



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2019 SEP 26 PM 2:11

## AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** William A. Gilchrist  
Director, Planning and  
Building

**SUBJECT:** Senate Bill 2 (2017) Planning Grant  
Program FY 2019-20

**DATE:** September 16, 2019

City Administrator Approval

Date:

9/26/19

### RECOMMENDATION

**Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Apply For, Accept And Appropriate Funds From The Senate Bill 2 (2017) Planning Grant Program From The California Department of Housing And Community Development In An Estimated Amount Of Up To \$625,000 To Provide Funding For The Preparation, Adoption, And Implementation Of Plans And Policies That Streamline Housing Approvals, Accelerate Housing Production, And Increase Housing Stock From November 1, 2019 Through June 30, 2022.**

### EXECUTIVE SUMMARY

Adoption of the proposed resolution will allow the City Administrator, or her designee, to apply for and accept the Senate Bill 2 (2017) Planning Grant Program funding from the California Department of Housing and Community Development. If approved, the Planning Grant Program can fund the development of objective design review standards and other systems intended to expedite the production of housing. These funds can also support research and analysis necessary to develop a proposal for rezoning certain areas near major transit hubs, allow for greater density, and explore allowance of two-, three-, and four-unit buildings on lots that currently permit single-family residences exclusively. Utilization of these funds will ultimately lead to changes in the Planning & Building Department's (PBD) Bureau of Planning policies regarding the review and approval process, as well as potential rezoning of parcels that would result in changes to Oakland's Planning Code, thereby requiring further City Council approval. Together, these measures will help create more housing stock, accelerate its production, and lower its overall cost to middle- and low-income residents.

### BACKGROUND / LEGISLATIVE HISTORY

Oakland is in the midst of a housing crisis that is perpetuating rising costs, increased rent burden, displacement, and widespread demographic change. At the root of this crisis is the limited availability of housing in Oakland, specifically housing available to moderate- and low-income renters. Since the burst of the housing bubble, and the ensuing economic recession in

Item: \_\_\_\_\_  
CED Committee  
October 8, 2019

2008, housing demand has far outstripped production. The Bay Area has continued to add jobs while housing production has not matched the same pace.

Oakland's limited housing stock, coupled with the influx of higher-income residents, has caused the price of housing to skyrocket, adversely impacting many residents. As of 2016, 48 percent of Oakland renters are rent burdened—meaning that more than 30 percent of their household income is spent on rent.<sup>1</sup> Oakland's homeless population has increased 47 percent in the past two years, jumping from 2,761 in 2017 to 4,071 in 2019.<sup>2</sup> As Oakland's overall population has continued to grow—from 390,792 in 2010 to 429,082 in 2018—the City's African American population has steadily decreased from 140,139 in 2000 to 101,482 in 2017.<sup>3 4</sup> These trends underscore the importance of exploring opportunities to generate more housing stock, at varying levels of affordability.

The production of housing at all income levels in Oakland has not accelerated enough to significantly impact growing housing prices or the resultant demographic changes. Between 2015 and 2018, the City of Oakland issued permits for the construction of 9,710 new units of housing; as of January 2019, there were over 8,600 homes under construction. While this level of housing production is a large increase from years past, it is not commensurate with the level of population growth, or the need for housing at varying levels of affordability. A 2017 study conducted by the *East Bay Express* found that only six percent of Oakland's rental housing pipeline is affordable to low- and moderate-income households.

On March 21, 2019, City Council adopted Resolution No. 87579 C.M.S. requesting the Bureau of Planning Staff to study and the Planning Commission to consider incentives to encourage transit-oriented housing—including affordable housing—in the City of Oakland, including but not limited to:

- Lowering the required parking ratio;
- Allowing for a greater height maximum;
- Allowing for greater density; and
- Streamlining the permitting process for transit-oriented housing, including affordable housing.

In 2017, Governor Jerry Brown passed a bill package aimed at addressing the State of California's housing shortage and high housing costs, which included Senate Bill (SB) 2: the Building Homes and Jobs Act. Through taxing real estate documents and transactions, this bill generates revenue to support efforts to increase the supply of affordable housing in California.

The State of California, Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) dated March 28, 2019, for the Planning Grants Program. The purpose of the Planning Grants Program, financed through SB 2 funds in fiscal year (FY) 2019-20 only, is to provide funding and technical assistance to qualifying local governments in

---

<sup>1</sup> <https://data.oaklandnet.com/Equity-Indicators/Rent-Burden/fsve-tisg>, data sourced from American Community Survey Public Use Microdata Series, 2018.

<sup>2</sup> Michelle Kingston, "Oakland's Homeless Population Increased by 47 Percent in Two Years," KRON4, July 23, 2019

<sup>3</sup> U.S. Census Bureau, *Population Estimates, July 1, 2018 (V2018)*, P94-171

<sup>4</sup> U.S. Census, 2017 ACS 5-Year Survey (Table B03002)

California to prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. In order to receive SB 2 funding, eligible municipalities must have submitted a recent Annual Progress Report, have an HCD-compliant housing element, demonstrate consistency with State Planning Priorities identified by the SB 2 program, and apply for projects that advance Priority Policy Areas identified by the SB 2 program.

SB 2 grant applications are due on November 30<sup>th</sup>, and the City of Oakland will have until June 30<sup>th</sup>, 2022 to expend funds. The Bureau of Planning intends to work with a consultant(s) selected through the issuance of a Request for Proposal (RFP) to provide assistance to Planning staff in the development of these polices and proposals, and to conduct the research and development of Priority Policy Area programs and policies. The award of any professional service contracts will follow the City's Contracting procedures and policies.

### **ANALYSIS AND POLICY ALTERNATIVES**

The Bureau of Planning seeks to use SB 2 Planning Grants Program funds to develop strategies that will ameliorate both the shortage of housing stock and its limited affordability. The Bureau seeks funds to pursue projects in four of the distinct Priority Policy Areas highlighted in the grant guidelines: a) Rezoning to permit by-right housing along major transit corridors, b) Objective design review standards and checklist for developments near transit corridors or that contain a significant percentage of affordable units, c) Expedited processing to accelerate approvals and permitting, and d) Accessory Dwelling Units (ADUs) or Other Innovative building strategies to densify existing lower-density residential areas and missing middle typologies.

Construction of new single-family homes and large-scale multifamily housing is often affordable only to those earning well above the Area Median Income. ADUs and innovative building strategies and typologies can help address the housing shortage by generating needed housing stock which is affordable to middle-income households. Supporting the development of ADUs, duplexes, triplexes, and quadplexes as low-cost building strategies generates a lower price point more affordable to middle-income households without relying on tax credits and other competitive funding sources.

Expedited processing and objective design review standards are tools that will increase overall housing stock in Oakland—reducing the timeline required for predevelopment and approvals allows housing to be built faster and at a lower cost. These measures will also allow the City of Oakland to incentivize the construction of affordable housing by expediting the processing and review of projects that provide a certain amount or percentage of affordable units. Rezoning to permit by-right development near major transit corridors will also rapidly increase housing stock and provide incentive for developers to generate affordable units in order to qualify for the program.

The City of Oakland Bureau of Planning will pursue four distinct projects with funds from the SB 2 Planning Grants Program, the final products of which will require further City Council adoption. Each of these projects will help the City of Oakland accelerate housing production and increase housing supply at varying income levels.

1. *Expedited Processing* to speed up approvals and permit processing. This would include a separate, expedited, non-discretionary permit review of housing projects that meet certain criteria such as: affordable housing or developments that contain a certain percentage of affordable housing; developments that are near BART, along the Bus Rapid Transit (BRT), and other major transit corridors.
2. *Rezone to Permit By-right* housing that is located in areas near BART, along the BRT, and other major transit corridors to promote transit-oriented development, especially for projects that include an affordable housing component. This project would also aim to rezone areas near transit nodes to allow greater density of housing. These projects would be reviewed through an objective, non-discretionary, design review standards checklist.
3. *Objective Design Review Standards* that can be used to expedite processing and approval of affordable housing, developments that contain a certain percentage of affordable housing, and/or are near BART, along the BRT, and other major transit corridors.
4. *Accessory Dwelling Unit (ADU) or Other Innovative Building Strategies* establishing approaches to densify existing lower density residential areas. These approaches will include supporting the development of ADUs as well as "missing middle" typologies (e.g., duplexes, triplexes, quadplexes) to encourage significantly more residential development in lower density residential areas.

SB 2 financing will allow Bureau of Planning staff to research, analyze, and draft the framework for these innovative policies, with funding available until June of 2022. Congruent with the goals for the Planning Grants Program, the Bureau of Planning's intention is to develop and implement policies that will expedite housing development and increase housing supply. Each of the four proposed projects will require review by the Planning Commission and approval by the City Council for adoption, if there are changes to the Planning Code. Bureau of Planning staff will use SB 2 funds to select a qualified team of consultants through an RFP process, to work on each project and assist Planning staff in the development of new policies and proposals. Notwithstanding any potential subsequent obligation to conduct environmental review under the California Environmental Quality Act (CEQA), the preliminary action of applying for, accepting and appropriating state funding is not a decision that commits the City to a definite course of action with respect to implementation of developed proposals and therefore is not subject to CEQA.

Staff is requesting adoption of the proposed Resolution by the City Council at its meeting of October 15, 2019, in order to meet the application deadline.

### **FISCAL IMPACT**

Approval of the proposed resolution will authorize the application, acceptance, and allocation of the SB 2 Planning Grant Program funds for Program Year 2019-2020, 2020-2021, and 2021-2022 in a total estimated amount of \$625,000. Successful applicants will receive an award letter from the California Department of Housing and Community Development and will be awarded funds through a standard agreement process that will specify the amount of funds granted, timeline for expenditure of funds, and the approved use of funds. Grantees will submit for reimbursements based on actual cost incurred on a quarterly basis.

The fiscal impact to the City is the staff time dedicated to developing the policy tools. A team of consultants will support Bureau of Planning staff throughout the research, analysis, and development of these projects.

### **PUBLIC OUTREACH / INTEREST**

As part of the research and development of these tools and policies, Bureau of Planning staff will conduct an extensive outreach process, with the intention of engaging several different stakeholder groups. The outreach process will consist of interviews, focus groups, surveys, and community meetings. The stakeholder groups with whom Bureau of Planning staff will engage include:

- *Real Estate Developers* – Engaging with the development community will help Bureau of Planning staff identify how much time they generally spend on pre-development, design review, and approvals, and how much time proposed policy measures would save them. By determining how proposed policies would impact the development timeline, staff can begin to ascertain how much cost savings would result from given changes. Developers would also be able to provide insight as to which changes to the design review process would be the most impactful, and how.
- *Oakland Renters and Owners* – Engaging with Oakland renters and owners will help Bureau of Planning staff develop criteria for housing typologies and affordability thresholds that fit the current demand. Oakland renters can speak from experience about which housing typologies are in highest demand, as well which are most accessible. It is also important to understand from home owners what assistance they can use to build ADUs and/or other missing middle units. Renters also know first-hand which unit configurations and arrangements best fit different family sizes, levels of physical ability, and age brackets. Working closely with Oakland renters and owners will allow Bureau of Planning staff to design policy tools that maximize impact, and directly address the City's housing shortage.
- *Oakland Stakeholders* – Policy changes that allow for increased density and different housing typologies will impact Oaklanders beyond those who are building or living in the new units. Parking, transportation, design, and building updates will impact Oakland residents in myriad ways, and Bureau of Planning staff plans to connect with a broad coalition of stakeholders. Community meetings with existing groups and organizations will help Bureau of Planning staff develop policy tools that are comprehensive and sustainable; incorporating diverse voices into the planning process will limit adverse and unintended effects of these proposed projects.

### **COORDINATION**

The Bureau of Planning will work closely with PBD's Bureau of Building in the development of plans and policies that promote housing development while also adhering to safety, design, and habitability standards. Bureau of Planning staff will also work with the Department of Transportation to coordinate densification adjacent to transit nodes. City Councilmembers will also be involved in conversations about increasing density in their respective districts.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Expediting housing production will generate construction jobs in Oakland. Promoting ADUs and missing-middle housing typologies (e.g., duplexes, triplexes, quadplexes) will give Oakland residents opportunities to supplement their income by generating additional units on their properties. Expedited processing, by-right development of projects with affordable units, and promotion of low-cost building strategies will also help address the City's homeless crisis. Encouraging development near BART and other transit nodes will lessen the financial burden, felt by many Oakland residents, of commuting long distances to work.

***Environmental:*** The lack of housing near transit creates traffic congestion, and worsens air pollution, as residents are forced to drive long distances to their jobs. Considerable evidence shows that households living near dense areas and transit corridors have lower carbon footprints than those living in less dense areas further from transit. Affordable housing located near transit is particularly impactful, as low-income households are more likely not to own cars if they have access to quality transportation options.

***Social Equity:*** Oakland residents—particularly residents of color, and low-income residents—are being displaced at an alarming rate. SB 2 funds will help the Bureau of Planning develop strategies to create more housing supply, with additional focus on developing housing that is affordable to Oaklanders of all income levels. Increasing the availability and the affordability of housing stock is a step towards keeping our most vulnerable communities intact, and giving residents an opportunity to participate in, and benefit from, Oakland's growth and development.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Apply For, Accept And Appropriate Funds From The Senate Bill 2 (2017) Planning Grant Program From The California Department of Housing And Community Development In An Estimated Amount Of Up To \$625,000 To Provide Funding For The Preparation, Adoption, And Implementation Of Plans And Policies That Streamline Housing Approvals, Accelerate Housing Production, And Increase Housing Stock From November 1, 2019 Through June 30, 2022.

For questions regarding this report, please contact Laura Kaminski, Acting Strategic Planning Manager, at 510-238-6809.

Respectfully submitted,



WILLIAM A. GILCHRIST  
Director, Planning and Building Department

Reviewed by:  
Ed Manasse, Deputy Director/City Planner

Prepared by:  
Dylan Hamilton, Planner II  
Laura Kaminski, Acting Strategic Planning  
Manager

2019 SEP 26 PM 2:11

  
City Attorney's Office

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE FUNDS FROM THE SENATE BILL 2 PLANNING GRANT PROGRAM FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IN AN ESTIMATED AMOUNT OF UP TO \$625,000 TO PROVIDE FUNDING FOR THE PREPARATION, ADOPTION, AND IMPLEMENTATION OF PLANS AND POLICES THAT STREAMLINE HOUSING APPROVALS, ACCELERATE HOUSING PRODUCTION, AND INCREASE HOUSING STOCK FROM NOVEMBER 1, 2019 THROUGH JUNE 30, 2022.**

**WHEREAS**, in 2017, Governor Jerry Brown signed a bill package aimed at addressing the State of California's housing shortage and high housing costs, which included the Building Homes and Jobs Act (SB 2); and

**WHEREAS**, the Planning Grants Program, financed through SB 2 funds, provides funding and technical assistance to qualifying local governments in California to prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production. These funds will lead to changes in the Planning & Building Department's Bureau of Planning policy regarding the review and approval process, and would also result in changes to Oakland's Planning Code, which would require further City Council approval; and

**WHEREAS**, Oakland is in the midst of a housing crisis, rooted in the limited availability of housing specifically available to moderate- and low-income renters, that is perpetuating rising costs, increased rent burden, displacement, and widespread demographic change; and

**WHEREAS**, while the level of housing production in the City of Oakland has increased greatly in recent years, the production of housing at all income levels has not accelerated enough to significantly impact growing housing prices or the resultant demographic change; and

**WHEREAS**, on March 21, 2019, City Council Resolution No. 87579 C.M.S. requested the Bureau of Planning Staff to study and the Planning Commission to consider incentives to encourage transit-oriented housing—including affordable housing—in the City of Oakland, including but not limited to:

- Lowering the required parking ratio;
- Allowing for a greater height maximum;



- Allowing for greater density; and
- Streamlining the permitting process for transit-oriented housing, including affordable housing; and

**WHEREAS**, the State of California, Department of Housing and Community Development (HCD) has issued a Notice of Funding Availability (NOFA) dated March 28, 2019, for the Planning Grants Program; and

**WHEREAS**, the City Council of the City of Oakland desires to submit a project application for the Planning Grants Program to accelerate the production of housing and through the City Administrator submit a 2019 Planning Grant Program grant application as described in the Planning Grants Program NOFA and SB 2 Planning Grants Program Guidelines released by HCD for the Planning Grants Program; and

**WHEREAS**, HCD is authorized to provide up to **\$123 million** under the SB 2 Planning Grants Program from the Building Homes and Jobs Trust Fund for assistance to Cities and Counties (as described in Health and Safety Code section 50470 et seq. (Chapter 264, Statutes of 2017 (SB 2))) related to the Planning Grants Program; and

**WHEREAS**, the City Council desires that the Bureau of Planning utilize SB 2 Planning Grant Program funds to develop strategies that will ameliorate both the shortage of housing stock and its limited affordability, including through the development of four of the distinct Priority Policy Areas highlighted in the SB 2 Planning Grant Program Guidelines: a) Rezoning to permit by-right housing along major transit corridors, b) Objective design review standards and checklist for developments near transit corridors or that contain a significant percentage of affordable units, c) Expedited processing to accelerate approvals and permitting, d) and Accessory Dwelling Unit or Other Innovative building strategies to densify existing lower-density residential areas and missing middle typologies; and

**WHEREAS**, the Bureau of Planning will pursue four distinct projects with funds from the SB 2 Planning Grants Program, with each of these projects helping the City of Oakland accelerate housing production and increase housing supply at varying income levels. The final products of each project will require further City Council approval prior to adoption: and

1. *Expedited Processing* to speed up approvals and permit processing. This would include a separate expedited, non-discretionary, permit review of housing projects that meet certain criteria such as: affordable housing or developments that contain a certain percentage of affordable housing; developments that are near BART, along the Bus Rapid Transit (BRT), and other major transit corridors.
2. *Rezone to Permit By-right* housing that is located in areas near BART, along the BRT and other major transit corridors to promote transit-oriented development, especially for projects that include an affordable housing component. This project would also aim to rezone areas near transit nodes to allow greater density of housing. These projects would be reviewed through an objective, non-discretionary, design review standards checklist.
3. *Objective Design Review Standards* that can be used to expedite processing and approval of affordable housing, developments that contain a certain

percentage of affordable housing, and/or are near BART, along the BRT, and other major transit corridors.

4. *Accessory Dwelling Unit (ADU) or Other Innovative Building Strategies* establishing approaches to densify existing lower density residential areas. These approaches will include supporting the development of ADUs as well as missing middle typologies (e.g., duplexes, triplexes, quadplexes) to encourage significantly more residential development in lower density residential areas; and

**WHEREAS**, congruent with the goals for the Planning Grants Program, SB 2 financing will allow Bureau of Planning staff to research, analyze, and draft the framework for these innovative policies, with funding available until June 30th, 2022; and

**WHEREAS**, the Bureau of Planning will work with a consultant/consultants, selected through the issuance of a Request for Proposal (RFP) wherein interested consultants can apply for selection to assist Planning staff in the development of these policies and proposals, to conduct the research and development of Priority Policy Area programs and policies, with the award of any professional service contracts complying with the City's Contracting procedures and policies; and

**WHEREAS**, as part of the research and development of these tools and policies, Bureau of Planning staff will conduct an extensive outreach process, with the intention of engaging several different stakeholder groups through interviews, focus groups, surveys, and community meetings; and

**WHEREAS**, notwithstanding any potential subsequent obligation to conduct environmental review under the California Environmental Quality Act ("CEQA"), the preliminary action of applying for, accepting and appropriating state funding is not a decision that commits the City to a definite course of action with respect to implementation of developed proposals and therefore is not subject to CEQA; now, therefore, be it

**RESOLVED:** That the City Administrator or her designee on behalf of the City of Oakland is hereby authorized and directed to apply for and submit to HCD the 2019 Planning Grants Program application in the amount of six hundred and twenty-five thousand dollars (\$625,000); and be it

**FURTHER RESOLVED:** That in connection with the Planning Grants Program grant, if the application is approved by HCD, the City Administrator or their designee is authorized to enter into, execute, and deliver a State of California Agreement (Standard Agreement) for the amount of six hundred and twenty-five thousand dollars (\$625,000), and any and all other documents required or deemed necessary or appropriate to evidence and secure the Planning Grants Program grant, the City's obligations related thereto, and all amendments thereto (collectively, the "Planning Grant Program Grant Documents"); and be it

**FURTHER RESOLVED:** That the City shall be subject to the terms and conditions as specified in the Standard Agreement, the SB 2 Planning Grants Program Guidelines, and any applicable Planning Grants Program guidelines published by HCD, with funds to be used for the allowable expenditures as specifically identified in the Standard Agreement, with the application in full being incorporated as part of the Standard

Agreement, and with any and all activities funded, information provided, and timelines represented in the application to be enforceable through the executed Standard Agreement; and be it

**FURTHER RESOLVED:** That the City Council hereby agrees to use the funds for eligible uses in the manner presented in the application as approved by HCD and in accordance with the Planning Grants NOFA, the Planning Grants Program Guidelines, and the 2019 Planning Grants Program Application; and be it

**FURTHER RESOLVED:** That the City Administrator or her designee is authorized to execute the City of Oakland Planning Grants Program application, the Planning Grants Program Grant Documents, and any amendments thereto, on behalf of the City as required by HCD for receipt of the Planning Grants Program Grant.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND  
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council of the  
City of Oakland, California