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OFFICE OF THE CITY CLERK
OAKLAND

2019 MAY 30 PM 5:31

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Maraskeshia Smith
Assistant City Administrator

SUBJECT: Housing Element Annual Progress
Report for Calendar Year 2018

DATE: May 20, 2019

City Administrator Approval

Date:

5/30/19

RECOMMENDATION

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Receive An Informational Report On The City Of Oakland's Housing Element Annual Progress Report For Calendar Year 2018.

EXECUTIVE SUMMARY

This report will be provided by a PowerPoint Presentation (**Attachment A**), the complete Housing Element Annual Progress Report (APR) for Calendar Year 2018¹, and a Director's Report to the Oakland City Planning Commission presented on May 15, 2019 (**Attachment B**). Pursuant to State law, the City of Oakland has prepared an APR on implementation of housing-related programs and policies contained in the 2015-2023 Housing Element for the calendar year 2018. This is the fourth year of reporting on the 2015-2023 Housing Element, which was adopted by the City Council by Resolution No. 85315 C.M.S. on December 9, 2014. This Agenda Report highlights the major accomplishments, both in terms of production of housing and progress on City programs and policies, for the calendar year 2018.

BACKGROUND / LEGISLATIVE HISTORY

California Government Code Section 65400 requires the City of Oakland to prepare and submit an annual report to the Office of Planning and Research (OPR), and the California Department of Housing and Community Development (HCD) by April 1 of each year, using forms and definitions adopted by HCD. This annual report must describe progress made by the City to implement policies adopted in the City's Housing Element, and to meet the City's share of regional housing needs allocation. In addition, Assembly Bill (AB) 879 and Senate Bill (SB) 35 of the 2017 Housing Package added new data requirements that became effective starting in 2018. The new requirements include:

- The number of housing development applications received in 2018 (including the number and location of proposed, approved, and disapproved units by income levels).

¹ See website: <https://www.oaklandca.gov/documents/2018-housing-element-annual-progress-report-1>

Item: _____
CED Committee
June 11, 2019

- The number of new housing units that received a planning and zoning approval (“entitlement”), building permit, or certificate of occupancy identified by location, tenure, and income category.
- Tracking housing development projects submitted, approved, permitted, or constructed under SB 35 streamlining for eligible infill affordable housing projects.

The Housing Element Annual Progress Report for Calendar Year 2018, submitted to OPR and HCD on April 1, 2019, reflects the fourth year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element and meets the new reporting requirements established by AB 879 and SB 35. In accordance with Policy 6.5 of the 2015-2023 Housing Element, the City will conduct public hearings before the City’s Planning Commission and City Council to review and consider the Annual Progress Report within 30 days of its submittal to the State of California. On May 15, 2019, the Oakland City Planning Commission held a public hearing to review this Annual Progress Report and a summary of the hearing will be presented in staff’s comments to the City Council.

The complete 2018 Housing Element Annual Progress Report can be found on the City’s webpage:

<https://www.oaklandca.gov/documents/2018-housing-element-annual-progress-report-1>

(Note: This year’s Annual Progress Report contains very large tables that are not suitable for printing and are best viewed electronically.)

ANALYSIS AND POLICY ALTERNATIVES

The Housing Element Annual Progress Report for Calendar Year 2018 accounts for new housing production during the year (including affordable units), quantified by building permits issued (i.e., building starts) as well as progress on implementing housing-related programs and policies contained in the 2015-2023 Housing Element. In 2018, the City made important progress towards enabling the construction of new housing, affordable to all incomes, including units for extremely low-income households. A summary of the notable progress made by the City during 2018 follows:

- Issuing entitlements, i.e. planning and zoning approvals, for **5,673** new housing units, including **656** units deed-restricted to very low-income households, **318** low-income units, and **9** non-deed restricted moderate-income units.²
- Issuing building permits for **9,706** new housing units with expected construction in 2018 and 2019; this number is more than double the number of building permits issued in calendar year 2017;
- Issuing building permits for **370** very low-income units of which **87** are deed restricted for extremely low-income households;
- Issuing building permits for **403** low-income units and **55** moderate income units **49** of which are deed restricted and **6** non-deed restricted designated as manager’s units.
- Issuing building permits for **106** Secondary Units (also known as “Accessory Dwelling

² Manager’s units are considered “non-deed restricted moderate-income” because they are free to property management staff, whose salary is within the moderate-income range.

- Units”) and **59** units in duplexes, triplexes, and fourplexes; and
- Issuing building permits for **8,623** market-rate units in multi-family buildings and **88** single-family homes.

See **Attachment A** for more highlights of the major accomplishments in enabling the construction of new housing. In addition, the staff report (**Attachment B**) presented to the Oakland Planning Commission on May 15, 2019 contains a more detailed analysis of the 2018 Annual Progress Report.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost. The only fiscal impact of the Housing Element Annual Progress Report for Calendar Year 2018 (APR) is the staff time dedicated to produce the APR submitted to OPR and HCD, the production of a staff report presented to the Planning Commission, and this agenda report presented to the Community and Economic Development Committee and City Council. Note that HCD incentivizes and rewards local governments that have adopted compliant and effective housing elements. There are several housing and community development and infrastructure funding programs that include housing element compliance as a rating and ranking or threshold requirement. In addition, AB 879 and SB 35 created new consequences for failing to submit an Annual Progress Report to HCD and OPR by April 1st. These new consequences include court sanctions and requiring municipalities to use a streamlined and ministerial process for approving affordable multi-family housing developments that satisfy the jurisdiction's planning standards and requirements. Given this, it is important to prioritize staff time to submit this document annually.

PUBLIC OUTREACH / INTEREST

As noted earlier in this report the 2018 Annual Progress Report submitted to OPR and HCD on April 1st, 2019, reflects the fourth year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element. A new policy in the 2015-2023 Housing Element was Policy Action 6.5.1, which states that the City will conduct public hearings before the City's Planning Commission and City Council to review and consider the Annual Progress Report. By adopting this policy, the City is providing a forum for public comment on the City's progress in addressing its housing needs. On May 15, 2019, the Oakland City Planning Commission held a public hearing on the Annual Progress Report.

COORDINATION

Staff from the City's Housing and Community Development Department and the Bureau of Planning coordinated to complete the 2018 Annual Progress Report. Additionally, staff from both departments worked closely to write the staff report to the May 15th Oakland City Planning Commission hearing and this agenda report.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report. However, HCD incentivizes and rewards local governments that have adopted compliant and effective housing elements. There are several housing and community development and infrastructure funding programs that include housing element compliance as a rating and ranking or threshold requirement.

Environmental: There are no environmental opportunities associated with this report. There are significant environmental opportunities associated with the City's continued implementation of policies contained in the Housing Element.

Social Equity: There are no social equity opportunities associated with this report. There are significant social equity opportunities associated with the City's continued implementation of the policies contained in the Housing Element, and from the City's funding of housing for residents in all income levels.

CEQA


Consideration of the 2018 Annual Progress Report does not constitute a project under the California Environmental Quality Act (CEQA). For the adoption of the 2015-2023 Housing Element, the City adopted a CEQA Addendum to evaluate the potential impacts, and found that no further or additional CEQA review was required.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Receive An Informational Report On The City Of Oakland's Housing Element Annual Progress Report For Calendar Year 2018.

For questions regarding this report, please contact Maryann Leshin, Deputy Director, at (510) 238-6225.

Respectfully submitted,



MARAKESHIA SMITH
Assistant City Administrator

Reviewed by:

Katie Dignan, Assistant Director, Planning and Building Department

Maryann Leshin, Deputy Director, Housing and Community Development Department

Brian Warwick, Housing Development Coordinator, Housing & Community Development Department

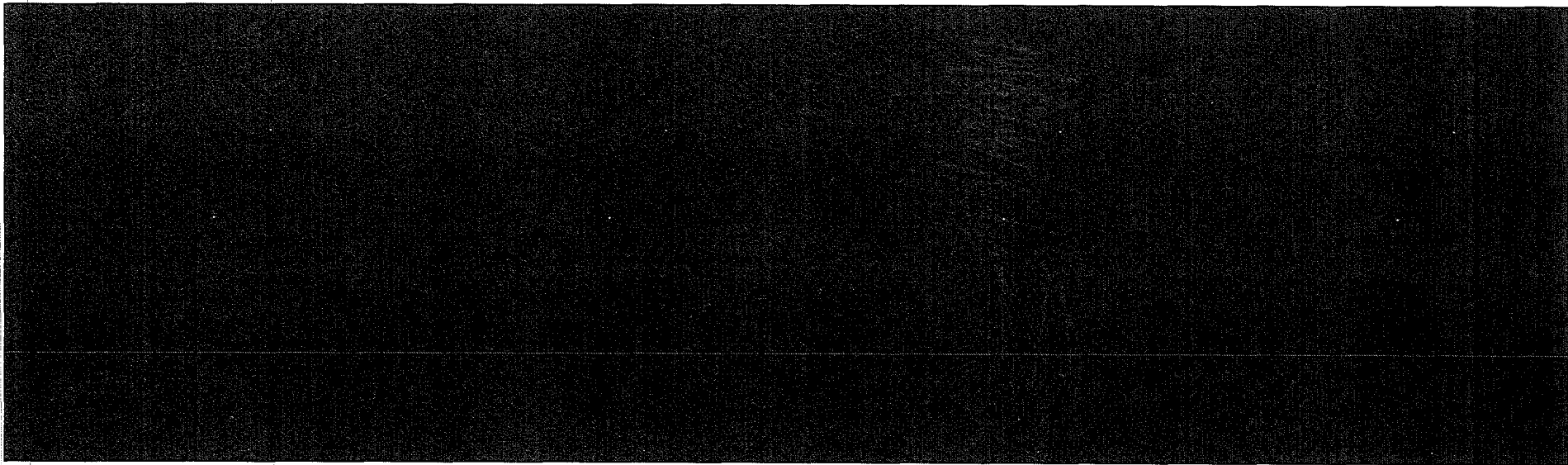
Prepared by:

Diana Perez-Domencich, Planner I
Strategic Planning

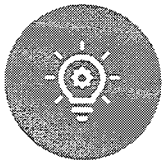
Attachments (2):

- A. *PowerPoint Presentation – Summary of Major Accomplishments*
- B. *Director's Report to the Oakland City Planning Commission for May 15, 2019*

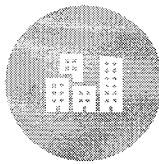
**HOUSING ELEMENT
ANNUAL PROGRESS REPORT
FOR CALENDAR YEAR 2018
HIGHLIGHTS AND MAJOR ACCOMPLISHMENTS**



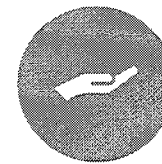
SNAPSHOT OF 2018: ENABLING NEW HOUSING CONSTRUCTION



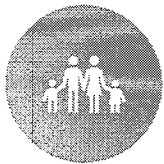
Planning and zoning approvals, or “entitlements,” for **5,673** new housing units



Building permits for **9,706** new housing units



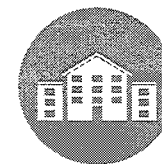
Building permits for **773** extremely low-, very low-, and low-income units, and **55** moderate-income units



Planning and zoning approvals, or “entitlements,” for **974** low-income and very low-income units



Building permits for **106** Secondary Units also known as “Accessory Dwelling Units” and **88** single-family homes.



Building permits for **8,623** market-rate units in multi-family buildings.

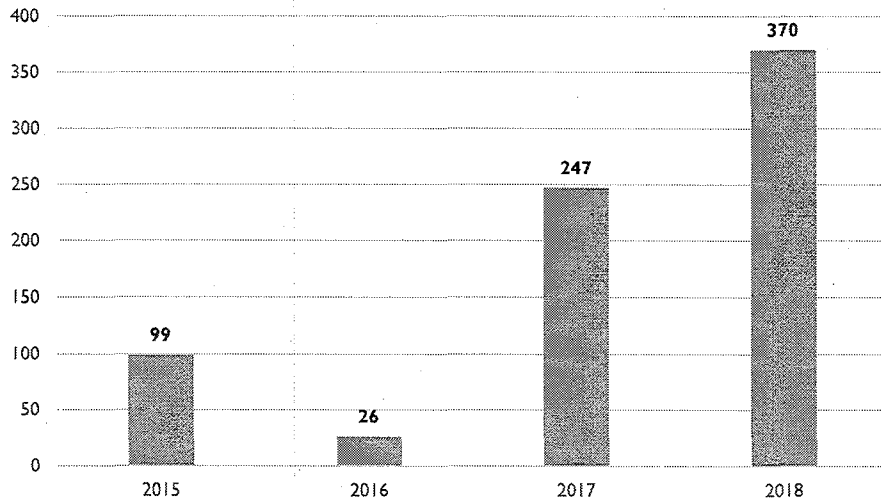
PROGRESS ON MEETING OAKLAND'S REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

Income Level	RHNA 2015-2023	Permitted Units by Year				Total units 2015-2018	Total units remaining to meet RHNA	Average # of units needed annually to meet RHNA Target by 2023	% of RHNA met by # of permitted units from 2015-2018
		2015	2016	2017	2018				
Very low-	2,059	99	26	247	370	742	1,317	264	36%
Low-	2,075	30	13	66	403	512	1,563	313	25%
Moderate-	2,815	0	0	11	55	66	2,749	550	2%
Sub-total Affordable	6,949	129	39	324	828	1,320	5,629	1,127	19%
Above-Moderate	7,816	642	2,082	4,019	8,878	1,5621	0*	0	200%
TOTAL	14,765	771	2,121	4,343	9,706	16,941	5,629	1,845	115%

* In 2018, Oakland **exceeded** its RHNA requirement for the above-moderate income category by **7,805 units**.

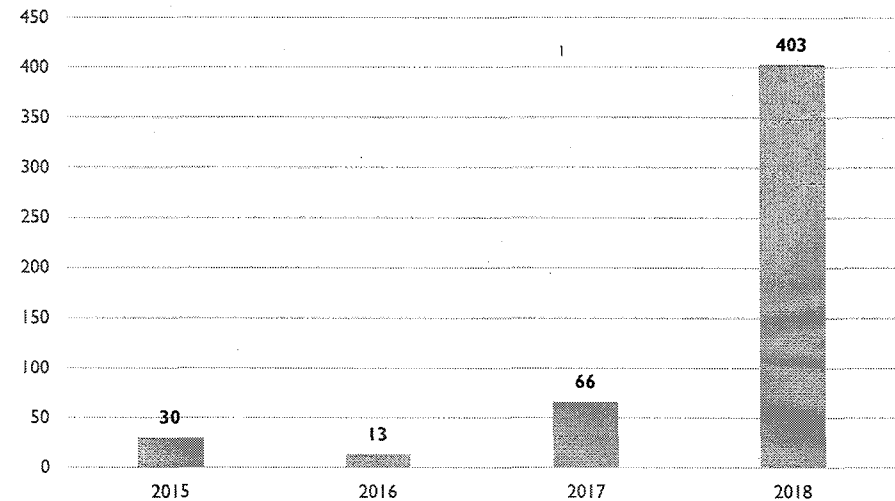
PROGRESS ON MEETING OAKLAND'S RHNA VERY LOW- AND LOW-INCOME HOUSEHOLDS

**Very Low-Income Housing Units
Issued Building Permits By Year, 2015-2018**



Very Low-Income

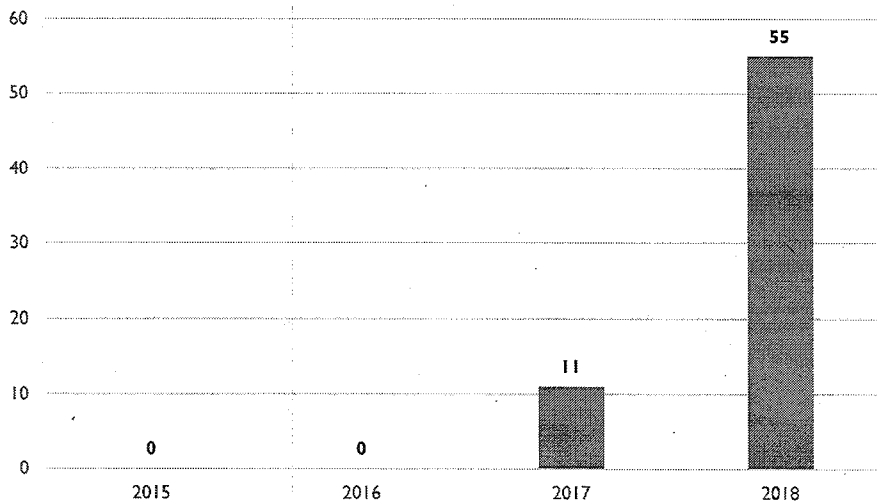
**Low-Income Housing Units
Issued Building Permits By Year, 2015-2018**



Low-Income

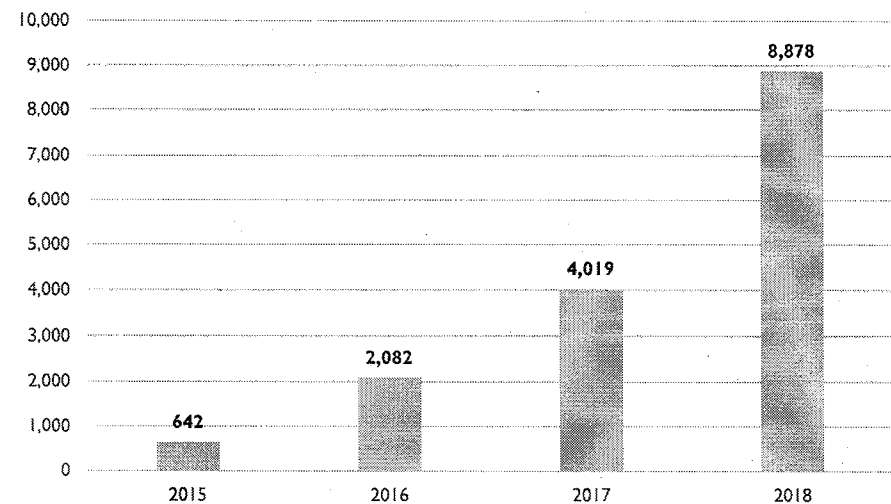
PROGRESS ON MEETING OAKLAND'S RHNA MODERATE- AND ABOVE MODERATE-INCOME HOUSEHOLDS

**Moderate Income Housing Units
Issued Building Permits By Year, 2015-2018**



Moderate Income

**Above-Moderate Income Housing Units
Issued Building Permits By Year, 2015-2018**



Above-Moderate Income

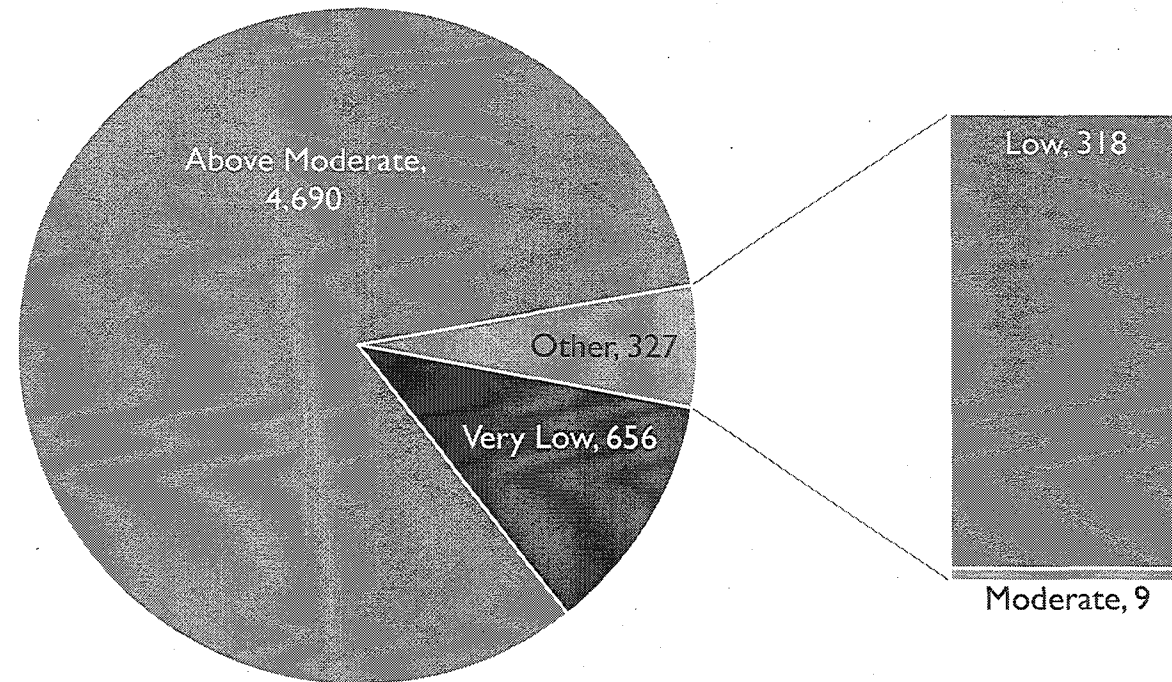
RESIDENTIAL UNITS ISSUED BUILDING PERMITS BY BUILDING TYPE, 2018

Building Type	Permitted Units
2 to 4	59
5+	9,451
ADU	106
MH	2
SFA	12
SFD	76
GRAND TOTAL	9,706

Legend and Definitions	
2 to 4	Duplexes, Triplexes, Fourplexes - a structure containing two, three, or four units and not classified as single-unit attached structure.
5+	A structure containing five or more housing units.
ADU	Secondary Units or "Accessory Dwelling Units" - A unit that is attached, detached or located within the living area of the existing dwelling or residential dwelling unit which provides complete independent living facilities for one or more persons. It
MH	Mobile Home Unit/Manufactured Home - a one-unit structure that was originally constructed to be towed on its own chassis
SFA	Single Family-Attached Unit - a one-unit structure attached to another unit by a common wall, commonly referred to as a townhouse, half-plex, or row house. The shared wall or walls extend from the foundation to the roof with adjoining units to form a property line. Each unit has individual heating and plumbing systems.
SFD	Single Family-Detached Unit - a one-unit structure with open space on all four sides. The unit often possesses an attached garage.
"Permitted Units"	A residential units for which building permits for new housing construction have been issued.

NUMBER OF ENTITLED UNITS BY INCOME CATEGORY, 2018

- A total of **5,673** housing units received a planning and zoning approval, or “entitlement,” in 2018.

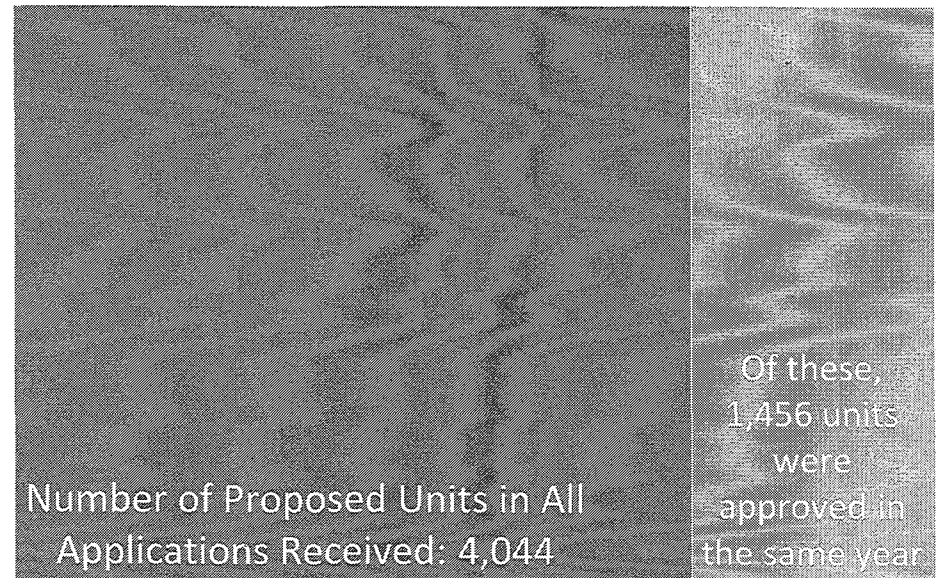


■ Very Low ■ Low ■ Moderate ■ Above Moderate

SUMMARY OF APPLICATIONS SUBMITTED FOR PLANNING AND ZONING APPROVAL IN CALENDAR YEAR 2018

APPLICATIONS SUBMITTED, 2018

- A total of **416** applications were submitted for a planning and zoning approval for new housing units.
- None of the proposed housing units were disapproved.
- “Application submitted” means an application for new housing units that was submitted (and deemed complete) in 2018.



REPORTING REQUIREMENTS NEW THIS YEAR

Senate Bill (SB) 35 Streamlining

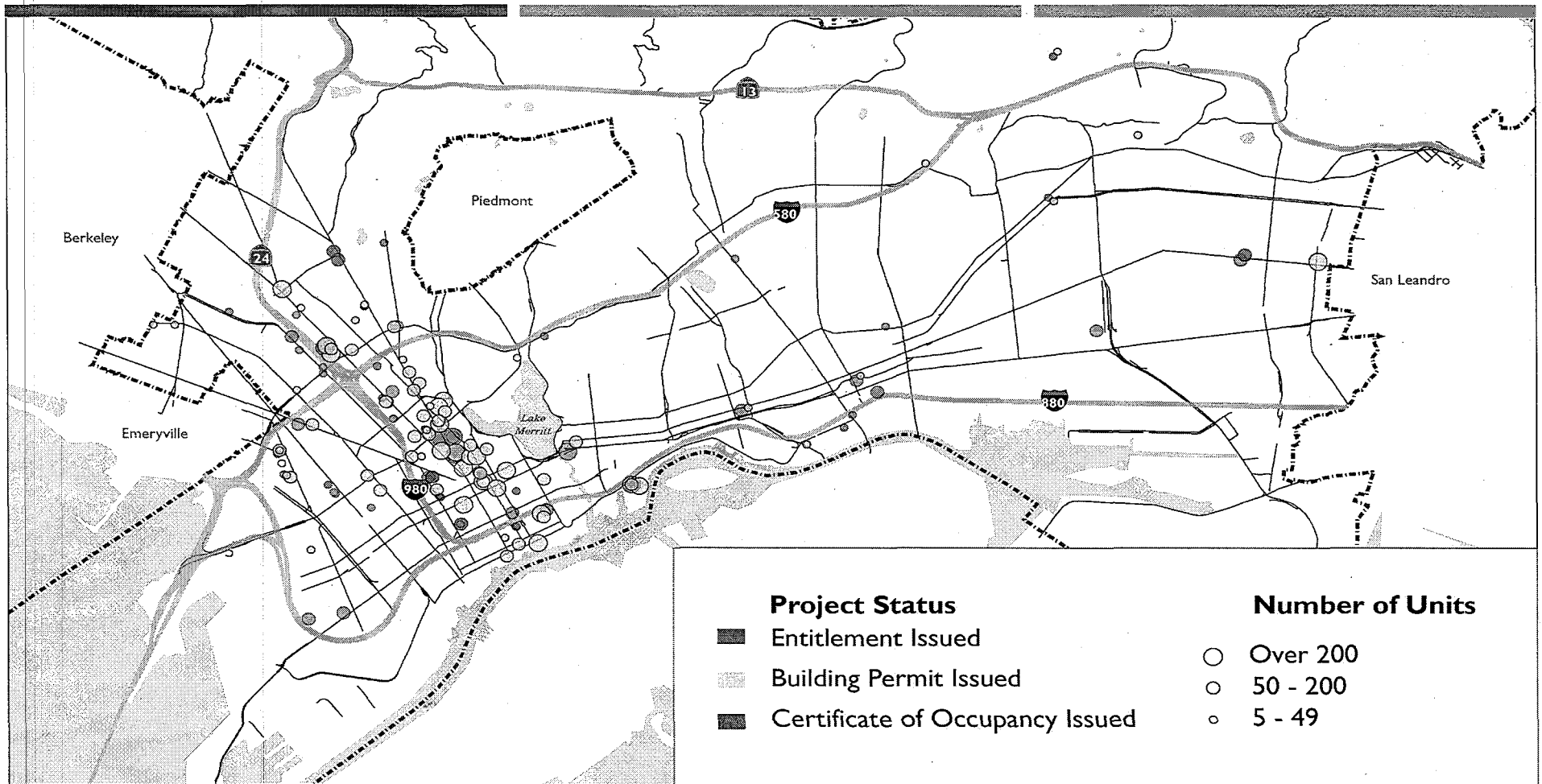
- City of Oakland Planning and Building Department did not receive or process any applications for review under Government Code Section 65913.4, SB 35 Streamlining, in 2018.
- The first application reviewed under SB Streamlining provisions was submitted and approved in 2019, which will be reported in next year's APR.

Units Constructed Under a Commercial Development Bonus Agreement

- Recent changes to state law additionally require the City to report in this year's APR any housing units constructed as part of a commercial development bonus agreement approved under Government Code section 65915.7.
- The City of Oakland did not have any units to report under this new requirement in 2018.

GOALS AND STRATEGIES FOR 2019

- **Release a 2019 Notice of Funding Availability (NOFA):** This NOFA would include a second tranche of Measure KK funds, as well as Affordable Housing Trust Fund dollars. The NOFA would fund both preservation and rehabilitation of affordable housing, as well as new construction. Goals of the NOFA include:
 - Ensuring that development projects in the City's pipeline can move into construction in 2020
 - Creating housing opportunities for people who are currently homeless, including preservation of SROs
 - Acquiring naturally occurring affordable housing for preservation as permanently affordable housing
- **Implement recently adopted Public Lands Policy** to create affordable housing units on publicly owned sites designated for affordable housing development.
- **Forge and Strengthen Partnerships** with entities with land and resources to promote mixed income and mixed use developments that include affordable housing.



Housing Pipeline 2018: 5+ Units

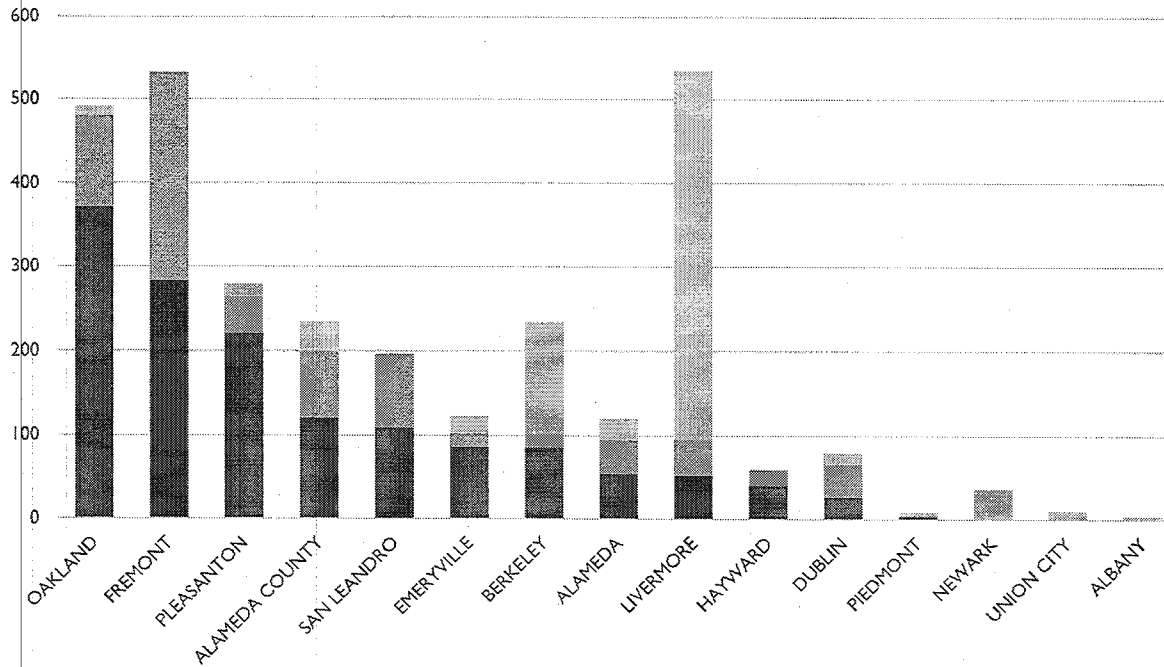
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ACROSS ALAMEDA COUNTY, OAKLAND LEADS THE DEVELOPMENT OF HOUSING AFFORDABLE TO VERY LOW-INCOME HOUSEHOLDS.

Total Number of Affordable Housing Units Permitted for 2015 - 2017
All Jurisdictions in Alameda County

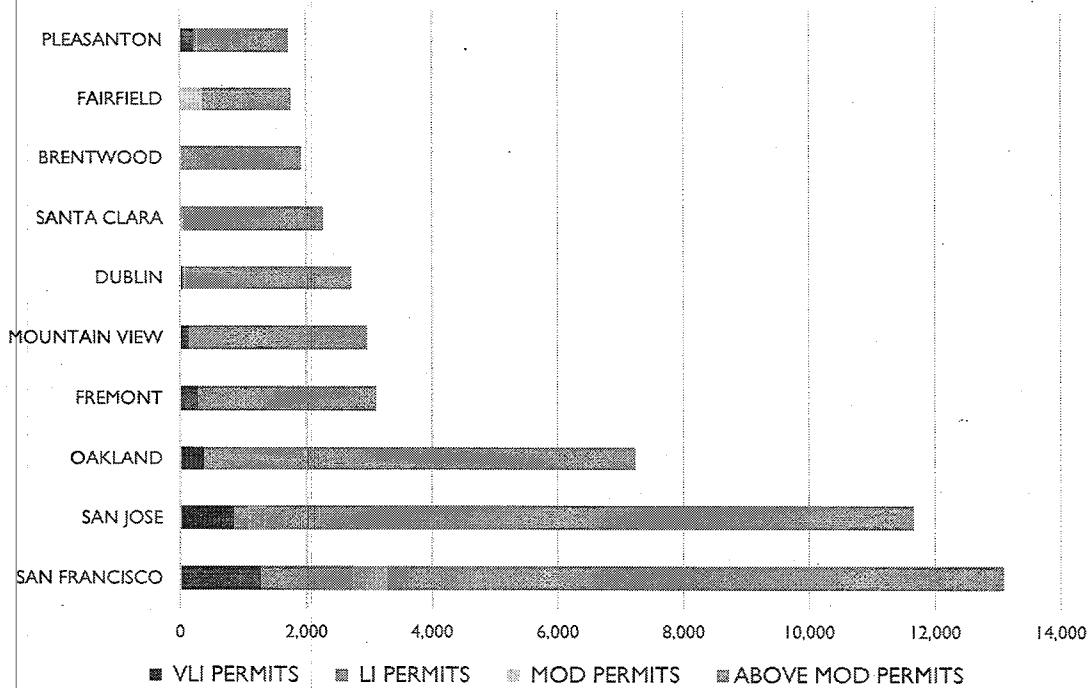
■ Very Low-Income Units ■ Low-Income Units ■ Moderate-Income Units



JURISDICTION	Permitted Units, 2015-2017			Total
	Very Low-Income Units	Low-Income Units	Moderate-Income Units	
OAKLAND	371	109	11	491
FREMONT	283	249	0	532
PLEASANTON	220	44	15	279
ALAMEDA COUNTY	120	79	35	234
SAN LEANDRO	109	88	0	197
EMERYVILLE	86	16	21	123
BERKELEY	85	17	132	234
ALAMEDA	54	40	26	120
LIVERMORE	52	43	439	534
HAYWARD	40	19	0	59
DUBLIN	26	39	14	79
PIEDMONT	3	2	3	8
NEWARK	0	0	36	36
UNION CITY	0	0	10	10
ALBANY	0	0	4	4
TOTAL	1,449	745	746	2,940

OAKLAND RANKS #3 IN THE BAY AREA REGION* FOR TOTAL NUMBER OF HOUSING UNITS PERMITTED BETWEEN 2015 AND 2017.

Housing Units Permitted by Income Category 2015-2017,
Top 10 Jurisdictions in Bay Area



JURISDICTION	Permitted Units				TOTAL
	VLI	LI	MOD	ABOVE MOD	
SAN FRANCISCO	1,279	1,461	548	9,803	13,091
SAN JOSE	849	231	285	10,293	11,658
OAKLAND	371	109	11	6,744	7,235
FREMONT	283	249	0	2,573	3,105
MOUNTAIN VIEW	141	160	0	2,670	2,971
DUBLIN	26	39	14	2,638	2,717
SANTA CLARA	1	1	41	2,220	2,263
BRENTWOOD	3	10	6	1,907	1,926
FAIRFIELD	0	0	360	1,402	1,762
PLEASANTON	220	44	15	1,432	1,711

*The Bay Area Region is defined as all jurisdictions within the nine counties of: Alameda, San Francisco, Santa Clara, Contra Costa, Solano, San Mateo, Sonoma, Napa, and Marin.

Oakland City Planning Commission**DIRECTOR'S REPORT**

May 15, 2019

Location:	Citywide
Proposal:	Present an informational report to the Planning Commission describing the progress the City made in 2018 to implement policies adopted in the City's 2015-2023 Housing Element and on meeting the City's share of regional housing needs allocation.
Applicant:	City of Oakland
General Plan:	All General Plan designations
Zoning:	All zoning districts
Environmental Determination:	This Housing Element Annual Progress Report is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15306 (Information Collection) and 15061(b)(3) (General Rule)
Service Delivery District:	All Service Delivery Districts
City Council District:	All City Council Districts
Action to be Taken:	Request for Planning Commission and public comment; forward to City Council
For Further Information:	Contact case planner Diana Perez-Domencich at (510) 238-3550 or by email: DPerez-Domencich@oaklandca.gov

SUMMARY

Pursuant to State law, the City of Oakland has prepared an Annual Progress Report (APR) on implementation of housing-related programs and policies contained in the 2015-2023 Housing Element for the calendar year 2018. This is the fourth year of reporting on the 2015-2023 Housing Element, which was adopted by the City Council by Resolution No. 85315 C.M.S. on December 9, 2014.

This staff report highlights the major accomplishments, both in terms of production of housing and progress on City programs and policies, for the calendar year 2018. In addition, Assembly Bill 879 (Grayson) and Senate Bill 35 (Wiener) of the 2017 Housing Package added new data requirements that became effective starting in 2018. The new requirements include:

- The number of housing development applications received in 2018 (including the number and location of proposed, approved, and disapproved units by income levels).
- The number of new housing units that received a planning and zoning approval ("entitlement"), building permit, or certificate of occupancy identified by location, tenure, and income category.
- Tracking housing development projects submitted, approved, permitted, or constructed under Senate Bill (SB) 35 streamlining for eligible infill affordable housing projects.

The complete 2018 Housing Element Annual Progress Report can be found on the City's webpage: <https://www.oaklandca.gov/documents/2018-housing-element-annual-progress-report-1>

(Note: This year's Annual Progress Report contains very large tables that are not suitable for printing and are best viewed electronically.)

In 2018, the City made important progress towards enabling the construction of new housing across all income categories, including units for extremely low-income households, such as:

- Issuing entitlements, i.e. planning and zoning approvals, for **5,673** new housing units, including **656** units deed-restricted to very low-income households, **318** low-income units, and **9** non-deed restricted moderate-income units.¹
- Issuing building permits for **9,706** new housing units with expected construction in 2018 and 2019; this number is more than double the number of building permits issued in calendar year 2017;
- Issuing building permits for **370** very low-income units of which **87** are deed restricted for extremely low-income households;
- Issuing building permits for **403** low-income units and **55** moderate income units 49 of which are deed restricted and 6 non-deed restricted designated as manager's units.
- Issuing building permits for **106** Secondary Units (also known as "Accessory Dwelling Units") and **59** units in duplexes, triplexes, and fourplexes; and
- Issuing building permits for **8,623** market-rate units in multi-family buildings and **88** single-family homes.

BACKGROUND

California Government Code Section 65400 requires the City of Oakland to prepare and submit an annual report to the Office of Planning and Research (OPR) and to the California Department of Housing and Community Development (HCD) by April 1 of each year, using forms and definitions adopted by HCD. This annual report must describe progress made by the City to implement policies adopted in the City's Housing Element and to meet the City's share of regional housing needs allocation. The 2018 Housing Element Annual Progress Report (APR), submitted to OPR and HCD on April 1, 2019, reflects the fourth year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element. In accordance with Policy 6.5 of the 2015-2023 Housing Element, the City will conduct public hearings before the City's Planning Commission and City Council to review and consider the Annual Progress Report.

2018 HOUSING ELEMENT ANNUAL PROGRESS REPORT

The 2018 Housing Element Annual Progress Report (APR) accounts for new housing production during the year (including affordable units), quantified by building permits issued, i.e. building starts; as well as by progress on implementing housing-related programs and policies contained in the 2015-2023 Housing Element. A summary of the notable progress made by the City during 2018 follows.

Housing Production

Residential Units Issued Building Permits

Since 2015, the yearly housing production totals in Oakland have increased exponentially with each passing year. In 2015, the number of housing units permitted was 771. In 2016, the number of housing units permitted almost tripled to a total of 2,121. In 2017, housing production more than doubled to 4,343 units.

In 2018, the city continued to make tremendous progress on housing production. Overall, the City issued building permits for a total of **9,706** new housing units in the calendar year. This is more than double the

¹ Manager's units are considered "non-deed restricted moderate-income" because they are free to property management staff, whose salary is within the moderate-income range.

number of new units permitted in calendar year 2017.

By unit type in 2018, the City issued new building permits for **9,451** multifamily units in 130 buildings, **90** single family homes, **106** secondary units (“Accessory Dwelling Units”), and **59** units in duplexes, triplexes or four-plexes. The multifamily units include **713** housing units in affordable housing developments, including Paseo Estero and Vista Estero (Parcel F of Brooklyn Basin), Camino 23, and Redwood Hill Townhomes, among others. **Eighty-seven (87)** units in these developments are reserved for extremely low-income households, which includes the formerly homeless; this number constitutes more units for this income category than in 2017. Furthermore, the City issued new building permits for **118** additional affordable units across 12 buildings as part of a Density Bonus agreement (see **Attachment A**).

Progress on Meeting Oakland’s Regional Housing Needs Allocation (RHNA)

Every jurisdiction in California is required to zone for enough land so that private development may meet that jurisdiction’s Regional Housing Needs Allocation (RHNA). The RHNA is determined through a state-mandated process carried out by regional planning entities – in the case of Oakland’s RHNA, the corresponding entity is the Association of Bay Area Governments (ABAG). The 2015-2023 Housing Element met this requirement by identifying a list of opportunity sites with a realistic capacity for 23,593 residential dwelling units, substantially exceeding Oakland’s total 2015-2023 RHNA of 14,765. Therefore, the City was not required to complete Table C of the Annual Progress Report (Sites Identified or Rezoned to Accommodate Shortfall Housing Need). Oakland’s progress toward meeting the RHNA is presented in Table B of the Annual Progress Report, and is shown below in **Table A**.

Table A. Oakland Regional Housing Needs Allocation (RHNA) Progress 2015 – 2018

Income Level	RHNA 2015-2023	Permitted Units by Year				Total units remaining to meet RHNA	Average # of units needed annually to meet RHNA <i>Approx.</i>	% of average annual RHNA met by # of 2018 permitted units
		2015	2016	2017	2018			
Very low- ²	2,059	99	26	247	370	1,317	257	144%
Low-	2,075	30	13	66	403	1,563	260	155%
Moderate-	2,815	0	0	11	55	2,749	350	16%
Total Affordable	6,949	129	39	324	828	5,629	870	95%
Above-Moderate	7,816	642	2,082	4,019	8,878	0	975	911%
TOTAL	14,765	771	2,121	4,343	9,706	0	1,845	526%

Source: City of Oakland, Building Permits Issued, Accela, March 2019.

The Oakland RHNA is based on projections that include variables such as population growth, housing vacancies, and regional employment projections. Therefore, Oakland’s RHNA anticipates expected employment growth. In 2017, Oakland employment grew by 2,800 jobs, as shown in **Table B**, below.

² ABAG does not provide RHNA allocations for the extremely low-income household category. However, 87 of the 370 very low-income units permitted in 2018 are deed-restricted to extremely low-income households.

Oakland’s average number of workers per household suggests that this employment growth is equivalent to a total of 1,892 new households, which is slightly higher than Oakland’s average RHNA per year (1,845).

Table B. Oakland Job Growth and Housing, Annual Averages

	New Jobs	New Households	Average to meet RHNA	Units Permitted
2017	2,800*	1,892	1,845	4,284
2016	3,100	2,095	1,845	2,121
2015	3,900	2,635	1,845	771

Source: CA EDD Labor Market Information, January 2014, 2015 and 2016

*EconoVue/Dunn & Bradstreet and the City of Oakland

Comparative 2018 annual averages for new jobs in Oakland from the *California Employment Development Department Quarterly Census of Employment and Wages* were not available, but the City of Oakland Economic Development Department reports the loss of 339 jobs from the first quarter of 2017 compared to the first quarter of 2018.

Major Multifamily Developments Issued Building Permits

The majority (9,451 out of 9,706) of the units that received building permits in 2018 were produced as part of multifamily-housing projects with five (5) or more units. **Table C**, shown below, identifies 100% affordable multifamily housing developments for which the City issued building permits in 2018.

Table C. 100% Affordable Multifamily Housing Projects Issued Building Permits in 2018

Site	Deed-Restricted Units			Moderate-Income Units Non-Deed Restricted ³	Total # of Units
	Extremely Low-Income	Very Low-Income	Low-Income		
10500 International Blvd	0	33	288	3	324
Vista Estero at 101 10th Ave (Brooklyn Basin, Parcel F, Senior Housing)	11	67	31	1	110
Paseo Estero at 101 10th Ave (Brooklyn Basin, Parcel F)	15	31	54	1	101
Embark Apartments at 2126 Martin Luther King Jr. Way	31	30	0	1	62
3268 San Pablo Ave	13	18	19	1	51
Camino 23 at 1245 23rd Ave	9	27	0	1	37
Redwood Hill Townhomes at 4868 Calaveras Ave	8	19	0	1	28
Totals	87	225	392	9	713

Source: City of Oakland, Building Permits Issued, Accela, March 2019

³ Manager’s units are considered “non-deed restricted moderate-income” because they are free to property management staff, whose salary is within the moderate-income range.

Attachment A to this report is a table showing multifamily, market-rate projects with five or more units that received building permits in 2018. This table also includes projects with affordable units subsidized through the use of the Oakland Density Bonus Ordinance and State Density Bonus Law.

Acquisitions To Preserve Housing Affordability

In addition to the new units identified in **Table C**, there were several acquisitions of affordable units in 2018:

- Two projects owned by East Bay Asian Local Development Corporation (EBALDC) were awarded Measure KK Site Acquisition funding to preserve affordability of units:
 - Highland Palms (1810 E. 25th Street) with 22 units for low-income households and one manager's unit; and
 - "10th Ave Eastlake" at 2515 10th Ave. with a total of 35 units (of these, 34 are reserved for low-income households).
- Two other projects were awarded Measure KK Site Acquisition funding in fiscal year 2017-2018:
 - The 2530 9th Avenue property (15 units), owned by Oakland Community Land Trust (OakCLT) & Resources for Community Development (RCD); and
 - A seven (7) unit property at 812 East 24th Street owned by OakCLT.

Residential Units Completed

A total of 687 new residential units received occupancy permits in 2018. Of these completed units, 572 are in multifamily buildings, 30 are in buildings with two to four units, and 85 are single-family homes. Multifamily developments of five-units or more are shown in **Table D** below.

Table D: Residential Units Completed⁴ in Projects with Five or More Units, 2018

Site ⁵	Units	Notes
Affordable Housing Projects		
632 14 th St.	40	Unit mix: 26 units affordable to very low-income households (of these, 12 units are deed-restricted to extremely low-income), 13 units affordable to low-income households. The development includes one manager's unit, which is considered "non deed-restricted moderate income."
Sub-total Affordable Housing	40	
Market Rate Housing Projects		
6701 Skyview Dr., #Bldg. 10	6	Six-unit condominium with total living area of 18,752 sq. ft. and 24 bedrooms.
410 Webster St.	7	Four-story, 7-unit apartment building.
2506 Magnolia St.	11	Mixed-use building with 11 live-work units and commercial space.

⁴ "Completed units" means units that received certificates of occupancy or other form of readiness (e.g., final inspection, notice of completion.)

⁵ None of the multifamily housing projects completed in 2018 were constructed on sites identified as an Opportunity Site in the 2015-2023 Housing Element – therefore many of these sites remain available for future development of housing.

Site	Units	Notes
4435 Piedmont Ave.	25	Four-story condominium with 25 units and one (1) commercial unit.
3030 Chapman St.	41	Apartment complex with 41 units and 74 bedrooms.
459 8th St.	50	Five-story, mixed-use building with 50 residential units, 83 bedrooms, and approximately 5,000 sq. ft. of ground floor commercial. Main entry at 777 Broadway.
9400 International Blvd.	59	Mixed-use building with 59 residential units and 21,591 sq. ft. of non-residential space, of which 3,500 sq. ft. is designated commercial space.
1801 Jefferson St.	80	Apartment complex with 80 residential units, 95 bedrooms and a community room.
4901 Broadway	126	Mixed-use, five-story building with 126 residential units and 8,700 sq. ft. of ground floor commercial space.
5238 Coronado Ave.	127	Mixed-use, five-story building with 127 assisted-living residential units, and 7,743 sq. ft. of ground floor commercial space.
Sub-total Market Rate Housing	532	
Grand Total, Completed Units	572	

Source: City of Oakland, Final Building Permits Issued, Accela, March 2019

In addition, two rehabilitation projects were under construction in calendar year 2018: Emyprean Tower (32 units) and Harrison Hotel (81 units).

Residential Units that Received Zoning Approvals

In 2018, Zoning approvals were issued for approximately 5,374 new regular dwelling units⁶ and 299 secondary units. Table E, shown below, shows major multifamily housing projects⁷ that received entitlements, i.e. planning and zoning approvals in 2018. Depending on factors, such as financing and the real estate market, these projects may advance to application or may have already applied for and/or may have a building permit issued in 2018 or 2019. The table also includes some affordable and supportive housing developments.

Table E. Major Multifamily Housing Projects Approved in 2018

Site	Units	Notes
3419 San Pablo Ave	60	To construct a seven-story mixed-use building with 60 affordable units. Of these, 13 units will be deed-restricted to extremely low-income households.
0 7th St (7th St. & Campbell St.)	79	The project includes 79 affordable housing units. Of these, 39 units will be deed-restricted to extremely low-income households.
9409 International Blvd	55	To construct a mixed-use building consisting of 55 affordable housing units. Of these, 14 units will be deed-restricted to extremely low-income households.

⁶ "Regular dwelling units" includes single-family home, duplexes, triplexes, fourplexes, and multi-family housing projects of more than five (5) units.

⁷ A "Major Project" is defined by *The City of Oakland Procedures Manual for Major Development Projects* as any project which involves 50 or more residential units.

Site	Units	Notes
"Ancora Place" 2227 International Blvd	77	The project development includes 77 affordable apartment units. Of these, 31 units will be deed-restricted to extremely low-income households.
Brooklyn Basin, Parcel F, 1 9th Ave	211	Paseo Estero (B1802633) and Vista Estero (B1802635) are both included under this entitlement. Together, these projects will include 211 affordable housing units.
"Fruitvale Transit Village Ii-B" At 0 35th Ave	181	Final PUD for Phase II-B of the Fruitvale Transit Village. The proposal includes 181 affordable apartment units. Of these, 46 units will be deed-restricted to extremely low-income households.
"Lakehouse Commons" At 101 E 12th St	361	Proposal for 2 residential buildings with 361 units including affordable units, 218 parking stalls, commercial space, cultural commons facility. Of these, 29 units will be deed-restricted to extremely low-income households.
"Nova" At 445 30th St	58	To create a 58 unit, 100% affordable residential development. Of these, 56 units will be deed-restricted to extremely low-income households.
"Phoenix" At 0 Pine (Between 9th & Shorey) St.	101	Phase 1 of a Planned Unit Development consisting of 101 units for affordable and supportive housing. 50% of the units are dedicated to permanent supportive housing and the remaining units to households earning less than 60% AMI.
1900 Broadway	457	Mixed-use, 36-story building with 457 residential units and approximately 50,000 sq. ft. of commercial space.
2100 Telegraph Ave	395	Mixed-use, 39-story building with 880,550 sq. ft. of office space, 395 dwelling units, 85,000 sq. ft. of ground floor retail, and 18,500 sq. ft. of community space.
532 39th St	379	Mixed-use development with 379 residential units.
2044 Franklin St	357	Includes Density Bonus for 20 units deed-restricted to very low-income households.
101 E 12th St	298	Mixed-use, 24-story building with 298 residential units and ground-floor commercial space.
2270 Broadway	223	Mixed-use, 24-story building with 223 residential units and 5,000 sq. ft. of ground floor commercial space.
2044 Franklin St	184	Mixed-use, 29-story building with 184 units, 57,000 sq. ft. of commercial office space and 5,000 sq. ft. of retail space.
1433 Webster St	179	Mixed-use, 29-story building with 179 units, 60,000 sq. ft. of office and ground floor commercial. Includes a 20% density bonus by providing affordable units.
1940 Webster St	173	Mixed-use building with 173 dwelling units and approximately 2,000 square feet of ground floor commercial.
325 7th St	160	Mixed-use building with 160 units.
412 Madison St	157	Mixed-use, seven-story building with 157 dwelling units above ground floor commercial space.
2236 Myrtle St	142	Mixed-use building with 142 units and ground-floor commercial space.
295 29th St	91	Seven-story residential development with 91 units and ground floor retail.
0 19th St	88	Mixed-use, six-story building with 88 residential units and ground floor commercial space on a vacant site currently used as surface parking.

Site	Units	Notes
905 72nd Ave	63	Six-story residential development with 63 units.
4328 Martin Luther King Jr Way	57	To construct a new 57-unit residential building. Includes a density bonus for 5 units affordable to very low-income households.
230 W Macarthur Blvd	57	Mixed-use, six-story development with 57 units and over 7,120 sq. ft. of ground floor commercial space. Project will include 35% Density Bonus and would provide 11% of its units to very low-income households.
3268 San Pablo Ave	51	Five-story building with 51 units for low-income seniors.
3927 Wattling St	51	To construct a new 51-unit residential building. Includes a density bonus for 5 units affordable to very low-income households.

Source: City of Oakland, 2018 Zoning Approvals, Accela, March 2019

Applications for New Housing Development

Assembly Bill 879 (Grayson) amended APR reporting requirements to include the number of housing development applications received during the reporting year, including the proposed number of units. Table F below summarizes those results.

Table F: Submitted Applications Summary, 2018

	Applications
Total Housing Applications Submitted:	416
Number of Proposed Units in All Applications Received:	4,044
Total Housing Units Approved:	1,456
Total Housing Units Disapproved:	0

Source: City of Oakland, 2018 Applications Deemed Complete, Accela, March 2019

Tracking SB 35 Streamlining

City of Oakland Planning and Building Department did not receive or process any applications for review under Government Code Section 65913.4, SB 35 Streamlining, in 2018. The first application reviewed under SB Streamlining provisions was submitted and approved in 2019, which will be reported in next year's APR.

Units Constructed Under a Commercial Development Bonus Agreement

Recent changes to state law additionally require the City to report in this year's APR any housing units constructed as part of a commercial development bonus agreement approved under Government Code section 65915.7. The City of Oakland did not have any units to report under this new requirement in 2018.

HOUSING-RELATED ACTIVITIES AND POLICY

The City made progress on its housing activities in 2018. Highlights, in order of Action number, include:

- *Update on Brooklyn Basin (Action 1.3.6)*

In 2018, progress continued in the development of 465 units of affordable housing serving households between 0-60% of AMI in the Brooklyn Basin development, which will include 3,100 total units as well as commercial and open space. In early 2018, the City and co-landowner Oakland Housing Authority (OHA) approved entering into Lease Disposition and Development Agreements (LDDAs) with affordable housing developer MidPen Housing Corp. for developing the first 211 units of affordable housing on Brooklyn Basin Parcel F. OHA also awarded MidPen a total of 258 Project-Based Section 8 vouchers for all phases. The City awarded MidPen additional predevelopment loan funds to support pre-development work for all phases of the project on both Brooklyn Basin Parcel F and Parcel A, and development funds totaling \$17.67 million for the projects on Parcel F.

MidPen divided the first 211 units on Brooklyn Basin Parcel F into three projects, secured funding for all three projects, entered into ground leases, closed construction financing, and received building permits in 2018. In December 2018 they began construction on the projects.

Brooklyn Basin Parcel B consists of 241 units of market-rate housing. Construction on this parcel proceeded in 2018 and is expected to be complete in 2019.

Brooklyn Basin Parcel C also consists of 241 units of market-rate housing. It was entitled and in plan check as of late 2018.

- *Secondary Units (Policy 1.4)*

In May 2017, following an initial revision in 2016, the City of Oakland adopted revised its Secondary Unit regulations, to further reduce the regulatory barriers to the development of Secondary Units (also known as "Accessory Dwelling Units"), including eliminating parking requirements in areas where public transit is accessible, and reducing setback requirements. As shown in Table A2 of the Annual Progress Report ⁸, 109 building permits for Secondary Units were issued in 2018.

- *New Construction and Substantial Rehabilitation Housing Development (Policy 2.1)*

In 2017 given the limited funding resources available, the City of Oakland switched to a biannual Notice of Funding Availability (NOFA) release schedule. The City released two separate 2017-2019 NOFAs: one for new construction of affordable housing; the other for multifamily housing rehabilitation and preservation. In 2018 the City continued to distribute funding to affordable housing projects in the funding pipeline according to their scores awarded through a competitive process. The City's Housing and Community Development Department released its annual Notice of Funding Availability (NOFA) for Fiscal Years 2017-2019 in August 2017. Last year's report on the 2017 Housing Element APR provided a useful summary of the history of past NOFA awards that included an average cost/unit of those awards and the amount that those funds leveraged. The following matrix, **Table F**, is included again this year:

⁸ See website: <https://www.oaklandca.gov/documents/2018-housing-element-annual-progress-report-1>

Table F. Oakland Affordable Housing Funds Issued/Available 2010-2019							
	NOFA 2010-11	NOFA 2011-12	NOFA 2012-13	NOFA 2013-14	NOFA 2014-15	NOFA 2015-17	NOFA 2017-2019
Total NOFA Allocation	\$23,663,000	\$4,372,784	\$3,960,000	\$7,635,000	\$7,850,000	\$8,235,732	\$23,262,000
Total NOFA Allocation to Rehab or New Const.	\$23,663,000	\$4,345,000	\$3,960,000	\$7,425,000	7,000,000	\$5,007,000	\$13,596,000 (new const) + \$9,500,000 (rehab)
Difference & Program Funded	0	\$27,784	0	\$210,000 (CA Hotel RE Trans Taxes)	• \$100k (Const. Monitoring) • \$600k (MAP) • \$150k (CHDO award)	• \$1m (Acq/Rehab) ⁹ • \$600k (Emergency Repair) ³ • \$800k (MAP) ³ • \$750k (Harp Plaza) • \$71,881 (Pre-dev)	\$166,000 (predevelopment)
# of Awards (Rehab, New Const.)	10 awards (5 Rehab, 5 New Const.)	5 awards (all Rehab)	2 awards (all New Const.)	5 awards (2 Rehab, 3 New Const.)	4 awards (1 Rehab, 3 New Const.)	2 awards (New Const.)	8 awards (new construction)
# of New Construction Units	12 ¹⁰	0	154	170	87 ¹¹	94 ¹²	542
Average NOFA Allocation New Const. per Unit	\$190,708 (ownership)	0	\$45,505 (rental)	\$72,955	\$22,989	\$95,745	\$59,702
NOFA Allocation as a % of Total Development Cost	42.2%	0	11.6%	15.1%	4.7%	11.2% ¹³	4.2% ¹⁴

Source: Oakland Housing and Community Development, March 2018

⁹ See NOFA Housing Policy Recommendations Agenda Report dated 3/2/16 and Supplemental Report dated 3/30/16. These items were considered by the Community and Economic Development Committee on 4/12/16.

¹⁰ In this NOFA award year, 4 of the 5 annual allocations were used for new construction developments that had been funded in prior years and were returning to request additional funds to cover funding gaps (Cathedral Gardens, MacArthur Apartments, St. Joseph's Family, Fairmount Apartments).

¹¹ In this NOFA award year, 1 of the 3 annual allocations were used for new construction n developments that had been funded in prior years and were returning to request additional funds to cover funding gaps (Civic Center 14 TOD).

¹² In this NOFA award year, 1 of the 2 annual allocations were used for new construction developments that had been funding in prior years and was returning to request additional funds to cover a funding gap (Redwood Hill Townhomes).

- *Jobs/Housing Impact Fee (Action 2.7.1)*

As of 6/30/18¹⁵, the most recent report available, \$1,637,551 has been paid for the Jobs / Housing Impact Fee; and \$1,409,508 was revenue assessed, but not due yet (due to the program's schedule for payments), totaling \$3,047,059.

- *Development Impact Fees (Action 2.7.2)*

After conducting an Impact Fee Nexus Study and Economic Feasibility Analysis, an Affordable Housing Impact Fee was adopted by the Oakland City Council in May 2016 (Ordinance No. 13365 C.M.S.) to mitigate the impact of new market-rate housing development on the need for additional housing affordable to residents with low and moderate incomes. As recommended in the Housing Element 2015-2023 and noted the Mayor's Housing Cabinet Report, *Oakland at Home*, developers have the choice of producing affordable units in new projects as an alternative to paying the impact fee.

The City of Oakland "Impact Fee Annual Report for Affordable Housing, Jobs/ Housing, Transportation and Capital Impact Fees for Fiscal Year Ended June 30, 2018" report was brought to the City Council in February 2019 at a public meeting.

A summary from the report:

For Fiscal Year 2017-2018 (ending on 6/30/18), \$3,206,036 has been paid for the Affordable Housing Impact Fee; and \$11,510,815 was revenue assessed, but not due yet (due to the program's schedule for payments), totaling \$14,716,851.

Since the Affordable Housing Impact Fees went into effect on September 1, 2016, \$3,683,860 has been paid so far and \$17,234,806 in revenue has been assessed but not due yet, for a total of \$20,918,666 that has been assessed.

- *City of Oakland-owned Properties for Residential Development (Action 2.7.3)*

There are three types of City-owned property that could possibly be available for affordable housing development: (1) City properties not being used for City purposes; (2) properties that were formally owned by the Redevelopment Agency that were conveyed to the City under the Long-Range Property Management Plan (LRPMP) as "future development properties"; and (3) properties that were formally owned by the Redevelopment Agency that were conveyed to the City as "housing assets."

(1) All City-owned property is managed by the Real Estate Division of the City's Economic and Workforce Development Department. The City owns approximately 1,112 parcels including parks, opens space, rights-of-way, libraries, fire stations, etc. The Real Estate Division continues to evaluate whether any of these parcels can be considered unnecessary for the City's use, and, if so, whether they can be made available for residential development. The Division has begun preparation of a strategic portfolio asset management plan to further surface any opportunities for development on City land.

¹³ This percentage is based on the Fruitvale Transit Village Ph2 development. It has \$4million of Prop 1C funds (allocated to the City for this project) and \$2,250,000 in NOFA funds with a total development cost of \$52,552,589.

¹⁴ Due to the County bond issuance approved in 2016, which has a set-aside for developments identified by Oakland, the City was able to achieve much greater leveraging than has been typical on its funding in 2017.

¹⁵ Data on the Jobs Housing Impact fee was reported in the Impact Fees Annual Report (the most recent available is from June, 2018): see page 6 at <https://www.oaklandca.gov/documents/impact-fee-annual-report-fiscal-year-ended-june-30-2018>

(2) The City's LRPMP addresses disposition and use of real properties previously owned by the former Redevelopment Agency. This plan was approved in May 2014 by the Oakland Oversight Board and the State of California Department of Finance. There are 36 properties or site assemblies under the LRPMP that are currently actively managed by the City's Economic and Workforce Development Department, Public/Private Development Division. These 36 sites fall roughly into four categories:

- a. Four sites that were transferred to the City are designated for governmental use;
- b. Two sites remain with the Oakland Redevelopment Successor Agency (ORSA) to fulfill an enforceable obligation but are expected to be transferred to the City in the future;
- c. Twenty-five development sites that were transferred to the City for future development projects, including affordable housing, of which:
 - i. twelve sites are slated for Request for Proposals (RFPs);
 - ii. five sites are under an Exclusive Negotiating Agreement (ENA);
 - iii. six sites are under an active Disposition and Development Agreement (DDA), Lease Disposition and Development Agreement (LDDA), or Owner Participation Agreement (OPA); and
 - iv. two sites (Oakland Ice Center and City Center West Public Garage) were originally developed under a DDA and have been in operation ever since but could be made available in the future for development; and
- d. **Five sites** remain with ORSA but are proposed for sale in the future.

(3) Additionally, during the dissolution of the Redevelopment Agency, seven properties owned by the former Agency were transferred to the City's Housing and Community Development Department.

- *Access to Low-Cost Financing for Home Purchase (Action 3.5.2)*

In calendar year 2018, the Oakland City Council passed a resolution to establish tiered real estate transfer tax rates based on value of consideration. This change provides increased discounts on the City of Oakland Real Estate Transfer Tax on home purchases made by first time low and moderate income homebuyers. The new rates went into effect on January 1st, 2019.

In calendar year 2018, the City's Mortgage Assistance Program (MAP) funds were exhausted in the first half of the year and were replenished late in 2018. Re-appropriated CalHome ReUse funds made up some of the shortfall though it serves the most challenged buyer set, those whose incomes do not exceed 80% AMI.

A total of 14 first time homebuyers received purchase assistance from the City's Homeownership Programs, some using Mortgage Assistance Program (MAP) funds (\$579,612), others using CalHome funds (\$300,000), and still others using a combination of the two. Program assisted buyers were able to leverage the funds as follows:

- o Private bank lending of \$3,819,025;
- o Down-payment funds from individual homebuyers in the amount of \$274,863;
- o Closing Cost funds from individual homebuyers in the amount of \$234,949;
- o One additional subsidy loans in 3rd lien position from San Francisco Federal Home Loan Bank (WISH) funds in the amount of \$20,000;

- Seven additional subsidy loans in 3rd lien position from CHDC/Wells Fargo (LIFT) funds in the amount of \$210,000.

Separately, Alameda County's Mortgage Credit Certificate program providing a 20% federal tax credit were issued to 6 homebuyers to assist the purchase and defray the payment on \$2,667,720 worth of new mortgages in the City of Oakland.

In fall 2018, the first lottery-drawn applicants' applications were received for homebuyers up to 120% AMI. Approved applicants will enter contracts to purchase single-family homes at below-market rates in the OakTown Roots development phase 1.

- *Financial Assistance for Preservation Projects (Action 5.1.3)*

The City of Oakland's 2017-2019 NOFA for Multifamily Housing Rehabilitation and Preservation awards up to 15 preference points (out of 92 total) to projects that preserve existing affordable housing. From the available funding sources, Howie Harp Plaza, Emyrean Towers, and Fruitvale Studios were awarded funding in 2018. These represent approximately 115 units of restricted affordable housing. Another four projects containing 400 affordable housing units remain in our pipeline, which the City expects to fund in 2019. In addition, the City provided funding to help affordable developers acquire five properties with 88 units of naturally occurring affordable housing and executed regulatory agreements to preserve them as permanently affordable.

- *Advocacy for State and Federal Financing (Action 5.2.1)*

The City regularly consults with affordable housing developers to ensure that the timing and dollar amount of City funding is aligned with County, State, and Federal funding program requirements. This helps ensure that City funds are leveraged maximally against other funding sources.

The City of Oakland acts as the Local Reviewing Agency for any affordable housing applying for Low Income Housing Tax Credits in Oakland. In 2018, the City performed local reviews for 10 such projects. The City indicated that they strongly supported all 10 projects. Of these, 5 are older assisted projects in need of capital repairs. The older assisted projects are as follows: San Pablo Hotel, Emyrean Harrison Renovation, Oak Grove North and South, Madison Park Apartments, and Westlake Christian Terrace West.

The City of Oakland also supports developers applying for funds through California's Affordable Housing and Sustainable Communities (AHSC) program. In 2018, all of these applications went towards new construction.

Whenever possible, the City advocates for increased funding at the State and Federal level for affordable housing.

- *Funding for Capital Needs – Preservation and Rehabilitation Programs for Rental Housing (Action 5.2.2)*

Oakland's Infrastructure Bond (Measure KK) is a voter-approved \$600 million general obligation bond to invest in City infrastructure. Of this total, \$100 million was set aside for housing programs, including anti-displacement and affordable housing efforts. In 2017, the first tranche of bond funds, \$55 million, was issued. For the first three years after the issuance, the top spending priorities for housing are on acquisition and rehabilitation for existing buildings. To meet the top priorities over this period, \$18 million was allocated to the Site Acquisition Program and \$10 million was allocated to the Housing Rehabilitation and Preservation Program. Additionally, \$14 million was set aside for the purchase of Single Room Occupancy units for deployment as transitional housing to help alleviate the City's homeless crisis, of which \$7 million was spent in 2018 to acquire a residential hotel located at 641 West Grand Avenue for use as a transitional housing facility. Other eligible expenditures include new construction of rental and ownership housing, loans for improving housing habitability and safety, and funds to extend affordability covenants that are at risk of expiring.

Alameda County Measure A-1 is a voter-approved \$580 million general obligation bond to invest in regional efforts to address the lack of affordable housing. The City of Oakland has a base allocation of these funds in the amount of \$49,323,209. These funds are specifically designated for affordable rental housing development with the goal of creating and preserving affordable housing. Additionally, there will be a county-wide competitive pool for first-time homebuyer down payment assistance, ownership housing development, housing preservation to assist senior citizens, people with disabilities, and other low-income homeowners to remain safely in their homes. In 2018, the City directed \$956,341 in remaining County Measure A1 Base Allocation funds to 95th and International.

- *Housing Assistance Center (Action 6.1.4)*

The Housing Resource Center is implementing a customer service tracking system to log more detailed and accurate statistics about requests for assistance. In 2018, the Housing Resource Center provided direct services to 3,000 individuals through Housing Resource Center counsel, advocacy, or resources. In addition, the City also provided the following referrals:

- 5,000 customers were referred to the Rent Adjustment Program.
- 60 tenants were referred to Oakland Housing Authority's services.
- 500 tenants were referred to Centro Legal de La Raza, an outside tenant's rights organization.
- 50 homeowners at risk of losing their home were referred to Housing and Economic Rights Advocates (HERA).
- 80 homeless individuals were referred to North County Coordinated Access System for Literally Homeless Families.
- 125 tenants were referred to the City's Code Enforcement department.
- 20 customers were referred to the City's First-time homebuyer program.
- 25 tenants were referred for relocation assistance.

CHALLENGES AND EXPECTATIONS FOR 2019

In 2018, the city continued to make tremendous progress on housing production. Overall, the City issued building permits for a total of 9,706 new housing units in the calendar year. This is more than double the 4,343 new units permitted in calendar year 2017. The resulting high number of new housing units that will soon be coming onto the market may help to reduce price pressure on existing, naturally affordable units. The number of deed-restricted affordable units that received permits in 2017 also more than doubled in 2018, and even exceeded the cumulative total of the entire 2015-2017 period (828 units in 2018; 324 units in 2017; 39 units in 2016; and 129 units in 2015). This increase in permits for affordable units can be attributed to multiple factors: a small number of major projects that had been in the predevelopment stage for several years finally moved to the permitting and construction phase; the first tranche of Measure KK bond funds was distributed; and County Measure A1 funds were distributed.

In 2019, the City will release a Notice of Funding Availability to award a second tranche of Measure KK bond funds for affordable housing development. The first tranche of Measure KK bond funds had a modest set-aside to allow developments receiving Measure KK bond funds to leverage County Measure A-1 Bond funds. To this end, affordable housing development projects in Oakland have been extraordinarily successful in leveraging City funds to apply for the County Bonds.

As of late 2018, the \$49.3 million in the County's set-aside for Oakland projects has been committed, thanks in large part to the ability to leverage the City's Measure KK bond funds. In addition, in February 2019, several affordable developments in Oakland received funding commitments through County Measure A-1's competitive process, which was divided into set-asides for several geographic pools within the region. Oakland projects received 85% of the nearly \$80.4 million in the North County Regional Pool Allocation. However, the entire North County Regional Pool Allocation was fully committed by the Alameda County Board of Supervisors at their February 2019 meeting. Therefore, no additional County A-1 funding is expected in 2019 or 2020.

While the City is encouraged by this progress, the need for affordable housing continues to outpace production. For the 2015-2018 period, the City met 19% of its Regional Housing Needs Allocation of units targeted to households at or below moderate incomes. The single largest challenge to meeting this allocation is the shortfall in public funding for affordable housing.¹⁶ Affordable housing requires a subsidy of several hundred thousand dollars per unit.¹⁷ The City currently estimates that more than one hundred thousand dollars of local funds must be contributed to leverage state and federal funding sources.¹⁸ The dissolution of redevelopment in 2012, and the state's failure to create a replacement ongoing dedicated funding source for affordable housing, continues to limit Oakland's ability to produce affordable housing units going forward.

On the federal level, another challenge is the devaluation of Low-Income Housing Tax Credits due to the passage of the Tax Cuts and Jobs Act (TCJA) of 2017. This legislation reduced corporate tax rates, which

¹⁶ Legislative Analyst's Office. 2019. California's Housing and Homelessness Challenges in Context. <https://lao.ca.gov/Publications/Detail/3945>.

¹⁷ "The Cost of Building Housing." n.d. Turner Center Research Series. University of California, Berkeley. Accessed May 7, 2019. <https://turnercenter.berkeley.edu/construction-costs-series>.

¹⁸ City of Oakland Community and Economic Development Committee Agenda Report, "NOFA Affordable Housing Funding," November 22, 2017. <https://oakland.legistar.com/View.ashx?M=F&ID=5569124&GUID=45EF3D99-0258-49DC-A63C-C6126FFCF37B>

has in turn weakened the investor market for tax credits.¹⁹ Industry experts estimate that as many as 235,000 fewer units will be produced over the next ten years in response to the tax policy changes passed in the TCJA.²⁰

Voters have shown an increased willingness to pass bond measures to fund affordable housing, including the Measure KK and Alameda County A-1 bond measures noted above, and 2018 California Ballot Propositions 1 and 2. Several pieces of state legislation aimed at streamlining the permitting and approval process for housing have been passed or are currently being negotiated, notably Senate Bill 35 (passed in September 2017) and Senate Bill 50 (currently moving through committees). In 2018, the City undertook several policy projects, described earlier in this report, that support the preservation and creation of naturally occurring affordable housing, including strengthening restrictions on conversions of single-room occupancy (SRO) residential hotels; further relaxing restrictions on accessory dwelling units; and assessing fees on short-term rentals to mitigate their negative impact on the housing supply.

¹⁹ Novogradac, Michael J. "The Tax Cuts and Jobs Act: Effects on Low-Income Housing Tax Credit Properties and Developments." Novogradac & Company LLP, n.d.

https://www.novoco.com/sites/default/files/atoms/files/novogradac_client_alert_tax_reform_122017.pdf.

²⁰ Scally, Corianne Payton, Amanda Gold, Carl Hedma, Matthew Gerken, and Nicole DuBois. 2018. "The Low-Income Housing Tax Credit: Past Achievements, Future Challenges." Urban Institute.

https://www.urban.org/research/publication/low-income-housing-tax-credit-past-achievements-future-challenges/view/full_report.

RECOMMENDATIONS:

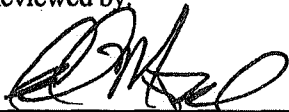
Staff recommends that the Planning Commission receive comments from members of the public, provide input on the 2018 Housing Element Annual Progress Report, and forward the report to the City Council.

Prepared by:



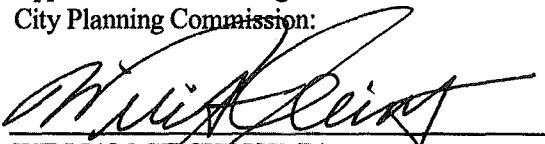
DIANA PEREZ-DOMENCICH, MCP
Planner I

Reviewed by:



ED MANASSE
Interim Deputy Director

Approved for forwarding to the
City Planning Commission:



WILLIAM GILCHRIST, Director
Department of Planning and Building

ATTACHMENTS:

- A. 2018 Building permits issued for multi-family market rate units

May 15, 2019

2018 Building permits issued for multi-family market rate units, including projects issued a Density Bonus.

APN	Street Address	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income, "Market-Rate"	Total # of Units Issued Building Permits
Density Bonus						
002 005500100	385 14th St	27			409	436
012 102501200	3883 Turquoise Wy			45	358	403
012 102501001	539 39th St		8		279	287
014 122600902	5110 Telegraph Ave	17			187	204
008 062403600	1433 Webster St	7			161	168
012 102501300	540 39th St		3		93	96
012 100000701	4045 Broadway	4			43	47
009 070304200	3300 Broadway			4	41	45
039 327000100	6651 Bancroft Ave	3			18	21
Other						
008 063800605	1900 Broadway				452	452
008 067102001	277 27th St				405	405
002 006300600	301 12th St				333	333
018 042000401	40 Jack London Sq				333	333
002 009703800	1150 Clay St				288	288
002 007700100	226 13th St				261	261
008 062200105	447 17th St				254	254
008 062400600	1717 Webster St				250	250
018 046501300	250 9th Ave				241	241
001 016100100	150 4th St				238	238
008 067102702	2450 Valdez St				225	225
008 065600201	2270 Broadway				223	223
008 064901000	2016 Telegraph Ave				223	223
008 062501401	330 17th St				206	206
002 005500100	385 14th St				197	197
008 066901200	2302 Valdez St				196	196
008 063601801	1940 Webster St				173	173
005 041001301	1919 Market St				165	165
003 007100900	625 16th St				140	140
018 041500101	55 Broadway				136	136

2018 Building permits issued for multi-family market rate units, including projects issued a Density Bonus.

APN	Street Address	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income, "Market-Rate"	Total # of Units Issued Building Permits
001 014300700	378 Embarcadero West				134	134
008 066700500	2305 Webster St				130	130
009 070401200	3000 Broadway				127	127
005 043101902	2228 Myrtle St				115	115
020 012700603	229 International Blvd				94	94
001 016100707	155 4th St				92	92
009 068503601	295 29th St				91	91
007 058902900	2850 Hannah St				90	90
007 059301901	3250 Hollis St, #Bldg 1				82	82
008 062600601	1815 Alice St				74	74
008 067403600	2401 Broadway				72	72
009 068600300	2855 Broadway				68	68
008 066404301	537 24th St				66	66
008 065800401	459 23rd St				65	65
009 069803100	29359 Telegraph Ave				60	60
002 009300500	925 Fallon St				58	58
012 097400800	468 W Macarthur Blvd				57	57
012 098602800	230 W Macarthur Blvd				57	57
009 069803100	2919 Telegraph Ave				54	54
009 069803100	2935 Telegraph Ave				48	48
013 115001701	4700 Telegraph Ave				48	48
007 058902400	1545 32nd St				47	47
007 059301901	3250 Hollis St, #Bldg 2				42	42
012 095904900	880 W Macarthur Blvd				39	39
012 097800400	387 40th St				38	38
008 066500800	2323 Valley St				34	34
008 067202100	2500 Webster St				30	30
016 143900301	950 63rd St				28	28

2018 Building permits issued for multi-family market rate units, including projects issued a Density Bonus.

APN	Street Address	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income, "Market Rate"	Total # of Units Issued Building Permits
001 021100600	605 9th St				25	25
012 100500701	364 40th St				24	24
010 078000800	580 Grand Ave				20	20
033 217701603	1228 36th Ave				13	13
008 064702600	603 22nd St				12	12
001 013900200	322 Broadway				12	12
015 134602000	925 61st St				9	9
007 056200100	1675 18th St				8	8
037A316614000	6749 Skyview Dr, Bldg. 6				6	6
037A316614000	6761 Skyview Dr, Bldg 5				6	6
007 059501901	1450 32nd St				6	6
040A342003900	7894 Ney Ave				6	6
019 008001000	500 23rd Ave				5	5
TOTAL UNITS ISSUED BUILDING PERMITS:		58	11	49	8,620	8,738