




# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Alexa Jeffress  
Director, Economic &  
Workforce Development  
Department

**SUBJECT:** Economic Development Strategy  
2018-2020

**DATE:** April 14, 2021

City Administrator Approval 

Date: Apr 15, 2021

## **RECOMMENDATION**

**Staff Recommends That The City Council Receive An Informational Report Evaluating Performance Measures From The City Of Oakland Economic Development Strategy 2018-2020 And Introducing The Economic Recovery Plan For 2021.**

## **EXECUTIVE SUMMARY**

At the end of 2017, the Oakland City Council adopted an Economic Development Strategy to guide policy, regulation, and partnerships for the years 2018-2020. The Economic Development Strategy established three high-level objectives: increasing economic productivity, improving economic security, and reducing racial wealth disparities. The Economic & Workforce Development Department (EWDD) has worked to implement and monitor the City's progress toward achieving these three objectives, as well as 60 other adopted economic goals and targets, and has periodically reported progress to the Community and Economic Development (CED) Committee. This final report summarizes the City's Economic Development Strategy performance at the end of this three-year period and outlines the path toward an Economic Recovery Plan from the COVID-19 pandemic.

The 2018-2020 Economic Development Strategy set ambitious measures, including targets for City services and goals for the overall direction of Oakland's economy. In the period from 2018-early 2020 leading up to the pandemic, economic growth in Oakland was strong. Employment grew by 5,633 jobs, Gross Regional Product (GRP) grew 11 percent, and the number of Oakland households earning less than \$35,000 in annual income was reduced by 4 percent. However, racial disparities in income and asset poverty remained, particularly for Black and multi-racial Oakland households.

Substantial increases in the number of small businesses and job seekers the City supported in 2020 reflect the crisis of the COVID pandemic and prolonged shelter-in-place orders, which has disproportionately impacted small businesses, and workers of color, worsening existing inequities. EWDD will focus over the next 9-12 months on recovery efforts targeted at addressing racial disparities, supporting low-wage and essential workers and local small businesses, and identifying key growth sectors to rebuild a resilient economy and create good jobs for Oaklanders. This work will inform the next Economic Development Strategy in 2022.

CED Committee  
April 27, 2021

## **BACKGROUND / LEGISLATIVE HISTORY**

The City's Economic Development Strategy was adopted in November of 2017 via Resolution No. 86984 CMS. Prior to 2017, the City had not had an adopted Economic Development Strategy for over 20 years. Over 100 stakeholders representing a cross section of Oakland's economy participated in shaping the Strategy, along with multiple City departments that contribute to Oakland's economic environment, including the Oakland Department of Transportation (OakDOT), Planning and Building Department (PBD), the Mayor's Office, City Council, Oakland Public Works (OPW), and the Department of Workplace and Employment Standards (formerly known as Contracts & Compliance).

Since the adoption of the Economic Development Strategy, the City's affordable housing and homelessness crisis shifted the City's primary property development target from revenue to affordable housing. Opportunity Zones, which provide tax credits to business and real estate investors, were established by the federal government in 2018 and added a new economic development tool. 30 census tracts in East and West Oakland have been designated as Opportunity Zones, and EWDD has worked to guide equitable development in those zones. Finally, with additional training support from the Department of Race and Equity starting in 2018, EWDD further disaggregated data by race and ethnicity, centering communities of color to target key services, including job training and business outreach, by race, ethnicity, and ZIP code. This reinforced the City's shift in economic development priorities to community building and community development.

The City delivered on all its strategic planning targets between 2018-2020. Many City departments and EWDD divisions completed internal planning efforts during the strategy period that align with Economic Development Strategy service targets, including the OPW Strategic Action Plan and PBD's establishment of key performance indicators. EWDD completed a Cultural Development Plan, Real Estate Asset Portfolio Management Plan, and Race & Equity Analysis during this period.

The City raised private funds for COVID-impacted local businesses and community services in Spring 2020 and distributed federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds in the second half of 2020.<sup>1</sup> These funds provided new revenue sources to support Economic Development goals and help small businesses, artists and nonprofits weather hardships caused by the pandemic. Nonetheless, the COVID-19 pandemic severely impacted the city's businesses and workforce and affected progress towards achieving our shared goals.

## **ANALYSIS AND POLICY ALTERNATIVES**

The City of Oakland met and exceeded 30 of 60 economic goals and targets set in the 2018-2020 Economic Development Strategy, including direct services such as supporting small businesses and achieving illegal dumping call response times, as well as targets for enabling others to contribute to Oakland's economy, such as building housing, and helping residents file for their Earned Income Tax Credits. The City made progress, but did not reach, the goals and

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<sup>1</sup> For a detailed analysis of City CARES funds, please see the City's CARES Act web page at <http://oaklandca.gov/caresact>.

targets for an additional 13 measures, including policies and programs scheduled for completion in 2020 that were delayed due to the pandemic. The City did not make progress or lost ground due to the pandemic on 13 of the 60 measures, including a lack of festival attendees and loss of employment in key sectors. For 4 targets, data was inconclusive. See **Attachment A** for a detailed overview of goal and target performance.

The City's Economic Development goals and targets are grouped and analyzed below as 1) Overall "Big 3" economic goals, 2) Sector-based employment changes, 3) City service delivery and outcomes, 4) Equitable community investment, 5) Citywide housing production and preservation, and 6) Graduation rates. The report also includes 7) information about the impacts of philanthropic partnerships and 8) an early outline of the City's recovery plan. Employment and poverty targets are reported from 2020 Quarter 1 (Q1), the most recently available data, and reflect pre-pandemic trends in the Oakland economy, while City service targets reflect activities through the end of 2020. The following analysis also includes lessons learned for the current economic recovery. For an overview on Oakland's economy at the end of 2020, please see **Attachment B, Economic Dashboard 2020**.

### 1. Oakland's Big Three Economic Goals

The Economic Development Strategy established three high-level goals for economic development in Oakland: 1) increase economic productivity, as measured by per capita growth in the Gross Regional Product (GRP); 2) increase economic security, indicated by an increase in the number of Oakland households earning a living wage, disaggregated by race and ethnicity; and 3) reduce racial wealth disparities, as measured by the reduction in Asset Poverty for Black and Latinx households. The City reached its GRP goal, but not its equity goals.

#### **Objective #1: Increase Economic Productivity**

**Target:** Increase per capita GRP by 10 percent.

**Outcome:** Target exceeded.

Over the 2018-2020 Strategy period, Oakland's GRP increased by 11 percent, or \$5 billion, to \$34 billion. **Attachment C** shows the inputs into the City's GRP calculation, including earnings, property income, subsidies, and taxes, by industry sector. The largest industry contributors to Oakland's 2020 GRP include:

- Direct Health and Medical Insurance Carriers
- Local Government (excluding Education and Hospitals)
- Scheduled Passenger Air Transportation
- Corporate, Subsidiary, and Regional Managing Offices

#### **Lessons Learned for Recovery:**

While Oakland experienced a period of significant growth prior to Q2 of 2020, the COVID-19 pandemic and resulting shelter-in-place orders triggered a contraction of the local economy. The worst impacts were to the leisure and hospitality industry, which experienced an 80 percent reduction in revenue year-over-year at the end of 2020, followed by education and health services, retail, and transportation, with 37 percent and 26 percent revenue reductions,

respectively (Source: [TrackTheRecovery.org](https://www.tracktherecovery.org), December 2020). Recovery planning should identify strategies to support the recovery and expansion of these sectors, while creating retraining and upskilling pathways for displaced workers.

**Objective #2: Increase Economic Security**

**Target:** The number of Oaklanders making less than a living wage is reduced by 50 percent.

**Outcome:** Target not met.

During the period from 2018 to 2020, the total number of Oakland households earning less than \$35,000 in annual income was reduced by 4 percent, however, the number of Black and multi-racial households earning below a living wage increased by 16 percent and 18 percent, respectively.

In July 2020, the City defined a living wage as \$17.19/hour without health benefits, or approximately \$35,000 annually for a full-time employee. EWDD monitors the number of Oakland households reporting earning \$35,000 or below in the annual American Community Survey, by race and ethnic group, and compares this number to the total number of households in each group to see if displacement is a factor in the reduction. In Oakland at the beginning of 2020, Black households were 27 percent of all households but 44 percent of households earning below \$35,000/year (American Community Survey 2019).

The City's Living Wage increases each year and was closer to \$30,000 at the beginning of 2018. **Table 1** shows the changes in households earning below \$30,000/year between 2017-2019. The percentage of white and Latino households earning less than \$30,000 annually decreased by 14% and 23%, while the percent of Black and multi-racial households increased by 16% and 18%, all prior to the pandemic. Asian households earning less than a living wage decreased by nearly 5%.

**Table 1: Change in Households by Race/Ethnicity earning below \$30,000/year, compared to total households, 2017-2019**

	Change in number of households with income under \$30K, 2017-2019	Growth in total number of households, 2017-2019	Percent change in households earning below \$30K, 2017-2019
White	-1,069	2,322	-14.05%
Black	2,275	3,323	16.37%
Native	NA	NA	NA
Asian	-625	1,639	-4.71%
Pacific Islander	NA	NA	NA
Other	85	7,373	3.32%
Two or More	51	1,071	18.48%
Latinx	-1,571	704	-23.03%

Source: EWDD analysis of American Community Survey 1-Year, 2017, 2019

### **Lessons Learned for Recovery:**

Pandemic-related unemployment has disproportionately impacted lower-wage workers. As of December 2020, available jobs for low-wage workers in Oakland were nearly 25 percent lower than they had been in January 2020 (Source: [TrackTheRecovery.org](https://www.tracktherecovery.org), December 2020). These wage losses align with racial disparities in the Oakland workforce, both in workers facing job losses and essential workers facing increased COVID-19 exposure. In 2018, 36 percent of Oakland workers in accommodation and food service identified as Latinx, while 44 percent of workers in warehousing and transportation identified as Black. Recovery efforts should support the creation of living wage jobs and provide retraining for displaced low-wage workers to close the racial income gap.

### **Objective #3: Reduce Racial Wealth Disparities**

**Target:** The asset poverty rate of Black and Latinx Oakland residents is reduced by 50 percent.

**Outcome:** Target not met.

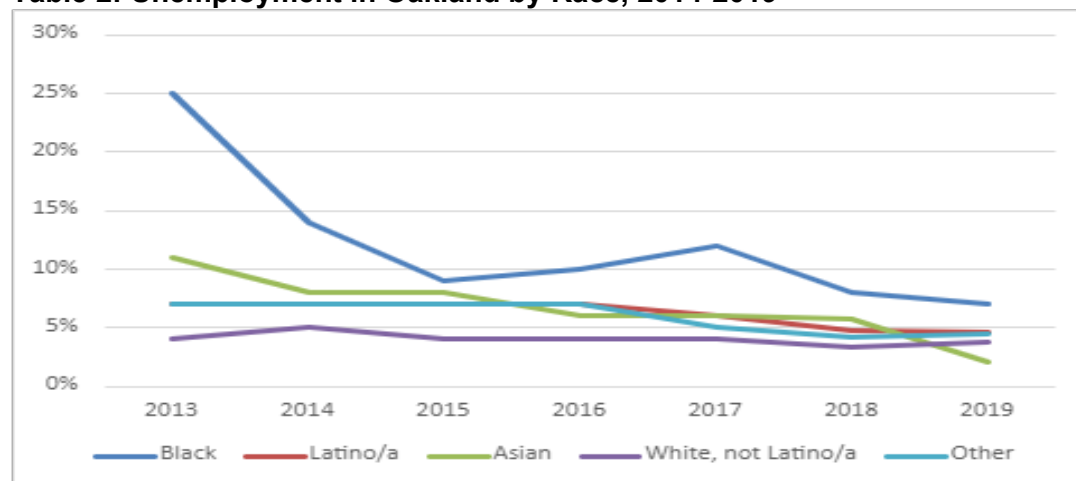
This asset poverty measure is a long-term indicator that reflects five years of data. The City uses a measure created by national organization Prosperity Now to monitor the assets and economic security of Oakland's households, disaggregated by race and ethnicity. The asset poverty measure includes homeownership, housing cost burden, business ownership, income and other factors affecting a household's ability to survive a three-month interruption to income.

From 2018 to 2019 reported asset poverty rates decreased by 1 percent both citywide and across the race and ethnic groups for whom data is available. During this period, 46.9 percent of Black households, 46.8 percent of Latinx households, and 33 percent of all Oakland households were considered asset poor. While the 1 percent decrease in asset poverty was movement in the right direction, the City did not achieve the ambitious goal of a 50 percent reduction, and racial disparities persist.

Some of the largest disparities are in the valuation of Black- and Native-owned businesses, where revenues are 18 percent and 7 percent of White-owned business revenues, respectively. Prosperity Now also highlighted disparities in the college graduation rates for Black, Native, Asian and Latinx Oaklanders, which are less than half the rate of non-Latinx whites.

These changes in asset poverty do not reflect the substantial reduction in racial unemployment disparities from 2014-2019, as shown in **Table 2**.

**Table 2: Unemployment in Oakland by Race, 2014-2019**



Further research is needed to understand why the increase in employment from 2018-2020 did not make a significant difference in assets. The gains may have been offset by losses in other areas, such as savings or housing, or because employment wages were low.

### **Lessons Learned for Recovery:**

The City adopted the current asset poverty measure in part to reflect our economic priorities to prevent displacement and homelessness. Policies and programs aligned with the asset poverty target include small business support, job training, and homeownership programs. Keep Oakland Housed and the Oakland Resilient Families guaranteed income pilot were started more recently to provide emergency funding to Oakland households to avoid displacement.

While tracking asset poverty is helpful for capturing long-term shifts, it does not capture households' current emergency needs. These may be better understood by analyzing City service demand: for example, there were 2,524 applications to Keep Oakland Housed for financial and legal assistance in 2020, a substantial increase from previous years.

Prosperity Now did not report on asset poverty in 2020 because the data would not have reflected the impacts of the pandemic shutdown. The pandemic tripled unemployment in Oakland and disproportionately impacted workers of color, who are more likely to work in impacted sectors such as hospitality, accommodation, and food service. Unemployment data also does not capture people who have dropped out of the labor force for lack of work opportunities or to take care of children. The pandemic has underscored the need for real time data, disaggregated by race and gender, to understand labor impacts, and track demand for financial and other forms of assistance for targeted support.

### *2. Sector Based Employment Goals, 2018-2020*

**Target:** 2,800 jobs are created in the local economy.

**Outcome:** Target exceeded. 5,633 jobs created across all sectors: 980 in priority sectors.

With the Economic Development Strategy, the City adopted three priority sectors: 1) Retail; 2) Manufacturing; and 3) Arts, Recreation, and Entertainment. Although not the largest or fastest growing sectors in Oakland's economy, the City selected these sectors because:

- 1) Through its land use policies and business development programs, the City can influence their growth by increasing or incentivizing space for retail, manufacturing, and cultural and recreational activities.
- 2) The City directly invests in arts and culture through the Cultural Affairs division, with direct grants, public art and support for festivals and performances.
- 3) These sectors provide wealth building opportunities for low-income Oakland residents through business ownership and access to employment not requiring a college degree.
- 4) These sectors are important components of placemaking, placekeeping and neighborhood development. The Economic Development Strategy also established targets to increase prime retail locations and permanent and popup retail opportunities in underserved communities.

Of the three priority sectors, only Arts, Entertainment and Recreation saw robust job growth from Q1 2018 to Q1 2020, while retail and manufacturing employment grew slightly. State data only includes firms with employees and does not capture microbusiness activity such as food vending, artisan makers, or individual artists, a focus of City economic development activity from 2018-2020. For example, the number of permitted food vendors increased from 142 in 2018 to 211 in 2020. City support for vendors included fee waivers, process streamlining, CARES Act and private funds for grants and loans, and a safe vending pilot at Lake Merritt.

The City achieved its goal of establishing new prime retail locations in the Broadway Valdez Specific Plan area, as well as supporting the opening of significant new retail in underserved neighborhoods, including the Seminary Point shopping center and the Community Foods Market on San Pablo Avenue. New, privately managed East and West Oakland pop-up retail has provided an opportunity for vendors not ready to rent a storefront, including at the West Oakland Bay Area Rapid Transit (BART) station, SPARC-It Place and the AKOMA Market at Liberation Park.

In addition to creating more pop-up vending opportunities, the City's retail strategy includes encouraging additional Business Improvement District (BID) formation to organize and strengthen Oakland's diverse commercial districts. Staff have been supporting BID organizing efforts in Chinatown, EastLake, Piedmont Avenue, and East Oakland.

**Table 3** shows the priority sectors and employment changes for all Oakland industries from 2018-2020.

**Table 3: Changes in Oakland Employment by Industry Sector, Q1 2018-2020**

Industry Sector (NAICS 2-Digit)	2020 Oakland Employees	2018-2020 job growth	% of total Oakland 2018-2020 job growth
<b>Retail</b>	<b>11,951</b>	<b>101</b>	<b>2%</b>
<b>Arts, Entertainment, Recreation</b>	<b>4,380</b>	<b>799</b>	<b>14%</b>
<b>Manufacturing</b>	<b>6,822</b>	<b>80</b>	<b>1%</b>
Healthcare and Social Assistance (62)	42,432	1,400	25%
Management of companies (55)	4,735	1,228	22%
Transportation and Warehousing (49)	7,751	1,106	20%
Professional Scientific and Technical Services (54)	15,693	1,051	19%
Transportation and Warehousing (48)	12,608	664	12%
Construction (23)	8,184	522	9%
Real Estate (53)	3,410	427	8%
Admin Support, Waste Remediation (56)	9,547	288	5%
Finance and Insurance (52)	7,764	225	4%
Information (51)	3,643	183	3%
Utilities (22)	2,023	88	2%
Other Services (81)	9,149	66	1%
Public Administration (92)	12,031	(10)	0%
Wholesale (42)	5,598	(744)	-13%
Accommodation and Food Services (72)	15,744	(776)	-14%
Education (61)	14,808	(872)	-15%

Source: EWDD Analysis of State Employment Development Division Quarterly Census of Employment and Wages

Three new hotels were built during 2018-2020. Visit Oakland expects the pandemic to delay the Strategy's tourism target of 7 million annual visitors by 2025 by an additional 2-3 years. Based on transient occupancy tax (TOT) revenues, Visit Oakland estimates that there were 900,000 -1 million visitors to Oakland in 2020, or less than 30 percent of a typical year. Fifteen percent of Oakland's hotel rooms are currently used to house homeless and quarantining residents through the State's Operation Homekey program.

EWDD completed or is working on two strategic reports to inform sector development: the Cultural Development Plan, which was completed in 2018 and an Industrial Lands Study that is currently under development. While the Economic Development Strategy targeted revenue and employee growth in the manufacturing sector, 2018-2020 saw substantially more robust growth



in both the Cannabis and Transportation and Warehousing industries, which are also primarily located in the City's industrial corridors.

**Lessons Learned for the Recovery:** Retail, arts, entertainment, and recreation services, such as gyms, were among the most hard-hit industries in the pandemic, with a 39 percent decrease in arts, entertainment, and recreation employment and a 29 percent decrease in retail employment. Businesses and former workers in these industries continue to need additional recovery support. Although the City met its 2018-2020 targets for supporting new retail in underserved neighborhoods, opening additional grocery stores, retail, and services in East and West Oakland remains a top priority. Arts, entertainment, recreation and education spaces for youth, and revitalization of Oakland's commercial corridors remains a priority for both the Reimagining Public Safety Task Force and local business owners. Recovery priorities should include activating vacant lots and commercial spaces through combined regulatory and program interventions.

### *3. Improving Delivery of City Services*

#### Small Business Support Services

In a typical year, direct City funds for small businesses are limited to the Cultural Arts grant fund and façade and tenant improvement grants to property owners. In 2020, due to the pandemic and with the support of private philanthropic and federal CARES Act funds, EWDD partnered in the administration of over \$6 million in direct business funding, more than at any time in its history, and served a substantially more equitable cross section of business owners than were reached by the Federal Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) federal stimulus programs, for which EWDD also provided technical assistance. Of the 2,878 businesses and nonprofit organizations served by EWDD in 2020, 1,056 were CARES Act fund recipients, 58 Cultural Affairs grant recipients, 232 Bus Rapid Transit project (BRT) Business Assistance Fund recipients, and 9 Façade and Tenant Improvement Projects. 1,248 businesses were in East Oakland, or 40 percent of all businesses served.

While Federal EIDL and PPP funds primarily went to businesses in Downtown and North Oakland, CARES Small Business grants went to businesses in East and West Oakland (ZIP Codes 94601, 94606 and 94607); Home-based business grants reached more businesses in 94605 (East Oakland – MacArthur Boulevard corridor) and arts and nonprofit grants reached more organizations in West Oakland. Thirty-one percent of small business grant recipients identified as Asian, 25 percent as Black or African American, 20 percent as Latinx, 15 percent as White and 1 percent as Native American or Pacific Islander. Of home-based business grant recipients, 46 percent identified as Black. Seventy percent of food vendor grant recipients identified as Latinx and 20 percent as Black or African American.

**Lessons Learned for the Recovery:** The pandemic reinforced the Business Development focus on building capacity and trust with Black, Indigenous, and People of Color-owned businesses to increase participation in funding and investment opportunities. During the pandemic, many Oakland business owners never applied for federal stimulus dollars, and some small businesses did not have the financial capability to participate in grant or loan programs. Although demographic data on loan recipients was incomplete, the disproportionate share of Federal stimulus funds that went to businesses in majority white areas of Oakland reflects the

stronger banking relationships, higher revenues, and employee capacity of white-owned firms.<sup>2</sup> The City has demonstrated an ability to reach business owners of color with funding and technical support, including by designating resources for home-based businesses and vendors.

EWDD partnered with Oakland's ethnic chambers and other business support organizations, including OCCUR, the Unity Council, and the Black Cultural Zone, throughout the pandemic to provide technical assistance and referrals to their constituents. The City should continue and expand technical assistance and business services to further invest in the community and reduce business revenue and ownership disparities.

#### Cultural Funding and Preventing Artist Displacement

In 2020, the City exceeded its target of supporting 100 artists and arts organizations annually by awarding 400 CARES Act grants to artists and arts nonprofit organizations in partnership with the Center for Cultural Innovation (CCI). Individual artist race/ethnicity is as follows: 33 percent Black, 23 percent white, 15 percent Latinx, 10 percent Asian, 5 percent Native American/Pacific Islander.

In 2018, this target reflected the now ended Keeping Space Oakland program, a unique public/private initiative led by Community Arts Stabilization Trust (CAST) and Northern California Community Loan Fund. Since then, new solutions have been enacted or are under study to increase affordable arts space. These include zoning modifications to cannabis green zone and live/work areas, and the establishment of cultural districts in the Downtown Oakland Specific Plan. City real estate dedicated to the arts during 2018-2020 includes below-market rent leases at 150 Frank H. Ogawa Plaza, the Oakland Civic project that will transform the Henry J Kaiser Convention Center and Calvin Simmons theater, the proposed Museum of Jazz & Art at the Fire Alarm Building site, the Tupac Shakur museum on City-owned land at 1911 Telegraph, and the Valley Project.

#### Workforce Services

The Strategy target of serving 12,000 annual job seekers was nearly reached in 2020, when 11,514 job seekers registered for employment services. This number of job seekers was double that of 2018 and 2019, due to pandemic-related unemployment. The greatest number of job seekers were in the ZIP Codes 94601, 94606, 94608, 94605, and 94607.

Conversely, while the number of participants in training programs who received certificates and went on to stable, middle-wage employment met the targets in 2018 and 2019, fewer participants in 2020 completed their trainings.

**Lessons Learned for the Recovery:** An estimated 30 percent of low-wage jobs in the Oakland metropolitan area impacted by the pandemic had not yet recovered as of December 2020. Recently, with a combination of CARES and other funding, the City launched the Metrix learning platform to help Oaklanders improve a wide variety of skills, earn industry certificates, launch

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<sup>2</sup> As shown in the American Economic Census, 2017.

into new careers, or advance up the career ladder. The platform offers more than 5,000 courses leading to over 180 industry certificates, with courses in English, Spanish and Cantonese.<sup>3</sup> Data has also shown that during the pandemic, more people are seeking immediate employment or cash assistance and fewer are entering training programs. This may also argue for an increase in compensated or subsidized on-the-job training opportunities.

### Illegal Dumping

OPW exceeded its target to respond to 85 percent of Oak311 calls within three business days, resolving 88 percent of calls for service within three days in 2020. This target was maintained despite a total of 35,329 illegal dumping service requests in 2020, a 62 percent increase from 2019.

### Earned Income Tax Credit

The City exceeded its target to increase the number of residents who apply for the Earned Income Tax Credit (EITC) by 20 percent over three years, achieving a 151 percent increase. In 2020, the number of assisted clients dropped to 4,537. While the City still exceeded the three-year target, about half the number of residents participated in comparison to 2019, due to the pandemic limiting the in-person VITA Centers operated in partnership with community organizations and the United Way.

**Lessons Learned for the Recovery:** EITC is one of the most effective anti-poverty programs in the City, returning millions of dollars to low-income households each year. In addition to advocating for expanding EITC, Guaranteed income was identified as a recovery priority as the gap between wages or unemployment benefits and the cost of living in Oakland remains over \$2,000/month. Oakland Resilient Families, a collaboration between the Oakland-based community organization Family Independence Initiative and the national Mayors for a Guaranteed Income, recently announced that it will launch one of the largest guaranteed income pilot projects in the country in Oakland.<sup>4</sup> Oakland Resilient Families will give 600 Black, Indigenous, People of Color (BIPOC) families with low incomes an unconditional \$500 per month for at least 18 months.

#### *4. Equitable Community Investment*

The Economic Development Strategy targeted the establishment of a new, long-term funding mechanism for catalytic community investments to replace the Redevelopment Agency tools that the City lost with the dissolution of the Redevelopment Agency in 2012. EWDD's equity work over the 2018-2020 period, both internally and with partners such as the Greenlining Institute and the community-based organizations who partnered with the City on the Transforming Climate Communities (TCC) grant, further focused this target to direct investment that centers Oakland's communities and neighborhoods of color and prioritizes community-identified projects.

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<sup>3</sup> For more information visit: <https://www.oaklandca.gov/resources/free-online-courses-help-you-prepare-to-get-back-to-work>

<sup>4</sup> For more information visit: <https://oaklandresilientfamilies.org/>

Since 2018, the City has invested and leveraged several funding sources for economic development, including the Sugar Sweetened Beverage Tax, California Cap & Trade funds, the Federal Opportunity Zone Tax Credit, and CARES Act funds. For example, Sugar Sweetened Beverage Tax dollars have funded upgrades for 23 neighborhood-serving grocery stores to increase produce and fresh food options, as well as supplied food gift cards for local purchasing, and Cap & Trade funds the \$28 million TCC grant investment in East Oakland. None are yet at the scale of the previously available Redevelopment financing tools, which was heavily concentrated in Downtown Oakland.

### Opportunity Zones

Oakland's Opportunity Zone Investment Prospectus centered investments in community-identified priorities in East and West Oakland, including affordable housing, arts, and neighborhood-serving retail amenities to help close the racial wealth gap in federally designated Opportunity Zones. These zones substantially overlap with neighborhoods that were historically redlined. The City created and received funding for a Chief Opportunity Zone Officer (COZO) position to review and steward projects aligned with equitable development goals. Through this effort, the Rockefeller Foundation has awarded predevelopment funding grants to two projects led by Oakland entities to cover the costs of advancing these projects from concept to construction. East Bay Permanent Real Estate Cooperative will receive a \$90,000 grant to support the acquisition of Esther's Orbit Room on 7th Street in West Oakland to reposition the property as a cultural and economic asset for the Black Arts Community, while African Americans for Economic Empowerment (A2E2) will receive \$226,229 for their Love Center mixed-use housing development project in the Elmhurst neighborhood of East Oakland.

**Lessons Learned for the Recovery:** COVID-19 showed a need for more support from and development of culturally competent community-based organizations (CBOs) and capital providers, such as Community Development Financing Institutions (CDFIs). Although they are charged with supporting community and economic development in low-income neighborhoods, not all CDFIs have demonstrated equal ability to reach Black, Latinx, Asian and Native business owners and organizations. Low-income communities were under-resourced prior to the pandemic and attempts at business recovery also faced systemic impacts of a lack of universal healthcare, under-funded small businesses, and workers on the brink of poverty. The Oakland Economic Recovery Advisory Council also highlighted these challenges.

EWDD has advanced its role in building connective tissue between community and capital as well as trying to increase the capacity of Oakland's culturally competent CBOs. For example, the COZO and community partners have highlighted the disconnect BIPOC real estate developers face in trying to get development deals funded without wealthy friends and family networks or capital market support. This resulted in funding from the SF Foundation to form the Black Developer Collective, an advocacy group for BIPOC real estate developers, which has successfully lobbied the State of California to deploy affordable housing funds more inclusively. During the pandemic, the COZO also supported local CDFIs that serve businesses of color on how to use the State of California loan guarantee program, which absorbs the first 90 percent of loan losses, and connected local banks to Black-led technical assistance providers to increase applications to the PPP program.

To close business ownership disparities, CDFIs need additional capital to invest in Oakland's BIPOC-owned businesses. The COZO and EWDD staff have connected local community

development organizations to private and public grants, including Federal Economic Development Administration (EDA) grants, State grants, Rockefeller Foundation funding, the MasterCard Inclusive Growth Fund, and the City's own down payment support fund. The COZO is currently working with Citigroup to support a coalition of nine churches in East Oakland seeking development funds. Investing in comparable community development infrastructure in West Oakland should be a priority over the next few years. EWDD is also re-opening the City's Revolving Loan Fund aimed at microloans for small businesses as they reopen.

### Public/Private Development

Although the adopted 2017 Public/Private development target focused on use of public land to generate revenue, EWDD shifted this metric after 2018 to reflect the City's priority for affordable housing. Public/private development projects completed during 2018-2020 included 230 affordable and 901 market-rate units, 957,000 square feet (sf) of office space, 24,700 sf of retail space, and a parking garage. Projects with current development agreements include 504 affordable and 1,429 market rate units, a health clinic, a university campus and two arts/performance spaces. Economic contractions in 2020 may postpone delivery of some of these projects. Notable upcoming projects include two 100 percent affordable housing projects breaking ground in mid-2021 – Fruitvale Transit Village Phase IIB and 95<sup>th</sup> and International Boulevard – that will deliver 236 urgently needed affordable housing units by 2023.

### 10 Projects Completed 2018-2020:

1. City Center T-12 – 607,000 sf of office space
2. MacArthur Transit Village Site B – 405 residential units; 45 affordable
3. MacArthur Transit Village Sites A & C1 – 385 residential units; 11 affordable
4. 1100 Broadway - 350,000 sf of office space, with 10,700 sf of retail space
5. 23rd & Valdez – 234 residential units; 36 affordable, with new City parking garage
6. City Center T-5/6 Phase 1- 288 residential units
7. Fruitvale Transit Village Phase IIA – 94 units; 100 percent affordable
8. Seminary Point Shopping Center – retail/commercial development
9. Coliseum Transit Village – 110 residential units; 55 affordable
10. Former Oakland Acura dealership - new Coliseum Auto Row dealership

### 10 Sites Ready for Development or under Construction:

1. 2016 Telegraph – 230 residential units
2. Henry J. Kaiser Convention Center – adaptive reuse/ performing art space
3. Fruitvale Transit Village Phase IIB – 181 residential units; 100 percent affordable
4. 95th and International – 55 residential units; 100 percent affordable
5. 3050 International Blvd – 75 residential units; 100 percent affordable, with health clinic
6. 2100 Telegraph - office/ mixed-use
7. 500 Kirkham – 1,036 residential units; 85 affordable
8. 12th Street Remainder – 360 residential units; 108 affordable
9. Fire Alarm Building - proposed new Museum of Jazz and Art
10. T5/6 Phase 2 - proposed new Samuel Merritt University campus

Four City-owned sites are currently in the State's Surplus Lands Process and under negotiation for affordable housing development: Oak Knoll/Barcelona Parcel, Clara/Edes Ave, 36th and Foothill, and 73rd & Foothill.

#### *5. Citywide Housing Production and Preservation*

The City exceeded its goal of 5,000 new homes built during the Strategy period: 6,882 new homes were built between 2018-2020. Of those, 1,976 (29 percent) were affordable, including 305 new permanently supportive housing units. In 2020, Oakland produced more new affordable units – a total of 629 – than it had in a decade. Homelessness continues to be a crisis in Oakland, and the City is continuing its work to scale up strategies to reduce homelessness through new state and federal funds and intergovernmental coordination.

The Economic Development Strategy also set a target of acquiring and rehabilitating 5,000 housing units that would be preserved at their current affordability levels. By the end of 2020, 600 units had been acquired and preserved. The City also acquired 60 former dorm units at Clifton Hall which will provide a 20-household family shelter and 42 units of deeply affordable permanent housing for seniors.

#### *6. Graduation Rates*

The Economic Development Strategy adopted the Oakland Promise target to increase the number of Oakland high school students who receive a 2- or 4-year degree after graduation. Looking back to the 2013 Oakland Unified School District (OUSD) graduating class, 70 percent of those students enrolled in a 2-year or 4-year degree program within 12 months of graduating. Of those, 85 percent completed the first year and 40 percent completed their program and received a degree. From 2018 to 2019, the number of OUSD high school students who graduated high school increased by 13 percent; the percentage of students who went on to enroll in college decreased to 57 percent.<sup>5</sup>

#### *7. Philanthropic Partnerships for Equitable Development*

The Economic Development Strategy 2018-2020 helped align policy and programs and formed a basis for internal and external partnerships. Based on the City's adopted equitable development goals, philanthropic partners funded three additional staff positions in EWDD for two or more years each to help achieve equitable economic development, including the Rockefeller-funded COZO position focused on equitable development in Opportunity Zones discussed above, an Executive FUSE Fellow focused on designing an inclusive development strategy for the International Blvd corridor in East Oakland, and an Economic Equity Strategist from the Greenlining Institute. These organizations also increased their investment into local business service providers who support entrepreneurs of color. The work of additional staff is reflected in the City's service targets and achievements, particularly in business services and new revenues for equitable development. Given the time lag in Citywide asset data and the substantial impacts of pandemic business closures and job losses, the City has not yet reached the desired equity outcomes and should continue to staff these efforts.

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<sup>5</sup> Data provided by the Oakland Promise, February 2021.

### 8. *Next Steps: Recovery Planning*

The Oakland Economic Recovery Advisory Council, a diverse group of local business owners, business networks, worker organizations, and community members convened by the City, established a set of priorities for Oakland's economic recovery in 2021. These include:

- Support for small businesses that closes the disparity gaps for businesses owned by people of color and women.
- Support for the arts and performing venues.
- Investments in community-based organizations to build their capacity to partner with public agencies on service delivery to highest need community members.
- Personal Protective Equipment (PPE) distribution and flexible public and private space uses.
- Guaranteed Income.
- Extended health care for unemployed workers.
- Childcare and youth engagement.

As the economy re-opens in 2021, EWDD will focus its resources on managing recovery work and deepening its equity commitments. Women and people of color owned small businesses have been disproportionately affected by the COVID-19 pandemic. Coupled with the widening COVID-19 related health disparities among the BIPOC community, this pandemic has shined a bright light on the systemic inequities that too many Oaklanders have faced for decades. Lagging recovery for workers of color and in key economic sectors such as arts, recreation, entertainment, leisure, and hospitality will inform the next Economic Development Strategy, which staff have begun scoping alongside the City's Economic Recovery Plan.

With support from a philanthropically funded executive FUSE fellow, City staff is developing and implementing a short-term Economic Recovery Plan over the next 9-12 months. This plan is aimed at operationalizing the following Oakland Economic Recovery Advisory Council and Racial Health Disparities Task Force recommendations, in five (5) priority areas:

1. Financial Assistance and Preparedness
2. Capacity Building
3. Social Safety Net and Youth Engagement
4. Equity in Contracting
5. Workforce Development and Upskilling

Economic development strategies and plans should consist of public contributions, feedback and buy-in from constituents, as the community and local officials will be implementing the plan. To ensure that key community stakeholders have a voice and are a part of the effort, staff will use multiple approaches to gain local input, including one-on-one interviews, online surveys, group listening sessions, focus groups, webinars, and presentations. After gathering community feedback, staff will report on the information captured and deliver a final Economic Recovery Plan in Summer 2021.

This community outreach process began in March 2021 and early community priorities include:

1. Financial assistance for businesses and clear, culturally competent support navigating available resources. Staff are developing strategies to work with community partners to get businesses “capital ready” to help them obtain available funding.
2. A City-supported “Think Oakland First” marketing campaign to promote local consumer spending as businesses re-open, with the goal of a launch that coincides with Small Business Week in May 2021.
3. Continuation and expansion of pandemic-related programs allowing the flexible use of public space for community and business-serving activities, such as Flex Streets and the Black Cultural Zone’s AKOMA Outdoor Market, into more neighborhoods.
4. Enhanced City customer service, flexibility and support for entrepreneurs and new businesses seeking to open or relocate in Oakland, including permit navigation and flexible ground floor zoning.

Learnings from the Economic Recovery Plan process and community stakeholder input are informing departmental priorities in real-time as staff engage in ongoing efforts to support businesses and workers during the recovery.

While the Economic Recovery Plan is focused on short-term recovery, a longer-term Economic Recovery Framework will be developed to advance specific policies that eliminate inequities in Oakland and inform the next longer-term Economic Development Strategy. A draft Economic Recovery Framework will be delivered in Fall 2021.

The next Economic Development Strategy will align with the City’s other planning efforts, including the General Plan update. It may also include targets from the City’s adopted *Equity and Climate Action Plan*, which identifies new revenue sources as well as new economic opportunities to target for local workers and businesses that need investment to help the City reach its sustainability goals.

### **FISCAL IMPACT**

This item is for informational purposes only and does not have a direct fiscal impact or cost.

### **PUBLIC OUTREACH / INTEREST**

EWDD activities in 2020 and 2021 were informed by many public stakeholders, including the Oakland Economic Recovery Advisory Council, job training and business service partners, local business owners, and the Oakland Thrives partnership. Staff consulted on the asset poverty metric with the Oakland Thrives team and Wealth Impact Table as well as with national researchers at Prosperity Now.



## **COORDINATION**

In addition to EWDD, the Economic Development Strategy includes targets for OakDOT, OPW, Human Services Department, and the Mayor's Office. Targets to reduce racial disparities are informed by the guidance and training of the Department of Race and Equity.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** This report summarizes the City's performance towards 60 economic targets and goals between the years 2018-2020. During the period immediately leading up to the pandemic, employment in Oakland grew by 5,633 jobs, and GRP grew 11 percent. Racial disparities in unemployment shrank, but disparities in income and assets remained.

**Environmental:** In addition to targets for blight remediation and infrastructure investment, the Economic Development Strategy included targets for walkable neighborhood retail and sustainable development, including affordable housing, that align with the City's Greenhouse Gas reduction goals. Oakland's *Equity and Climate Action Plan*, adopted in 2020, identifies additional economic development actions which should be incorporated into the Economic Development Strategy update in 2022.

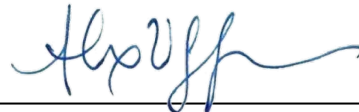
**Race & Equity:** The Economic Development Strategy introduced reducing racial wealth disparities as a primary goal for EWDD. This report highlights continuing disparities for Black and multi-racial Oakland households and improved outcomes for Latinx, Asian and White households during the 2017-2019 period, based on asset poverty, living wage and business revenues.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council receive an Informational Report Evaluating Performance Measures from the City of Oakland Economic Development Strategy 2018-2020 and Introducing the Economic Recovery Plan for 2021.

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

Respectfully submitted,



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Attachments (3):

- A: Economic Development Strategy Goals and Target Performance, 2018-2020
- B. Economic Development Dashboard, 2020: Recovery Issue
- C. Gross Regional Product Inputs, East Bay Economic Development Alliance