



Oakland NetWork for Responsible Development

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MEMO

To: Oakland City Council, Community Economic Development Committee

From: Kate O'Hara, East Bay Alliance for a Sustainable Economy, on behalf of Oakland NetWork for Responsible Development (ONWRD)

Date: April 15, 2008

RE: Informational report on *Putting Oakland to Work: A Comprehensive Strategy to Create Real Jobs for Residents*

SUMMARY

This is an informational report on the Oakland NetWork for Responsible Development's recent study, *Putting Oakland to Work: A Comprehensive Strategy to Create Real Jobs for Resident*. At the end of this report, we recommend several concrete steps that this Committee can take to ensure that Oakland's economic development strategy meets the needs of Oakland's working families.

FISCAL IMPACT

This is an informational report. There is no fiscal impact on the City of Oakland at this time.

BACKGROUND

The Oakland NetWork for Responsible Development (ONWRD) is a coalition of 13 Oakland-based housing, labor, community and environmental organizing and advocacy groups working to transform economic development policy and win greater community benefits. ONWRD is committed to advancing the values of economic justice, social equity, environmental responsibility, democratic inclusion, transparency and accountability.

In 2007, ONWRD embarked on an effort to encourage the City of Oakland to establish a comprehensive economic development strategy that put Oaklanders to work in good-paying jobs. This effort dovetails with and complements Mayor Dellums' call for 10,000 jobs, the Economic Development Task Force Recommendations and the Oakland Partnership. We support the Mayor's goals of creating a vibrant economy in which economic growth creates opportunities for a wide range of Oakland residents. We also share Mayor Dellums call for the City to take a more integrated and long-term approach to development, with a consistent set of priorities and policies.

The organizations of ONWRD believe that a vibrant economy and growth with community benefits are within Oakland's reach. We have seen, in Oakland and in other cities, the outcomes of development pursued without a clear and comprehensive purpose. Traditional economic development focused narrowly on revenue generation and business growth alone miss an opportunity to capture that growth to create good-paying jobs and move residents into sustainable employment. To put Oaklanders to work, especially those with barriers to employment, the City needs a new, comprehensive strategy for economic development that prioritizes Oaklanders' needs. Our effort is specifically focused on ensuring that Oakland residents, including those with barriers to employment (ie: single mothers, formerly incarcerated individuals, immigrants, youth) are put to work in good-paying jobs.

As part of this effort, ONWRD completed two major accomplishments in 2007: we convened a People's Summit on development, entitled **Building Oakland for Everyone**, and we released ***Putting Oakland to Work***, an analysis of the conditions Oaklanders face and an assessment of six industry sectors' potential to lift its residents out of poverty.

BUILDING OAKLAND FOR EVERYONE SUMMIT

Co-sponsored with the Oakland People's Housing Coalition, the 400-person Building Oakland for Everyone summit brought Oaklanders together from across the City. In addition to the 15 sponsoring organizations, 18 organizations and unions endorsed the event and individuals representing another 30 organizations were present. The program was simultaneously translated into Spanish and Cantonese to enable broad participation and participants spent an hour in small groups discussing their hopes and concerns for Oakland's development. The summit helped to articulate Oaklanders' vision for development that meets the needs of working families. At the summit, participants made recommendations on what the City could do to build Oakland for everyone. Specifically, participants called on the City to:

- Put 10,000 high-need Oakland residents to work in living wage jobs by prioritizing industry sectors that provide job entry and job ladders, as well as providing good paying jobs.
- Expect more from new development, including expanding existing local hire, labor standards, and the evaluation of potential project impacts.
- Create housing that Oakland's families can afford by requiring new development projects to include affordable housing, increasing funding for affordable rental and ownership housing, and strengthening tenant protections.
- Build safe, healthy communities by separating homes and industries, promoting sustainable construction practices, enforcing worker health and safety laws, and attracting green businesses that provide healthy, good-paying jobs.

PUTTING OAKLAND TO WORK

Released in November 2007, *Putting Oakland to Work*, a report by EBASE and ONWRD, shows that extreme income disparity, sky-rocketing housing costs, extensive joblessness, and poverty-level wages threaten Oakland's economic stability and resident prosperity. The report provides two main areas of analysis. First, the report analyzes the current social and economic

Item: _____
CED Committee
April 22, 2008

conditions that Oakland residents experience. Second, the report assesses six industry sectors against three criteria: 1) viability and collateral benefits, 2) job quality, and 3) accessibility and opportunity for advancement. ONWRD's goal in producing *Putting Oakland to Work* was to add a job quality and job accessibility lens to the current discussion of Oakland's economic development priorities. A full copy of the report is attached and highlights appear below.

Current Resident and Jobs Conditions

First, in terms of current resident conditions and expected job creation, *Putting Oakland to Work's* major findings include:

- The proportion of Oakland residents who are “housing cost burdened”—spending more than 30% of their household income on housing costs—escalated dramatically between 2000 and 2006, even prior to the current foreclosure crisis. Housing burdened renters rose from 42% to 52%, and housing burdened homeowners shot up from 32% to 51%. Today, a majority of Oaklanders—renters and homeowners alike—are housing burdened.
- Unemployment levels are high: Oakland in 2006 had an official unemployment rate between 6.9% and 8.8%, amounting to approximately 13,300 to 17,075 people who are unemployed. Unemployment is also experienced differently by different racial groups: African Americans have almost 4 times the unemployment rate of whites (17.2% versus 4.5%), and a higher unemployment rate than the overall unemployment population (10.3%).
- Many residents who are working are still in poverty. Almost 22,000 Oakland residents (21,763) working full or part-time still ended up below the poverty level. This means of all those in poverty, almost half (46.6%) were working individuals.
- Of the total net new jobs expected to be created in the East Bay over the next five years, 43,890 jobs will require a bachelor's degree or less education—what we refer to as “accessible new jobs.” Given the levels of educational attainment, these are the subset of jobs that are the most likely to employ the majority of Oakland residents. Over half (55.4%, or 24,320) of these accessible new jobs will require education up to and including a high school degree.
- Only 32% of the “accessible new jobs” will pay enough to lift a family of four out of poverty without public assistance—also known as the regional Basic Family Wage of \$18.53 (as determined by the California Budget Project). A third (33.3%) of the new jobs are in low-wage, high growth industries, such as food and beverage servers, and home health aides.

Industry Sector Assessment

Item: _____
CED Committee
April 22, 2008

Second, *Putting Oakland to Work* assesses six industry sectors—Retail, Trade and Logistics, Health Care, Biotech, Green Jobs and Food Manufacturing - against three criteria:

- **Viability and collateral benefits,**
- **Job quality**
- **Accessibility and opportunity for advancement**

Our assessment of these six sectors provides the following finding:

- **Retail** jobs are relatively accessible and retail development provides tax revenue and neighborhood services. However, retail jobs are among the worst in job quality, and offer little opportunity for advancement, retirement security, or healthcare benefits.
- **Trade and Logistics** jobs are likely to be highly accessible to Oakland residents, provide good quality jobs with benefits and career ladders, and build on Oakland's historic strengths and competitive advantages. However, the widespread use of subcontracted contingent labor in this sector lowers its overall contribution and must be addressed if the City pursues this sector.
- The **Biotech** industry is rapidly growing and has significant economic multiplier effects. However, the high-wage, high-skill jobs it creates are out of the reach of most Oakland residents, and the low-road, subcontracted industries that service biotech facilities, including food service and janitorial companies, lower wages and depress working conditions.
- **Health Care** jobs are above average in quality, offer significant opportunity for advancement, are rapidly growing, and provide a critical public service. However, growth in the long-term care sector means that lower labor standards and the lack of opportunities for advancement need to be addressed.
- The emerging **Green Jobs** sector is experiencing a surge of private investment, and excitement about its environmental benefits and economic ripple effects. Preliminary analysis suggests that it has significant potential to create high-quality jobs that are accessible to Oakland residents. However, because this sector is relatively new, Oakland's government and private sector should collaborate to not only grow the sector, but to ensure its opportunities are accessible to Oakland residents.
- The **Food Manufacturing** sector has tremendous potential to employ Oakland workers—including those with the highest barriers to employment—in family-sustaining jobs with opportunities for advancement. Oakland is well-positioned to compete for growth in this sector. However, food manufacturing is rapidly changing and highly competitive. To flourish, this sector needs focused support from the City of Oakland—including protecting industrial land and providing worker training and business development support.

3-Point Approach

Finally, the report outlines the following ONWRD's 3-Point Approach to Putting Oakland to Work:

- **Commit to an ambitious, concrete goal.** Namely, we encourage the city to commit to moving 25% of Oakland's high-need residents—10,000 people—into family-sustaining jobs over the next five years. Prioritize putting to work residents who often do not benefit from narrow approaches to economic development.
- **Prioritize creating jobs that meet Oaklanders' needs.** The starting point for advancing shared economic prosperity should be clear criteria for prioritizing sectors that will grow in Oakland and that will meet Oaklanders' needs. These include: 1) viability and collateral benefits, 2) job quality, 3) accessibility and career ladders, especially for "high barrier" workers.
- **Expect more from development projects.** The City should promote high labor standards, training, and local hire requirements for construction and operating jobs. Also, the City can evaluate proposed projects—whether condominiums, stores, or warehouses—on how they will affect the surrounding neighborhoods and meet the City's goals and strategic approach. This includes reviewing the number of jobs, their wage level, and the training required for any jobs created by the new project.

Putting Oakland to Work is a significant contribution to the current discussion about the direction for Oakland's economic development. Since releasing *Putting Oakland to Work*, we have discussed its findings with City Councilmembers, the Mayor's advisors, Planning Commissioners, the Chamber of Commerce, community organizations, and labor union representatives. We have found many supportive partners willing to join us in ensuring that economic development creates broadly shared-prosperity among Oakland's residents t

THE CITY'S OPPORTUNITY

The City of Oakland has an incredible opportunity to lay the groundwork for a vibrant economy whose benefits are broadly shared. An economic development strategy will enable the City to coordinate the many stakeholders and departments involved so that all of Oakland's resources - land, money, workers, and businesses - are used efficiently and effectively. Here in Oakland, efforts are already underway to define an economic development strategy. ONWRD encourages the City Council to ensure that Oakland's economic development strategy meets the needs of Oakland's high barrier residents and working families.

As the strategy is being developed, the City can begin to take action. In the near term, ONWRD recommends the City take the following steps:

- **Increase Local Hire reporting:** The City's existing local hire program for construction jobs is the only mechanism for requiring Oakland residents to be hired. As the City

Item: _____
CED Committee
April 22, 2008

actively increases economic development activity, the City, the business sector and the community need a clear assessment of the current program's success. We recommend that the staff provide an assessment how many Oakland residents have been put to work via the Local Hire program and the current budget and staffing capacity. We also recommend that this committee take steps to establish a regular reporting time, such as every six months, to receive regular updates from the City's Contract Compliance office about local hire outcomes.

- **Require reporting on potential and actual job creation:** To ensure progress towards the goal of an economic development strategy, the City should require developers and businesses to report on job creation and job quality. We recommend that for new development proposals, City staff and developers provide information on the number, types and wages of jobs expected to be created. The City has already done this in the RFQ for the Army Base and can build off that model. Additionally, we recommend that businesses receiving City contracts, financial support or land use approvals report on actual construction and permanent job creation on an annual basis after the construction is complete.
- **Strengthen the link between Workforce Development and Economic Development:** A key element of a successful economic development strategy is ensuring that workforce development and economic development activities are working towards the same common goals to train and put residents to work. For example, the city's efforts to attract companies in a particular industrial sector, like logistics, should be coordinated with training programs to prepare residents, like the new *ATLAS* (Alameda Transportation and Logistics Academic Support Initiative) training program. Towards that end, we recommend the committee ask staff to report on how workforce development and economic development activities are coordinated and plans to strengthen that connection.
- **Conduct additional sector analysis:** While *Putting Oakland to Work* provides a preliminary analysis of job quality and job accessibility, further analysis can be done in this area. For further analysis, we recommend that the City analyze California Economic Development Department Data quarterly census of employment and wages by industry sectors at the city level. This analysis will provide a more detailed picture of the potential of particular sectors to create good-paying, accessible jobs. The City should have this complete information about the potential of each sector as it decides on priority sectors. Alternatively, the City could make this data available to the public, which it currently is not.

SUSTAINABLE OPPORTUNITIES

The Oakland NetWork for Responsible Development (ONWRD) works to transform economic development policy and win greater community benefits. Our effort aims to encourage a new,

Item: _____
CED Committee
April 22, 2008

comprehensive strategy for economic development in Oakland that puts Oaklanders, especially those with barriers to employment, to work in good paying jobs.

DISABILITY AND SENIOR CITIZEN ACCESS

Not applicable at this time.

RECOMMENDATION(S) AND RATIONALE

Accept this informational report and consider the next steps listed above.

ACTION REQUESTED OF THE CITY COUNCIL

Accept this informational report.

Respectfully submitted,

Kate O'Hara
East Bay Alliance for a Sustainable Economy,
on behalf of
Oakland NetWork for Responsible Development

Item: _____
CED Committee
April 22, 2008