



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: William A. Gilchrist
Director, Planning and
Building

SUBJECT: Local Early Action Planning Grant
Funds

DATE: May 11, 2020

City Administrator Approval

Date: May 27, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or Designee To Apply For, Accept And Appropriate Funds From The Local Government Planning Support Grant Program, Also Known As The Local Early Action Planning Grant Program, From The California Department Of Housing And Community Development In An Amount Not To Exceed Seven Hundred And Fifty Thousand Dollars (\$750,000) To Provide Funding From July 1, 2020 Through December 31, 2023 For The Preparation, Adoption, And Implementation Of Plans And Policies That Streamline Housing Approvals, Accelerate Housing Production, And Increase Housing Stock.

EXECUTIVE SUMMARY

Adoption of the proposed resolution will allow the City Administrator, or designee, to apply for and accept funds from the Local Government Planning Support Grant Program (hereinafter referred to as the Local Early Action Planning Grants program or LEAP) from the California Department of Housing and Community Development in an amount not to exceed \$750,000. If approved, the LEAP Grant would fund the preparation of the City of Oakland's 2022-2030 Housing Element, an updated Safety Element, and a new Environmental Justice Element (and/or integration of new environmental justice goals, policies and objectives into the General Plan Elements). The adoption of each of these Elements is required by State law and is a critical precondition for securing various funding sources for housing and emergency-related programs. Furthermore, this funding provides the City with an opportunity to clearly articulate a housing strategy and prioritized action plan, while ensuring that environmental justice, racial equity, and resiliency goals drive those policies and actions.

BACKGROUND / LEGISLATIVE HISTORY

Oakland faces an extreme housing shortage, particularly of units available to moderate- and low-income households, which is contributing to rising costs, increased rent burden, skyrocketing rates of homelessness, and racial and economic displacement. At the root of this crisis is the limited availability of housing in Oakland, especially housing affordable to moderate- and low-income renters. Since the burst of the housing bubble and ensuing economic recession

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in 2008, housing demand in Oakland, and in the Bay Area as a whole, has far outstripped production. Oakland's limited housing stock has caused the price of housing to skyrocket, adversely impacting many residents. As of 2016, 48 percent of Oakland renters are considered "rent burdened"—meaning that more than 30 percent of their household income is spent on rent.¹ Oakland's homeless population has also significantly increased in the past two years, jumping 47 percent from 2,761 in 2017 to 4,071 in 2019.² As Oakland's overall population has continued to grow—from 390,792 in 2010 to 429,082 in 2018—the City's African-American population has steadily decreased from 140,139 in 2000 to 101,482 in 2017.^{3 4} These trends underscore the importance of exploring opportunities to generate more housing stock at varying levels of affordability.

While the level of housing production in the City of Oakland has increased greatly in recent years, it has not kept pace with increased demand caused by regional job growth. The production of housing at all income levels in Oakland has not accelerated enough to significantly impact growing housing prices or the resultant demographic changes.

On January 27, 2020, the State of California, Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) for the LEAP Grant Program. The LEAP Program is part of a broader Program formerly known as the Local Government Planning Support Grants Program, which was established as part of the State of California's 2019-20 Budget Act. The 2019-20 Budget Act provides a spectrum of support, incentives, resources and accountability to meet California's housing goals.

The purpose of the Local Government Planning Support Grants Program is to provide one-time grant funding to regions and jurisdictions for technical assistance, preparation and adoption of planning documents, and process improvements. The over-arching goal of the Program is to accelerate housing production.

LEAP Grant applications are due July 1, 2020, and the City of Oakland will have until December 31, 2023 to expend the awarded funds.

ANALYSIS AND POLICY ALTERNATIVES

The Bureau of Planning within the Planning & Building Department (PBD) seeks to use LEAP Grant funds to prepare the 2022-2030 Housing Element of the General Plan, as well as update the Safety Element and prepare an Environmental Justice Element and/or integrate environmental justice goals, policies and objectives into other General Plan elements, which are all required to be adopted simultaneously by State Law, in order to accelerate housing production and increase housing supply at varying income levels.

California Government Code Section 65580 et seq. requires that each city in the State of California prepare an update to the Housing Element of their General Plan to address the

¹ <https://data.oaklandnet.com/Equity-Indicators/Rent-Burden/fsve-tisg>, data sourced from American Community Survey Public Use Microdata Series, 2018.

² Michelle Kingston, "Oakland's Homeless Population Increased by 47 Percent in Two Years," KRON4, July 23, 2019

³ U.S. Census Bureau, *Population Estimates, July 1, 2018 (V2018)*, P94-171

⁴ U.S. Census, 2017 ACS 5-Year Survey (Table B03002)

housing needs of all residents, in all income levels. Housing Element compliance is a critical precondition for securing funds from numerous Federal, State and local programs, such as Home Investments Partnerships (HOME) Program, Community Development Block Grant (CDBG) Program, Local Housing Trust Fund (LHTF) Program include housing element compliance as a rating and ranking or threshold requirement. For the City of Oakland to be compliant with State Housing Element law, the City Council must adopt an updated Housing Element for the planning period 2022-2030 by December 15, 2022. In addition to satisfying a regulatory requirement and making housing development within the City more competitive for State and Federal funds, the LEAP Grant would provide an opportunity for the City of Oakland to develop a more in-depth Housing Element that can function as a true roadmap for day-to-day operations to promote preservation and production of housing. It can facilitate compliance with the sixth-cycle California Regional Housing Needs Allocation (RHNA); allow the City to do a more targeted needs assessment of very low-, extremely low-income, and unsheltered populations; include a more explicit racial equity lens as the City develops strategies to target impacted communities; and create measurable outcomes to assess housing policies and strategies.

In addition, Senate Bill 1035 (2018) requires cities to review and update their Safety Element concurrent with each revision of the Housing Element. Senate Bill 1000 (2016), requires cities to adopt an Environmental Justice Element and/or integrate environmental justice goals, policies and objectives into other General Plan elements upon the adoption or next concurrent revision of two or more General Plan elements on or after January 1, 2018. Preparation and adoption of an updated Safety Element and Environmental Justice Element and/or integration of environmental justice goals, policies and objectives into other General Plan Elements, simultaneously with the preparation and adoption of the Housing Element will allow these efforts to be coordinated. In addition to meeting State-mandated requirements regarding General Plans, this coordinated process would promote safe, decent and equitable housing opportunities for all residents. There would be particular attention to promoting civic engagement in the public decision-making process, and identifying objectives and policies that prioritize improvements and programs that address the most pressing needs in our community, particularly where social and racial inequity is most prevalent.

Notwithstanding any potential subsequent obligation to conduct environmental review under the California Environmental Quality Act (CEQA), the preliminary action of applying for, accepting, and appropriating state funding is not a decision that commits the City to a definite course of action with respect to implementation of developed proposals and, therefore, is not subject to CEQA.

The Bureau of Planning, in alignment with the LEAP Grant Program's guidelines, may use the LEAP funds to cover some costs of persons employed by the Bureau of Planning for activities directly related to the preparation and adoption of the proposed grant-funded projects; cover administrative costs of no more than five percent of the grant amount; and/or to cover the costs of consultants needed to help complete the proposed projects. The award of any professional service contracts will comply with the City's contracting procedures and policies.

Staff is requesting adoption of the proposed Resolution by the City Council at its meeting of June 2, 2020, in order to meet the July 1, 2020 application deadline.

FISCAL IMPACT

Approval of the proposed resolution will authorize the application, acceptance, and allocation of the LEAP Grant funds for Program Year 2020-2021, 2021-2022, and 2022-2023 in a total amount not to exceed \$750,000. Successful applicants will receive an award letter from the California Department of Housing and Community Development and will be awarded funds. Applicants will enter into a State Standard Agreement (Standard Agreement) for distribution of funds. The Standard Agreement process will specify, among other things, the amount of funds granted, timeline for expenditure of funds, and the approved use of funds. Expenditure report dates and other requirements will also be identified in the Standard Agreement.

The fiscal impact to the City is the staff time dedicated to developing the policy tools. A team of consultants will support Bureau of Planning staff throughout the research, analysis, and development of these grant-funded projects.

PUBLIC OUTREACH / INTEREST

As part of the research and development of the updated Housing Element, Safety Element and Environmental Justice Element and/or environmental justice goals, policies and objectives, Bureau of Planning staff would conduct an extensive outreach process with the intention of engaging stakeholders throughout the community, including tenants and property owners, existing community groups, developers, business organizations, small business owners and others. The outreach process would consist of interviews, focus groups, surveys, and community meetings. It would be important to have meaningful engagement with Oakland's most vulnerable community members to daylight potential impacts of different policies.

In addition, the City would engage with outside public agencies, including but not limited to the Association of Bay Area Governments, the San Francisco Bay Conservation and Development Commission, the Metropolitan Transportation Commission, the Federal Emergency Management Agency (FEMA) and utility providers.

COORDINATION

Preparation of the Housing Element, Safety Element and Environmental Justice Element and/or integration of environmental justice goals, policies and objectives in other General Plan Elements would be a multi-department effort, with the Bureau of Planning collaborating closely with key partners, including the Bureau of Building within PBD, the Department of Housing and Community Development, Department of Race and Equity, Economic and Workforce Development Department, Department of Human Services, Public Works Department, Department of Transportation, Emergency Management Services Division and the Fire Marshal of the Oakland Fire Department, City Administrator's Office, and the City's Chief Resiliency Officer.

This report has been reviewed by the Office of the City Attorney and by the Budget Office.

SUSTAINABLE OPPORTUNITIES

Economic: A completed 2022-2030 Housing Element will include the identification of sites suitable for affordable- and market-rate housing subject to market conditions and the lending environment. The completed Housing Element would show housing developers where new housing could potentially be built in the future.

By adopting an updated Safety Element, Oakland residents, businesses and the essential civic functions of the government would be better prepared following a disaster due to natural and human-caused hazards, and the City's economy could therefore recover more readily. Concurrent adoption of an Environmental Justice Element and/or integration of environmental justice goals, policies and objectives into other General Plan elements would promote meaningful civic engagement in public decision-making process and identify objectives and policies that address the most pressing needs in our community, particularly where social and racial inequity is most prevalent.

Environmental: The lack of housing options in Oakland worsens air pollution, as community members priced out of the local housing market are forced to drive longer distances to their jobs. Considerable evidence shows that households living near employment-dense areas and transit corridors have lower carbon footprints than those living in less dense areas further from transit. Affordable housing located near transit is particularly impactful, as low-income households are more likely not to own cars if they have access to quality transportation options. Given the current, observable impacts from the current COVID-19 outbreak on communities, this study also affords an opportunity to investigate any mitigating principles in housing development for incorporation into regulation standards to address epidemiological objectives.

Adoption and implementation of an updated Safety Element would help preserve Oakland's environmental quality by minimizing potential damage to natural resources from safety hazards and disasters, including sea level rise and wildfire risks. When the City improves its public infrastructure, it increases the environmental and health benefits of the city's water, air and soil. Concurrent adoption of an Environmental Justice Element and/or integration of environmental justice goals, policies and objectives into other General Plan elements would promote meaningful civic engagement in the public decision-making process and identify objectives and policies that prioritize improvements and programs that address the most pressing needs in our community, particularly where social and racial inequity is most prevalent.

Race & Equity: LEAP funds would help the City develop a Housing Element with meaningful strategies and measurable outcomes to create more housing that is affordable to Oaklanders of all income levels. This is an important step towards addressing rising costs of housing, increased rent burden, skyrocketing rates of homelessness, which have produced increasing racial inequities.

An updated Safety Element would direct improvements to public infrastructure and critical facilities which can make for more disaster-resistant neighborhoods and prepare residents to respond to and recover more quickly from natural, or human-caused emergencies. Concurrent adoption of an Environmental Justice Element and/or integration of environmental justice goals, policies and objectives into other General Plan elements would promote meaningful civic engagement in the public decision-making process and identify objectives, policies,

improvements and programs that address the most pressing needs in our community, particularly where social and racial inequity is most prevalent.

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact Christina Ferracane, Planner IV, at 510-238-3903.

Respectfully submitted,



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