,000,000	\$0	\$0	\$0	\$0	\$0
CDBG-CV	\$0	\$0	\$0	\$4,700,000	\$0	\$0	\$0
Local Housing Trust Fund	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$0
Total Sources	\$77,830,481	\$52,353,500	\$29,576,714	\$23,194,885	\$12,182,481	\$12,030,086	\$12,271,000

Notes: FY 2021 & 2022 are from HCD's 2/3/21 Biennial Budget Proposal. Sources are escalated by 2% annually starting in FY 2023.

As shown above, the largest allocations in recent years have come from significant one-time allocations, such as Excess Redevelopment Bond and Measure KK funds. As of 2020, HCD has awarded nearly all of the \$100 million of Measure KK housing funds, resulting in a significant drop in available sources starting in 2021. In the meantime, HCD has pursued various additional sources, including the one-time Local Housing Trust Fund award of \$5 million in 2021. HCD has also programmed \$4.7 million of its CDBG-CV allocation towards Acquisition and Conversion of Affordable Housing (ACAH) and preservation projects in 2021. However, starting in FY 2022, projected allocations will drop to approximately \$12 million per year.

Strategic Action Plan Funding Priorities:

In order to provide more immediate housing solutions and stability for existing tenants and unsheltered residents, the City will shift its two-year focus to invest 50% of its available resources in acquisition and conversion opportunities and 50% into new construction, as funding allows.

New construction and preservation projects compete for funding, often starting with the City of Oakland's notice of funding availability (NOFA) process. While the City's subsidy provides early funding commitments that new construction and some preservation projects use to demonstrate local leverage and support so as to score more competitively with other funding sources, these projects often take years to complete.

As such, implementation of this prioritization over the next two years will target projects that result in immediate housing solutions.

The assumptions in Table 6 below drive how funds might be split across project types in the unit production analysis. In this approach, up to 50% of available funds will be set-aside for new construction projects, with the remainder split between Acquisition-Conversion and Preservation of existing affordable housing. However, a new construction NOFA would only be issued if there is at least \$6 million (with ideally at least \$10 million) to fund at least one new construction project; if not, those funds would instead be invested toward the other programs. A very small fraction of funds is proposed to potentially support regulatory agreements for Missing Middle projects, where the City may secure an affordability restriction of an unrestricted building through a very small loan and the benefit of a welfare tax exemption. This Missing Middle strategy is still in the early conceptual stage as staff study the feasibility of such a program to meet moderate income production goals. Below are the average subsidy per affordable unit assumptions that are based on recent City projects. Because Homeownership (First Time Homebuyer) does not result in new restricted units, and density bonus projects do not require City subsidy, those two programs have not been included in production assumptions below.

Table 6

Affordable Unit Production Assumptions		
Program	Fund Split by Program	Avg Subsidy per Affordable Unit
New Construction Units (a)	50%	\$150,000
Acquisition-Conversion Units	35%	\$150,000
Preservation Units	14%	\$125,000
<u>Missing Middle Units</u>	<u>1%</u>	<u>\$3,000</u>
Total Units	100%	\$145,030

(a) Only applies if new construction split exceeds \$6 million.

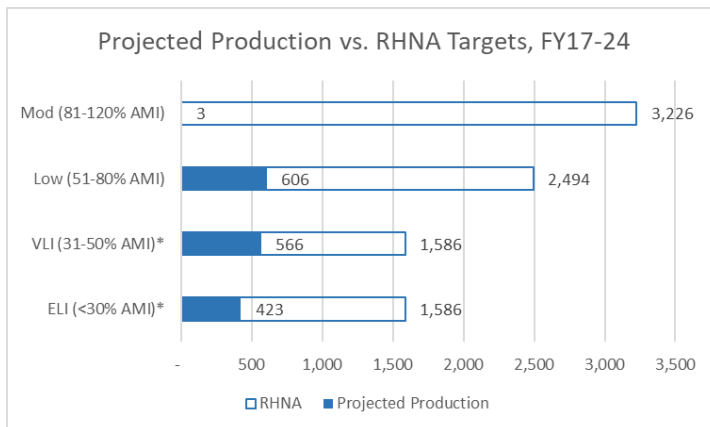
The Housing Cabinet set a target of 17,000 units to be produced in the City from 2016 through 2023, with 4,760 of those units to be affordable. To meet this affordable unit production target, the City needs to produce an average of 595 units per year. However, in order to make up the deficit from past years' production, this annual target must increase to 934 units per year to reach 4,760 total affordable units by 2024.

As shown in Table 7 below, the City has not yet reached the 595 unit annual production target in any fiscal year. Furthermore, using the assumptions above, the City is projecting even lower production in future years based on the limited funding availability discussed earlier. Under current funding projections, HCD would only reach approximately 34% of our production targets, averaging annual production of 150 units through 2024. **To increase production to meet the target of 4,760 affordable units by 2024, the City needs to identify over \$457 million in additional subsidy beyond existing projections to meet the annual targets.**^{xvii} Although not included in the projections below, funding for increased staffing capacity to meet these production goals would also be required.

Table 7

Affordable Unit Production: Baseline Recurring Sources					Projected Production				Total
Project Type	Actual Production (a)				FY 2021	FY 2022	FY 2023	FY 2024	
New Construction Units	113	294	198	157	77	39	38	37	954
Acquisition-Conversion Units	0	56	7	13	54	28	26	26	210
Preservation Units	0	0	146	23	26	13	13	13	234
Missing Middle Units	0	0	0	19	77	39	38	37	211
Total Units	113	350	351	212	235	120	115	114	1,609
RHNA Production Target	865	865	865	865	865	865	1,840	1,840	8,869
17k/17k Production Target	595	595	595	595	595	595	595	595	4,760
Adjusted 17k/17k Target	113	350	351	212	934	934	934	934	4,760
Projected Sources (Baseline)					23,194,885	12,182,481	12,030,086	12,271,000	59,678,453
Additional Subsidy Needed to Meet Corrected Production Target					101,342,000	118,026,000	118,742,000	118,904,000	457,014,000

(a) The City includes affordable units from Density Bonus projects in its production counts, but they have not been included here.



*RHNA lumps ELI and VLI into one category, which has been split in half for this chart.

When we apply historical affordability levels onto the projected production rates, we also fall short of our RHNA goals across all categories of affordability. In order to both achieve our 17k/17k goals and meet the higher RHNA targets, the City must identify and secure new sources of capital and operating subsidy beyond the \$457 million noted above to produce the units needed to create housing security for all Oakland residents.

Next Steps: Building on the Framework

To begin addressing this staggering subsidy gap, the City will pursue all new sources and programs available to stretch its investments further, including strategies discussed in the previous section. The City is engaged in multiple conversations at the regional and county level about how Oakland can participate in pursuing voter-approved bond measures for affordable housing. The City has also engaged in state advocacy for more funding and alignment of state funding awards, especially the allocation of tax-exempt bonds and tax credits. In addition, the City will continue leveraging any State and Federal housing funding made available through emergency relief, COVID-19 relief, or stimulus funding vehicles, with close collaboration across City agencies. For example, in late 2020, the City secured over \$22 million in Homekey funding for the rapid acquisition and operation of homeless housing to mitigate COVID-19 risks, resulting in over 165 units of homeless housing across the City. The State is likely to build from the success of this program, and the City has built-up the staff infrastructure across multiple City agencies (Housing & Community Development, Human Services, Planning & Building, and Economic & Workforce Development) to take advantage of this funding should it be approved in the State budget in June 2021.

Despite the wide gap between projected production and RHNA and 17k/17k targets, the City now has the opportunity to focus its efforts and dollars to meaningfully invest in the City's highest housing needs and its most vulnerable residents. Stanford and UPENN's innovative research suggest that ELI and moderate-income households face the greatest risk of displacement, with residents in East Oakland and parts of West Oakland likely to be particularly vulnerable. By building upon a data-driven, community-based pursuit of impactful strategies, the City is positioned to better serve Oakland's households and neighborhoods.

Appendix

Measure KK, Series 2017 A-2 (Taxable) Project Status (Housing)^{xviiiix}

Project Name	Total Funding	Funds Spent as of 1/12/2021	Funds Committed	Remaining Funds (Uncommitted)	Anticipated Completion Date (a)
1-4 Unit Housing Programs	\$1,500,000	\$1,050,000	\$450,000	\$0	February 2021
Acquisition of Transitional Housing Facility	\$14,000,000	\$11,475,842	\$2,524,158	\$0	December 2021
New Construction	\$6,319,900	\$2,367,424	\$3,952,476	\$0	Varies, between Jan. 2020 and April 2023
Housing Rehabilitation & Preservation	\$9,288,000	\$6,338,000	\$2,950,000	\$0	Varies, between March 2020 and April 2023
Site Acquisition Program	\$15,649,150	\$15,649,150	\$0	\$0	All funds drawn down
Acquisition & Conversion to Affordable Housing (ACAH)	\$5,342,375	\$3,418,312	\$1,924,064	\$0	February 2021
Accessory Dwelling Units (ADUs)	\$500,000	\$0	\$500,000	\$0	December 2021
Administration	2,400,575	\$2,056,038	\$344,537	\$0	June 2021
SUBTOTAL	\$55,000,000	\$42,354,765	\$12,645,235	\$0	

ⁱ <https://www.3pshousingplan.org/>

ⁱⁱ https://mtc.ca.gov/sites/default/files/CASA_Compact.pdf

ⁱⁱⁱ Indicators Report pg. 85

^{iv} <https://www.policylink.org/sites/default/files/pl-report-oak-housing-070715.pdf>

^v https://everyonehome.org/wp-content/uploads/2019/07/2019_HIRDReport_Alameda_FinalDraft_8.15.19.pdf

^{vi} Press Release: Governor Newsom Declares State of Emergency to Help State Prepare for Broader Spread of COVID-19, Mar 04, 2020

^{vii} https://www.bls.gov/eag/eag.ca_oakland_md.htm

^{viii} <https://www.epi.org/indicators/state-unemployment-race-ethnicity/>

^{ix} March 12, 2019 Mayor’s Press Release.

^x [placeholder for link and/or citation to the Stanford & FRB report]

^{xi} The Housing Initiative at Penn, *Housing Vulnerability in Oakland*, August 2020.

^{xii} <https://cao-94612.s3.amazonaws.com/documents/HIP-Oakland-RAP-Survey-Analysis-v2-1.pdf>

^{xiii} https://abag.ca.gov/sites/default/files/documents/2021-02/ABAG_Draft_RHNA_Methodology_Report_2023-2031.pdf

^{xiv} <http://www.nonprofitsustainability.org/>

^{xv} For example in 2019, the City of San Francisco, “enacted Ordinance 120-19 which created a new category of preference for Tenants facing Displacement at a multi-family residential property where units at the property will no longer be restricted to ensure affordability based on income under any regulatory or other affordable housing agreements and or recorded documents.”^{xv} This was in direct response to the explosive acquisition activity of former “naturally occurring affordable housing” by market rate developers.

^{xvi} https://library.municode.com/ca/oakland/codes/code_of_ordinances?nodet=TIT15BUCO_CH15.63OAREWOPR_REAFHOPR_ARTIPRMUAFHOPR_15.63.030PR

^{xvii} The production table shows the units produced by project type and by fiscal year, as well as projections based on the baseline funding projections above. Note that the table combines actual production data (e.g. construction start or loan closing) for 2017 through 2020 with projected funding and unit assumptions for future years of 2021 through 2024. In reality, the production of most units would likely lag one or more years after securing City funding, depending on project type.

^{xviii} Finance Council Report to KK Oversight Committee Report February 2020 pg. 8.

^{xix} The dates are based on when funds are anticipated to be 100% drawn down. The Housing Rehabilitation & Preservation and New Construction programs are comprised of 11 different housing development projects, and the length of construction and draw down requirements of other leveraged sources vary project by project. The date listed is the furthest outside date of all projects in each program category; some will be completed prior to