



CITY OF OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

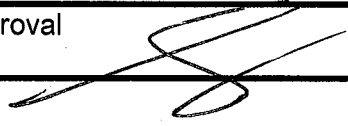
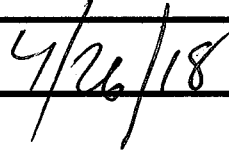
FROM: Mark Sawicki
Director, EWD

SUBJECT: Economic Development Strategy
2018-2020 Implementation Report

DATE: April 16, 2018

City Administrator Approval

Date:

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Progress Implementing Oakland's Economic Development Strategy For 2018-2020.

EXECUTIVE SUMMARY

The City Council adopted a three-year Economic Development Strategy (the Strategy) in November 2017 with the intertwined goals of making Oakland an easy, efficient and prosperous place to do business, reducing racial disparities, and improving the economic security of Oakland's lowest-income households. At the Strategy's core are 62 metrics and targets that reflect and monitor the City's goals and the contributions of multiple City departments to the performance of the local economy. This is the first report on the City's progress towards achieving the metrics and targets in the Strategy.

BACKGROUND / LEGISLATIVE HISTORY

The Strategy was created to align Oakland's community and economic development values and goals in response to a changing economic climate, and to communicate these to both internal and external partners. The loss of redevelopment financing and authority in 2012, along with subsequent changes in federal workforce development law and funding and ongoing City budget constraints, have significantly altered the City's ability to impact local economic development. This has increased the need for strategic coordination among City departments and external organizations to compensate for lost tools and revenue and monitor where the City may need additional policies, resources and programs to meet its targets.

While employment, property values, and investment in Oakland have risen sharply in the last few years, wealth inequality in Oakland has grown along racial lines: income and asset levels for Black and Latino households are not growing at the same rate as White households. For this reason, the Strategy includes wealth creation strategies, such as business ownership, job training, and tax refunds, aimed at building assets for low income households. The Strategy also requires that the Department of Economic & Workforce Development (EWD) conduct a Racial Equity Analysis of its activities to further disaggregate targets by race and ethnicity and identify

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disparities and opportunities to deepen inclusion and impact. Since adoption, the Economic and Workforce Development Race & Equity staff team has formed and has begun scoping its analysis, with leadership, facilitation and ongoing training from the City's Department of Race & Equity.

Finally, the Strategy adoption process also established triennial progress reports to ensure accountability. This reporting replaces the former Economic Development Quarterly Activities Tracking Report to the Community and Economic Development Committee.

ANALYSIS AND POLICY ALTERNATIVES

Monitoring Progress

This first report establishes a baseline figure and status update for the City's 62 metrics and targets, highlights first quarter activities from 2018, and includes an overview of the one of the most significant strategy goals, reducing Asset Poverty. **Attachment A** includes an accounting of all metrics and targets with baselines and status updates. Subsequent reports will continue to provide an update on the full list with more in-depth coverage on selected targets. Following the end of each year, the City will produce an annual report communicating the City's activities, investments and target progress for a wider public audience.

In the first quarter of 2018, the City has already achieved or surpassed five targets:

- 1.) Oakland Public Works' response rate of meeting at least 85% of clean up calls for service within three days
- 2.) The launch of an online permitting portal (publicly launched January 2018 at businesspermits.oaklandca.gov). In its first two months of public use, over 1,000 users visited businesspermits.oaklandca.gov to check zoning or identify their permit needs, saving approximately 760 hours of staff time. The project was a collaboration between Economic Development, Planning and Building, Fire, Information Technology and the City Administrator's Office (Special Permits).
- 3.) 550 small businesses were helped to innovate, grow and access new markets – surpassing our annual goal of 500.
- 4.) Through the Oakland Startup Network, 1,000 tech entrepreneurs were reached and supported – surpassing our annual goal of 600.
- 5.) 158 cultural organizations have already been served by staff in the Mayor's Office and Cultural Affairs Division – exceeding the annual goal by 50 percent.

We are currently on track to achieve other targets established for 2018. For example, in the first quarter of 2018, we have reached:

- 60 percent of our target to support 1,000 businesses annually
- 94 percent of our target to have 200 entrepreneurs have crowdsourced loans
- 23 percent of our target of supporting 100 new businesses annually
- In March, the Cultural Affairs Division released the Draft Cultural Development Plan and hosted two meetings to further engage the community

In reaching these levels, staff in the divisions of Business Development, Public Private Development, and Cultural Affairs have provided:

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- Site Searches and Location Assistance
- Marketing
- Permitting assistance
- Development Entitlement assistance
- Tenant searches
- Safety Issues
- Other City Services
- Financing Information & Referrals
- Technical Assistance & Referrals
- Kiva small business loans
- Façade and Tenant Improvement Grants (Eight in the Coliseum area and six downtown)
- Cultural Arts grants and related professional development training
- Bus Rapid Transit-related technical and financial assistance to prevent business displacement

Business support highlights include:

- Elevating and accelerating permit review for two new food markets, the forthcoming People's Community Market in West Oakland and newly opened Chow Oakland on Piedmont Avenue
- Entitlement support for two proposed projects in East Oakland
- Opening the Foothill-Seminary retail center and nominating six business finalists for the East Bay Innovation Awards.
- Site searches for three current industrial businesses with expiring leases that are likely to be displaced by new cannabis businesses
- Adding new technology and services to the Business Assistance Center and developing recommendations to reposition the space.

Other Economic & Workforce activity highlights from the first quarter of 2018 include:

- **Public Private Development:** Saw the groundbreaking for Fruitvale Phase IIA, including the affordable 94-unit Casa Arabella, and Phase I of the T5/T6 project – a \$139.4 million development that will include 288 market rate residential units.
- **Business Development:** In addition to working with over 600 business clients, Business Development hosted Small Business Week (April 30-May 6th) with over 75 workshops in eight locations around Oakland.
- **Real Estate:** The City's Portfolio Asset Management Plan is underway, evaluating opportunities for using City-owned land; recommendations will go to Council later this year.
- **Workforce:** Launched the Earn & Learn program with the goal of employing 2,500 Oakland youth in the Summer of 2018 and beyond.

Some adopted targets are moving more slowly. For example, the pace of spending of the City's infrastructure and public facilities bond is expected to quicken following the startup process for

programming large-scale investments. As of March 2018, the first \$1.53 million has been spent, \$1.52 million on transportation infrastructure and \$286,000 on public facilities.¹

Similarly, several broader policy or programmatic activities, such as a program to encourage the tenanting and re-use of vacant properties, entail more substantive policy analysis and are expected to come forward to the City Council as separate items. A City Public Lands Strategy, currently being drafted, is anticipated to propose increasing City-subsidized affordable housing units in exchange for a reduction in City revenues. This will alter our development revenue target and a report will go to the CED Committee as a separate item.

The Strategy encouraged greater collaboration and coordination among City departments and stakeholders. An example of this enhancement in the first quarter of 2018 is the joint recommendation for designation of Federal Opportunity Zones to increase private investment in high need areas of the city made by the Economic & Workforce Development, Housing & Community Development, and Planning & Building Departments. The Opportunity Zone program was created as part of the Federal tax overhaul to incentivize private investment in these areas by deferring or eliminating capital gains taxes. Opportunity zones must both meet poverty thresholds and show sufficient business activity to qualify. Further information and a map of Oakland and the state's recommended Opportunity Zone designation is available at http://dof.ca.gov/Forecasting/Demographics/opportunity_zones/.

Measure Highlight: *Reduce the Asset Poverty Rate of African American and Latino Households by 50%*

One of the largest and most ambitious goals in the Strategy is to see the asset poverty rate of African Americans and Latinos/as reduced by 50% by 2020. The asset poverty rate is one way to measure household financial instability. It is the percentage of households without sufficient net worth to subsist at a poverty level for three months in absence of income. The estimation of asset poverty is based on a household's net worth (what a household owns minus what it owes), and includes durable assets, such as a home or business.

This measure is an "indicator," not a target. The distinction is that it is impacted by many inputs that are beyond the purview of City actions, even though we still aim to achieve it as a goal. Poverty reduction is a Strategy goal both because the City values equity and because economic development and the financial health of cities depends in part on the financial resilience of families.² Nationally, investment of every \$1 in poverty reduction yields \$7 in long-term government savings.³

In Oakland, over a third of families are asset poor. This means that in the case of a financial emergency, these families could not depend on liquidating their assets (primarily their home or business) to help. This rate rises to 48 percent of Black households and 47 percent of Latino

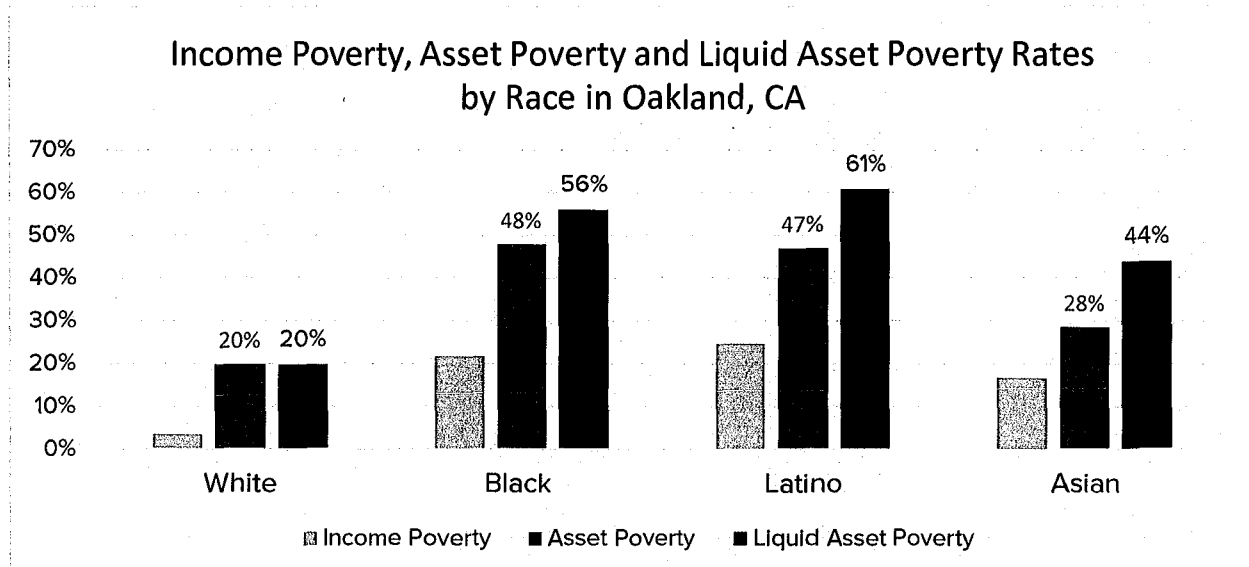
¹ This figure does not include funding which has been budgeted but not yet spent, e.g. \$5 million for the Rainbow Recreation Center.

² Rice, Solana and Holden Weisman. *Prosperity Now Assets & Opportunity Scorecard 2017*. <https://prosperitynow.org/blog/2017-assets-opportunity-scorecard-policy-data-now-available>

³ McLaughlin, Michael and Mark R Rank, *Estimating the Economic Cost of Childhood Poverty in the United States*. Social Work Research. March 30, 2018. <https://doi.org/10.1093/swr/svy007>

households in Oakland. In fact, 23 percent of households in Oakland have zero net worth, which means that the value of their debts are larger than the value of their assets. A separate measure, liquid asset poverty, gauges the household savings available to Oakland families that are more readily available in case of emergency.

Table 1: Income Poverty, Asset Poverty, and Liquid Asset Poverty Rates by Race in Oakland, CA



Sources: (Income poverty data) 2011-2015 American Community Survey. Washington, DC: U.S. Department of Commerce, Census Bureau, 2016. (Asset poverty and liquid asset poverty) Survey of Income and Program Participation, 2014 Panel, Wave 1. Washington, DC: U.S. Department of Commerce, Census Bureau, 2017. Data calculated by Marin Economic Consulting.

The drivers of Asset poverty in Oakland, including homeownership and business ownership disparities, high housing costs, and income volatility, are described in more detail in **Attachment B**.

This asset framework is a way to focus policy on wealth building opportunities for households of color in Oakland versus focusing only on income. Interventions that can improve financial security include financial capability services, homeownership and affordability programs, space and incentives to support entrepreneurs of color and tracking business owner demographics to have better data on performance and inequities. These are also described in **Attachment B**.

FISCAL IMPACT

There are no immediate fiscal impacts associated with this informational report.

PUBLIC OUTREACH / INTEREST

Staff has conducted the following public outreach since the adoption of the Strategy:

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- Published updates on the adoption process in the City Administrator's Weekly Report and in the December issue of Oakland Economy Now (circ. 7,800).
- Sent four update emails throughout the adoption process to 160 stakeholder participants.
- Distributed a media release on November 30, 2017, and social media posts on Twitter.
- Introduced the Strategy to the City's business support partners on January 11, 2018.
- Distributed more than 200 hard copies with state and county elected officials, EWD staff, City department heads, Port staff and commissioners, key contacts at utilities and other planning bodies such as ACTC, MTC and ABAG.
- Presented the Strategy on the keynote panel at the *Investing in Our Community: Elevating the Collaborative Bay Area Economy* conference at Mills College.
- Engaged with local and national foundations on partnerships to help achieve equity goals
- More than 341 visitors have viewed the Strategy web page 425 times and downloaded the PDF document 147 times.

COORDINATION

The Departments of Economic & Workforce Development, Planning & Building, Housing & Community Development, Transportation, Public Works, and Race & Equity all contributed to this report. Tourism figures are provided by Visit Oakland.

SUSTAINABLE OPPORTUNITIES

Economic: The successful implementation of the Strategy can yield growth in business activity, jobs and training, investment, wealth building, and overall economic security of residents.

Environmental: The Strategy includes goals and actions to improve the business climate, including blight remediation, infrastructure improvements, and support for the green and clean technology sector, and refers to disaster preparedness as addressed through other City efforts.

Social Equity: The Strategy identifies racial and gender disparities in Oakland's income, employment, and business ownership levels and includes targets and metrics to increase the economic strength of women and people of color. The Strategy also includes targets for housing affordability, protecting households from displacement and increasing retail and healthy food access in underserved neighborhoods.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On Progress Implementing Oakland's Economic Development Strategy 2018-2020.

For questions regarding this report, please contact Marisa Raya, City Administrative Analyst, at 510-238-6230.

Respectfully submitted,



MARK SAWICKI
Director, Economic & Workforce Development

Prepared by:
Marisa Raya, City Administrative Analyst
Special Projects

Attachments (2):

- Attachment A: Economic Development Strategy Performance Tracking, April 2018
- Attachment B: Prosperity Now, *Framework for Reducing Asset Poverty in Oakland*

Attachment A: Economic Development Strategy Performance Tracking, April 2018

	C	D	E	F	G	H
1	Indicator or Target (Indicators in bold text)	2018	2019	2020	City lead	Baseline and Current Status (Baseline in bold text)
2	Per capita GDP increases by 10%			✓	EWD	Previous GDP per capita growth: 0% (2013), 11% (2014), 5% (2015)
3	The asset poverty rate of African Americans and Latinos reduces by 50%			✓	Mayor's Office	Current asset poverty rates are Black 47.8%, Latinx 46.9%; citywide 33.9% (July 2017, report using ACS 2009-2013 data)
4	The number of Oaklanders making less than a living wage is reduced by 50%			✓	Mayor's Office, EWD	46,000 Oakland households earn below \$30K annually. (ACS 2016). Goal is to move 23,000 above \$30K.
5	A developer is selected at Coliseum			✓	EWD	
6	Real Estate Portfolio Management plan is published, which includes strategies for better utilizing properties to meet community needs	✓			EWD - Real Estate	Phase 1 is complete establishing 1112 parcels and 117 leases. Phase 2 evaluation of worth and development opportunities is underway. Phase 3 recommendations and plan will go to Council Summer/Fall 2018.
7	1000 supported businesses innovate, grow and access new markets	✓	✓	✓	EWD-BD	550 at BAC alone in Q1 of 2018; over 75 received specialist support. Also includes 14 Façade and Tenant Improvement grants, Professional Development support for Cultural workers, and other activities.
8	Of above, 100 businesses are created, which the City has supported	✓	✓	✓	EWD -BD	Specialists have supported 23 new businesses in launching in Q1. Total does not include BAC.
9	Of above, 500 small businesses (20 or fewer) are supported to innovate, grow and access new markets	✓	✓	✓	EWD -BD	550 at BAC (March 2018)
10	Of above, 200 entrepreneurs have crowdsourced loans	✓	✓	✓	EWD -BD	Kiva has served 520 Oakland entrepreneurs total, currently has 189 (Jan 2018)
11	Of above, 500 supported, small businesses in low-income neighborhoods are contacted about City services and support	✓	✓	✓	EWD -BD	No baseline - City did not previously track locations of supported businesses.
12	Three workshops to support supplier certification and partnerships are held	✓	✓	✓	EWD -BD	First workshop will be during Small Business Week.
13	Small Business Advisory Group Created	✓			EWD -BD	Forthcoming - a Small Business Task Force recommendation
14	BAC location, programming, and online presence is set.	✓			EWD -BD	Ongoing; Assessment by Alliance for Community Development
15	A business organizing pilot program is evaluated and a decision taken to expand or end the program	✓			EWD -BD	No Baseline
16	600 tech entrepreneurs are supported to innovate, grow and create new Oakland businesses	✓			EWD -BD	1000 entrepreneurs reached (OSN report to Kaufmann grant)
17	New website is published	✓			EWD	Beta site available at beta.oaklandca.gov/services/business
18	2800 jobs are created in the local economy	✓	✓	✓	EWD-BD	Oakland gained 4000 jobs in both 2016 and 2017
19	New retailers are attracted to Upper Broadway, Broadway Valdez and Uptown	✓	✓	✓	EWD-BD	Prime retail sites created through BVSP
20	A multi-lingual portal, which contains all permitting, licensing and business services information, is published	✓			EWD-BD	Launched Jan 2018; accessed by over 7000, over 1000 businesses scoped.
21	Sector strategies for each of Oakland's priority sectors are refreshed or published	✓			EWD-BD	Last published Sector Strategy: retail (2008). Updates currently in scoping.
22	Compelling marketing propositions are published and communicated to target businesses and investors	✓			EWD-BD	Marketing Coordinator secured; materials on track for 2018.
23	Benefit district pilots are evaluated and funding is raised for improvements in 20 locations	✓	✓	✓	EWD, DOT	No Baseline
24	Business satisfaction with City assistance and services is 90%		✓	✓	EWD-BD	No Baseline - City will need to create and administer a feedback survey and collect data from other Departments.
25	Five new permanent retailers and five pop-up or temporary retailers are created in underserved neighborhoods		✓		EWD-BD	No Baseline

	C	D	E	F	G	H
1	Indicator or Target (Indicators in bold text)	2018	2019	2020	City lead	Baseline and Current Status (Baseline in bold text)
26	The Oakland Startup Network program has been replicated		✓	✓	EWD -BD	One industry-specific program targeting underrepresented entrepreneurs
27	Revenues generated by businesses owned by people of color grow by 40%			✓	EWD -BD	Census SBO 2012 average revenue for Oakland business owned by person of color is \$168,000
28	Revenues generated by women-owned businesses grow faster than the average for all businesses in Oakland			✓	EWD -BD	Census SBO 2012 average revenues for Oakland female-owned business is \$78,000.
29	Attracted businesses create 5000 additional jobs			✓	EWD-BD	Oakland gained 4000 jobs total in both 2016 and 2017
30	Manufacturing contributes 12% to the City's economy			✓	EWD-BD	In 2016 Manufacturing contributed 10% of City's GRP
31	Priority industry sector employment increases by 8500			✓	EWD-BD	Oakland gained 4000 jobs total in both 2016 and 2017
32	new BIDs are created			✓	EWD-BD	11 City BIDs; last BID (Tourism) est. 2015
33	400 additional Manufacturing jobs are created (2018-2020)			✓	EWD-BD	6404 manufacturing jobs in Oakland in 2016; a 1% decline since 2010.
34	1000 retail jobs are created (2018-2020)			✓	EWD-BD	18,972 retail jobs in Oakland in 2016, a 35% increase since 2010.
35	A Cultural Arts Plan is published	✓			EWD-Cultural	Draft Plan released in March 2018
36	Grow Cultural Arts employment by 5%			✓	EWD - Cultural	About 5000 FTE in 2017
37	Grow Cultural event attendance by 5%			✓	EWD - Cultural	2017 Art & Soul 13,300; no baseline for Parades, Runs and Street Festival attendance - data under collection
38	Public-private developments earn \$30m in one-time and \$16m in annual City revenue			✓	EWD-PPD	Revenue projections based on current and projected developments in Attachment B.
39	Significant new funding sources are secured			✓	EWD-PPD	In progress
40	17 City owned properties are developed and 12 are ready for development			✓	EWD-PPD	Two groundbreakings in Q1 2018.
41	Identify sites for hotels and meeting space, attract hotel developers and explore co-investment opportunities			✓	EWD-PPD	T5/T6 approved with hotel in Q1 2018; other hotels in pre-development.
42	The Calvin Simmons theater is reopened and affordable to local arts organizations			✓	EWD-PPD	Currently in ENA with Orton Development
43	12,000 Oaklanders are given access to job training services	✓	✓	✓	EWD-WD	12,000+ accessed workforce services online in 2017; 3561 workers current registered in CalJOBS
44	50% of adult participants in city-funded training programs receive an industry-recognized credential within 1 year	✓	✓	✓	EWD-WD	Currently 43%, double the percentage of previous fiscal year.
45	70% of adult participants in city-funded training programs get a stable, middle income job	✓	✓	✓	EWD-WD	Currently 55% of participants report employment.
46	1200 additional residents are employed in local businesses		✓		EWD-WD	148 people hired locally (FY 2016-2017)
47	200 Oakland businesses hire local trainees, with 60% of businesses being supported more than once		✓		EWD-WD	96 Oakland businesses hired locally, 23% repeated. (FY 2016-2017.)
48	3500 young people undergo workforce learning			✓	EWD-WD	2000 (2017); 2018 goal is 2500
49	The development remains on track to create 5881 jobs and \$3.7m new tax revenue	✓	✓	✓	EWD- Army Base	Contractual completion date is January 2018; additional truck parking lot added, will move completion of City's role to July 2018.

	C	D	E	F	G	H
1	Indicator or Target (Indicators in bold text)	2018	2019	2020	City lead	Baseline and Current Status (Baseline in bold text)
50	A Racial Equity Analysis is completed analyzing impacts and maximizing positive equity outcomes for communities of color, english learners, and low income communities		✓		EWD, DRE	Department Race & Equity team has been established and begun scoping analysis.
51	All business-government processes are streamlined	✓			CAO	Building permit analysis underway; Revenue application update underway. Special events on hold.
52	\$120m is spent on transportation infrastructure and other public facilities			✓	DOT, PWD	FYTD Bond measure spending includes \$238K on Public Facilities, \$1.52M on Transportation Infrastructure (March, 2018)
53	5000 properties are acquired and rehabilitated			✓	HCD	Forthcoming
54	4250 new homes are built and 5000 households are protected from displacement			✓	HCD (multiple)	6,604 new market rate units under construction, 71 affordable; pipeline includes 14K with 1256 affordable
55	Number of Oakland HS graduates who go on to graduate from college triples	✓	✓	✓	Mayor's Office	Out of 1754 OUSD HS graduates in 2009, 499 graduated a 2 or 4-year college within 6 years (most recent data available.)
56	The number of residents who apply for the Earned Income Tax Credit increases by 20%			✓	Mayor's Office (DHS)	10,541 EITC returns done in 2017
57	100 cultural organizations access affordable space through grants, technical assistance, and creation of new, affordable space	✓	✓	✓	Mayor's Office, EWD-Cultural	158 organizations served thus far.
58	65% of all planning and building permits are issued within 1 day	✓	✓	✓	PBD	Of issued permits, 60% issued same day as submittal in 2016 (65% in 2015;)
59	A review of development processes is published, with recommendations to reduce costs and delays	✓			PBD	Review underway in Planning & Building with case studies of different size projects
60	Program to encourage tenanting and re-use of vacant properties is created		✓		PBD	Reincarnation of vacant property registry project, may propose a tax.
61	A new Call Center is created and 85% of calls for service to clean up illegal dumping are answered within 3 business days	✓	✓	✓	PWD	Currently achieving 86% in three days.
62	New training positions are added in blight reduction and public infrastructure maintenance	✓			PWD, EWD, WD	Completed in partnership with Alameda County, Center for Employment Opportunities+H44; crews began April 2018
63	Oakland attracts 7.5 M annual visitors by 2025				Visit Oakland	3.7 Million visitors in 2017
64						

Framework for Reducing Asset Poverty in Oakland

Authors: Solana Rice and Holden Weisman

WHY IS ASSET POVERTY IMPORTANT TO ECONOMIC DEVELOPMENT?

Economic development and the financial health of cities, in part, depends on the financial resilience of families. Traditionally, economic development focuses on business attraction and retention, real estate development and workforce development efforts. Arguably, the success of these are contingent on the ability of households to be consistent consumers, to build savings, and to purchase and own assets, ultimately contributing to the growth of cities through a stronger and more diverse revenue base. The last national recession demonstrated the link between household financial security, assets and the health of our national economy as millions of families fell victim to foreclosures.¹ On a local level, recently Urban Institute found that city's financial health is also greatly impacted by households' financial stability and ability to weather emergencies or setbacks.² Residents are more likely to fall behind on tax payments, miss utility payments and are ultimately more susceptible to eviction when they lack a financial cushion. This, in turn, can lead to more dependence on public services.

MEASURING FINANCIAL STABILITY AND SECURITY

The asset poverty rate is one way to measure household financial instability. It is the percentage of households without sufficient net worth to subsist at poverty level for three months in absence of income. As the estimation of asset poverty is based on a household's net worth (what a household owns minus what it owes), it includes durable assets, such as a home or business, which are not easily liquidated to help cover day-to-day expenses.

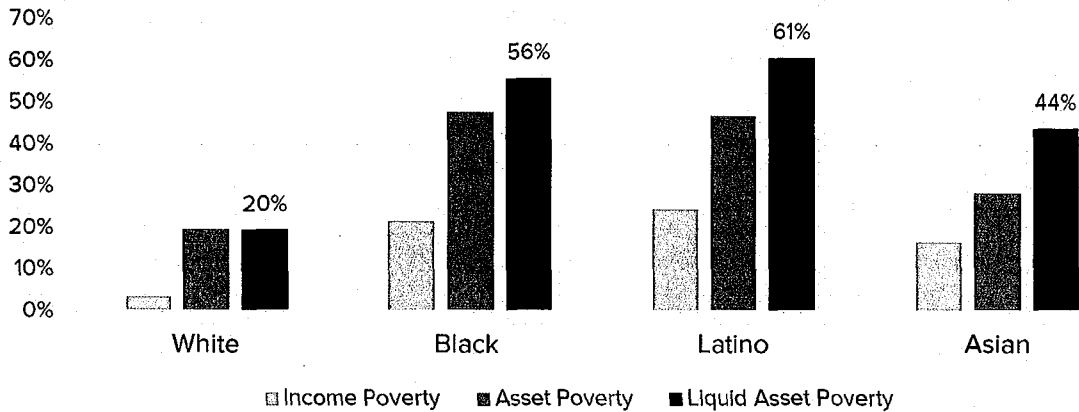
In Oakland, over a third of families are asset poor. This means that in the case of a financial emergency, these families could not depend on liquidating their assets (primarily their home or business) to help. In fact, 23 percent of households in Oakland have zero net worth which means that the value of their debts are larger than the value of the assets. So, in the case of a financial emergency, their debts are likely to balloon without a steady income. This rate rises to 33 percent of Black households and 30 percent of Latino households in Oakland.

Another way to measure household financial stability is by examining liquid asset poverty. This is similar to asset poverty, but instead of measuring assets, it measures things like savings or retirement accounts that are easily liquidated in the case of an emergency. Forty-one percent of families have less than \$6,000 saved to live above the poverty level should they experience a loss of income.

¹ William R. Emmons and Bryan J. Noeth, "Household Financial Stability: Who Suffered the Most from the Crisis?" Federal Reserve Bank of St. Louis, 2012.

² Signe-Mary McKernan, Caroline Ratcliffe, Breno Braga and Emma Cancian Kallish, "Thriving Residents, Thriving Cities: Family Financial Security Matters for Cities," Urban Institute, 2016.

Income Poverty, Asset Poverty and Liquid Asset Poverty Rates by Race in Oakland, CA

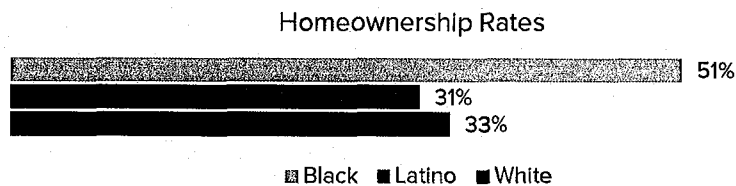


Sources: (Income poverty data) 2011-2015 American Community Survey. Washington, DC: U.S. Department of Commerce, Census Bureau, 2016. (Asset poverty and liquid asset poverty) Survey of Income and Program Participation, 2014 Panel, Wave 1. Washington, DC: U.S. Department of Commerce, Census Bureau, 2017. Data calculated by Marin Economic Consulting.

DRIVERS OF ASSET POVERTY AND LIQUID ASSET POVERTY IN OAKLAND

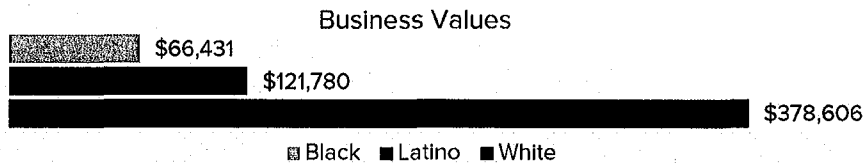
- Disparate rates of homeownership and length of homeownership drives the wealth divide** – Homeownership remains the primary source of asset growth and wealth in the United States, and as such, substantial gaps in the rates of homeownership between white households and households of color will continue to reinforce the racial wealth divide. Measuring the disparate rates of homeownership reveals the extent of the divide in asset ownership in its clearest state. In addition to homeownership data, the city should monitor the length of time families remain in their homes to get a better understanding of financial stability related to housing, especially as they relate to pressures from increasing prices and assessed values.

Affordable homeownership is a crisis across the Bay Area. Median home values in Oakland outstrip median income by 8 times, so the following homeownership rates are to be expected.



Source: 2011-2015 American Community Survey. Washington, DC: U.S. Department of Commerce, Census Bureau, 2016.

- Business ownership and business value hinders asset growth** – Measuring the number and value of minority-owned businesses compared to white-owned businesses reveals where efforts to increase asset growth potential among entrepreneurs and small businesses should be focused.



Source: Survey of Business Owners. Washington, DC: U.S. Department of Commerce, [Census Bureau](#), 2015.

- **High housing costs means renters cannot adequately save for short- or long-term** – Outside of homeownership housing stability and affordable rental properties quickly translate into financial stability. Fifty-five percent of renters spend more than 30 percent of their monthly income on rent and utilities. A lack of affordable rent, underscores the pressure renters face to make ends meet and the inability to grow wealth through short- or long-term savings.
- **Income volatility means inability to predict and regularly save** – Lacking a regular and predictable income increases financial stress and decreases the likelihood that income will be set aside for savings or asset purchases. A high percentage of workers experiencing income volatility could affect the number of savers in the city.

CHALLENGES AND INTERVENTIONS

Addressing challenges posed by asset poverty require interventions that take into consideration the broad perspective of household financial security. Using a framework that addresses all aspects of a families' financial lives (income, consumer protections, education, etc.) and considers their interactions with the local economy lead to more meaningful and stable pathways to wealth and prosperity. The following challenges and interventions represent several of the touchpoints on which Oakland can directly affect asset poverty through the context of a household financial security framework.³

INCOME AND SAVINGS SUPPORTS: Families are struggling to have enough income and a steady stream of income. Income is the foundation upon which families build savings and purchase assets. Access to safe credit and debt management are critical to this equation as well. Efforts are underway to research how to:

- Encourage financial capability services in youth employment opportunities. Ameliorate any possible benefits cliffs for households that may have young workers participating in summer youth employment savings programs
- Smooth income volatility, possibly through city as employer efforts
- Encourage savings and financial capability with tax-time efforts like free tax preparation outreach, providing benefits screening and connecting filers to safe financial products

HOMEOWNERSHIP AND HOUSING AFFORDABILITY: The prospect of homeownership is out of reach for many and even renting causes strain in the Bay Area. Urban Strategies Council estimates that at the current minimum wage, an individual needs 3.7 jobs to afford median rent.⁴ Families are forced to make impossible choices between food, health care and housing and utilities. Should any of those fall short, families can be just days away from homelessness. In addition to building more units, providing supportive services to currently homeless people and families, the city can also explore ways to prevent homelessness through:

- Emergency fund for homelessness prevention
- Property tax relief, utility relief and debt payment arrangements

EXPANDING WEALTH-BUILDING ENTREPRENEURSHIP: Commercial and retail opportunities are returning to Oakland, but there is a serious concern that it is at the expense of entrepreneurs and communities of color. To ensure that entrepreneurship is indeed a wealth-building venture for people of color, the city should explore:

- Providing more affordable commercial space for entrepreneurs of color
- Providing incentives for building owners to lease to entrepreneurs of color
- Including demographic data on business registrations to have better data on performance and inequities

³ For more information on Prosperity Now's Household Financial Security Framework, see <https://prosperitynow.org/household-financial-security-framework>.

⁴ Building Financial Security in Oakland and Alameda County: A Data Snapshot, CFED and Urban Strategies Council, February 2016.