



# AGENDA REPORT


**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Emily Weinstein  
Director, Department of  
Housing & Community  
Development

**SUBJECT:** Permit Ready Express Program

**DATE:** September 10, 2025

City Administrator Approval

  
Jestin Johnson (Sep 25, 2025 20:18:20 PDT)

Date: Sep 25, 2025

## **RECOMMENDATION**

**ADOPT A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO (A) ESTABLISH THE PERMIT READY EXPRESS PROGRAM (B) ALLOCATE UP TO \$5,199,517 FROM THE PATHWAYS TO REDUCING OBSTACLES TO HOUSING GRANT FOR PERMIT READY EXPRESS PROGRAM, (C) ALLOCATE ASSOCIATED PREDEVELOPMENT LOAN REPAYMENTS TO THE PERMIT READY EXPRESS PROGRAM, AND (D) MAKE AFFORDABLE HOUSING PREDEVELOPMENT LOANS TO QUALIFIED DEVELOPERS UNDER THE PERMIT READY EXPRESS PROGRAM**

## **EXECUTIVE SUMMARY**

On January 14, 2025, the Department of Housing and Urban Development (HUD) awarded the City of Oakland (City) \$7 million via the Pathways to Removing Obstacles to Housing (PRO Housing) grant program. In its grant application, the City proposed to dedicate the bulk of the funds to establishing a new predevelopment revolving loan program for affordable housing projects and to funding a new position in the Planning and Building Department (PBD) for five years to serve as an affordable housing permit expeditor/facilitator.

This Council item authorizes the City of Oakland's Housing & Community Development Department (Oakland HCD) to use the \$5.2 million in PRO Housing funds allocated to predevelopment lending to establish the Permit Ready Express Program. This new revolving loan program will have two main funding pools:

- A) The "Permit Fast Track" pool will provide bridge loans to projects that are almost ready to begin construction and need assistance with the cost of permit-related fees. This pool is exclusively for projects with prior City funding commitments and offers up to \$1,000,000 per project for projects funded via the New Construction Notice of Funding Availability and up to \$175,000 for projects funded via the Rapid Response Homeless

Housing (R2H2) program. The main benefit of this pool is to help projects accelerate the timeline to apply for permits, begin construction, and open their doors to the public.

- B) The “Emerging Opportunity” pool will provide up to \$50,000 in feasibility funding for developers assessing potential locations for affordable housing development. An additional \$350,000 per project will be available for developers to conduct early predevelopment work such as architectural design and environmental testing. The main benefits of this pool are to expand Oakland’s affordable housing pipeline, support emerging developers, and help potential projects spend less time in predevelopment.

For the first 18 months of the program, \$2 million of the \$5.2 million will be reserved for the “Emerging Opportunity” pool. Of that \$2 million reservation, \$1.2 million will be specifically reserved for emerging developers that have completed no more than four previous projects. Aside from these allocations, funds from both pools will be distributed on a first-come, first-served basis. Loans from both pools are repaid during the construction financing loan close (immediately prior to projects beginning construction), and repaid funds are invested in additional loans. The Permit Ready Express Program should therefore be a self-sustaining source of predevelopment lending for Oakland’s affordable housing projects for years to come.

## **BACKGROUND / LEGISLATIVE HISTORY**

### ***Oakland’s Past Predevelopment Lending Efforts***

On May 5, 1987, the Council adopted Resolution No. 64573 C.M.S., which authorized the creation of a Housing Predevelopment Revolving Loan and Grant Program. This predevelopment loan program for affordable housing historically relied on redevelopment funding to capitalize loans, but the elimination of redevelopment agencies forced the City to pivot to alternative funding sources. The most recent injection of additional funds to this legacy predevelopment program was in 2018, when the Council adopted Resolution [No. 87472 C.M.S.](#), which allocated \$400,000 in Jobs-Housing Impact Fees to the program. These funds were all used, and no funds remain in the legacy predevelopment program.

Although well received at the time, the legacy predevelopment program featured a per project limit of \$50,000. As the costs of predevelopment work increased over time, this program became less useful to prospective developers. While a larger funding allocation to this program might have enabled a higher per project limit, such an allocation would have involved a direct tradeoff with funding the construction of affordable housing. As Oakland HCD has long featured an extensive pipeline of unfunded projects that needed construction funds, and local funding commitments to construction are heavily leveraged with state and federal resources, the most efficient use of local funds was to invest directly in affordable housing construction.

### ***Permit Fees and Affordable Housing***

Oakland PBD functions on a cost-recovery basis- the cost of services it provides is recovered from fees paid by its service users. As a result, when an affordable housing project seeks a building permit, it must pay fees to cover the cost of PBD’s plan check and inspections of the project. The developer is also required to pay fees to help cover the cost of PBD’s record management and technology systems and the costs associated with updating Oakland’s

General Plan. If the developer requires additional permits, such as a grading permit to level the slope of the construction site, the developer must pay additional fees to cover the additional work PBD must complete associated with those permits. The per unit cost of PBD fees varies between projects, but a 2024 analysis by Oakland HCD estimated that the four largest fees together averaged around \$7,500 per unit.

Prior to the construction loan close, most affordable housing developers have very limited access to capital. Over the past several years, local affordable housing developers have expressed concern that the large permit fees- which must be paid up front- are a significant financial burden to affordable housing developers. As a result, Action 3.3.9 in the City's 2023-2031 Housing Element<sup>1</sup> commits the City to explore options to reduce the burden of City fees on affordable housing developers.

Prior to this PRO Housing grant, the City had limited options to follow through on Action 3.3.9. The City cannot unilaterally waive these fees for affordable housing- to do so would force non-affordable housing users of PBD services to subsidize the services PBD provides to affordable housing. Such a cross-subsidization is prohibited by Proposition 218. Deferring the fees until after construction begins would risk generating unpaid bills for PBD if a project applied for building permits but was unable to secure construction funding and died. While some cities fronted the cost of permit fees for affordable housing out of local funds, the resources required to do so have not been available in Oakland's General Fund.

### ***The PRO Housing Grant Program***

The Pathways to Reducing Obstacles to Housing (PRO Housing) program was a highly competitive HUD grant first offered in 2023<sup>2</sup>. This program sought creative proposals from state and local governments to eliminate barriers to housing production.

On October 17, 2023, the Council adopted Resolution [No. 89950 C.M.S.](#), which authorized staff to apply for the first round of the PRO Housing program. The first round of the program was oversubscribed by a roughly 10-1 margin and the City's application was not selected.

On October 1, 2024, the Council adopted Resolution [No. 90451 C.M.S.](#), which authorized staff to apply for the second round of the PRO Housing program. The City's application was similar to the first-round application and built on feedback HUD provided following the first round. On January 14, 2025, HUD announced that Oakland was one of 18 second round funding recipients, out of the over 200 jurisdictions that applied<sup>3</sup>.

## **ANALYSIS AND POLICY ALTERNATIVES**

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<sup>1</sup> Available at: [https://cao-94612.s3.amazonaws.com/documents/Oakland-Adopted-Housing-Element-Ch-1-4-21023\\_2023-02-17-213804\\_ddow.pdf](https://cao-94612.s3.amazonaws.com/documents/Oakland-Adopted-Housing-Element-Ch-1-4-21023_2023-02-17-213804_ddow.pdf)

<sup>2</sup> More information on the PRO Housing Program is available at: <https://www.grants.gov/search-results-detail/356013>

<sup>3</sup> The announcement and more information on other second round recipients is available at: <https://www.hud.gov/sites/dfiles/CPD/documents/FY24-PRO-Housing-Overview.pdf>

Oakland's successful PRO Housing grant application set aside \$5.2 million to fund a new revolving predevelopment loan program. This Permit Ready Express Program (PREP) will make loans to developers in two pools, the Permit Fast Track pool and the Emerging Opportunity pool. The proposed term sheet/program description is attached to this report as Attachment A. This program will advance the City's strategic goals to reduce disparities and promote equitable access to housing and economic opportunities by accelerating the development of affordable housing and supporting emerging developers.

The Permit Fast Track pool will address the concerns affordable housing developers expressed with permit fees by creating a predevelopment loan pool specifically targeted towards these fees. This pool will fund projects that A) have a prior City funding commitment from a competitive affordable housing funding process (typically the New Construction Notice of Funding Availability (New Construction NOFA) or the Rapid Response Homeless Housing (R2H2) Program), and B) have secured all funding commitments except the Low-Income Housing Tax Credit. For projects funded via the New Construction NOFA, the maximum per project limit will be \$1,000,000. For projects funded via the R2H2 Program, State Homekey, or other funding opportunities, per project funding will be limited to \$175,000. This lower funding limit is because most R2H2/Homekey projects are conversions of existing buildings and involve less extensive construction than the ground-up projects funded via the New Construction NOFA. Permit fees for R2H2/Homekey projects are correspondingly smaller than the fees paid by New Construction NOFA projects. By covering most or all of the cost associated with building permits, this pool will encourage developers to submit permit applications earlier than they would under the status quo. This will in turn allow developers to break ground sooner after their tax credit or other final funding award. As an end result, projects will complete faster, which can reduce project costs and deliver affordable homes faster to Oakland residents.

The Emerging Opportunity pool is targeted towards developers exploring potential new affordable housing projects. By providing up to \$50,000 in initial feasibility funding and as much as \$350,000 in additional predevelopment funds per project, this pool will help expand Oakland's affordable housing pipeline. This larger pipeline will help Oakland HCD identify projects that can maximize the impact of the City's local affordable housing investments. Providing early predevelopment funding can also reduce the lead time before developers are ready to begin applying for state and federal grants. This will therefore make Oakland more competitive for state and federal housing resources. In some cases, these predevelopment funds may help developers explore sites outside of their usual focus areas, which might expand affordable housing in neighborhoods with less past affordable housing development.

While Oakland HCD proposes to generally deploy funds from PREP on a first-come, first-served basis, there are two specific reservations planned for the first 18 months of program operation. \$2 million of the PREP funds is reserved for the Emerging Opportunity pool, and \$1.2 million of that is specifically reserved for emerging developers. At present, an emerging developer is defined as a developer who has completed at least one but no more than four similar projects to the affordable housing project they have in mind. This definition may be further revised based on stakeholder input. Although the City's R2H2/Homekey program has a strong record of

success- it recently announced its tenth project award from the State<sup>4</sup>- Oakland HCD staff encountered a range of emerging developers who found project identification and design to be a challenging experience. This demonstrated a strong need for early-stage predevelopment resources to help these developers focus on the most viable prospects and retain expert assistance with the predevelopment process.

For all PREP loans, the City will be repaid during the construction loan close. The City will then use these repayments to make additional loans via PREP. PREP will therefore continue making affordable housing resources available to Oakland projects for the indefinite future.

### ***Oakland's Affordable Housing Expediter***

As part of Oakland's PRO Housing grant, the City allocated PRO Housing funds to pay for a new affordable housing expediter position in PBD for five years. Patterned off similar positions in San Francisco and other communities, this role will serve as a navigator, troubleshooter, and point of contact for affordable housing developers seeking to build in Oakland. In addition to providing individualized project-based assistance, this role will identify common development roadblocks and potential process improvements. PBD has identified an individual to fill this role and they are forecast to start in Fall 2025.

### **FISCAL IMPACT**

The proposed resolution will authorize the City Administrator to make up to \$5.2 million in loans funded by the PRO Housing grant (HUD-CDBG Fund 2108, Housing Development Organization 89929, HUD Pro Housing Grant Project 1008007) through PREP. This resolution will also authorize the periodic appropriation of loan repayments for additional loans in the HUD-CDBG fund (2108), Housing Development organization (89929), HUD Pro Housing Grant project (1008007), Loan Expenditures: Non-Grant account (58312).

As part of its \$7 million PRO Housing application, the City dedicated \$577,724 in grant funds to cover the administrative costs associated with PREP. This program will therefore have no net fiscal impact on the City for the first several years of operation.

### **PUBLIC OUTREACH / INTEREST**

Predevelopment funding was identified as a significant need during outreach conducted by PBD for the 2023-2031 Housing Element. No specific outreach beyond normal Council noticing was otherwise conducted for this item.

### **COORDINATION**

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<sup>4</sup> <https://www.oaklandca.gov/News-Releases/HCD/Oakland-awarded-7.1-million-in-Homekey-funds-for-The-Maya-Motel>

This report was completed in coordination with the City Attorney's Office, Department of Workplace & Employment Standards, Department of Race & Equity, and Finance Department.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** PREP will reduce financing costs for affordable housing developers, make Oakland affordable housing projects more competitive for state and federal resources, accelerate the construction of shovel-ready projects with nearly complete financing, and help Oakland find the most efficient possible projects for future affordable housing investments.

**Environmental:** Feasibility and early-stage predevelopment funding will help affordable housing developers identify sites with no serious environmental hazards or identify plans to remediate existing environmental hazards.

**Race & Equity:** Black and Latino Oaklanders experience disproportionate rates of housing cost burden, and Black Oaklanders are at the highest risk of experiencing homelessness. Affordable housing reduces the impact of these disparities. PREP will accelerate the delivery of affordable housing for projects that have already received City funding commitments and will help expand the affordable housing pipeline. By providing emerging developers with feasibility and early-stage predevelopment support, PREP may also help further diversify the affordable housing field.

### **ACTION REQUESTED OF THE CITY COUNCIL**

**Adopt A Resolution Authorizing The City Administrator To (A) Establish The Permit Ready Express Program (B) Allocate Up To \$5,199,517 From The Pathways To Reducing Obstacles To Housing Grant For Permit Ready Express Program, (C) Allocate Associated Predevelopment Loan Repayments To The Permit Ready Express Program, And (D) Make Affordable Housing Predevelopment Loans To Qualified Developers Under The Permit Ready Express Program**

For questions regarding this report, please contact Caleb Smith, Senior Policy Analyst, at (510) 590-6275.

Respectfully submitted,



Emily Weinstein (Sep 23, 2025 20:35:53 PDT)

Emily Weinstein  
Director, Housing & Community Development  
Department

Prepared by:  
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Attachment (1): A. Program Term Sheet and Description

## Permit Ready Express Predevelopment (PREP) Program

Total funds available: \$5.2 million

*This summary/guidelines is a draft and is subject to further modification. Please contact [hcd@oaklandca.gov](mailto:hcd@oaklandca.gov) for the most current copy of program terms/guidelines.*

Program Components	Permit Fast Track	Emerging Opportunity
Applicant Selection Process	<p>Projects must meet one of the following criteria: 1) Projects that have received a funding commitment from the City of Oakland's New Construction Notice of Funding Availability and have assembled all permanent sources pending an application for tax-exempt bonds and/or LIHTC's, 2) Projects that have received a funding commitment from the City of Oakland's Rapid Response Homeless Housing Program (R2H2) and do not require additional funding commitments from any other funder, and 3) A project that has received a commitment from the State of California's Homekey program or a substantially similar State program, and does not require additional funding commitments from any other funder.</p> <p>For the above projects- first come, first serve.</p> <p>No minimum reservation for this pool.</p>	<p>Stand-alone application. All projects that meet threshold requirements are funded on a first-come, first-serve basis while funds remain available.</p> <p>\$2 million is reserved for this pool for the first 18 months, at which point any remaining funds will be released to the general pool. At least \$1.2 million of the \$2 million will be reserved for emerging developers during the 18-month period.</p> <p>There is no maximum on this pool- except for the initial reservation noted above, all funds across both pools will be drawn down on a first-come, first-served basis.</p>

	Maximum of \$3.2 million may be spent in this pool during the first 18 months of the program, after that any remaining funds may be spent across this and the Emerging Opportunity pool.	
Loan Amount	Up to \$1 million for projects funded through the New Construction NOFA; up to \$175,000 for all other projects.	\$50,000 for feasibility, \$350,000 for regular loan (total of \$400,000)
Loan/Grant	Loan- secured by Deed of Trust if land has been acquired, may be unsecured if land has not yet been acquired.	Feasibility loan – secured by work product if project does not proceed.  Post-Feasibility funds are a loan secured by Deed of Trust on the land. Secured by work product if land has not been acquired.
Interest Rate	3% simple interest will accrue during the loan term. Payment deferred until loan repayment.	1% during the predevelopment period.
Term	Until the construction financing close, but in no longer than 24 months. Staff may extend the term under extraordinary circumstances.	Feasibility- 1-year term to produce deliverables.  Post-Feasibility- 5-year term to commence acquisition (of existing) or construction.
Repayment Requirements	The loan will be repaid by the construction financing at construction financing close, or will be due and payable at 24 months if the project has not closed construction financing.	Payments deferred during Feasibility and Post-Feasibility Period.  Full repayment required at acquisition/construction closing



	Non-recourse to Sponsor.	Feasibility loan forgiven if project is deemed infeasible and doesn't move forward.  Non-recourse to Sponsor.
Developer Equity Contribution Requirements	No Set Equity Requirement.	No Set Equity Requirement.  Project sponsors will be underwritten for financial capacity to complete predevelopment.
Origination Fees	None	None
Entity Eligibility	Non-profits, for-profits, Tax Credit Limited Partnerships.	Non-profits, for-profits.  Sponsor Experience will be evaluated to ensure developer capacity to complete predevelopment.
Emerging Developer Programs	N/A- projects are already qualified via competitive funding opportunities	No less than \$1.2 million of the \$2 million will be reserved for emerging developers during the initial 18-month period.
Project Eligibility	Projects must meet one of the following criteria: 1) Projects that have received a funding commitment from the City of Oakland's New Construction Notice of Funding Availability and have assembled all permanent sources pending an application for tax-exempt bonds and/or LIHTC's, 2) Projects that have received a funding commitment from the City of Oakland's Rapid Response Homeless Housing Program (R2H2) and do not require additional	New construction of rental housing targeting incomes at 80% AMI and below.  Acquisition/rehab of rental housing targeting incomes at 80% AMI and below.  New Construction or Acquisition/rehab of homeownership housing targeting incomes at 120% AMI and below.

	<p>funding commitments from any other funder, and 3) A project that has received a commitment from the State of California's Homekey program or a substantially similar State program, and does not require additional funding commitments from any other funder.</p>	
Eligible Costs	<p>Permit fees</p> <p><b>Ineligible costs</b> include all other uses.</p>	<p>Soft costs associated with the development and financing of the project including consulting fees, payment of permit review costs, preparation of project related studies. Developer/Sponsor management/coordination costs up to 10% of Post-Feasibility loan are eligible costs if a Post-Feasibility loan is awarded.</p> <p><b>Ineligible costs</b> during the predevelopment period include Property Acquisition, Demolition, Relocation, on-site or off-site Construction.</p>
Developer Fee	None	Developer/Sponsor management/coordination costs up to 10% of Post-Feasibility loan are not considered to be part of the future Developer Fee.
Site Control	Yes- Grant Deed or Exclusive Negotiating Agreement if government-owned land. A binding option is also acceptable for privately-owned land.	<p>Feasibility loan- Site control not required, however an executed Letter of Intent to Purchase or Lease must be provided.</p> <p>Post-Feasibility loan- Yes- Grant Deed or Exclusive Negotiating Agreement if government-owned land.</p>
Loan Security	Secured by Deed of Trust on Land unless government-owned land and no	Feasibility loan- Secured by work product

	ground lease has been executed. Unsecured loan will be secured by work product.	Post-Feasibility loan- Secured by Deed of Trust on Land unless government-owned land and no ground lease has been executed. Unsecured loan will be secured by work product.
Triggered Project Requirements	Prevailing wage already required by prior City funding commitment. No additional City-specific labor standards required- such requirements will be governed by the rules associated with the prior City funding commitment.	Does not trigger prevailing wage or any City-specific labor standards.

“Emerging Developer” is currently defined as a developer who, in the City’s reasonable discretion developed, owned, or operated at least one (1) but not more than four (4) completed Affordable Rental Housing Developments that are equivalent to the proposed Affordable Rental Housing Development in size, scale, level of amenities, and occupancy.

Developers should generally expect to use these funds to prepare projects to seek funding via the two main City funding opportunities for creating new affordable homes, the [New Construction Notice of Funding Availability](#) and the [Rapid Response Homeless Housing Program](#). A brief summary of both programs is listed below:

New Construction Notice of Funding Availability (New Construction NOFA): This program funds 100% affordable multifamily rental housing at 80% of Area Median Income or below. Projects typically contain a range of income restrictions, including a portion of units at 30% of Area Median Income. These projects usually seek federal Low Income Housing Tax Credit (LIHTC) financing as an additional opportunity to leverage City funding commitments. Accordingly, most projects funded via this program contain 60 units or more. This is the most common source of local funding for developing vacant lots. Tenants typically apply for available units via a lottery.

Rapid Response Homeless Housing (R2H2) program: This program funds 100% affordable housing dedicated entirely as Permanent Supportive Housing (PSH) for the homeless. Rents in these units are always restricted at or below 30% of Area Median Income. Projects often require a form of either capitalized or ongoing operating subsidy to support the cost of property management,

maintenance, and services for residents. Tenants are typically placed in available units via Alameda County's Coordinated Entry System.