



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, Housing &
Community Development

SUBJECT: HCD Strategic Action Plan
2021-2023

DATE: April 26, 2021

City Administrator Approval

Date: May 6, 2021

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The Strategic Action Plan For The Housing & Community Development Department (HCD).

EXECUTIVE SUMMARY

The City of Oakland is in the throes of an affordable housing crisis, caused by the convergence of low supply, high cost of construction, and historic and current racist housing and land use policies. In 2016, Mayor Schaff's Housing Cabinet released the "Oakland At Home: Recommendations for Implementing A Roadmap Toward Equity from the Oakland Housing Cabinet," issuing a challenge to protect 17,000 households from displacement and build 17,000 more units for Oakland residents, including 4,760 affordable units. In the years since, over 1,000 affordable units have been built and preserved, and the City has embarked on a tremendous effort to build and develop a strong tenant protection program through its Rent Adjustment Program.

The COVID-19 pandemic and subsequent financial impacts have caused unbearable loss of life and income. The pandemic has also surfaced and exacerbated the urgent housing challenges that Oakland's residents continue to face. At the same time, the significant, critical resources generated through the Affordable Housing and Infrastructure Bond (Measure KK), which provided a total of \$100 million for affordable housing, have been fully committed towards the production over 1,500 affordable units. As the housing crisis deepens and the economy rebuilds, the City will not have enough resources to meet Oakland's dire housing needs.

The Housing and Community Development Department (HCD) is tasked with addressing the housing and community development needs of Oakland residents to ensure long-term and sustainable housing security and racial equity. HCD's Strategic Action Plan (**Attachment A**) seeks to provide a clear action plan for the next two years to better align City policy, resources, and programs, deepening Oakland's protection and preservation activities while laying the groundwork to support a significant infusion of new capital to support the creation of affordable housing commensurate with the need.

CED Committee
May 17, 2021

Approval from the City Council through receipt of this report will provide a framework for pursuing affordable housing activities and deploying resources for the City's Housing Department.

BACKGROUND / LEGISLATIVE HISTORY

In 2016, the Oakland Housing Cabinet released "Oakland At Home: Recommendations for Implementing A Roadmap Toward Equity from the Oakland Housing Cabinet."ⁱ This "17k/17k Plan" identified an ambitious set of strategies to support increased funding, policy and programs to protect 17,000 households from displacement and build 17,000 additional units of market rate, affordable and deeply subsidized housing by 2024. The 17k/17k Plan proposed an increase to the Rent Adjustment service fee, which was raised from \$64 to \$101 in 2019 via Ordinance No. 13531 CMS resulting in an estimated nearly \$8 million in revenues in fiscal year (FY) 2019-2020, an increase of over 30%. The plan also recommended a new infrastructure bond; in November 2016 voters approved the Measure KK Bond, and the City of Oakland has allocated the entire \$100 million set aside for affordable housing toward an expected 1,542 affordable units. While nearly all of the proposed strategies have been started, implemented, or accomplished, the City has not produced enough new units to meet the vast demand for affordable housing for Oakland residents.

In parallel, the January 2019 Point-in-Time countⁱⁱ reflected a 47 percent increase in homelessness in a two-year period (over 4,000 unhoused people). This dramatic increase demands a refocus on strategies, resource allocation and timing. In response, an updated Permanent Access to Housing Strategy (PATH) Framework was presented to the City Council in December 2019 and policy priorities were adopted. The PATH Framework goals that have been integrated throughout HCD's work and embedded in the Action Plan include homelessness prevention/anti-displacement, creation of permanent housing, and addressing racial disparities.

2020 has presented a bevy of public health, fiscal and social crises that drive this Plan. In February of 2020, the public began to learn about the dangers of COVID-19. Beginning in March, the United States, like most of the world, experienced its economy grind to a halt as public officials ordered emergency stay at home orders due to the virus. As many Oaklanders saw their jobs vanish overnight, on March 27, 2020, the Oakland City Council adopted what is now believed to be one of the one of the strongest Eviction Moratoriums in the State via Resolution/Ordinance No 13579 CMS. The Moratorium prohibits all residential evictions and continues through the end of the Local Emergency.

The global pandemic has threatened the viability of many public health systems and has temporarily closed schools and offices. The public health crisis revealed significant existing disparities in health, economic and housing opportunity. For Oakland's homeless population, the State and County's "stay at home" orders were met with incredulity. For Oakland's housing insecure households, it was infeasible to safely quarantine while living in crowded conditions, couch surfing, or living on the street. The pandemic and its impacts demand a focused approach with a racial equity lens.

ANALYSIS AND POLICY ALTERNATIVES

Oakland has experienced numerous shifts in its residential patterns in the years since the Great Recession of 2008. Starting in Spring 2020, HCD partnered with the Changing Cities Research Lab at Stanford University, as well as with University of Pennsylvania (UPENN) Department of City and Regional Planning, to understand the shifts in neighborhoods, impact of displacement and overall picture of who and how city residents, especially Black and Brown community members, are faring through the pandemic.

Their analyses clearly point to the City's needs for deeper affordability, more affordable housing production, and targeted interventions. Ongoing data analysis continues to guide the City of Oakland's strategies to protect and house its residents. The Strategic Action Plan sets forth a guiding framework centered on racial equity and focused on the following:

1. Address historic racial inequity
2. Create housing opportunities for extremely low-income residents
3. Prevent displacement of Oakland residents
4. End family homelessness in Oakland
5. Target COVID relief and response resources
6. Create moderate income homeownership opportunities

The Strategic Action Plan uses the framework of Preservation, Protection and Production (the "Three Ps") to focus on the highest priorities of addressing homelessness, housing for extremely low income (ELI) households, deep racial inequities, displacement, and impacts from the COVID-19 pandemic. The Plan outlines strategies for each of the Three Ps, and the description of each strategy includes which needs the strategy meets and a brief assessment of its impact on housing affordability and housing security. The impact is categorized as low, medium or high based on varying criteria, as described below:

- For Protection, impact is defined as how closely it aligns with HCD's mission of creating housing stability and security for low-income tenants and homeowners at risk of losing their homes, preventing homelessness, and ensuring community awareness of and compliance with tenant protection laws.
- For Production and Preservation, impact is defined as how closely it aligns with HCD's mission of creating new affordable units, deepening affordability, and targeting the City's subsidy by leveraging other sources. To this end, determination of impact level is based on the number of restricted affordable units created, number of extremely low-income units created, and efficiency of subsidy spent per unit.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost; however adoption of the Strategic Action Plan will provide: 1) a much-needed framework for how affordable housing activities are funded, 2) an analysis of funding trends and projections, and 3) identification of funding gaps that need to be addressed in order to meet the needs of Oakland residents. **Table 1** presents that analysis of trends and projections by fiscal year, and **Table 2**

identifies the funding gap that exists as the City strives to meet its 17k/17k goals and the City's Regional Housing Allocation Needs targets.

Table 1: Allocated and Projected HCD Sources by Fiscal Year

Allocated and Projected HCD Sources by Fiscal Year				Projected Allocations			
Source	Actual Allocations			FY 2021	FY 2022	FY 2023	FY 2024
	FY 2017 - FY 2018	FY 2019	FY 2020				
Affordable Housing Impact Fee	\$4,894,717	\$5,000,000	\$4,137,063	\$2,933,944	\$2,933,944	\$2,993,000	\$3,053,000
Jobs Housing Impact Fee	\$2,463,804	\$0	\$5,273,519	\$2,660,710	\$2,660,710	\$2,714,000	\$2,768,000
Boomerang	\$92,225	\$0	\$8,963,429	\$0	\$2,587,596	\$2,243,086	\$2,288,000
HOME	\$440,253	\$0	\$8,127,746	\$2,642,594	\$2,642,594	\$2,695,000	\$2,749,000
Low-Mod Income Housing Asset Fund	\$1,939,482	\$2,353,500	\$3,074,957	\$1,357,637	\$1,357,637	\$1,385,000	\$1,413,000
Excess Redevelopment Bond	\$13,000,000	\$0	\$0	\$3,900,000	\$0	\$0	\$0
Measure KK	\$55,000,000	\$45,000,000	\$0	\$0	\$0	\$0	\$0
CDBG-CV	\$0	\$0	\$0	\$4,700,000	\$0	\$0	\$0
Local Housing Trust Fund	\$0	\$0	\$0	\$5,000,000	\$0	\$0	\$0
Total Sources	\$77,830,481	\$52,353,500	\$29,576,714	\$23,194,885	\$12,182,481	\$12,030,086	\$12,271,000

Notes: FY 2021 & 2022 are from HCD's 2/3/21 Biennial Budget Proposal. Sources are escalated by 2% annually starting in FY 2023.

Table 2: Affordable Unit Production: Baseline Recurring Sources

Affordable Unit Production: Baseline Recurring Sources					Projected Production				Total
Project Type	Actual Production (a)				FY 2021	FY 2022	FY 2023	FY 2024	
	FY 2017	FY 2018	FY 2019	FY 2020					
New Construction Units	113	294	198	157	77	39	38	37	954
Acquisition-Conversion Units	0	56	7	13	54	28	26	26	210
Preservation Units	0	0	146	23	26	13	13	13	234
Missing Middle Units	0	0	0	19	77	39	38	37	211
Total Units	113	350	351	212	235	120	115	114	1,609
RHNA Production Target	865	865	865	865	865	865	1,840	1,840	8,869
17k/17k Production Target	595	595	595	595	595	595	595	595	4,760
Adjusted 17k/17k Target	113	350	351	212	934	934	934	934	4,760
Projected Sources (Baseline)					23,194,885	12,182,481	12,030,086	12,271,000	59,678,453
Additional Subsidy Needed to Meet Corrected Production Target					101,342,000	118,026,000	118,742,000	118,904,000	457,014,000

(a) The City includes affordable units from Density Bonus projects in its production counts, but they have not been included here.

Highlights of Table 2:

- The need for additional financing for affordable units is \$457 million in subsidy to meet the 2016 17k/17k Plan production goals. The financing gap would need to be further increased to put the City on pace with its Regional Housing Need Allocation (RHNA) production targets.
- This need for additional financing is particularly acute as the City strives to meet the needs of the group most impacted by the tsunami of crises: extremely low-income residents and

the approximately sixty percent (60%) of Black renter households that are rent burdened—the highest rate of any racial/ethnic group in Oakland.

PUBLIC OUTREACH / INTEREST

For the past year, HCD staff have listened to and engaged with key stakeholders about the City's housing needs and priorities. These activities included roundtables with the affordable housing developers and housing groups, meetings with tenant groups, and interviews with neighborhood leaders.

COORDINATION

Several City departments, including the Office of the Mayor, City Administrator's Office, the Office of the City Attorney, Finance, Human Services, Economic & Workforce Development (Real Estate Asset Management Division), and Planning and Building have contributed to components of this Plan. This informational report has been reviewed by the Office of the City Attorney and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: This Plan will guide the City's efforts to secure and invest financing towards the production and preservation of affordable housing. Affordable housing production generates construction, professional services, and ongoing property management jobs in Oakland.

Environmental: Oakland has a unique and important position in the Bay Area as a job center and policy leader. Creating affordable housing and protecting Oakland residents from displacement will invest in the City's and region's jobs-housing balance. By investing in infill development, the City's production of affordable housing provides options for lower-income residents to remain near transit options with shorter commutes to jobs.

Race and Equity: This Plan seeks to intentionally identify and provide resources for an equitable housing recovery. The recovery from the Great Recession and subsequent years have largely widened uneven economic outcomes for Oaklanders, especially for Black residents. The City's 2018 Equity Indicators Report ranked Housing third in importance compared to the other themes of Economy, Education, Public Health, Public Safety and Neighborhood and Community Life.ⁱⁱⁱ The twelve Indicators within the Housing Theme examined inequities faced by racial and ethnic minorities across four Topic areas: Affordability, Displacement, Essential Services, and Housing Quality.

This Strategic Action Plan applies a race and equity lens to the City's housing investments and services in four ways:

1. Transparent and regular reporting on outcomes disaggregated by race;
2. Clear, Americans with Disabilities Act (ADA)-compliant, accessible information provided in multiple languages to the public;

3. Anti-displacement and housing production programs, policies, and initiatives focused on most impacted, most vulnerable populations; and
4. Access and opportunity to and for Black, Indigenous, people of color (BIPOC) developers, service providers, and other contractors to the resources the City has to offer in the conduct of its work.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On The Strategic Action Plan For The Housing and Community Development Department (HCD).

For questions regarding this report, please contact Shola Olatoye, Director of the Department of Housing and Community Development, (510) 238-3714, SOlatoye@oaklandca.gov.

Respectfully submitted,



SHOLA OLATOYE
Director, Department of Housing & Community
Development

Prepared by:

Christina Mun, Assistant to the Director
Department of Housing & Community
Development

Attachment (1):

A: Draft HCD Strategic Action Plan, 2021-2023

ⁱ <https://www.policylink.org/sites/default/files/pl-report-oak-housing-070715.pdf>

ⁱⁱ https://everyonehome.org/wp-content/uploads/2019/07/2019_HIRDReport_Alameda_FinalDraft_8.15.19.pdf

ⁱⁱⁱ Indicators Report pg. 85