CITY OF OAKLAND

AGENDA REPORT

TO:	Edward D. Reiskin City Administrator	**FROM:**	Darlene Flynn Director, Race and Equity
SUBJECT:	Report On Redlined Neighborhoods In City Council District 3, As Requested by Councilmember Fife	**DATE:**	June 21, 2022

City Administrator Approval  Date: Jun 23, 2022

RECOMMENDATION

Staff Recommends That the City Council Receive An Informational Report From The City Administrator On The Impact Of Financing Relationships And Housing And Zoning And Related Municipal Policies That Created The Cypress Freeway, The 7th Street Post Office, The West Oakland Bart Station And All Redlined Areas Of Council District 3, Including An Analysis Of Displacement Through Eminent Domain, Lost Wealth Due To Segregation, Depreciated Property Value And Gentrification.

Staff note that additional research and development of options is needed to inform consideration of a policy response to issues raised by this report. The City Administrator recommends contracting outside services to further explore the topic of Redlining, including analysis on Displacement Through Eminent Domain, Lost Wealth Due To Segregation, Depreciated Property Value And Gentrification.

EXECUTIVE SUMMARY

This report is a summary of citations, that City staff organized as they relate to the request of Councilmember Fife.

The content contained in this report includes excerpts from the following studies and reports:

- Reparations for Black Communities in Oakland, an Advanced Student Policy Analysis Berkeley Goldman School of Public Policy, by Amy Ferguson, MPP
- Self, Robert O. *American Babylon: Race and the Struggle for Postwar Oakland*.
- The Color of Law and the Geography of Opportunity in West Oakland, State of Black Education in Oakland.
- Roots, Race and Place: A History of Racially Exclusionary Housing in the San Francisco Bay Area
- Race, Space and Struggles for Mobility: Transportation Impacts on African-Americans in Oakland and the East Bay.
- Oakland 2030 Equitable Climate Action Plan (ECAP)
- Owning Our Air - West Oakland Environmental Indicators Project

It is with deep appreciation that staff acknowledges the countless months and years of research represented in the products quoted in this overview. The production of this report would not have been possible without these authors dedication to documenting what happened here.

The analysis of lost wealth due to segregation, depreciated property value and gentrification relies on a sections of Reparations for Black Communities in Oakland, an Advanced Student Policy Analysis Berkeley Goldman School of Public Policy, by Amy Ferguson, MPP 2021[1]. It should also be noted that most of the studies drawn from, at some point reference Robert O. Self's book, American Babylon: Race and the Struggle for Post-war Oakland[2], as background for their work, demonstrating that it continues to be a seminal text on Oakland's Black history of that period.

As stated above, additional research and development of options is needed to inform consideration of a policy response to issues raised by this report. The City Administrator recommends contracting outside services to further explore the topic of Redlining, including analysis on Displacement Through Eminent Domain, Lost Wealth Due To Segregation, Depreciated Property Value And Gentrification.

These studies taken collectively have a high level of reliability in recounting the ways in which decisions and actions of government and public agencies disadvantaged residents of West Oakland. They document where Black residents were concentrated by redlining, how boom-bust cycles, employment and housing discrimination, suburbanization of opportunity and waves of "urban renewal" steered Black residents away from prosperity. The systemic nature of these factors are evident in the way these mechanisms were utilized nationally and resulted in extracting from rather than contributing to the wellbeing of Black communities in cities across the U.S. This history tracks from the beginning of the nation, through the post-World War II era, and into the present. While this literature review is not exhaustive, it is representative of the events that are the root causes of the racial inequity impacting Black Oaklanders.

BACKGROUND / HISTORY

At the April 14, 2022 Rules and Legislation Committee meeting, Councilmember Carol Fife submitted a scheduling request asking that the City Administrator submit an informational report concerning Redlined Neighborhoods in City Council District 3. This report is in response to that request.

ANALYSIS

In response to Councilmember Fife's request, staff collected the following information:

[1] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021*.
[2] Self, Robert O. *American Babylon: Race and the Struggle for Postwar Oakland*. Princeton, N.J.; Woodstock, Princeton University Press, 2005.

Redlining

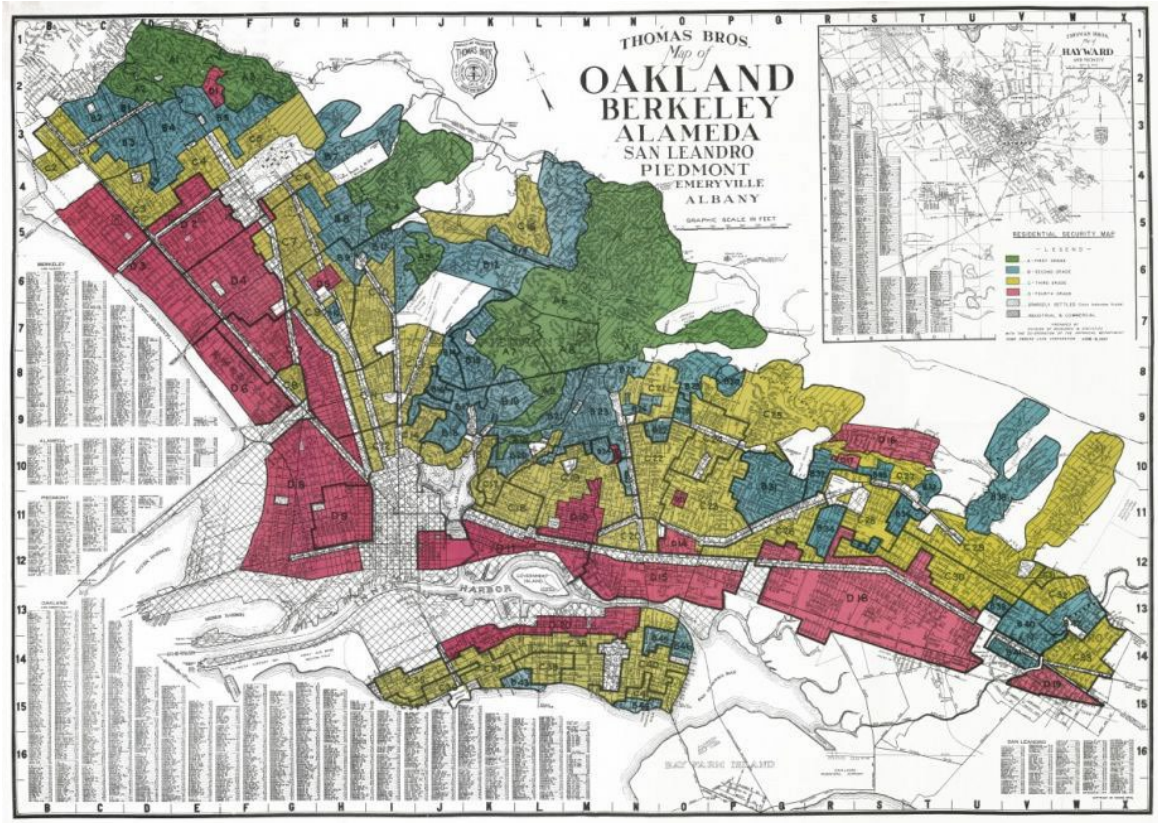

Figure 1: The 1937 "redlining" map of Oakland published by the Homeowners Loan Corporation

Redlining made financing for home improvement and maintenance inaccessible, as living wage jobs were suburbanized, or otherwise left Oakland, and transportation/government projects destroyed business districts, incomes declined, and blight spread through West Oakland (Summarized from Race, Space and Struggles for Mobility – Urban Geography, 2016).

The following is from, Reparations for Black Communities in Oakland, a Student Policy Analysis from the Berkeley Goldman School of Public Policy, by Amy Ferguson, MPP[3]:

"Black migrants came to Oakland largely during World War II and in the decades afterward, as part of the Great Migration, when many Black people left the South and moved to the North and West of the country. The Great Migration was approximately from 1915 to 1960. Black migrants to Oakland enjoyed ample employment in shipyards and military bases in Oakland during World War II. After the war, some struggled to find employment, working in factories or services, though the military bases remained a stable source of employment across further decades. West Oakland was a center for the Black community, as discriminatory policies caused them to be unable to live in many other neighborhoods."[4]

[3] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021, pages 31-38*
[4] Ibid., page 31

"A linchpin of segregation had been redlining and the denial of loans and mortgages. The Home Owners Loan Corporation first produced the infamous maps marking city neighborhoods by color and assigning neighborhoods mostly inhabited by minorities as "high risk" in red (see **Figure 1**). These were later used by the Federal Housing Administration and by private lenders to deny loans and mortgages from applicants in those neighborhoods." [5]

"Major consequences of these policies include that many Black residents in West Oakland were not able to access mortgages to buy homes, and were thus barred from home ownership. Furthermore, Black residents with homes could not access crucial credit to upkeep and maintain their homes. This would become an even larger problem when those homes were determined to be "blighted" and became slated for demolition under urban renewal, making home ownership more difficult to achieve once again. Meanwhile, federally-backed mortgages that went mostly to white families represented...one of the largest federal welfare transfers in the nation."[6]

"Home ownership was federally subsidized for white families and, along with cheaper land in the suburbs and new techniques in housing production, brought homeownership to historically unprecedented numbers of white/Anglo people in California and the nation. Benefits tended to go to middle- and upper-class families, with no loans given to the bottom third income bracket and only 16% to the bottom half by the 1960s, in the San Francisco-Oakland region.

Disparities in access to mortgages and credit persist to this day. As stated earlier, Black applicants in Oakland today are denied mortgages at almost double the rate of white Applicants."[7]

Redlining made financing for home improvement and maintenance inaccessible, as living wage jobs were suburbanized, or otherwise left Oakland, and transportation/government projects destroyed business districts, incomes declined, and blight spread through W. Oakland.[8]

Zoning/Exclusionary Policy

Many exclusionary housing policies, now common across the United States, originated in the Bay Area. San Francisco was among the first to use zoning to exclude specific racial groups with policies that were used to both explicitly (the 1890 Bingham Ordinance 20) and implicitly (the 1870 Cubic Air Ordinance 21 and 1880 Laundry Ordinance 22) criminalize the city's Chinese population. Berkeley's 1916 comprehensive zoning ordinance that established exclusive single-family residential zones, celebrated by California Real Estate magazine for its "protection against invasion of Negroes and Asiatics," pushed the limits of local zoning authority and became a standard in cities throughout the United States. In Oakland, after local developers, real estate agents, and landlords defeated a major public housing plan, their organization spearheaded the statewide ballot proposition that would establish Article 34 in the California Constitution, creating a major barrier to public and affordable housing across the state for decades thereafter.[9]

[5] Ibid., page 38
[6] Ibid., page 38
[7] Ibid., 38
[8] Summarized from Race, Space and Struggles for Mobility – Urban Geography, 2016
[9] Montojo, Nicole. "Roots, Races and Place." Https://Belonging.berkeley.edu/Rootsraceplace 2 Oct. 2019, page 15.

Example of Impacts: Exclusionary zoning and policy actively contributed to housing and wealth building options for Black residents – San Leandro, the suburban community bordering Oakland to the south, turned its covenants into "neighborhood protective associations," or groups of homeowners that determined who could live in their neighborhood as long as "race and creed" were not considered. Such associations were extremely effective in maintaining San Leandro's racial exclusivity and protecting property values. By 1970, Blacks comprised thirty-four percent of Oakland's population, while just eighty-four Blacks lived in San Leandro. In 1980, the average house in San Leandro was worth $96,400, thirty thousand dollars more than the average house in Oakland--Title: A Tale of Two Cities: How the Government Caused and Maintained Racial Inequality in Oakland, California 1945- 1970[10].

Environmental Justice Impacts: Zoning was used to designate some areas as residential, either with single-family homes or multi-family homes, and others as industrial. This kept property values higher for white residents in more affluent areas. Unfortunately for Black residents of West Oakland, the neighborhood was zoned for heavy and light industrial use:

> Activities allowed in light industrial areas included chemical, acid, disinfectant, chlorine, ammonia, cement, lime, gypsum, and alcohol manufacturing. In heavy industrial areas, the following were allowed: manufacturing explosives and fertilizer; petroleum refining; garbage, offal or dead animal reduction or dumping; smelting." Segregation of neighborhoods also maps onto zoning differences. A segregation map published in 1960 by Dr. Hunter showed that the three zones where Black people resided included zoning for industrial use around residential areas, while the six zones where they did not reside were mostly "A" or single-family zoned, with no industrial use. Keeping affluent areas free from industrial use also protected property values and tax dollars for the city.[11]

Urban Renewal

"A common component of post-war urban renewal was transportation infrastructure such as highway and mass transit systems, with often devastating effects on African American communities (Massey, 1990; Mohl, 1993). The East Bay Freeways and BART, designed and constructed during this period, produced many of the typical aspects of neighborhood displacement and blight. In 1958, the Oakland City Council, void of any representation of the 22% of its population which was African American approved all the highway alignments through West Oakland."[12]

Urban renewal also led to transportation projects connecting the suburbs to San Francisco. Robert O. Self writes that, by demolishing homes and building new projects:

> ...in Oakland no less than in other American cities, urban renewal constituted a massive redistribution of property and people in the name of saving downtown...at the heart of the plan was a redistribution of property from homeowners and small

[10] The Color of Law and the Geography of Opportunity in West Oakland State of Black Education -Oakland (SoBEO).
[11] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021*, page 35
[12] Aaron Golub, Richard A. Marcantonio & Thomas W. Sanchez (2013) Race, Space, and Struggles for Mobility: Transportation Impacts on African Americans in Oakland and the East Bay, Urban Geography, page 710

> businesspeople to private industry and corporations and a redistribution of poor and middling homeowners and renters from one slum to another.[13]

"Urban redevelopment and "renewal" early in the post-war period devastated the West and North Oakland African American communities as it set the stage for "White flight" to the suburbs. A great deal of the urban renewal impacts on West Oakland Resulted from transportation projects to link the new suburbs to jobs in downtown San Francisco."[14]

The Acorn Project designated about 50 blocks in West Oakland for demolition, including parts of the historic heart of black Oakland, 7th Street, in the name of urban redevelopment. Following condemnation, construction did not begin in Acorn until five years after demolition was completed, leaving a giant barren area in the middle of West Oakland. By the mid-60s, the demolition policies of the Oakland Redevelopment Agency would create deep scars in black neighborhoods close to downtown.[15]

Acorn was one of the first redevelopment projects proposed in West Oakland. City planners designated two of its subdivisions with 70% "substandard housing," and five with 60% "standard housing," but demolished all of the buildings. These were mostly homes of Black residents (78% Black, 20% Mexican, and 2% white).

One of the tragedies of Acorn was that part of the demolished lots were not immediately rebuilt. "Thirty-four acres" of the Acorn area were left vacant for over five years. The damage was significant. As Rhomberg put it: "By the mid-60s, policies of wholesale demolition would wreak havoc on Black neighborhoods around the city center. Altogether, between 1960 and 1966 more than 7,000 housing units in Oakland were destroyed by urban renewal, freeway and BART construction, and other governmental action, and in West Oakland alone almost 5,100 units were removed, resulting in a net outmigration from the neighborhood of about 14,000 residents." Between 1960 and 1966, West Oakland's population had decreased by about 25%. As people were pushed out, many Black residents settled in East Oakland, which had eventually opened up to Black residents.[16]

Between 1960-66, urban renewal, freeway construction, BART construction, and other government action destroyed over 7,000 housing units in Oakland, almost 5,100 of which were located in West Oakland.[17]

Disinvestment, Eminent Domain and Displacement

Despite West Oakland's ethnically diverse beginnings, 20th century U.S. housing policy created a segregated West Oakland. Beginning in the 1930s, Federal housing policy created maps to guide mortgage investment. By design, these maps directed investment away from communities

[13] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021,* page 43
[14] Race, Space and Struggles for Mobility – Urban Geography, 2016, pg. 708
[15] The Color of Law and the Geography of Opportunity in West Oakland State of Black Education -Oakland (SoBEO)
[16] Pg 43-44, Reparations for Black Communities in Oakland, Advanced Policy Analysis - Amy Furguson, 2021
[17] The Color of Law and the Geography of Opportunity in West Oakland State of Black Education -Oakland (SoBEO)

of color, which were considered too risky for investment. This practice is commonly referred to as “redlining” because these neighborhoods were color-coded red. **Figure 1**, above, shows the 1937 Residential Security Map for the inner east Bay Area. Redlined communities include West Oakland, Emeryville, south and central Berkeley, and parts of Alameda and Oakland along the Oakland Alameda Estuary.

West Oakland has long been a neighborhood with strong African American roots, with the community unfortunately having been shaped by redlining practices and disinvestment. Within the past decade, West Oakland has seen increased development promising to bring economic growth and jobs to the City of Oakland and the community. However, many long-time residents are concerned that new growth will increase rents and displace existing residents who can no longer afford to live in the community. West Oakland residents face many challenges within their community. Limited access to quality food and health services, poverty, and high unemployment rates create stressful conditions and poor health outcomes.[18]

“Decades of blight and disinvestment induced by public and private policies were enough to stigmatize W. Oakland and its African American residents as worthy of Port expansions, housing demolitions and infrastructure alignments, but not of the mobility improvements needed to access a fair share of the region's opportunity.”[19]

Cypress Freeway

The construction of the Cypress freeway portion of Interstate 880 further upset West Oakland. This project, completed in 1958, demolished properties through the neighborhood in a north-south strip, pushing families out and physically segregating the westernmost section from the rest of the city.[20]

The Nimitz freeway (Interstate 880), a link to South Alameda County, crossed West Oakland along Cypress Street (aka the Cypress Freeway), a main street of the neighborhood and divided the neighborhood into oddly shaped units and isolated large areas from each other and downtown Oakland (Self, 2003, pp. 150 –151). Another new freeway, Interstate 980, heading north toward “Grove-Shafter” freeway (State Route 24) connection to the suburbs of east Alameda-Contra Costa, ran along the other side of the neighborhood, severing West Oakland from Downtown Oakland. State Route 24 was placed right through the African American neighborhoods of North Oakland centered on the Grove Street district (now Martin Luther King Boulevard).”[21]

In Oakland, frontline communities often include those living in areas with the worst air and soil pollution, traffic congestion, and diesel particulate exposure, and the least access to nature and

[18] *Owning Our Air – West Oakland Environmental Indicators Project*. https://woeip.org/featured%20work/owning-our-air/.
[19] Aaron Golub, Richard A. Marcantonio & Thomas W. Sanchez (2013) Race, Space, and Struggles for Mobility: Transportation Impacts on African Americans in Oakland and the East Bay, Urban Geography, page 720
[20] The Color of Law and the Geography of Opportunity in West Oakland State of Black Education -Oakland (SoBEO)
[21] Aaron Golub, Richard A. Marcantonio & Thomas W. Sanchez (2013) Race, Space, and Struggles for Mobility: Transportation Impacts on African Americans in Oakland and the East Bay, Urban Geography, page 710

healthy food. This largely describes the flatlands and the Interstate 880 corridor, where generations of industry have left their mark. Flatland residents suffer elevated rates of asthma, heart disease, and early death – as well as reduced access to economic opportunities. Frontline communities have done the least to create the climate crisis, yet they are bearing the greatest burden of its impacts."[22]

Health Impacts: Regional air pollution affects all neighborhoods in the San Francisco Bay Area. However, West Oakland experiences higher concentrations of air pollution compared to many surrounding communities. West Oakland experiences among the highest levels of diesel particulate matter – a toxic air contaminant – of any community in the Bay Area. West Oakland also sees higher rates of asthma, cardiovascular disease, premature death, and other poor health outcomes related to air pollution than other parts of Alameda County and the region. While many factors affect health conditions in West Oakland, this Plan seeks to reduce air pollution's contribution.[23]

Seventh Street Post Office

Four hundred more homes and business were demolished in 1960 to make room for the construction of a U.S Postal Service distribution center. The Black residents that were once pushed into West Oakland were now being forced out, taking with them the wealth and culture that created the allure of Seventh Street.[24]

West Oakland Bay Area Rapid Transit (BART) Station

Prioritization of funding for BART and local transit that served the suburbs lead to stagnation and decline of local service in Oakland, which at that time had the highest Black Population in the Bay area.

Regionalization of transportation funding and decision-making led to the dismantling of the Oakland Key System of electric trollies that once served W. Oakland residents; replaced by AC Transit. Representation on the Alameda-Contra Costa Transportation governing board disproportionately favored the suburbs and drove ongoing funding and policy decisions that stagnated and deprioritized local transit service in Oakland. BART made little impact on the mobility of ethnic minority residents because it does not go where they need to go – specifically places away from central business districts. It displaced residents and carved up neighborhoods, further reinforcing segregation of the city's real estate and manufacturing job markets. In 2000 (prior to gentrification of the last 20 years), when white population in W. Oakland was 12.5% White, White BART ridership was 40% from that station. While BART received early and ongoing fare subsidy that made it affordable to more affluent suburban riders, it remains cost prohibitive for low-income residents of the City.[25]

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[22] "Oakland 2030 Equitable Climate Action Plan (ECAP)." *City of Oakland*, www.oaklandca.gov/projects/2030ecap.

[23] *Owning Our Air – West Oakland Environmental Indicators Project*. woeip.org/featured work/owning-our-air/.

[24] The Color of Law and the Geography of Opportunity in West Oakland State of Black Education -Oakland (SoBEO)

[25] Aaron Golub, Richard A. Marcantonio & Thomas W. Sanchez (2013) Race, Space, and Struggles for Mobility: Transportation Impacts on African Americans in Oakland and the East

A major consequence of the BART system was created from the placement of above-ground tracks right along Seventh Street. Seventh Street had been in the 1940s a "bustling place of commerce hosting a myriad of businesses such as markets, cleaners, restaurants, hotels and gyms," pharmacies, dance halls, theaters, groceries, and others. It also hosted multiple night clubs that were well known for "styles like New Orleans, swing, bebop, and blues" and West Coast Blues. Slim Jenkins was a particularly well-known nightclub. However, the commercial district suffered as jobs were lost after war-time production and the Key system ceased to run. It persisted until the 1950s, but as urban renewal projects reconfigured West Oakland, the Cypress Freeway was placed right along Seventh Street, the post office was built in the area, and the BART tracks were placed along it, the center ceased to thrive. The BART tracks particularly "killed the street."[26]

Jobs/Access to Economic Security

"Black workers made up 20% of construction labor, but less than 2% of union apprenticeships and less than 5% of office workers during the first year of the [BART construction] program (Self, 2003), compared to their 15% and 34.5% shares of the 1979 populations of Alameda County and Oakland respectively (MTC-ABAG, 2011)."[27]

Abundance and scarcity of jobs for Black Oaklanders, based both on race and on other economic conditions, contributed to the success and decline of the residents. Jobs had been readily available in the nearby shipyards, railroads, and ports during World War II. After the war, many Black workers had to find new jobs in manufacturing or services. Chris Rhomberg writes that, "By 1960, the blue-collar sector – craftsmen and foremen, operatives and laborers – employed proportionally more African American men than any other sector." The Port also underwent mechanization and containerization in the 1960s that led to a loss of jobs. In 1964 the unemployment rate in Oakland was 11%, while the Black unemployment rate was 20%. Furthermore, Black workers had not been brought into many apprenticeship programs. It was difficult for some Black workers to enter unions.

The Oakland Army Base, U.S. Naval Supply Station, and Naval Air Station in Alameda provided jobs and remained key employers for many residents of West Oakland. Rhomberg writes that "a new Black middle class" also formed during the 1950s. However, many manufacturing plants also began leaving Oakland during this time. This included General Motors, Dow Chemical, Shell Oil, Borden Chemical, and Trailmobile, among others. Some moved further south in Alameda County, and some to Contra Costa County. Robert O. Self writes that manufacturing jobs in Oakland decreased by 10,000 between 1961 and 1966.

As many Black residents worked in service jobs, a "front-of-the-house/back-of-the-house" racial line was established in jobs at "hospitals, hotels, restaurants, department stores, transportation, and other services," where Black workers were relegated to positions that did not involve interfacing with the public. As the local economy underwent "deindustrialization and the transition to services," there was continued discrimination and challenges to Black employment.

However, in "government service," due to "fair hiring practices," many more jobs became

[26] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021,* page 49
[27] Aaron Golub, Richard A. Marcantonio & Thomas W. Sanchez (2013) Race, Space, and Struggles for Mobility: Transportation Impacts on African Americans in Oakland and the East Bay, Urban Geography, page 708

open to Black workers. In the late 1960s, public employment consisted of 29% of Black employment, "from public hospitals and schools to state and county offices to the University of California and federal military installations like the Oakland Army Base, Naval Supply Depot, and the Alameda Naval Air station." In 1970, more Black families made above average median income in Oakland than were "below the poverty line." The Black middle class owned homes in similar proportions as the white middle class.[28]

Calculating Reparations

The following section is from Reparations for Black Communities in Oakland, a Student Policy Analysis from the Berkeley Goldman School of Public Policy, by Amy Ferguson, MPP – pages 58-63. The full report, including footnotes and sources is provided as an attachment. While this is advanced graduate student work, it is offered as a starting place for grappling with the magnitude of the harm done. It should be noted that complete calculation of lost wealth due to segregation, depreciated property value and gentrification is worthy of analysis beyond this effort.

Homes Demolished

Racialized public policies led to displacement and the destruction of Black communities, as homes were demolished for urban renewal and transportation projects. Especially in the once historically Black neighborhood of West Oakland, many policy decisions were made to reduce "blight" in the hopes of attracting higher income and white residents, and transportation corridors were built through the neighborhood in order to bring white suburban residents to San Francisco. **Table 1** provides some estimates of homes destroyed:

Table 1: Homes Demolished by Project

Project	Approximate years	Homes Demolished	Vacant lots
Cypress Freeway	1958	600[188]	
Post office	1958	400[189]	7 years
Acorn	1962 - 1969[190]	4,300[191]	10 years
I-980	1968	500[192]	

One source estimates that over 7,000 housing units, including 5,100 in West Oakland, were demolished between 1960 and 1966 for "urban renewal, freeway construction, BART construction, and other government action." They also noted that there were 1,422 "permanent public housing units" available in 1966, but that the need was closer to 20,000 units.

At the time of acquiring properties for urban renewal projects, city agencies did pay to purchase the homes, and in some cases, provided moving costs. Apart from one record of a property purchased in West Oakland, CalTrans, BART, and the post office were unable to provide records of specific homes taken by eminent domain. I found a few data points in old newspaper

[28] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021,* page 51-52

articles. More information on homeowners was not available, but the below offer a few benchmarks for amounts offered to homeowners in majority Black neighborhoods of West Oakland:

- Oakland Tribune, 1/23/66: Residents of Oak Center would be offered between $12,000 - $18,000 to sell their homes to the Oakland Redevelopment Agency.
- Oakland Tribune, 9/1/61: Oakland provided $400,000 for moving costs for 1,700 families and 200 businesses to build the Acorn housing project.
- Oakland Tribune, 7/20/66: BART provided up to $200 for families and $3,000 for businesses for moving costs.

Numbers of homes demolished can be useful for lower bound estimates of harm done. They are a lower bound because they do not account for psychological effects of displacement, businesses destroyed, health impacts from new transportation infrastructure, foregone wealth from being denied mortgages, and many other impacts. However, they provide one metric to look at impacts of historical policies.

Estimating Impacts

The following offers three methods of estimating the financial impact of Oakland urban renewal policies:

1) One way to calculate the amount of reparations to pay in Oakland is to look at how much the homes demolished would have appreciated to today, and how much wealth those homes could have created for Black homeowners were they not demolished.

The following lists historical and present Oakland median home values. Some were listed in terms of 1980 dollars:

- 1950 - $35,900 in 1980 dollars > present value = $121,899.79
- 1960 - $39,500 in 1980 dollars > present value = $134,123.72
- 1970 - $45,200 in 1980 dollars > present value = $153,478.28
- 2021 - West Oakland - $750,000
- 2021 - Oakland - $866,886

Using the present day West Oakland median home price, homes could have appreciated by $628,100.21 (from 1950 values) to $596,521.72 (from 1970 values). Multiplied by the 5,100 units demolished in West Oakland from previous policies, potential wealth from $3,203,311,071 to $3,042,260,772 was not able to accumulate. As West Oakland was majority Black, much of this wealth denied likely went to Black homeowners.

Using the present day Oakland median home price, homes could have appreciated by $744,986.21 (from 1950 values) to $713,407.72 (from 1970 values). Multiplied by the approximately 7,000 units demolished across Oakland for urban renewal policies, this could have generated $5,214,903,470 to $4,993,854,040 in potential wealth. However, it is less certain how many homes demolished across Oakland were from Black homeowners. Therefore, these calculations are excluded.

Based on demolished houses in West Oakland alone, families could have cumulatively built wealth from a range of $3,042,260,772 to $3,203,311,071. This would be equivalent to $29,519 to $31,081 for every current Black resident of Oakland. This would be a measurable benefit – however, it only begins to calculate the harm done and does not express all of the other impacts from systemic racism and discrimination.

2) You can look at the amount that the Redevelopment Agency offered to people to purchase their homes through eminent domain and the difference between this number and the average home value at the time. This shows wealth that was stripped from families forced to relocate. This number can be carried forward to its worth today.

When Oak Center was targeted for redevelopment in 1966, the Redevelopment Agency offered them from $12,000 - $18,000 for their homes. This averages to $15,000 per home. In present dollars, this is $134,328.84.

If homes were valued at $134,123.72 (present value) in 1960 and $153,478.28 in 1970, you can say that an average home value in the mid-1960s might be $143,801. Offered $15,000 at the time ($134,328.84 in present dollars), people who took the offer were paid on average $9,472.16 less than the value of their homes. If 5,100 homes were demolished in West Oakland between 1960 and 1966, the total value lost could have been: $9,472.16 x 5,100 = $48,308,016.

This amount is equivalent to $468 for every Black resident of Oakland.

This figure shows a direct loss from being forced to sell a home below market value, as many had complained of, however, it does not show any of the compounding harms that resulted from this displacement.

3) If Oakland made homes at today's median price available at the prices they were initially available at, they could pay reparations by generating homeownership. If homes were available for $121,899.79 (in present dollars) in 1950 and are available at a median of $750,000 in West Oakland today, the city could subsidize $628,100.21 to make current homes affordable at 1950 prices. If homes were available at 1970 prices, or $153,478.28 today, the city could pay $596,521.72 per home to make homes affordable at their former prices.

With a $10 million fund, Oakland could subsidize 15.92 homes to reflect the 1950 value, or 16.76 homes at the 1970 value. While this strategy would be highly impactful for some 61 families, it would not serve very many, and would require a higher allocation than $10 million.

These prices reflect that home prices have risen dramatically in Oakland in the 21st century, even accounting for the foreclosure crisis and Great Recession.

4) You could apply income and wealth gaps to Black families in poverty in Oakland. Darity and Mullen share several calculations of the national cost to pay reparations. Using Bittker's idea of making up the income gap, they calculated that in 2017, based on the U.S. Census Bureau's Current Population Survey, white people over 15 had an average income of $49,609, and Black people over 15 had an average income of $33,636. The difference would be $15,973 per Black person over 15.

They make the argument that the wealth gap is a more representative tally of the impacts of racism and discrimination, as it shows compounding effects over generations. They find the wealth gap by household in the 2016 Survey of Consumer Finances to be $795,000 (significantly higher than the gap cited in this report). Multiplied by 10 million Black households in the U.S., reparations to close the wealth gap would be $7.95 trillion.

As there are about 103,061 Black people in Oakland, making up the income gap with national figures from Darity and Mullen would require $1,646,193,353. Using the more conservative national wealth gap of $164,100 from the 2019 Survey of Consumer Finances, it would take $16,912,310,100 to close the gap for Black residents in Oakland.

You could apply the nationwide wealth gap only to Black people in poverty in Oakland. Approximately 23.77% or 24,497 of Black residents are in poverty. This would be a cost of $4,019,957,700. Though this number is somewhat easier to attain, it would not fully address harmful impacts that Black middle- and upper-class families have experienced.

Whether using the observation that home prices could have appreciated to billions of dollars of wealth or the trillions that reparations are estimated at nation-wide, it is unlikely that these numbers could be reached with a reparations package. Moreover, it is unlikely that the full weight of the damage done could even be completely repaired with a large enough investment. But an acknowledgment of harm, the best possible redress possible, and a pledge to change policies going forward can go a long way toward repairing past Harms.

Economic Gains from Reducing Disparities

Paying reparations may address past harms but reducing opportunity and wealth gaps will have positive benefits looking forward as well. The W.K. Kellogg Foundation published “The Business Case for Racial Equity” and found that reducing gaps between people of color and white people in health, education, and opportunity, thereby reducing gaps in earnings, would create $1 trillion in earnings, leading to a $2.7 trillion increase in GDP. They also found that closing earnings gaps would reduce government spending and increase federal tax revenue by $450 billion every year and state and local taxes by $100 billion every year.

Reducing the impacts of systemic racism does not benefit only one racial group - it leads to increased benefits for all. By targeting resources to reduce inequities, we can increase productivity and outputs that bolster our economy and allow more people to access Opportunity.[29]

COORDINATION

The Department of Race and Equity coordinated with the City Administrator’s Office in the preparation of this report.

[29] Ferguson, Amy. *Reparations for Black Communities in Oakland 2021,* pages 58-63.

SUSTAINABLE OPPORTUNITES

Economic: Extensive and unaccounted for economic damage done by redlining, exclusionary zoning, and employment discrimination that excluded Black Oaklanders from wealth building has contributed significantly to the economic disparities in Oakland and across the U.S.

Environmental*:* Environmental degradation associated with prolonged exposure to hazardous conditions, facilitated by redlining, industrial zoning adjacent to residential in redlined areas and policy decisions that burdened communities of color have created differences in life expectancy of 15 years for them as compared with neighborhoods with majority white population.

Race & Equity*:* The City of Oakland is compelled by its race and equity commitment in expressed by Municipal Code 2.29.170, to act to address the impacts of these injustices of the past that perpetuate inequity in the present.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends that the City Council accept this report.

For questions regarding this report, please contact Felicia Verdin, Assistant to the City Administrator, (510) 238-3128 .

Respectfully submitted,

Darlene Flynn

DARLENE FLYNN
Director, Department of Race and Equity

Prepared by:
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Office of the City Administrator

Attachments (1):
A: Reparations for Black Communities in Oakland, an Advanced Student Policy Analysis Berkeley Goldman School of Public Policy, by Amy Ferguson, MPP