



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: William A. Gilchrist
Director, Planning &
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SUBJECT: Housing Element Annual Progress
Report for Calendar Year 2021

DATE: May 27, 2022

City Administrator Approval

Date:

Jun 21, 2022

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 2021.

EXECUTIVE SUMMARY

Pursuant to Section 65400 of the California Government Code, the City of Oakland has prepared an Annual Progress Report (APR) for calendar year 2021 on implementation of housing-related programs and policies contained in the 2015-2023 Oakland General Plan Housing Element. This is the seventh year of reporting on the 2015-2023 Housing Element, which was adopted by the City Council via Resolution No. 85315 C.M.S. on December 9, 2014.

This informational report highlights accomplishments reached in 2021, both in terms of housing production and preservation, as well as progress in implementing City programs and policies adopted in the 2015-2023 Oakland Housing Element.

The complete 2021 Oakland Housing Element APR can be found on the City's webpage:
<https://www.oaklandca.gov/documents/housing-element-annual-progress-reports>

(Note: The 2021 APR contains very large tables that are not suitable for printing and are best viewed electronically. The pertinent content of these tables is stated in this report and attachments.)

BACKGROUND / LEGISLATIVE HISTORY

California Government Code Section 65400 requires that the City of Oakland (City) prepare and submit an annual report – known as the Housing Element Annual Progress Report (APR) – to the California Office of Planning and Research (State OPR) and to the California Department of Housing and Community Development (State HCD) by April 1 of each year, using forms and definitions adopted by State 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 (RHNA).

Oakland’s 2021 APR, submitted to the State OPR and the State HCD on March 31, 2021, reflects the seventh year of reporting on progress to meet the production targets and policies within the 2015-2023 Oakland Housing Element. Notably, the APR quantifies the number of net new housing units deemed complete, approved, permitted, or completed— by household affordability level—during the reporting year (January 1, 2021 to December 31, 2021).

In accordance with Policy 6.5 of the 2015-2023 Housing Element, the City conducted a public hearing before the City’s Planning Commission on June 1, 2022, and will conduct an additional hearing on July 5, 2022 before the City Council to review and consider the APR.

ANALYSIS AND POLICY ALTERNATIVES

As previously mentioned, the 2021 APR highlights accomplishments reached in 2021, both in terms of housing production and preservation, as well as progress in implementing City programs and policies adopted in the 2015-2023 Oakland Housing Element. As such, the 2021 APR advances the following Citywide priorities: 1) **Housing, Economic, and Cultural Security**; and 2) **Responsive, Trustworthy Government**.¹

I. OVERALL HOUSING PRODUCTION

The 2021 Oakland Housing Element APR provides a comprehensive accounting on new housing production, by affordability level and type of unit, at key milestones of the development process. In other words, the APR provides an accounting of new housing units **proposed** (in application submittals to the Planning Bureau), **entitled** (received all the required land use approvals), **permitted** (issued a building permit), and **completed** (passed its final building inspection) during 2021.

¹ FY 2021-23 Budget Priorities: <https://stories.opengov.com/oaklandca/published/OV2Mbvvxu>

Figure 1. Number of New Housing Units by Phase of Development and Unit Type, 2021

Unit Category	Proposed	Entitled	Permitted	Completed
2 to 4	46	34	19	39
5+	1,282	2,382	1,325	3,880
ADU	367	364	274	92
SFA	2	1	2	14
SFD	79	57	47	110
Totals	1,776	2,838	1,667	4,135

** Count of Accessory Dwelling Units (ADUs) also includes Junior ADUs.

These development milestones and unit type categories are described in more detail in the sections that follow.

a. Definitions: Unit Type Categories

Each housing development in the APR is categorized into a specific unit type, which refers to the density and physical form of each development project. State HCD stipulates the following “Unit Type” definitions:

- **Single Family-Detached Unit (SFD)** – A one-unit structure with open space on all four sides. The unit often possesses an attached garage.
- **Single Family-Attached Unit (SFA)** – 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.
- **2-, 3-, and 4-Plex Units per Structure (2-4)** – A structure containing two, three, or four units and not classified as single-unit attached structure.
- **5 or More Units per Structure (5+)** – A structure containing five or more housing units, also known as “Multifamily Housing Projects.”
- **Accessory Dwelling Unit (ADU)** – A unit that is attached, detached, or located within the living area of an existing dwelling or residential dwelling unit which provides complete independent living facilities for one or more persons. This category also includes *Junior ADUs*.²

These unit type categories are referenced repeatedly throughout this report.

b. New Housing Units Proposed in Complete Application Submittals

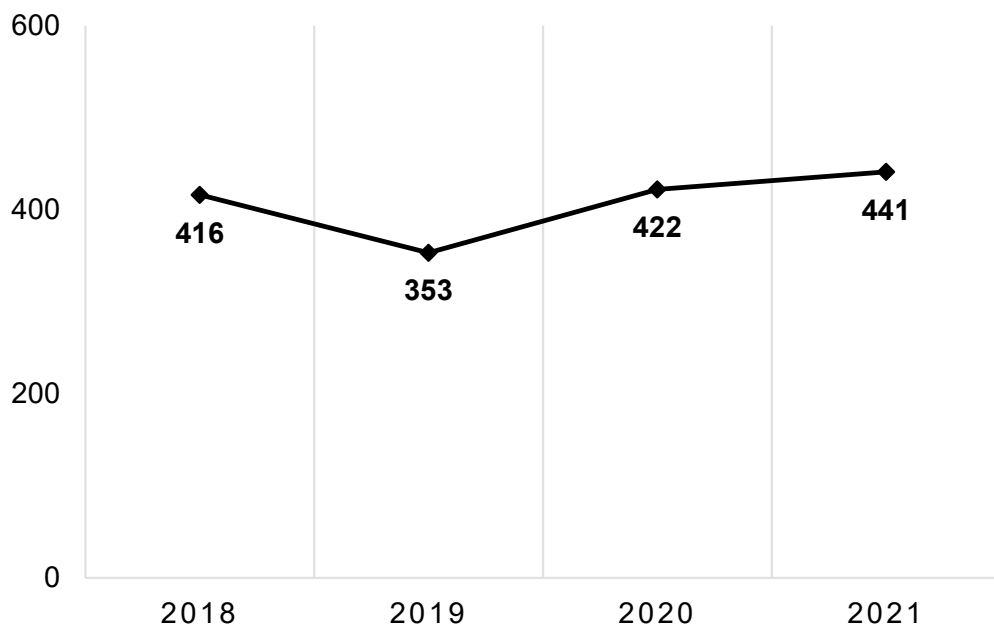
Table A of the APR provides a list of application submittals for new housing development that

² ADUs include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel on which the single- or multi-family dwelling is situated pursuant to Government Code section 65852.2. For purposes of the APR, an ADU also includes the following: an efficiency unit, as defined in Section 17958.1 of the Health and Safety Code or a manufactured home, as defined in Section 18007 of the Health and Safety Code.

were deemed complete by the Planning Bureau in 2021.³

As shown below in **Figure 2**, a total of **441** applications for new housing development were submitted and determined complete during calendar year 2021. This number has remained relatively consistent since 2018, when State law first began to require municipalities to report on application submittals. A total of **1,776** new housing units were proposed among the application submittals deemed complete in 2021 (**Figure 1**). Of these proposed units, **1,282** are in multifamily-housing projects, **81** are single-family homes, **367** are ADUs, and **46** units are in duplexes, triplexes or fourplexes.

Figure 2. Total Number of Application Submittals for New Housing Development, 2018-2021



c. New Housing Units Entitled or Approved by Zoning

Entitlements are planning and zoning approvals to develop a property. A project that has been entitled means the housing development has received all the required land use approvals necessary for the issuance of a building permit. This means that there is no additional discretionary action required to be eligible to apply for and obtain a building permit. Entitlement typically involves a formal planning review process which focuses on whether the new residential facility will meet specific criteria, including:

³ In compliance with Section 65943 of the California Government Code – which requires a determination in writing as to the completeness of an application for a development project – these applications were deemed complete between January 1, 2021, and December 31, 2021. However, the action of determining that an application submittal is complete does not constitute either an approval or denial of an application. Rather, applicants are issued a “Notification of Completeness” letter, which includes a determination of completeness (i.e., complete or incomplete). If incomplete, staff must notify the applicant within 30 days of the City receiving the application and inform them how the application can be made complete.

- Development standards established by Zoning.
- Conformity to the Oakland General Plan and any applicable Specific Plans; or
- Design review criteria adopted by the Planning Commission and the City Council.

As shown in **Figure 1**, approximately **2,838** new housing units received an entitlement in 2021. Of these entitled units, **2,382** are in multifamily-housing projects, **58** are single-family homes, **364** are ADUs, and **34** units are in duplexes, triplexes or fourplexes. These projects have all the necessary land use approvals to apply for a building permit. However, external factors – such as financing, the real estate market, and complying with applicable pre-construction conditions of approval – will impact the timing for when an application for a building permit is submitted.

d. New Housing Units Issued a Building Permit (Permitted)

Building permits ensure that any new construction complies with all health, safety, and building code standards. The issuance of a building permit signals that construction on a project may begin - at this time, the unit is considered “permitted.”

Only building permits for the construction of new housing units may be counted towards meeting the RHNA. In addition, the only housing preservation projects that may be counted toward meeting RHNA (at the time a building permit is issued) are those that convert **non-residential** uses to residential uses, such as conversions of motels to housing units. The City had two such projects that secured funds through the State’s Homekey program, which was created to protect Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19.

The City of Oakland received Homekey funds for the acquisition and conversion of the following two projects:

- **Clifton Hall** located at 5276 Broadway. A 63-unit, formerly unoccupied college dormitory converted to a mixed-use site, including 41 extremely low-income permanent affordable residential housing units for seniors experiencing homelessness and 20 extremely low-income interim emergency shelter housing units for families, plus two manager’s units.
- The **Inn at Temescal** located at 3720 Telegraph Avenue also received funding from Homekey for the acquisition of an existing motel and conversion into 21 extremely low-income permanent affordable housing units for persons experiencing homelessness or at risk of homelessness, plus one manager’s unit.

Building permits for these two projects were issued in 2021. This means the City met the State HCD criteria to receive RHNA credit for the new affordable units provided by Clifton Hall and the Inn at Temescal.

As shown in **Figure 1**, the City permitted a total of **1,667** new housing units in 2021. Of these permitted units, **1,325** are in multifamily-housing projects, **49** are single family homes, **274** are ADUs, and **19** units are in duplexes, triplexes or fourplexes.

e. **New Housing Units Completed**

A completed unit is one where the project has passed its final building inspection and is now ready for occupancy. Inspections are required to ensure that the construction is proceeding according to all current code standards, the approved plans, as well as any conditions-of-approval.

As shown in **Figure 1**, The City completed a total of **4,135** new housing units in 2021. Of these, completed units, **3,880** are in multifamily-housing projects, **124** are single family homes, **92** are ADUs, and **39** units are in duplexes, triplexes or fourplexes.

II. **AFFORDABILITY OF NEW HOUSING UNITS**

Based on several recently-published reports, housing justice – the process and outcome of establishing housing as a human right – is now the number one priority for Oaklanders of all races, particularly for those who are at the lower ends of the income brackets and/or are experiencing homelessness.^{4,5,6} While housing affordability is both a regional, if not statewide issue, it severely impacts Oakland given the relatively high proportions of people needing below-market housing and the high cost of housing in the Bay Area.⁷ According to American Community Survey estimates for 2019, a staggering 51 percent of Oakland renters are housing burdened⁸ and 27 percent are severely housing burdened.^{9,10} Rent burden also follows familiar patterns of racial inequity. Black households have the lowest median household income, and approximately 60 percent of Black renter households are rent burdened with about one-third severely rent burdened – the highest rate of any racial/ethnic group in Oakland.¹¹

This APR provides a summary of housing production by household affordability level. The income levels used in the APR are defined by State HCD based on Area Media Income (AMI). The AMI is the midpoint of an area's income distribution. This means half of families in an area earn more

⁴ "Centering Racial Equity in Homeless System Design." (2021) Oakland-Berkeley-Alameda County Continuum of Care.
<https://everyonehome.org/wp-content/uploads/2021/02/2021-Centering-Racial-Equity-in-Homeless-System-Design-Full-Report-FINAL.pdf>

⁵ "Housing Vulnerability in Oakland, CA." (2020) The Housing Initiative at Penn.
https://www.housinginitiative.org/uploads/1/3/2/9/132946414/hip_oakland_market_study_9-29-20_small.pdf

⁶ "A Primer on Power, Housing Justice, and Health Equity: How Building Community Power Can Help Address Housing Inequities and Improve Health." (2020) Human Impact Partners.
https://static1.squarespace.com/static/5ee2c6c3c085f746bd33f80e/t/5f6a265e4f5ea8325042f1cd/1600792164297/HIP.RTTC_Final_Housing_Justice_HE_Primer+%281%29.pdf

⁷ "Oakland 2045: Environmental Justice and Racial Equity Baseline." City of Oakland Planning and Building Department. https://cao-94612.s3.amazonaws.com/documents/Equity-Baseline_revised4.15.22.pdf

⁸ Pay more than 30 percent of income on housing costs.

⁹ Pay more than 50 percent of income on housing costs.

¹⁰ "Oakland 2045: Environmental Justice and Racial Equity Baseline." City of Oakland Planning and Building Department. https://cao-94612.s3.amazonaws.com/documents/Equity-Baseline_revised4.15.22.pdf

¹¹ "City of Oakland Housing & Community Development Department 2021-2023 Strategic Action Plan." <https://cao-94612.s3.amazonaws.com/documents/HCD.final.21-21Strategic-Plan.pdf>

than the median and half earn less than the median. Each income level is defined below:

- A Very Low-Income (VLI) household earns between zero and 50 percent of AMI.
- A Low-Income (LI) household earns between 51 and 80 percent of AMI.
- A Moderate-Income household earns between 81 and 120 percent of AMI.
- An Above-Moderate household earns more than 120 percent of AMI. Housing units affordable to this income level are known as “Market-Rate” units.

An Extremely Low-Income (ELI) household earns less than 30 percent of AMI. The APR counts ELI units as a subset of new housing units affordable to Very Low-Income (VLI) households. This is because the APR defines VLI as households earning between zero (0) and 50 percent of AMI. Thus, the number of new VLI units provided in this report also includes ELI units. Please see page six (6) of this report for a more detailed accounting of ELI units.

Figure 3. Number of New Housing Units by Phase of Development and Affordability Level, 2021

	VLI	LI	Moderate-Income	Affordable Subtotal	Market Rate	TOTAL
Proposed	43	205	137	385	1,391	1,776
Entitled	148	244	52	444	2,394	2,838
Permitted	191	125	1	317	1,350	1,667
Completed	397	80	12	489	3,646	4,135

As shown in **Figure 3**, the City made important progress in **2021** towards enabling the construction of new affordable housing units. A total of **385** new affordable housing units were proposed in application submittals deemed complete in 2021. This total includes **43** units affordable to VLI households, **205** units affordable to LI households, and **137** units affordable to moderate-income households. The City entitled **444** new affordable housing units, including **148** units affordable to VLI households, **244** units affordable to LI households, and **52** units affordable to moderate-income households. In addition, the City issued building permits for **317** new affordable housing units. The 2021 total number of permitted units includes **191** new housing units affordable to VLI households, **125** units affordable to LI households, and **one (1)** unit affordable to moderate-income households. A total of **489** new affordable housing units were completed in 2021, meaning they passed a final building inspection and are now ready for people to move in. The total includes **397** new housing units affordable to VLI households, **80** units affordable to LI households, and **12** units affordable to moderate-income households.

For new housing units reported as affordable, the APR also provides information on the financial assistance program or deed-restriction mechanism used to subsidize the unit. This information can be found in the complete **2021 Oakland Housing Element APR**, which can be downloaded from the City’s website: <https://www.oaklandca.gov/documents/housing-element-annual-progress-reports>

In addition, the APR includes a summary of the housing units that were substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved during the reporting year. A summary of the City’s housing preservation accomplishments can be found on page 10 of this report.

a. Extremely Low-Income Units

According to the Oakland Housing and Community Development Department’s 2021-2023 Strategic Action Plan, over 80 percent of ELI households pay more than 30 percent of their income towards rent, with 46 percent paying over 50 percent of their income towards rent.¹² This statistic points towards a severe lack of deeply affordable housing. Thus, the production of ELI units is a key component of advancing racial equity in the City.

In 2021, the City of Oakland entitled 21 units, permitted 101, and completed **163** units affordable to ELI households.

Figure 4. Number of New Housing Units Affordable to Extremely Low-Income Households*, by Phase of Development, 2021

	Extremely Low-Income Units
Entitled	21
Permitted	101
Completed	163

* The APR does not require municipalities to report the number of new ELI units proposed in application submittals deemed complete.

b. Senate Bill 35 Streamlining

California Senate Bill (SB) 35 was signed into State law to streamline the construction of affordable housing. SB 35 applies to any city or county that has not made sufficient progress toward meeting their RHNA goal for above-moderate income units or units affordable to LI and VLI households (i.e., households earning below 80 percent of the AMI).

One (1) affordable housing project submitted under SB 35 was entitled in 2021. The project is located at 4311 MacArthur Boulevard and includes a total of 40 new housing units deed-restricted to VLI households, 151 new LI housing units, and 2 market-rate units set aside for property managers.

III. AFFORDABILITY OF UNITS BY UNIT CATEGORY

a. Multifamily Housing Projects

The largest number of new affordable units are being produced within housing projects that have five (5) or more units. This is due to several factors. The production of housing affordable to lower-income households requires significant subsidies and financial assistance. While financial assistance is key, density (or the number of units within a project) can also play a big role in determining whether it is feasible for an affordable housing project to be built on any given site. In Alameda County, the standard density to demonstrate a site's capacity to be

¹² “City of Oakland Housing & Community Development Department 2021-2023 Strategic Action Plan.” <https://cao-94612.s3.amazonaws.com/documents/HCD.final.21-21Strategic-Plan.pdf>

developed into affordable housing is at least 30 dwelling units per acre.¹³ In addition, State law on Density Bonuses may only be applied to projects with five (5) or more units.¹⁴

For some of the above reasons, the City of Oakland Housing and Community Development Department has targeted its NOFAs to produce affordable units within multifamily housing projects, although the Acquisition and Conversion to Affordable Housing (ACAH) NOFA provides some opportunity to purchase smaller existing buildings for conversion to restricted affordable housing. To provide additional housing opportunities in Oakland, the City is currently creating a program to support the production of ADUs. The program will support lower income homeowners in legalizing existing and building new ADU units to provide additional housing opportunities in Oakland. The affordability of ADUs is discussed further in this report.

Figure 5. Production of Affordable Housing Units in Multifamily Housing Projects*, 2021

	VLI	LI	Moderate-Income	Affordable Subtotal	Market-Rate	Grand Total	% Affordable
Proposed	43	203	136	382	900	1,282	30%
Entitled	148	244	51	443	1,939	2,382	19%
Permitted	191	125	1	317	1,008	1,325	24%
Completed	397	80	9	486	3,394	3,880	13%

* The APR defines "Multifamily Housing Projects" as structures with five (5) or more dwelling units.

As shown in **Figure 5** above, a total of **382** new affordable units were proposed in application submittals for multifamily housing projects. This represents **30 percent** of the units in this category as affordable. In addition, the City of Oakland entitled **443** new affordable units out of a total of **2,382**. This constitutes **19 percent** of the units in this category as affordable. There were **317** affordable units out of a total of **1,325** units that were issued a building permit. This constitutes **24 percent** of the units in this category as affordable. Lastly, there were **486** affordable units out of a total of **3,880** units that were completed. This constitutes about **13 percent** of the units in this category as affordable. The percentage of completed affordable units is less than the percentage at other stages of the development process. However, if affordable housing projects in the development pipeline continue to move forward in the process, the future number of affordable units completed will increase over the next several years.

Attachment A provides a breakdown of the distribution of new affordable housing units by project and phase of development.

¹³ "Analysis of Sites and Zoning." California Department of Housing and Community Development Department. <https://hcd.ca.gov/community-development/building-blocks/site-inventory-analysis/analysis-of-sites-and-zoning.shtml>

¹⁴ Government Code 65915 "Density Bonuses and Other Incentives." https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65915&lawCode=GOV

b. Accessory Dwelling Units (ADUs)

ADUs can be used to help address a range of local housing issues. According to the ADU Existing Conditions and Barriers Report,¹⁵ ADUs provide cost-effective, “affordable-by-design” housing in predominately single-family neighborhoods, many of which have immediate access to transit and amenities. They can also stabilize existing single-family neighborhoods by creating rental income for homeowners to help subsidize the cost of home ownership. In addition, they can allow families to support each other across generations while maintaining independent households and opportunities to age in place.

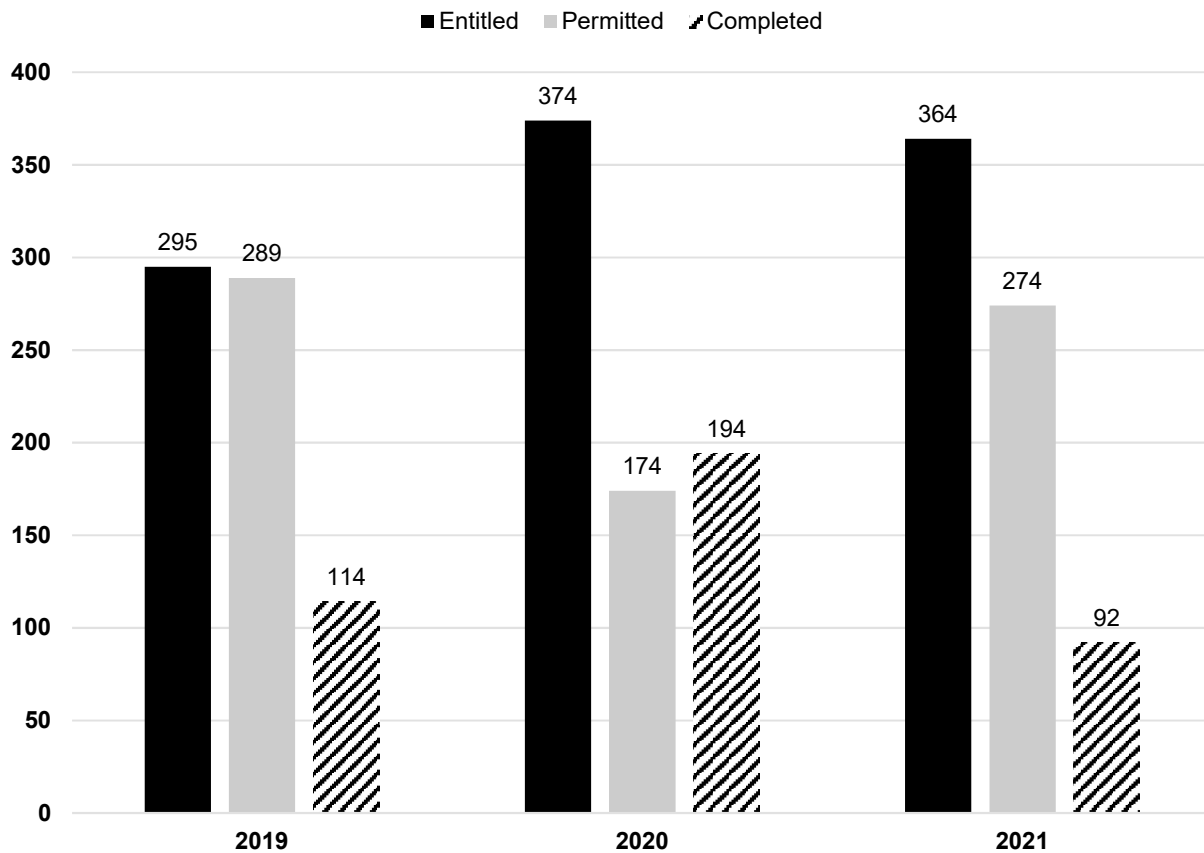
The City has continually adopted new ADU regulations to remain in compliance with State law. In addition, City Council adopted new regulations in January 2022 to allow additional building envelope expansion for “small lots,” additional height limits to create two-story ADUs, provisions for reduced setbacks, amnesty and enforcement delay program for currently un-permitted ADUs, and a number of other proposals designed to make creation of ADUs more affordable and more accessible to different income groups. Notably, the City of Oakland now offers “off-the-shelf” pre-approved ADU building plans to be used on properties with Single-Family, Two-Family or Multi-Family homes. These permit-ready plans are complete sets of construction drawings that conform to the latest codes. This resource is expected to reduce the cost of ADU production as well as streamline the entitlement and permitting process. For more information about this program, please visit: <https://www.oaklandca.gov/services/apply-for-adu-with-pre-approved-plans>.

A new Oakland Housing and Community Development Department program is being created to assist lower-income applicants with legalizing their existing un-permitted units. This program has secured a \$3M State grant to create more ADUs that are safe to inhabit. Also, “Keys to Equity,” a privately funded program, is helping homeowners build ADUs by providing project management services, financial assistance, and design and construction services. Although homeowners of all races and ethnicities may apply, the program specifically targets Black homeowners.

As shown in Figure 2 above, the City of Oakland entitled **364**, permitted **274**, and completed **92** ADUs in 2021. Further examining trends in the entitlement and permitting of ADUs over the last three years reveal interesting patterns. Surprisingly, the COVID-19 pandemic did not seem to slow down the entitlement of ADUs. As shown in Figure 6 below, the number of ADUs entitled increased by 27 percent from 2019 to 2020. This increase is likely due to California AB 68, AB 881, AB 578, AB 670, AB 671, and SB 13 (collectively passed in 2019 and effective on January 1, 2020). This suite of new State laws introduced several important changes and limitations regarding how local governments can regulate ADUs in order to encourage statewide production of ADUs. However, the same positive trend is not replicated in the construction stages of production. The permitting (i.e. the issuance of a building permit) of ADUs declined by nearly 40 percent from 2019 to 2020. This is likely due to impacts from the COVID-19 pandemic. Fortunately, the number of ADUs permitted in 2021 has risen back to 2019 levels.

¹⁵ “Oakland ADU Initiative Existing Conditions And Barriers Report” <https://cao-94612.s3.amazonaws.com/documents/Oakland-ADU-Research-Report-Jan-2020-Rev-June-2020.pdf>

Figure 6. Production of Accessory Dwelling Units, 2019-2021



Since 2015, the City of Oakland has been reporting ADUs as market-rate units to the State through the APR. This is done because ADUs are not deed-restricted. However, recent studies on the affordability of ADUs support the idea that ADUs are an important source of housing that is “affordable-by-design.” For example, the ADU Existing Conditions and Barriers Report found that the average rent charged for an ADU in Oakland was \$1,112.¹⁶ Applying State HCD’s Housing Affordability Calculator,¹⁷ and assuming that this average rent is for a one-bedroom ADU, the average ADU in Oakland would qualify as a non-deed-restricted low-income unit. In addition, the Association of Bay Area Governments (ABAG) conducted an analysis of ADU affordability and concluded that in most jurisdictions, 30 percent of permitted ADUs could be

¹⁶ “Oakland ADU Initiative Existing Conditions And Barriers Report” <https://cao-94612.s3.amazonaws.com/documents/Oakland-ADU-Research-Report-Jan-2020-Rev-June-2020.pdf>

¹⁷ The Housing Affordability Calculator makes its affordability determinations based on the income levels provided in the Official State Income Limits published annually by HCD. <https://www.hcd.ca.gov/community-development/annual-progress-reports.shtml>

counted as VLI units, 30% could be counted as LI units, 30% could be counted as moderate-income units, and only 10% of permitted ADUs would be above-moderate units.¹⁸

IV. PROGRESS TOWARDS MEETING REGIONAL HOUSING NEEDS ALLOCATION (RHNA) & REPORTING SHORTFALL HOUSING NEED

Every jurisdiction in California is required to zone for enough land for private development to meet that city's 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). Oakland's current RHNA requires the City to plan for 14,765 housing units between January 2015 and January 2023, of which 2,059 should be affordable to VLI households, 2,075 to LI households, 2,815 to moderate-income households, and 7,816 to above moderate-income households.¹⁹ Oakland's progress toward meeting the RHNA is presented in Table B of the APR.

Figure 7. Oakland Regional Housing Needs Allocation (RHNA) Progress, 2015-2021

Income Level	RHNA*	Number of Permitted Units by Affordability							Total Units	RHNA Due
		2015	2016	2017	2018	2019	2020	2021		
Very Low**	2,059	98	26	247	204	120	193	191	1,079	980
Low	2,075	30	13	66	85	307	40	125	666	1,409
Moderate	2,815	0	0	11	48	9	9	1	78	2,737
Market	7,816	643	2,082	4,019	4,280	1,727	865	1,350	14,966	0
Total	14,765	771	2,121	4,343	4,617	2,163	1,107	1,667	16,789	5,126

* These numbers refer to the 5th cycle RNHA which spans calendar years 2015-2023.

** Units serving extremely low-income households are included in the very low-income permitted units totals and must be reported as very low-income units.

The main constraint to meeting RHNA allocations of affordable housing is the lack of funding resources to develop and operate these units.

From 2015 to 2017, Oakland experienced a staggering 461 percent increase in the total number of new units issued a building permit. The production totals remained at its highest rates in 2017 and 2018. Starting in 2019, however, the City has seen a decline in the number of new housing units issued a building permit. For example, the City issued building permits for a total of 2,163 new housing units in 2019. This is a 53 percent decrease from the number of new units permitted in calendar year 2018. According to the Final Report of the Incentive Program Feasibility Study prepared for the Downtown Oakland Specific Plan, "new construction starts are waning due to mounting competition among recently-delivered residential projects and challenges associated with the financial feasibility of development."²⁰

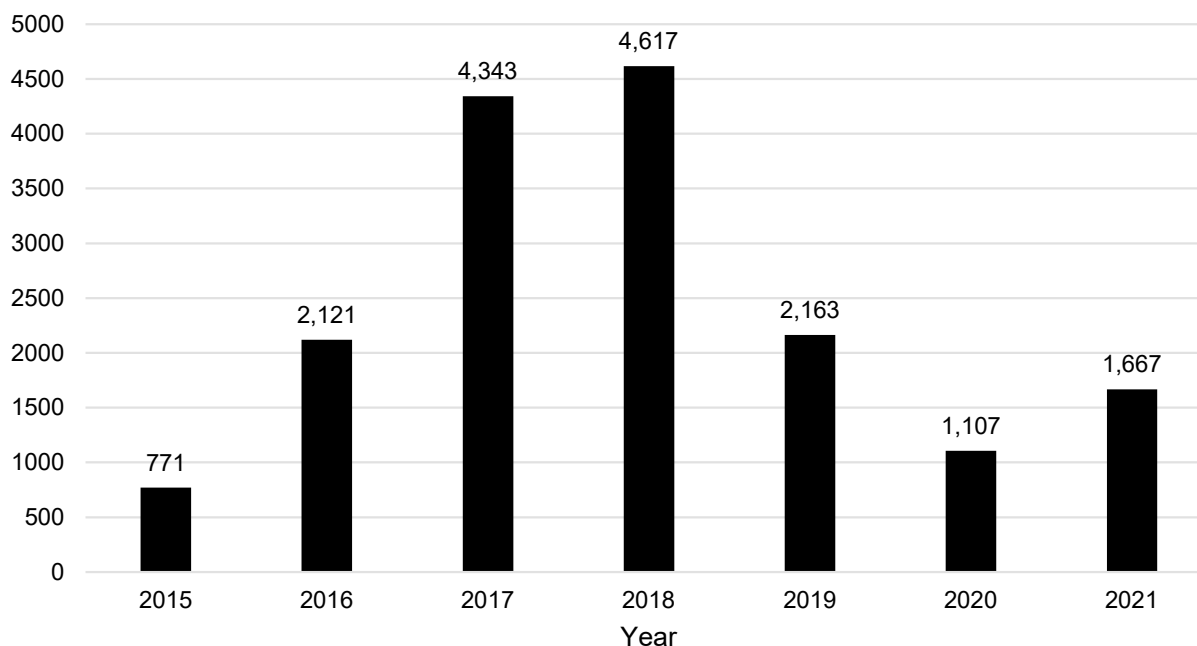
¹⁸ "Using ADUs to Satisfy RHNA" ABAG Technical Memo: <https://abag.ca.gov/tools-resources/digital-library/adus-projections-memo-finalpdf>

¹⁹ City of Oakland, 2015-2023 General Plan Housing Element (p. 223).

²⁰ "Incentive Program Feasibility Study Final Report." July 10, 2020. https://cao-94612.s3.amazonaws.com/documents/191033_DOSP_CB_Final-Report-2020-07-10.pdf

The COVID-19 pandemic also contributed to the decline in housing production as the number of new housing units issued a building permit dipped from 2,163 in 2019 to 1,107 in 2020 – representing a 49 percent decrease. This decline was likely due to Shelter-in-Place (SIP) Order prohibiting construction activity during the early part of 2020.

Figure 8. Total Number of New Housing Units Permitted by Calendar Year, 2015-2021



V. PRESERVATION OF RESIDENTIAL UNITS

The City of Oakland typically issues funding for the construction, acquisition, and preservation of affordable housing via competitive Notice of Funding Availability (NOFA) processes.

In January 2020, the City funded three loans totaling \$10,970,000 under the City’s Affordable Housing Acquisition, Rehabilitation and Preservation program to: 1) Fruitvale Studios, 2) Frank G. Mar Apartments, and 3) Hamilton Apartments (Resolution No. 87995 C.M.S.).

In April 2020, the City released a NOFA that solicited applications for funding for new construction of affordable housing development projects. The following three top scoring projects were awarded a total of \$13,050,000 in July 2020: 1) The Phoenix, 2) Friendship Senior Housing, and 3) Fruitvale Transit Village IIB (Resolution No. 88249 C.M.S.). Of these projects, Fruitvale Transit Village IIB was issued a building permit in 2021.

In December 2020, the City released a NOFA for the acquisition and conversion of existing properties to affordable housing under the innovative Acquisition and Conversion to Affordable Housing program (2020 ACAH NOFA), which awards funding for affordable housing providers

to acquire market-rate housing units and convert them to deed-restricted affordable housing. The 2020 ACAH NOFA also provides funds to perform rehabilitation work to address deferred maintenance issues at the acquired properties. For the 2020 ACAH NOFA, approximately \$5,700,000 in Bond Measure KK funds were made available with \$4,200,000 set-aside specifically for Community Land Trusts and Limited Equity Housing Cooperatives. An additional \$2,500,000 in Community Development Block Grant - Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV) funds were also made available for eligible projects. The funds are in the process of being awarded and distributed in 2021. The NOFAs and associated documents are available at the following website: <https://www.oaklandca.gov/documents/2020-21-acquisition-and-conversion-to-affordable-housing-acah-program-notice-of-funding-availability-nofa-1>.

In response to both the City's homeless crisis, and the COVID-19 pandemic, in July 2020, the State of California issued a \$600 million NOFA under Homekey, a new grant program for local public entities to rapidly purchase and rehabilitate housing into interim or permanent housing for people experiencing homelessness who are at high risk of COVID-19.

The City and its developer partners secured Homekey awards for three projects, with two projects closing City and Homekey financing in 2020, and one project closing its financing with the City in 2021. First, the City directly acquired Clifton Hall, the 63-unit former California College of the Arts dormitory building in Rockridge, in December 2020. Clifton Hall provides 61 total homeless Single Room Occupancy units over three residential floors: one floor for a family shelter run by East Oakland Community Project, and two floors for permanent housing for seniors experiencing homelessness operated by Satellite Affordable Housing Associates, with priority for people exiting Alameda County Project Roomkey hotels. Second, in December 2020, the City secured Homekey funding and granted local funds towards the acquisition of the Inn at Temescal, a 22-room hotel, which will provide 21 units of permanent supportive housing for homeless veterans. Third, the City secured Homekey funding towards the acquisition of 15 scattered site properties with 80 rooms dedicated for unhoused residents; the City received the funding from the State in 2020 but closed the financing with the borrower in early 2021.

Finally, in November 2021, the City issued a NOFA for New Construction of Rental Affordable Housing units, with an estimated \$15-\$20 million in funding to increase new construction affordable housing units in the City's pipeline; the City received applications for over \$80 million in requested funds. Funding recommendations will be presented to City Council in June 2022. The NOFAs and associated documents are available at the following website: <https://www.oaklandca.gov/resources/2021-new-construction-of-multifamily-affordable-housing-nofa>

Figure 9. Oakland Production and Preservation Progress

Category	Year						
	2015	2016	2017	2018	2019	2020	2021
RHNA Affordable	128	39	324	337	436	242	317
RHNA Market	643	2,082	4,019	4,280	1,727	865	1,350
Non-RHNA Acquisition and/or Preservation of Affordable *	0	0	0	63	155	301	234
TOTAL UNITS	771	2,121	4,343	4,680	2,318	1,408	1,901

* This is the total acquisition-preservation unit count, which includes units counted in both the 17K/17K Plan and Table F of the APR.

Note: Non-RHNA (2020) does not include Clifton Hall and the Inn at Temescal as both are counted towards RHNA in 2021 as former motel and hotel conversions to permanent residential use.

The Oakland Housing Cabinet – convened by Mayor Schaaf and comprised of City Councilmembers, housing policy experts, and community stakeholders – released the [Oakland at Home](#) report in 2016 with recommended strategies to protect 17,000 low-income households from displacement and produce 17,000 homes by 2024 (known as the “17K/17K” Plan). Preservation and acquisition projects were recommended in the 17K/17K Plan as an important strategy to expand housing affordability so the 17K/17K Plan counts preservation and acquisition units towards the total number of affordable units produced. **Figure 9** shows the total number of affordable units, including affordable units acquired and/or preserved that the State does not count towards meeting the City’s RHNA production goals, but are critical and fundamental to the City’s efforts to acquire and preserve affordability, stabilize neighborhoods, and prevent displacement.

VI. SITES IDENTIFIED OR REZONED TO ACCOMMODATE SHORTFALL HOUSING NEED

Chapter four of the City’s current General Plan Housing Element includes an inventory of sites identified by the City as suitable for residential development within the planning period of the Housing Element (2015-2023). This inventory demonstrates that the City identified a sufficient number of sites suitable for residential development with the capacity to accommodate the City’s housing allocation under RHNA.²¹

²¹ City of Oakland, 2015-2023 General Plan Housing Element (p. 223).

The inventory of sites consists of two tiers. In the first tier, the City identified three distinct groups of sites where there was a specific housing development project already proposed for that site – projects already constructed, projects with planning approvals in place, and projects in predevelopment where a specific number of units has been proposed but had not yet been approved. These three groups have the capacity to accommodate more than half of the units required to meet the City’s RHNA. To meet the remaining RHNA balance, and because many of these sites were developed or were proposed as market rate projects, the City’s Housing Element also identified “opportunity sites.” Opportunity sites are vacant and underutilized sites suitable for development of multifamily-housing projects with the capacity to accommodate very low-, low- and moderate-income housing as well as additional market-rate units. The City has identified enough opportunity sites to accommodate approximately 10,032 units. This group of opportunity sites demonstrates that Oakland has more than adequate land capacity to accommodate the land for very low-, low- and moderate-income units to meet its RHNA. However, the main constraint to creating these affordable units is the lack of funding resources to develop and operate them.

As **Attachment B** demonstrates, most of the housing production in Oakland since 2015 has not occurred on Housing Element opportunity sites. In addition, most projects developed on opportunity sites are developed at a higher density than originally allocated to the site. As a result, most of the opportunity sites identified in the current Housing Element remain available and are sufficient to accommodate the remainder of Oakland’s 5th Cycle RHNA.

Therefore, because the housing potential on land identified as suitable for residential development is more than adequate to accommodate Oakland’s remaining housing allocation under RHNA, the City was not required to complete Table C of the APR. Please see **Attachment B** for a map showing the status of existing Opportunity Sites as of March 2022.

VII. LOCALLY OWNED LANDS

In 2019, Governor Gavin Newsom signed into law Assembly Bill (AB) 1486. The new law requires jurisdictions to include in this year’s APR a listing of sites owned by the locality that were included in the Housing Element sites inventory and were sold, leased, or otherwise disposed of during the reporting year. A list of Oakland sites meeting these criteria can be found on Table G of the APR.

In addition, AB 1255 also requires cities and counties to create an inventory of surplus lands. This inventory can be found on Table H of the 2021 APR.

VIII. HOUSING-RELATED ACTIVITIES & POLICY

The City made progress on its housing activities in 2021. Highlights, in order of Action number, include:

- a. ***Policy 2.7. Expand Local Resources for Affordable Housing. Action 2.7.1 Jobs/Housing Impact Fee. Action 2.7.2 Consider Implementing Mandatory and/or Voluntary Options for Developer Contributions to Affordable Housing Development by Conducting a Nexus Study and Economic Feasibility Study for Affordable Housing***

After conducting an *Impact Fee Nexus Study and Economic Feasibility Analysis*²², 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 in the Mayor's Housing Cabinet Report, *Oakland at Home*, developers have the choice of including deed-restricted affordable units in new projects as an alternative to paying the impact fee.

Oakland Municipal Code (OMC) Chapter 15.68 (Ordinance No. 12442 C.M.S.) establishes a Jobs/Housing Impact Fee in the City of Oakland to ensure that certain commercial development projects mitigate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any new office or warehouse/distribution development project in a new or existing building over 25,000 square feet must pay the Jobs/Housing Impact Fee to the City or may elect to construct deed-restricted affordable housing as per OMC Section 15.68.080.

The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Affordable Housing Impact Fees and Jobs/Housing Impact Fees collected by the City.

On December 24, 2021, the City completed the Annual Report for Fiscal Year Ending on June 30, 2021. See this link for the report: <https://cao-94612.s3.amazonaws.com/documents/Annual-Impact-Fee-Report-FY-20-21-122421-corrected-page-numbers.pdf>

For Fiscal Year 2020-2021, \$7,271,592 has been paid and collected for the Affordable Housing Impact Fee (AHIF) and Jobs/Housing Impact Fee (JHIF); and \$18,938,967 has been assessed. Since 2015 for the AHIF and JHIF \$27,707,666 has been paid and collected and \$74,689,660 has been assessed. Of the funds collected, \$19,397,713 had been committed to affordable housing development projects as of June 30, 2021. The remainder of funding will be awarded through upcoming Notices of Funding Availability (NOFA) for affordable housing, including a New Construction of Rental Affordable Housing NOFA released in November 2021, for which award recommendations will be made in Spring 2022.

It is important to note that:

1. The Impact Fee program is designed to generate revenue over time to mitigate impacts from new development.
2. Impact Fees are not required to be paid in full at the time of building permit application. Rather, they are paid later in the building permit process as follows:
 - a. At building permit issuance, 50 percent of Affordable Housing Impact Fees (AHIF), and 25 percent of JHIF are paid. Building permit issuance may occur up to one year after submission of a building permit application. Therefore, a large portion of these Impact Fees may be assessed in one fiscal year but may not be paid until the next fiscal year.
 - b. At project completion, the remaining 50 percent of AHIF and 50 percent of JHIF are paid, which for larger projects typically occurs 1 to 3 years after the building

²² The "Impact Fee Nexus Studies & Economic Feasibility Study" can be found on the City's website here: <https://www.oaklandca.gov/documents/impact-fee-nexus-studies-economic-feasibility-study>

- permit issuance (and 2 to 4 years after the building permit application). About 15 percent of all Impact Fees were assessed in one fiscal year and paid in the following fiscal year, the rest of the assessed Impact Fees from the first fiscal year are anticipated to be paid in the third or fourth fiscal year after permit issuance depending on when the buildings are completed.
- c. For the JHIF, the remaining 25 percent of the Impact Fees are paid at 18 months after project completion; a very small amount was collected in this fiscal year from that phase of projects.

The assessed Impact Fees that are listed above will only be fully collected if all of the projects that have applied for building permits during the past six fiscal years are built to completion. There are projects with expired permits that have had fees assessed as of FY 2020-21 that include \$5,165,875 for Affordable Housing Impact Fees and \$2,476,725 for. There is no way for staff to determine whether or when these projects will be completed. The variability in the construction market contributes to the variances between the amount of assessed Impact Fees versus the fees that have been collected in any given fiscal year.

City of Oakland Impact Fee Annual Reports and related documents covering Affordable Housing, Jobs/Housing, Transportation, and Capital Improvements can be found here: <https://www.oaklandca.gov/documents/city-of-oakland-annual-impact-fee-reports>

b. Action 2.1.1 New Construction and Substantial Rehabilitation Housing Development Program

From 2015-2021, the City has continued to issue NOFA funds pursuant to funding being available. The City released one NOFA in 2021 for the New Construction of Rental Multifamily Affordable Housing. Unlike the 2020 New Construction NOFA, which was limited to "Pipeline" projects – projects that had applied for funding in a previous NOFA round -- the latest NOFA, for which applications were due in January 2022, was open for all applicants for new rental housing proposals. The City also made funding commitments to projects that applied for funding under the 2020 ACAH NOFA .

More information about City NOFAs is available here: <https://www.oaklandca.gov/resources/nofa-opportunities>.

Last year's report on the 2020 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. This table has been updated and included as **Attachment C** to this report.

c. Action 3.1.5 Assign Priority to Affordable Housing

In 2021, the City has prioritized the review of entitlements for affordable housing above most other types of applications. The City currently expedites residential applications in accordance with SB 35, which waives discretionary reviews for proposals that meet certain criteria. One (1) affordable housing project submitted under SB 35 was entitled in 2021. The project is located at 4311 MacArthur Boulevard and includes a total of 40 new housing units deed-restricted to VLI households, 151 new LI housing units, and 2 market-rate units set aside for property managers.

d. Action 3.5.2 Access to Low-Cost Financing For Home Purchase

The City continued to operate First Time Homebuyer Programs as funding was available (either through State funding or through program-related income). In 2021, the Mortgage Assistance Program (MAP) made one loan with the last \$15,000 of program funds to assist a first-time homebuyer. In 2015-2021 the programs issued 121 loans totaling \$6,782,346. MAP staff are seeking to identify, and where applicable, apply for other funding to support additional homebuyer loans.

e. Action 4.3.7 Proactive Rental Inspection Policy.

In 2021, the program development process is almost complete for implementation to inspect 20% of all rental units.

f. Action 4.3.8 Mitigate Loss of Units Demolished by Public or Private Actions

Planning Code Section 17.102.230 requires a Conditional Use Permit and the provision of replacement units that are equivalent in affordability and type for the conversion of a dwelling unit - other than those considered Residential Hotel Units - to a nonresidential activity. In addition, Planning Code Chapter 17.153 regulates the demolition, conversion, and rehabilitation of Residential Hotel Units in order to minimize adverse impacts on the housing supply of naturally occurring affordable housing options and on the displacement of very low and extremely low income, elderly, and disabled persons. These regulations were not changed in 2021.

In 2021, the Planning & Building Department began the process of updating the City's existing Density Bonus Ordinance in compliance with State law (California Government Code Sections 65915 through 65918). This includes a provision clarifying implementation of required replacement units in density bonus projects when existing rent-controlled or affordable units will be demolished. On March 15, 2022, the City Council considered the Planning Code amendments and recommended that the amendments to the Planning Code be approved. The updated Density Bonus Ordinance was adopted by City Council via Ordinance No. 13684 C.M.S. on April 19, 2022.²³

In addition, in 2021, the Planning Department updated its basic application form to include questions for all applicants (regardless of the type of project they are applying for) about whether there are any existing tenants and/or affordable units on-site, and whether any tenants will be displaced due to the project.

g. Action 6.1.1 Funding for Fair Housing Organizations

From 2015 - 2021, the City provided funding supporting the East Bay Community Law Center and its Fair Housing partner agencies: Centro Legal, Causa Justa:Just Cause, and ECHO Fair Housing to provide fair housing related legal services, fair housing counseling, tenant-landlord mediation, outreach, education, info & referral, intake, assessment, fair housing investigations of discrimination, fair housing testing, and fair housing audits benefitting low- and moderate-income households.

²³ Ordinance No. 13684 C.M.S. can be accessed at:<https://oakland.legistar.com/LegislationDetail.aspx?ID=5159548&GUID=D9D89500-B11E-447D-B8C9-CFF11A50EBF8&Options=&Search=>

In FY 2020/21 and 2021/22, a pilot program under the Oakland Fair Chance Ordinance was implemented that prohibits rental housing providers in Oakland from advertising that applicants with criminal history will not be considered, inquiring about criminal history in rental applications, or relying on criminal history in making rental determinations. Affordable housing providers such as public housing or HUD-assisted housing providers may screen only when required to under federal or State law."

IX. LOCAL EARLY ACTION PLANNING (LEAP) REPORTING

In 2020, the Planning and Building Department received a Local Early Action Planning (LEAP) grant in the amount of \$750,000. These funds are designated for the General Plan Update of the Housing and Safety Elements, and the creation of a new Environmental Justice Element, which are all required to be adopted concurrently, per State Law, by January 2023.

The Planning and Building Department issued a Request for Proposals (RFP) in April 2021 to hire a Technical Consultant and in June 2021 to hire a Community Consultant. The Council approved the consulting team and appropriation of funds, including LEAP grant funds on October 8, 2021. Other funding grant sources include SB2 grant funds (\$275,000), PDA grant funds (\$1,600,000), REAP grant funds (\$281,609) and General Plan surcharge funds (local funds; \$5,364,113).

Project kickoff happened on November 29, 2021, and the General Plan Update team is currently working on background research and community engagement. The Housing Element Update timeline is structured around meeting State requirements and deadlines along with community outreach and engagement throughout the process. The Housing Element will be available for initial public review before being sent to the State HCD in June 2022. The Housing Element will be available again for public review (along with the public review drafts of the Safety Element and Environmental Justice Element) in October 2022. More information on the General Plan Update schedule can be found on the website at <https://www.oaklandca.gov/resources/oakland-2045-general-plan-schedule>.

X. KEY ISSUES AND EXPECTATIONS FOR 2022

2023-2031 Housing Element Update

Oakland's current Housing Element was adopted in 2014. The 2023-2031 Housing Element is required by State Law to be adopted by the end of January 2023. The Housing Element update is part of first phase of the city's comprehensive General Plan Update process that also includes update of the Safety Element and creation of a new Environmental Justice Element.

More information regarding the Housing Element update, project timeline, and key dates can be found at the Housing Element Website at: <https://www.oaklandca.gov/topics/oakland-general-plan-2045-housing-element>. The Housing Element Update process will allow Oakland to comprehensively plan for the development of housing by stipulating programs and policies to reduce regulatory, physical, and environmental constraints to the production of housing.

The Housing Element must also demonstrate Oakland's ability to meet existing and anticipated housing needs. For the 2023-2031 Housing Element cycle, the City of Oakland was assigned to

accommodate 26,251 new housing units through the RHNA allocation process (a 78% increase compared to the 14,765 units the city was assigned during the last 8-year cycle allocation), including housing for extremely low-income populations. This means that for this next eight-year Housing Element cycle, Oakland will need to accommodate the production of 16,789 more housing units than it was required to accommodate over the current 8-year cycle.

Community engagement for the General Plan Update launched in December 2021. Engagement activities that have occurred include pop-up and community hub events, housing workshops, discussion groups, and study sessions with decision-makers. Through this process, community members and decision-makers have raised a wide range of strategies to reduce constraints and promote housing production, preservation, and protection. Information on all community engagement events, including engagement summaries; workshop and town hall presentations, recordings, and meeting summaries are being provided via the [General Plan Update website at https://www.oaklandca.gov/topics/meetings-and-events](https://www.oaklandca.gov/topics/meetings-and-events).

New Housing Strategic Action Plan

The City of Oakland's Housing and Community Development Department presented its Strategic Action Plan to the Community & Economic Development Committee on May 17, 2021, providing an updated departmental strategic framework and targeted actions to meet the affordable housing challenges of Oakland for 2021-2023. The Strategic Action Plan was then received informationally by City Council on July 1, 2021. The Strategic Action Plan presents many strategies to support the City's Protection, Production, and Preservation priorities. These strategies are based on the needs informed by data and stakeholder input, and implementation will be centered on race and equity. The Strategic Action Plan also identifies the funding needed to pursue the City's affordable housing production goals (including a sizeable gap in current funding resources available versus needed), and is available here: <https://cao-94612.s3.amazonaws.com/documents/HCD.final.21-21Strategic-Plan.pdf>.

Oakland Housing Cabinet 17K/17K Plan

The Oakland Housing Cabinet – convened by Mayor Schaaf and comprised of City Councilmembers, housing policy experts, and community stakeholders – released the Oakland at Home report in 2016 with recommended strategies to protect 17,000 low-income households from displacement and produce 17,000 homes by 2024 (known as the “17K/17K” Plan). The purpose of this section is to clarify the overarching differences in tracking progress towards meeting the goals of the 17K/17K Plan and the Housing Element Annual Progress Report (APR):

- Pursuant to State law, the APR tracks the City's annual accomplishments towards meeting 1) production targets established by the Regional Housing Needs Allocation (RHNA) process and 2) progress towards implementing policies and programs adopted in the 2015-2023 Oakland Housing Element. This means the APR quantifies the number of net new housing units proposed, approved, permitted, or completed— by household affordability level—during each calendar year.
- Since the Housing Cabinet report was issued in 2016, the 17K/17K Plan production target covers the eight-year period of 2016-2024, while the APR tracks the eight-year period of the 2015-2023 Housing Element.
- Preservation and acquisition projects were recommended in the 17K/17K Plan as an important strategy to expand housing affordability so the 17K/17K Plan counts preservation and acquisition units towards the total number of affordable units produced.

- In the APR, only building permits issued for the construction of new housing units may be counted towards meeting RHNA. These projects are reported in the “Permitted Units” section of Table A2 in the APR. Under the APR, acquisition and preservation projects only count towards RHNA goals if the reporting of units is consistent with the standards set forth in Government Code section 65583.1. Motel, hotel, hostel rooms or other structures that are converted from non-residential to residential units pursuant to Government Code section 65583.1(c)(1)(D) are considered net new housing units and must be reported towards RHNA in Table A2 and not Table F for units rehabilitated, preserved and acquired for alternative adequate sites. For this reason, Oakland's Homekey projects (Clifton Hall and Inn at Temescal) were counted as new units under APR Table A2, but any other acquisition or preservation projects were only included informationally on the APR Table F for not thoroughly meeting the standards in Government Code section 65583.1.

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 APR for Calendar Year 2021 is the staff time dedicated to produce the APR submitted to the State OPR and the State HCD, the production of a staff report that was presented to the Planning Commission, and this informational report presented to the City Council. The State HCD incentivizes and rewards local governments that have adopted compliant and effective housing elements. There are a number of 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 APR to the State HCD and the OPR by April 1 of each year. These new consequences include court sanctions and requiring municipalities to use a streamlined and ministerial process for approving affordable multifamily 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 2021 APR submitted to the State OPR and the State HCD on March 31, 2022, reflects the seventh year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element. Government Code 65400 section (b) allows municipalities to consider the APR at a public meeting before the legislative body within 60 days of the April 1st deadline. In accordance with Policy 6.5 of the 2015-2023 Housing Element, the City will conduct a public hearing before the City's Planning Commission on June 1st and an additional hearing on July 5th before the City Council to review and consider the APR.

COORDINATION

Staff from the Planning and Building Department, the Oakland Housing and Community Development Department, and the Economic & Workforce Development Department coordinated to complete the 2021 APR. Additionally, staff from the Bureau of Planning and the

Oakland Housing Community Development Department have worked closely to prepare this agenda report and attachments.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report. However, State HCD incentivizes and rewards local governments that have adopted compliant and effective housing elements. There are a number of 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.

Race & Equity: Based on several recently-published reports, housing justice – the process and outcome of establishing housing as a human right – is now the number one priority for Oaklanders of all races, particularly for those who are at the lower ends of the income brackets and/or are experiencing homelessness.^{24,25,26} While housing affordability is both a regional, if not statewide issue, it severely impacts Oakland given the relatively high proportions of people needing below-market housing and the high cost of housing in the Bay Area.²⁷ According to American Community Survey estimates for 2019, a staggering 51 percent of Oakland renters are housing burdened²⁸ and 27 percent are severely housing burdened.^{29,30} Further, an analysis of the National Equity Atlas found that Black and Latinx women renters are most likely to be rent burdened among all other race and gender groups.³¹ Oakland is experiencing similar trends of racial inequity. Black households have the lowest median household income, and approximately 60% of Black renter households are rent burdened with about one-third severely rent burdened — the highest rate of

²⁴ "Centering Racial Equity in Homeless System Design." (2021) Oakland-Berkeley-Alameda County Continuum of Care.

<https://everyonehome.org/wp-content/uploads/2021/02/2021-Centering-Racial-Equity-in-Homeless-System-Design-Full-Report-FINAL.pdf>

²⁵ "Housing Vulnerability in Oakland, CA." (2020) The Housing Initiative at Penn.

https://www.housinginitiative.org/uploads/1/3/2/9/132946414/hip_oakland_market_study_9-29-20_small.pdf

²⁶ "A Primer on Power, Housing Justice, and Health Equity: How Building Community Power Can Help Address Housing Inequities and Improve Health." (2020) Human Impact Partners.

https://static1.squarespace.com/static/5ee2c6c3c085f746bd33f80e/t/5f6a265e4f5ea8325042f1cd/1600792164297/HIP.RTTC_Final_Housing_Justice_HE_Primer+%281%29.pdf

²⁷ "Oakland 2045: Environmental Justice and Racial Equity Baseline." City of Oakland Planning and Building Department. https://cao-94612.s3.amazonaws.com/documents/Equity-Baseline_revised4.15.22.pdf

²⁸ Pay more than 30 percent of income on housing costs.

²⁹ Pay more than 50 percent of income on housing costs.

³⁰ "Oakland 2045: Environmental Justice and Racial Equity Baseline." City of Oakland Planning and Building Department. https://cao-94612.s3.amazonaws.com/documents/Equity-Baseline_revised4.15.22.pdf

³¹ PolicyLink and the USC Equity Research Institute; National Equity Atlas, www.nationalequityatlas.org, 2020.

any racial/ethnic group in Oakland.³² In addition, 52.7 percent of Latinx households who rent are considered rent burdened.³³ A significant percentage of Asian households (49.2 percent) are also rent burdened, while only one in three White households (34.9 percent) paid more than 30 percent of their annual income on rent.³⁴ Therefore, there are significant racial equity opportunities associated with the City's continued implementation of the policies contained in the Housing Element, and from the City's production of housing for residents at all income levels.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Consideration of the 2021 Housing Element APR 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.

³² "City of Oakland Housing & Community Development Department 2021-2023 Strategic Action Plan." <https://cao-94612.s3.amazonaws.com/documents/HCD.final.21-21Strategic-Plan.pdf>

³³ City of Oakland. Oakland Equity Indicators. <https://cao-94612.s3.amazonaws.com/documents/2018FullReport-12021edit.pdf>

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 2021.

For questions regarding this report, please contact Diana Perez-Domencich, Acting Planner III, at 510-238-3550, or Everett Cleveland Jr., Housing Development Coordinator at (510) 238-6543.

Respectfully submitted,



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Attachments (3):

- A. Distribution of New Affordable Housing Units by Project and Phase of Development, 2021.
- B. Current Status of Opportunity Sites Map, as of March 2022.
- C. Oakland Affordable Housing Funds Issued/Available, 2014-2021.

Attachment A: Distribution of New, Deed-Restricted Affordable Housing Units by Project and Phase of Development, 2021

I. Application Submittals

Project Name and Address	Case Number	Application Submittal Date	VLI	LI	Moderate-Income	Market Rate	Total Units
10550 INTERNATIONAL BLVD	PLN21216	11/27/2021		164	41	2	207
1510 WEBSTER ST	PLN20107-R01	8/1/2021		35		187	222
685 9TH ST	PLN21019	3/13/2021			35	82	117
820 W MACARTHUR BLVD	PLN21037	4/8/2021			27	65	92
2901 BROADWAY	PLN21041	4/8/2021	23			197	220
578 7TH ST	PLN21175	9/25/2021			16	41	57
233 BROADWAY	PLN21194	10/22/2021			13	117	130
2116 BRUSH ST Villa Oakland	PLN20110-R01	5/13/2021	10			0	10
469 40TH ST	PLN21062	4/22/2021	4			28	32
2611 SEMINARY AVE	PLN21142	8/6/2021	3			25	28
347 E 18TH ST	PLN21115	7/2/2021		3		24	27
5976 TELEGRAPH AVE	PLN21214	11/24/2021			3	20	23
5616 M L KING JR WY	PLN21084	5/12/2021	2			18	20
2773 E 23RD ST	PLN21001	2/4/2021		2		1	3
7521 MACARTHUR BLVD	PLN21158	8/27/2021	1			10	11
8201 MACARTHUR BLVD	PLN21113	6/24/2021			1	9	10
1440 23RD AVE	PLN21174	9/25/2021		1		8	9
1020 70TH AVE; Oaktown Roots Affordable Housing Project	PLN20177	1/20/2021			1	0	1
TOTALS			43	205	137	834	1,219

II. Projects Entitled

Project Name and Address	Case Number	Entitlement Date	VLI	LI	Moderate-Income	Market Rate	Total Units
4311 MACARTHUR BLVD; MacArthur Studios	PLN19316	1/20/2021	40	151	0	2	193
2700 INTERNATIONAL BLVD	PLN20152	2/8/2021	30	44		1	75
3525 LYON AVE; Mark Twain Homes	PLN20138	1/19/2021	38				38

Project Name and Address	Case Number	Application Submittal Date	VLI	LI	Moderate-Income	Market Rate	Total Units
1510 WEBSTER ST	PLN20107-R01	9/24/2021		35		187	222
685 9TH ST	PLN21019	7/13/2021			35	82	117
578 7TH ST	PLN21175	11/30/2021			16	41	57
2359 Harrison ST; 24th & Waverly	PLN20082	2/19/2021	15			315	330
2116 BRUSH ST; Villa Oakland	PLN20110-R01	5/11/2021	10				10
424 28TH ST	PLN20066	3/15/2021	5			42	47
8201 MACARTHUR BLVD	PLN21113	8/19/2021	5			5	10
8425 MACARTHUR BLVD	PLN20078	8/5/2021		5		23	28
451 28TH ST	PLN20150	5/6/2021	3			51	54
347 E 18TH ST	PLN21115	9/30/2021		3		24	27
316 12TH ST	PLN20121	8/26/2021		3		18	21
1020 70TH AVE; Oaktown Roots Affordable Housing Project	PLN20177	3/29/2021			1		1
2323 SAN PABLO AVE	PLN19233	5/24/2021	1			15	16
430 ADAMS ST	PLN19260	3/29/2021	1			10	11
1440 23RD AVE	PLN21174	12/7/2021		1		8	9
31 EXCELSIOR CT	PLN19242	3/29/2021		1		6	7
524 41st ST	PLN19305	1/21/2021		1		4	5
TOTALS			148	244	52	834	1,278

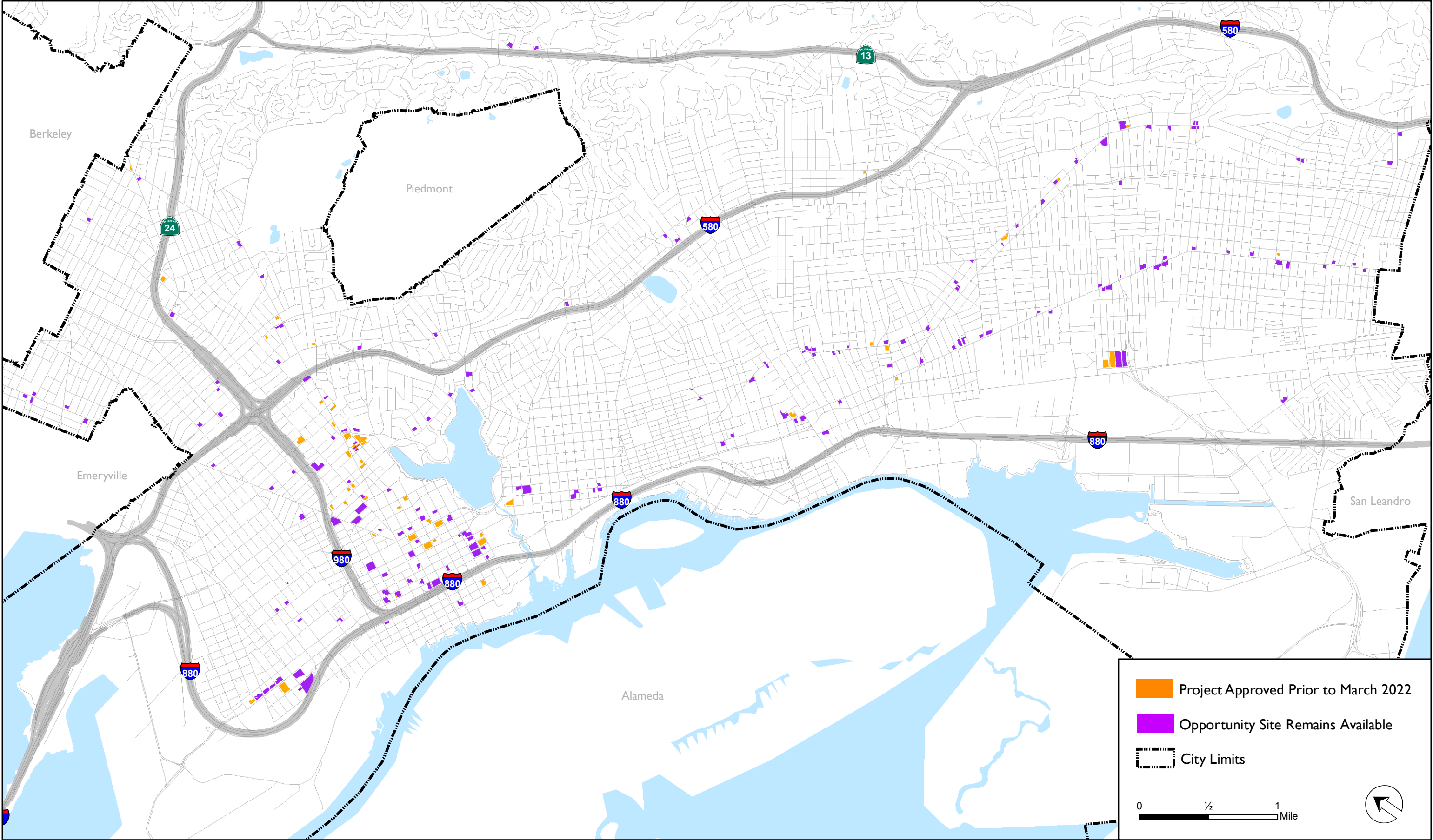
III. Projects Permitted

Project Name and Address	Case Number	Building Permit Issuance Date	VLI	LI	Moderate-Income	Market Rate	Total Units
3511 E 12TH ST; Fruitvale Transit Village II-B	B2001212	7/28/2021	75	104		2	181
5276 Broadway; Clifton Hall (Homekey Project)	B2100759	5/11/2021	41	20		2	63
9409 INTERNATIONAL BLVD; Cherry Hill (aka 95th & International)	B2003696	6/5/2021	54			1	55
3720 TELEGRAPH AVE; Inn @ Temescal (Homekey Project)	B2003777	1/5/2021	21			1	22
2040 SOLANO WY	B1905785	3/3/2021			1	7	8

Project Name and Address	Case Number	Application Submittal Date	VLI	LI	Moderate-Income	Market Rate	Total Units
524 41st ST	B2101350	5/21/2021		1		4	5
TOTALS			191	125	1	17	334

IV. Projects Completed

Project Name and Address	Case Number	Completion Date	VLI	LI	Moderate-Income	Market Rate	Total Units
285 8TH AVE; Brooklyn Basin 2 (Vista Estero)	B1802635	9/22/2021	78	31		1	110
255 8TH AVE; Brooklyn Basin 1 (Paseo Estero)	B1802633	9/22/2021	70	30		1	101
445 30TH ST; NOVA Apartments (aka Oak Hill)	B1903353	8/27/2021	56			1	57
3268 SAN PABLO AVE; Monarch Homes (aka 3268 San Pablo)	B1803759	11/5/2021	31	19		1	51
3883 TURQUOISE WY; Skylyne at Temescal	B1705543	5/27/2021	45			357	402
3737 M L KING JR WY; Aurora Apartments	B1900469	9/20/2021	43			1	44
1233 23RD AVE; Camino 23	B1704384	10/20/2021	36			1	37
3720 TELEGRAPH AVE; Inn @ Temescal (Homekey Project)	B2003777	10/14/2021	21			1	22
5110 TELEGRAPH AVE	B1603859	11/2/2021	17			187	204
2415 VALDEZ ST; Electric Lofts	B1901566	7/23/2021			9	80	89
1076 24TH ST; Oaktown Roots Affordable Housing Project	RB1803439	9/30/2021			1		1
1071 32ND ST; Oaktown Roots Affordable Housing Project	RB1803423	5/17/2021			1		1
10628 PEARMAN ST; Oaktown Roots Affordable Housing Project	RB1705320	2/9/2021			1		1
TOTALS			397	80	12	631	1,120



Opportunity Sites Status as of March 2022

Attachment C: Oakland Affordable Housing Funds Issued/Available, 2014-2021

	NOFAs				2020-2021
	2014-15	2015-17	2017-2019	2019-2020 ⁱ	
Total NOFA Allocation	\$7,850,000	\$8,235,732	\$23,262,000	\$35,376,334	\$34,300,000
Total NOFA Allocation for Acquisition / Rehabilitation or New Construction	\$7,000,000	\$5,007,000	\$23,096,000	\$25,653,000	\$18,050,000
Total Allocation to Other Activitiesⁱⁱ	\$850,000	\$3,228,732 ⁱⁱⁱ	\$166,000	\$0 ^{iv}	\$0
# of New ACAH Projects Awarded Funds					10
# of New Construction Projects Awarded Funds	3	2	8	4	3
# of Acquisition/Rehab Projects Awarded Funds	1	0	0	3	1
# of Affordable ACAH Units					183
# of New Construction Units	87 ^v	94 ^{vi}	542	288	100 ^{vii}
Average NOFA Allocation Per Unit (New Construction)	\$22,989	\$95,745	\$59,702	\$50,983	\$62,889
NOFA Allocation as a % of Total Development Cost	4.70%	11.20% ^{viii}	4.20% ^{ix}	6.00% ^x	10.6%

ⁱ In 2019-2020 the NOFAs did not include Acquisition and Conversion to Affordable Housing, for which a total of \$30 Million had been made available. That funding is incorporated as projects move forward.

ⁱⁱ Other Activities may include allocations through the City's Predevelopment Loan Program, Mortgage Assistance Program, emergency repairs, and other programs.

ⁱⁱⁱ 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.

^{iv} The remaining 2019-2020 balance was allocated in 2020-2021, so spending in later years comes from the prior year budget allocations.

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

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

^{vii} Two of three new construction projects had received funding from prior rounds, and are not included in this count.

^{viii} This percentage was based on the Fruitvale Transit Village Phase II-A development, which received \$4 million 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.

^{ix} 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 and 2019. During 2015 - 2017 and 2017 - 2019, the City issued NOFAs over two-year cycles due to relatively low levels of funding availability. With a return to more regular funding, the City will strive to have annual NOFAs.

^x In this NOFA award year, all four awarded projects had previously received City funds. Two projects received funds through a prior NOFA round and returned to cover a funding gap (West Grand & Brush, Phase 1, and 7th & Campbell).