



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Emily Weinstein, Director
Housing and Community
Development

SUBJECT: Annual Housing Programs
Informational Report for Fiscal
Year 2025-2026

DATE: May 4, 2026

City Administrator Approval


Jestin Johnson (May 14, 2026 22:21:13 PDT)

Date: May 14, 2026

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Housing Development Programs by the Housing and Community Development Department for Fiscal Year 2025-2026.

EXECUTIVE SUMMARY

The Housing and Community Development Department (HCD) is dedicated to improving City of Oakland (City) neighborhoods and to ensuring all Oaklanders have safe and affordable housing. HCD's Housing Development Division is the administrative body that oversees affordable housing production and preservation through funding investments that serve very-low, low-, and moderate-income residents. City funding for affordable rental housing developments carries with it a regulatory agreement that is recorded on the deed of the property to ensure affordability restrictions for at least 55 years per project.

Since 2023, HCD has focused its efforts towards improving processes and increasing efficiency in allocating funding to affordable housing developments to align with state and federal funding cycles. In 2024, HCD committed to provide an annual program report to City Council to track the results of its competitive funding processes and updates on its capital investment [Strategic Action Plan \(SAP\)](#).

In addition, this report will provide updates on the Department's:

1. **funding strategy**, including Measure U spending to date;
2. **competitive funding awards** by program area, including fiscal year activities, project status, and anticipated programmatic challenges;
3. **survey results** from HCD's first comprehensive survey of the City's affordable housing portfolio;
4. progress on HCD's SAP and **anticipated spending over the next fiscal year**; and
5. **highlighted initiatives** and funding opportunities for affordable housing.

CED Committee
May 26, 2026

Highlights for FY 2025-2026

The following are highlights from the report:

- **Oakland Leads Affordable Housing Development in Alameda County:** Based on Annual Progress Report (APR) data, Oakland had the largest share of affordable housing units permitted in Alameda County in years 2024 and 2025 at 42% of the total permitted over the past two years.
- **SAP Goals Exceeded:** Through continued strategic partnerships and financial leveraging, the City has exceeded production projections set in its 2023-2027 SAP for capital investment. Whereas the SAP projected funding 806 permanent supportive housing units, the department has since funded over 1,000.
- **Affordable Housing Production Driven by Both Funding and Zoning Incentives:** A total of 1,441 affordable units (including 651 units for formerly unhoused residents) were under construction in FY 2025 - 2026. In addition, 698 affordable units (including 238 units for formerly unhoused residents) completed construction in the same time period.

Of the 698 completed units, 299 units (or 42% of the total) resulted from inclusionary zoning incentives such as impact fee waivers and density bonuses.
- **Measure U Effectiveness:** In addition to the large role that local policies play, so do local bond such as Measure U. HCD has allocated almost all of the \$248 million in Measure U Tranches 1 and 2 – only \$7 million remains available to allocate through the Rapid Response Homeless Housing (R2H2) program, and another \$7 million to fund the rehabilitation of properties in HCD's portfolio.
- **Portfolio Demographics - Who We Serve:** HCD's asset management team gathered demographic data on the tenant population living in City-funded properties. Highlighted data reflects roughly 85% of units in HCD's funded projects:
 - o 46% of units serve households earning between 31% - 50% AMI
 - 19% are affordable to households earning 0-30% AMI
 - 32% are affordable to households earning 51-80% AMI
 - o Over half of heads of households (52%) identify as Black/African American
 - o Over half of units (55%) are for a single adult

BACKGROUND / LEGISLATIVE HISTORY

HCD is organized into two divisions: the **Housing Development Division** and the **Community Development Division**. The Community Development Division administers the City's federal funding programs as well as the Rent Adjustment Program. **This report will focus on the programs administered by the Housing Development Division.**

The Housing Development Division provides capital and limited operating funding awards to affordable housing developments through several avenues, including competitive and over-the-counter processes. HCD's **competitive funding programs** include:

1. **New Construction of Affordable Multifamily Rental Housing** administered by the Housing Development Services (HDS) unit;
2. **Homekey / Rapid Response Homeless Housing (R2H2)** administered by the Homeless Housing Development (HHD) unit;

3. **Acquisition and Conversion to Affordable Housing (ACAH)** administered by the Housing Preservation Services (HPS) unit; and
4. **Rehabilitation and Preservation of Existing Affordable Housing** administered by the Asset Management Services (AMS) unit.

HCD's **over-the-counter programs** include:

- small grants and loans for **single-family home repair**, administered by the Residential Lending Services (RLS) team; and
- a **first-time homebuyer program** which currently operates on loan repayments.

The Housing Development Division functions as a lending institution as much of its activity revolves around soliciting applications for funding, underwriting, reviewing and evaluating application responses, making funding awards across various programs, managing the funding award and construction draw down process, and ongoing regulatory monitoring of the funded projects.

1. **FUNDING STRATEGY**

HCD's Capital Investment Strategic Action Plan (2023-2027)

In 2023, HCD released the 2023-2027 SAP that introduced an **equitable capital investment framework** which guides the investment of resources that are administered by the Housing Development Division, including Measure U funding. The framework prioritizes funding Permanent Supportive Housing (PSH) and housing for extremely low-income (ELI) residents while recognizing the amount of PSH and ELI housing that can be developed is limited by the need for operating subsidy.

The next funding priority is the development of low-income units affordable to residents at 30%-80% of Area Median Income (AMI). PSH and ELI units can often be developed within the same project as units targeting the higher affordable AMIs. Lastly, the framework identifies preservation of naturally occurring affordable housing through the ACAH program and the preservation of existing affordable units that the City has invested in as the final options capital funding investments.

The funding amount for each housing program type, percentage of total funding and estimated number of units for each program type for the four-year period covered in the SAP is summarized in **Table 1** below.

Table 1: SAP Distribution of Funding Across Programs (2023-2027)

Program Type	% of Total Funding	Total Funds	# Units Projected
Permanent Homeless Units (0-30% AMI)	39%	\$188.0M	806
Low-Income Units (30-80% AMI)	37%	\$178.4M	1,189
Preservation via Acquisition/Conversion	15%	\$ 69.0M	230

Program Type	% of Total Funding	Total Funds	# Units Projected
Rehabilitation of Existing City Portfolio	7%	\$ 35.3M	527
Other Housing Programs	2%	\$ 9.0M	0
Totals	100%	\$479.7M	2,752

Measure U

In November 2022, Oakland voters passed Measure U, the Affordable Housing Infrastructure Bond, with 75.33% in support – surpassing the required 66.67% required for approval. Of the \$850 million total funding from Measure U, \$350 million was dedicated specifically for affordable housing. The resolutions authorizing funding are discussed below and shown in **Table 2**.

On March 21, 2023, June 28, 2023, and February 20, 2024, Council adopted Resolutions [No. 89646 C.M.S.](#), [No. 89809 C.M.S.](#) and [No. 90118 C.M.S.](#), which authorized the Oakland HCD to allocate up to \$92 million of Measure U and other local funds for projects through the City’s NC NOFA, as well as the ability to fund down the established pipeline as resources became available.

In 2024, City Council approved the advance allocation of Tranche 2 (Fund 5343) of Measure U and other local sources in a total amount not to exceed \$113.4 million pursuant to Resolution [No.90419 C.M.S.](#) On December 9, 2024, City Council allocated an additional \$10 million of Measure U Tranche 2 to HCD to award through the NOFA process pursuant to Resolution [No. 90552 C.M.S.](#) The advanced authorization allowed HCD to make awards to projects which, in turn, were able to demonstrate matching funds for other competitive grants.

On October 7, 2025, City Council approved an additional \$40 million in Tranche 2 Measure U affordable housing capital funding, pursuant to [Resolution No. 90894 C.M.S.](#) In addition, just under \$30 million in revenue from other sources were authorized to be awarded to eligible affordable housing commitments.

Table 2. Resolutions Authorizing Measure U and Other Local Sources

Date of Resolution	Resolution	5% Admin (Measure U)	Measure U	Other Local Sources	Total
March 2023	89644	\$0	\$18.0M	\$0	\$18.0M
March 2023	89646	\$0	\$50.0M	\$13.0M	\$63.0M
July 2024	89809	\$0	\$0	\$7.0M	\$7.0M
February 2024	90118	\$1.1M	\$20.9M	\$0	\$22.0M
September 2024	90419	\$8.9M	\$101.7M*	\$11.7M	\$122.3M
December 2024	90552	\$0.5M	\$9.5M*	\$0	\$10.0M
October 2025	90894	\$1.9M	\$35.5M*	\$26.0M	\$63.4M
Totals		\$12.4M	\$235.6M	\$57.7M	\$305.7M

As of May 2026, HCD has allocated approximately \$248 million of Measure U funds (\$235.6 million net of 5% administration costs of \$12.4 million) to affordable housing projects and programs. Of the amount HCD has been authorized to spend, \$7 million of R2H2 funds remain to be awarded to permanent developments serving homeless residents, and \$7 million of

Portfolio Rehabilitation Funds will be allocated this fall in a competitive Rehabilitation NOFA. **HCD's ability to fund additional units to meet the goals of the SAP are heavily dependent on the sale of the remaining \$102 million from a third tranche issuance.**

Since 2023, Tranche 1 and Tranche 2 funding commitments, as well as other local funds were made to sixteen new construction, five Homekey/R2H2, and eight ACAH projects as described in **Attachment A: Measure U Tranche 1 and 2 Spending**. Of these 29 projects, twelve are currently under construction or have just completed construction, and seventeen remain in the pre-development phase.

The following section is an update on affordable housing programs for the Fiscal Year (FY) 2025-26. It will discuss an overview of funding by program and project type for this Fiscal Year.

2. Competitive Funding Award Summaries, FY 2025-2026

New Construction

Over the last thirty-plus years, HCD's New Construction program has funded new multi-family affordable rental and homeownership developments, providing below market funding in exchange for long-term affordability restrictions on the units created. The new construction program has funded primarily rental housing developments for the last decade and a half as affordable homeownership development was officially phased out around 2011 as these types of developments dwindled in response to adverse market conditions and increased homeowners' association litigation risk.

New Construction Notice of Funding Availability (NC NOFA)

HCD awards funding for the new construction of affordable rental housing on a competitive basis through the NC NOFA and applications must meet minimum threshold standards including income affordability targets to be eligible for funding. The City funds are intended to leverage other public and private funding, with funding rounds have generally been timed to prime awardees for various State funding applications, including tax credits.

The NC NOFA is designed to open the application pool every few years to build a pipeline of vetted and scored projects and allow pipeline awards as funding becomes available. The current active NC NOFA pipeline was established via a NOFA released in the fall of 2024, which resulted in awards in January 2025, and a supplemental round of funding awards in November 2025. In 2025, the NOFA process was enhanced to increase the impact of funding awards toward project readiness and equity goals.

The new criteria added to the 2024 NOFA, and re-emphasized in the pipeline refresh in November 2025, rewarded projects that were ready to apply for tax credits, provided opportunities for exiting homelessness, located on public land and/or gain development approvals via ministerial pathways lowering development costs associated with lengthy approval processes. The timing of the City's new construction NOFA awards aligned with State tax credit application rounds and more recently with the inaugural County of Alameda Measure W Home Together Fund Multifamily Homelessness Solutions 2025 New Construction Request for Proposals (Measure W) for developments with permanent supportive housing units.

Additionally, a Racial Equity Impact Analysis (REIA) was conducted in FY 2024-2025 to gauge how the funding program could potentially lessen racial disparities. The REIA produced several focus areas that were addressed in the revised NC NOFA to create more equitable scoring and project selection including: providing alternatives to Coordinated Entry System for selection of residents for PSH, advocacy around changes to the State’s competitive scoring system for Oakland projects in areas with high displacement risks, and improved ownership/involvement criteria for emerging developers working within a joint venture.

HCD continues to be challenged in meeting the demand for affordable housing funding as the number of applicants, depth of need, and developer funding requests greatly exceed the available funding. For the 2024 NC NOFA, a total of 24 applications were received with requests for over \$424 million in City funding for 1,874 affordable units of which 491 units are set-aside for homeless exits.

From those applications, five projects, totaling 583 affordable units, received \$80.5 million from the January 2025 NC NOFA awards. This left a balance of 19 unfunded applications containing 1,291 units with a remaining request of \$344 million. After the additional round of City funding in November 2025 of \$63.5 million, the balance of 2024/2025 NOFA pipeline projects is currently 13 applications with 919 units representing \$246 million in unfunded requests for City funding. The list of unfunded pipeline projects is provided as **Attachment B: Unfunded New Construction Pipeline as of December 2025**.

Table 3. NC NOFA Project Awards, November 2025

Project	Developer	CD	Population	AH Units/ Homeless	Nov 2025 NOFA Funding	Est Construction Start
E. 12 th Senior Circle	Unity Council	5	Homeless/Seniors	67/14	\$10.0M	Spring 2027
3135 San Pablo	SAHA	3	Homeless/Seniors	72/36	\$11.6M	Fall 2026
430 Broadway	EBALDC & Related	2	Homeless/Seniors	65/13	\$15.0M	Spring 2027
500 Lake Park	EAH	2	Homeless/Veterans/Families/ Individuals	52/20	\$18.7M	Fall 2026
285 12 th Street	EBALDC	2	Veterans/Families/Individuals	64/13	\$8.3M	Fall 2026
Total				320/96	\$63.6M	

Project Descriptions

The five projects that were funded with a total of \$63.5 million in November 2025 contain 320 units of which 96 units are set-aside for homeless exits (as shown in **Table 3**), and highlighted as follows:

285 12th Street (EBALDC; Council District 2)

New construction of 64 units affordable to households earning 30% to 60% AMI including eight units set aside for veterans and sixteen units set aside for individuals or families exiting/at risk of homelessness. Located in Oakland’s Chinatown neighborhood, this development also secured an award of State Affordable Housing and Sustainable

Communities (ASHC) funding in December 2025 that will be used to improve transit access throughout the neighborhood and downtown. Developed in partnership with the Oakland Housing Authority (OHA), the project is expected to receive a tax credit allocation in May 2026 and start construction in the fall.

500 Lake Park (EAH; Council District 2)

New construction of 52 affordable units in the Lakeshore neighborhood for households earning between 30% to 60% of AMI, including 20 units of permanent supportive housing for formerly homeless veterans. The development will be located on land owned by OHA. The project also received Measure W funding (\$3.2 million capital and \$450,000 operating subsidy) in January 2026. EAH applied for 9% credits in April 2026, and if funded, would be able to start construction late in 2026 or early in 2027.

430 Broadway Building A (Related/EBALDC; Council District 2)

New construction in the Jack London Square neighborhood of 65 units affordable to household earning 30% to 60% AMI, with seventeen units reserved for homeless exits. The first of three phases on property owned by Alameda County, the project also received Measure W funding (\$31 million for all three phases) in January 2026 and will apply for tax credits in mid-2026. Construction is expected to start in late 2026 or early in 2027.

3135 San Pablo (SAHA/St. Mary's Center; Council District 3)

New construction in West Oakland of a 6-story mixed-use building with 72 units affordable to households earning between 20% to 60% AMI. Developed in partnership with St. Mary's Senior Center, 30 of the units will be reserved for seniors exiting/at-risk of homelessness. The City's NOFA commitment was matched with a commitment of \$10 million operating subsidy from OHA, which was awarded in April 2025. The project also received Measure W funding (\$4.375 million in capital and \$1.25 million operating subsidy) in March 2026. The project is expected to receive a tax credit allocation in May 2026 and start construction this fall.

East 12th St. Circle Senior (Unity Council; Council District 5)

New construction of 68-unit senior housing development located across from the Fruitvale BART Transit Station affordable to households earning at or below 60% AMI. Fourteen units will be designated for permanent supportive housing for veterans exiting/at-risk of homelessness. The project also received Measure W funding (\$2.975 million in capital funds) in March 2026, is projected to apply for tax credits later in 2026 and start construction in 2027.

Measure W NOFA

Alameda County voters passed Measure W in November 2020 as a ½ cent sales tax, although funding collected was held in escrow until subsequent litigation was resolved in the County's favor in April 2025. In Fall 2025, Alameda County published its first capital development RFP for Measure W funding for projects that included nearly \$73 million housing for homeless exits. Six Oakland projects were awarded Measure W funding five (500 Lake Park, Liberation Park, 3135 San Pablo, Brighter Bancroft and E. 12th Senior Circle) through the competitive Measure W RFP, and another development through a County DDA with the developers of 430 Broadway.

In total, Oakland projects received \$42 million, or 59% of the total funds. The City's NOFA awards and the County's Measure W awards allowed three projects to apply for 4% tax credits in Round 1, and two (285 12th Street and 3135 San Pablo Avenue) are likely to be successful (notifications expected from the State in mid May). If awarded tax credits, these projects aim to start construction in fall 2026. 500 Lake Park also recently applied for 9% tax credits in April.

Construction Activity, FY 2025-2026

During FY 2025-2026, seven projects were under construction, consisting of 518 units of which 169 are reserved for homeless exits as shown in **Table 4**. Two projects, Mandela Station (238 units) and Liberation Park (118 units), will start construction in late June but are not included in the table below. Project details for those developments will be included in the next fiscal year report.

Table 4. New Construction Projects Under Construction, FY 2025-2026

Project	Developer	CD	Affordable Units/Homeless Exits	City Funding	Est Completion
The Eliza	Mercy Housing	3	96/20	\$21.0M	2027
E. 12 th Street	EBALDC	2	90/23	\$19.5M	2026
Clara E. Chan (Chinatown TOD)	EBALDC	2	74/44	\$20.1M	2026
Longfellow Corner	RCD	1	76/20	\$19.8M	2026
Friendship Senior	CHDC	3	49/10	\$12.4M	2026
2700 International	Unity Council/Eden	5	74/22	\$16.3M	2028
34 th and San Pablo	EBALDC/Abode	3	59/30	\$ 7.0M	2027
Total			518/169	\$116.1M	

As noted in **Table 5** below, projects from older funding sources, and the initial wave of Measure U funding are now moving towards completion, including the 3050 International/Flicker Bird Homes development.

Table 5. New Construction Projects Completed, FY 2025-2026

Project	Developer	CD	Affordable Units/Homeless Exits	City Funding	Completion Date
West Grand & Brush	EBALDC/ Abode	3	59/30	\$7.7M	2025
The Phoenix	EBALDC/ Abode	3	100/49	\$6.4M	2025
3050 International	SAHA/ Native American Health Center	5	75/31	\$29.5M	2026
Total			234/110	\$43.6M	

City-funded affordable housing development routinely leverages outside capital funding sources (County, State, Federal and private investment) in the 4:1 to 5:1 range, at an average of \$200,000 to \$250,000 per unit in City capital subsidy. City capital funding is often the first layer

of funding for developers to launch building the capital stack and is also crucial piece of last gap funding to complete the capital stack and start of construction.

Homekey and Rapid Response Homeless Housing (R2H2) Program

In 2023, the City Council's biennial budget established a Rapid Response Homeless Housing Fund utilizing "boomerang" Fund 1870 from former redevelopment, as well as Low- and Moderate-Income Housing Asset Fund funds. Pursuant to [Resolution No. 89977 C.M.S](#) the Rapid Response Homeless Housing (R2H2) Program was created and modeled after the State of California Housing and Community Development Department's (CA HCD) Homekey to deliver both permanent supportive housing and permanent transitional housing. The City's R2H2 program launched simultaneously with the City's Homekey Round 4 RFP in November 2023 and has continued with a rolling NOFA ever since. The original available program funds consisted of \$10.4 million for capital and \$19.6 million for operational subsidy. Pursuant to [Resolution No. 90419 C.M.S.](#) an additional allocation of \$21 million of capital from Measure U Tranche 2 was allocated to the program in September 2024, for a total of \$31.4 million of available capital funding for the Homekey/R2H2 program.

Since its inception, the R2H2 team has awarded four projects:

1. Mandela House
2. Friendly Manor
3. Covenant House, and
4. the Holland (forthcoming).

The City's R2H2 funds help leverage state, federal, and local funding to fill gaps and advance projects. Since its inception, the R2H2 program has attracted over \$87 million from other sources, demonstrating the City's ability to leverage roughly \$4 for every \$1 spent. Currently, the R2H2 program has approximately \$7 million remaining and available from Measure U Tranche 2 to fund new applications for permanent supportive housing or permanent transitional housing developments.

Homekey Program

In addition to awarding City funds via the R2H2 program, HCD functions as both a direct applicant and local administrator of the State of California Department of Housing and Community Development (CA HCD) Homekey program.

In this role, the City underwrites proposed projects, evaluates readiness and feasibility, and, where appropriate, serves as a co-applicant or sponsor in partnership with developers. The City is responsible for ensuring that projects meet State Homekey requirements, coordinating submissions to CA HCD, and administering local commitments that strengthen competitiveness for State awards, including capital gap financing and operating subsidies.

Following the award, the City oversees compliance, construction progress, and long-term affordability and service delivery requirements, ensuring alignment with Housing First principles and local homelessness response strategies. HCD has applied for and successfully been awarded Homekey funding for twelve projects to date. Several of these developments are under construction or completed construction in early 2026. For FY 2025-2026, three Homekey+ projects were awarded Homekey+ funds from the State including:

1. The Maya,
2. 34th and San Pablo
3. Mark Twain

These projects will begin construction within the Fiscal Year.

Fiscal Year 2025-2026 R2H2/Homekey Activity

To be eligible for City funding under the Homekey/R2H2 Program, applicants are required to meet key threshold requirements to demonstrate project viability, readiness, and alignment with housing priorities for people experiencing homelessness. The most important indicator of a successful application is one that includes a team with a highly experienced three-legged stool – developer, property manager and service provider. In addition, the application must demonstrate project financial feasibility and operational sustainability, must not permanently displace existing residents, and commit to Housing First and the use of the Coordinated Entry System (CES) or an approved alternative, with measurable outcomes including housing retention and income access. The applicant must have completed community outreach and met with Council District officials and commit to on-going engagement with Council District staff and community stakeholders throughout the development process.

As noted in **Table 6** below, the City currently has seven R2H2 or Homekey projects under construction. Together, these projects reflect almost \$87 million in City capital investment and over \$6.6 million in operating commitments to expand long-term supportive housing capacity. Two R2H2 projects - Mandela House and Covenant House are under construction.

Table 6. Projects Under Construction, FY 2025-2026

Project Name - R2H2 or Homekey	Developer	CD	Population	Homeless Exits	City Capital/ City Operating	Est Completion
Quality Inn – Homekey	CSH Enterprise Housing	7	Homeless, Homeless Youth	101	\$0	2026
Mandela House - R2H2	Memar Properties, Inc (MPI Homes) and Housing Consortium of the East Bay (HCEB)	3	Homeless, Chronically Homeless, At-Risk of Homelessness	124	\$12.6M/\$1.2M	2026
Imperial - Homekey	Memar Properties, Inc (MPI Homes) and Housing Consortium of the East Bay (HCEB)	1	Chronically Homeless	46	\$6.6M/\$2.2M	2027

Project Name - R2H2 or Homekey	Developer	CD	Population	Homeless Exits	City Capital/ City Operating	Est Completion
Covenant House - R2H2	Covenant House California	2	Homeless Youth	20	\$1.2M / NA	2026
Maya - Homekey+	Danco Communities/ Operation Dignity	1	Homeless with Behavioral Health Condition	22	\$12.5M/\$3.2M	2027
34 th and San Pablo – Homekey+	East Bay Asian Local Development Corporation (EBALDC)	3	Homeless, At-Risk of Homelessness, Special Needs	60	\$13.5M/ NA	2028
Mark Twain – Homekey+	Mark Twain Partner, LP an affiliate of Memar Properties, Inc (MPI Homes)	5	Homeless, At-Risk of Homelessness, Special Needs	109	\$41M/ NA	2028
Total				482	\$87.4M/\$6.6M	

In FY 2025-2026, three projects were completed for a total of 52 beds and 76 PSH units as shown in **Table 7**. These projects represent nearly \$15 million in City capital investment and over \$13 million in operating support.

Table 7. Projects Completed, FY 2025-2026

Project Name - R2H2 or Homekey	Developer	CD	Population	Homeless Exits	City Capital/ City Operating	Completion Date
Coliseum Commons - Homekey	Danco Communities/ Operation Dignity	6	Chronically Homeless, Homeless Special Needs	36 units	\$4.2M/\$6.7M	2025
Friendly Manor -R2H2	Kingdom Builders Transitional Housing	3	Chronically Homeless Youth	52 beds	\$4.6M/\$4.4M	2026
Brookfield Senior Gardens - Homekey	DignityMoves/Housing Consortium of the East Bay (HCEB)	7	Homeless, Seniors	40 units	\$6.1M/\$2.2M	2026
Total				128	\$14.9M /\$13.3M	

Project Highlight: Friendly Manor

Friendly Manor is a completed acquisition rehabilitation transitional housing project located 2298 San Pablo Avenue in Oakland. The project includes 26 units with 52 beds serving Transition-Aged Youth (TAY). The development was funded through an early round of the R2H2 City capital comprised of \$2.45 million from Boomerang and \$2.16 million from the Low Moderate Income Housing Asset Fund (LMIHAF). PLHA funded \$4,354,850 in operating subsidy, along with an additional commitment of approximately \$2.6 million from Homeless Housing and Prevention (HHAP) funding. The project was developed and is managed by Pastor LJ Jennings, CEO of Kingdom Builders, and is his second housing development with Oakland HCD.

Acquisition and Conversion to Affordable Housing (ACAH) Program

On June 18, 2024, pursuant to City Council [Resolution No. 90308 C.M.S.](#), City Council authorized the City Administrator to allocate \$10 million of Measure U funds and authority to enter an unsecured loan with the Housing Accelerator Fund (HAF), a non-profit Community Development Financial Institution, to leverage private dollars from banks and philanthropists, and administer and fund acquisition and rehabilitation loans as part of the City's Acquisition and Conversion to Affordable Housing (ACAH) Program.

The unsecured City loan is pooled with the private funds raised by HAF to fund short-term bridge loans for developers to quickly acquire properties, ranging from single family homes to medium sized apartment buildings, to remove them from the speculative market. To ensure long-term affordability, the loan is enforced via a regulatory agreement so that all units must rent to households at an average of 80% of AMI and below. Resolution 90308 C.M.S. also authorized the commitment \$30M of Measure U funds for take-out permanent financing of the acquisition and rehabilitation loans. The City's take-out permanent financing repays the HAF short – term bridge loans and becomes long-term amortizing loans (to be paid from project surplus cash flow on a residual receipt basis). In this way, the bridge loan is a revolving loan fund, where the City's permanent loan replenishes the bridge loan pool.

To date, HCD has funded the \$10 million loan to HAF and allocated \$20 million for permanent take-out financing from Measure U Tranche 2. HAF estimates that they will leverage City funds in a 2.5 to 1 ratio, meaning that HAF intends to raise \$25 million leveraged by the City's \$10 million loan.

Innovative Public Private Partnership

HCD and HAF's innovative ACAH partnership addresses the need to raise capital for the bridge loan pool to leverage the City's \$10 million contribution. The City's \$10 million contribution provides an incentive for private investment as it reduces their risk. The innovative partnership also solves the need for speed. HAF administers the ACAH program on behalf of HCD to quickly close on acquisition financing so that non-profit developers can compete with for-profit developers who bring private capital and can close in 60-90 days, a timeline HCD can't match.

The HAF/ACAH program operates on a rolling basis which allows non-profit developers, land trust and cooperatives to respond more effectively to opportunities on the market. HAF reviews submitted projects according to the ACAH term sheet and underwriting guidelines, and if a project meets the specified guidelines, HAF executes an acquisition and rehabilitation loan to the developer, and HCD issues a preliminary commitment letter for permanent take-out

financing. HAF provides technical assistance to the developer to assist with the acquisition and rehabilitation.

ACAH Activity in Current Fiscal Year

In December 2025, the City released a rolling ACAH NOFA for \$22 million at the same time as the Measure U tranche 2 bond sale. The NOFA outlines the terms and conditions of the ACAH program, describes scoring priorities and includes an application for funds. Since HAF is administering the ACAH Program on behalf of the City, NOFA applications are submitted directly to HAF by project sponsors for consideration and evaluation.

HAF has received 14 ACAH applications for projects totaling \$47.5 million. **Table 8** below shows the ACAH projects that have been awarded funds or are pending awards. HAF is continuing to accept applications on a rolling basis and applications will be accepted until all remaining funds are committed.

Table 8. ACAH Commitments, FY 2025-2026

Project	Developer	CD	Population	Units	ACAH Loan via HAF	Project Status
2231 E. 28 th St	Just Homes Collective	5	Families, average 80% AMI	4	\$0.7M	Acquired
Idora Apartments	Rooted	1	Educators, average 80% AMI	33	\$7.6M	Acquired
2000 36th Avenue	Unity Council	5	Families, average 80% AMI	55	\$2.5M	Pending
6106-6108 Hilton St.	NCLT	6	Families, average 80% AMI	16	\$1.6M	Pending
319 Chester Street	AWOD	3	Families, average 80% AMI	2	\$1.0M	Pending
789 61st Street	EBPREC/ NCLT	1	Families, average 80% AMI	4	\$0.4M	Pending
2425 Valdez Street	Trestle Development	3	Families 80% AMI	71	\$3.2M	Pending
539 Mandana	Supportive Housing Community Land Alliance (SHCLA)	2	Families w/ Severe Mental Illness 70% AMI	7	\$2.4M	Pending
Totals				192	\$19.4M	

Project Highlight: Idora Apartments

Idora Apartments is the first ACAH project to close bridge financing with and demonstrates the speed in which HAF is able to meet current real estate market demands and timelines. Idora consists of 33 units of educator housing acquired by Rooted, a project of the Oakland Innovation Fund. Rooted purchased the complex for approximately \$12 million, which includes \$7.34 million of ACAH funds. HAF was able to underwrite and close the ACAH bridge loan in 60 days, to match the seller’s timeline, a turnaround the City could never meet. The City expects to close on the permanent loan in approximately four months from acquisition to take out the HAF bridge loan.

ACAH +/HUD Section 108

HCD has recently combined the ACAH program with a Section 108 Loan Pool of up to \$34 million, which is called the “ACAH+ Program”. Section 108 is a HUD program that allows HUD Entitlement Jurisdictions to guarantee loans made under the program with annual CDBG formula grant amounts. City Council approved Resolution 89056 on March 1, 2022 granting authority to apply for, accept and appropriate Section 108 funds. In November 2023, the City executed HUD Form 7082 – a funding approval/agreement between the City and HUD for a Section 108 Loan Guarantee award of \$34 million and in June 2025, the City requested an extension through 2030.

HCD has learned that this loan product is more difficult for developers to use than other City financing, since the HUD Section 108 funds must be repaid from cash flow. Most traditional affordable housing developments do not produce enough cash flow to support additional debt. Combining ACAH funds with the Section 108 Loan Pool allows HCD to leverage this source of long-term fixed rate financing; projects are more feasible when ACAH and Section 108 funds are used in conjunction with one another have sufficient cash flow to support this level of debt.

Residential Lending Services (RLS)

Established by Ordinance No. 9479 C.M.S. on June 7, 1977, HCD’s Residential Lending Services (RLS) programs have provided vital housing rehabilitation, grants, and low interest loans to low-income homeowners to address deferred maintenance and health and safety needs using a portion of Oakland’s allocation of Community Development Block Grant (CDBG) funds. CDBG is allocated by the Federal Department of Housing and Urban Development (HUD) as a formula grant to the City on an annual basis. Oakland receives a total of approximately \$7 million in annual CDBG allocation; of this, approximately \$1.8 million is annually allocated to the RLS programs described below.

Although RLS programs are restricted to low-income households under 120% AMI, over 80% of clients served by these programs have extremely low-incomes or very low-income (0-30% or 31%-50% of AMI). This is due, in part, to the high proportion of program participants who are seniors on a limited income.

RLS’s grant and loan programs funds accessibility improvements such as wheelchair lifts, lead-based paint remediation, and serious habitability issues such as roof and plumbing system replacements. The current program pipeline reflects substantial demand for critical health and safety repairs. In FY 2025-2026 RLS received 211 requests and completed work on 44 for a total of \$825,000 in loans and grants.

Staff has implemented multiple program improvements to strengthen the efficiency and effectiveness of HCD’s residential rehabilitation programs and increase the amount of RLS program expenditures to meet CDBG expenditure goals including increasing grant and loan limits to address rising construction costs, better meet community needs, and accelerate the expenditure of CDBG funds.

In the current fiscal year, HCD launched a pilot to deliver single-family home rehabilitation programs through Habitat for Humanity East Bay/Silicon Valley (Habitat EBSV), a nonprofit residential lending and rehabilitation provider. The professional services agreement with Habitat EBSV was executed in December 2025. With the contract in place, applicants who have been

on the waitlist are now moving into the rehabilitation inspection phase, and additional applicants are advancing through the pipeline overall. This partnership will significantly improve service and reduce bottlenecks in program delivery.

Asset Management Services (AMS)

The Asset Management Services Unit (AMS) was formed in 2024 to ensure the long-term viability of the City's affordable housing portfolio. It aims not only to maintain affordable housing but to strengthen it: improving habitability, supporting struggling properties, directing resources where they are most needed, and protecting affordability for generations to come. AMS provides support for the preservation of the City-funded affordable housing projects through periodic rehabilitation NOFAs, a small health and safety loan program, on-going data gathering and analysis of the portfolio's financial and physical conditions, and enforcement of affordability regulatory agreements and other loan terms.

While a portfolio rehabilitation NOFA has not been released since 2019, HCD and the AMS unit plan to release a competitive opportunity later in 2026 with already authorized funds from Measure U Tranche 2.

2. Affordable Housing Portfolio Survey Summary

HCD's portfolio includes: **152 City-funded projects** with a total of **8,323 affordable units** across more than **185 sites** (including scattered-site developments). These properties span construction years from **1883 to 2026**.

In addition, the department monitors **23 non-HCD funded projects** containing **869 affordable units** regulated through developer adopted restrictions tied to inclusionary housing incentives such as **density bonuses, zoning concessions, and impact fee waivers**. Most affordable and inclusionary units are concentrated in larger developments: 81% of these units are in properties with 50 or more total units; 18% are in properties that have between 10 and 49 units, and 1% are in small properties of 10 or fewer units.

Geographic Distribution of Affordable Units

Across all 174 projects with a total of 9,192 affordable units citywide, District 3 contains the largest share of units, followed by Districts 2, 6, 5, and 7, 1, and 4, as shown in **Table 9**.

Table 9. Citywide Portfolio Units by Council District

Council District	1	2	3	4	5	6	7	Total
Affordable Units	847	1,535	3,282	534	1,012	1,121	861	9,192
District %	9%	17%	36%	6%	11%	12%	9%	100%

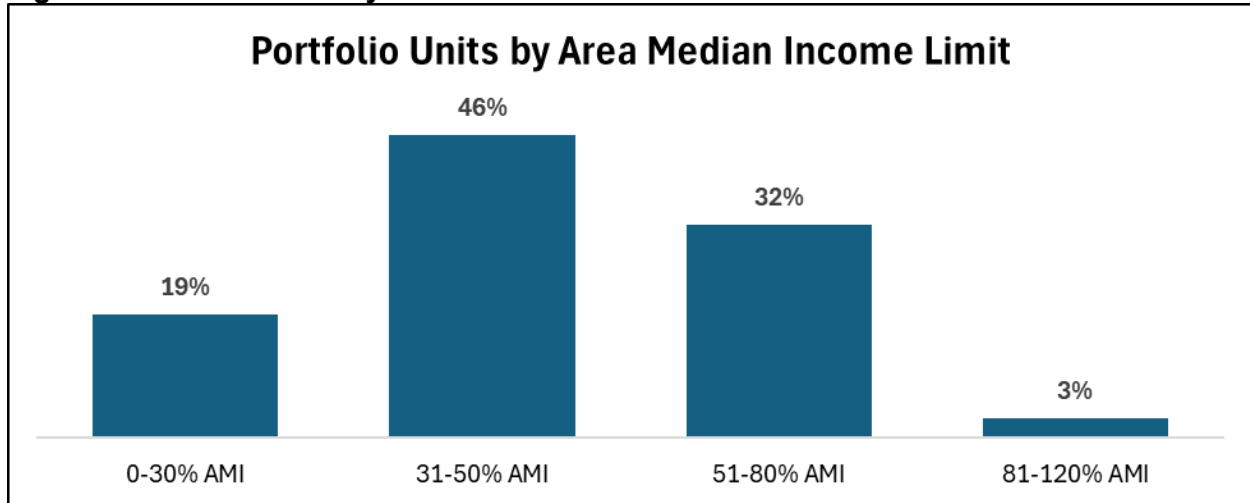
Demographic Data of Tenant Population

In FY 2025-2026, AMS focused on data gathering to understand portfolio building characteristics as well as the demographics of the tenant population. AMS requested that owners update their annual tenant, owner, and compliance information for City-funded affordable housing developments. The demographic data that follows reflects data from roughly 85% of units in HCD funded projects gathered from annual reporting updates.

Income Distribution of Affordable Units: Just under half of the units in the portfolio serve Very Low-Income households earning up to 50% AMI, followed by one-third of the units serving Low-

Income households earning up to 80% AMI, and almost one-fifth of the units serving Extremely Low Income for households earning up to 30% AMI. Moderate income units make up a small portion of the stock as presented in Figure 1 below.

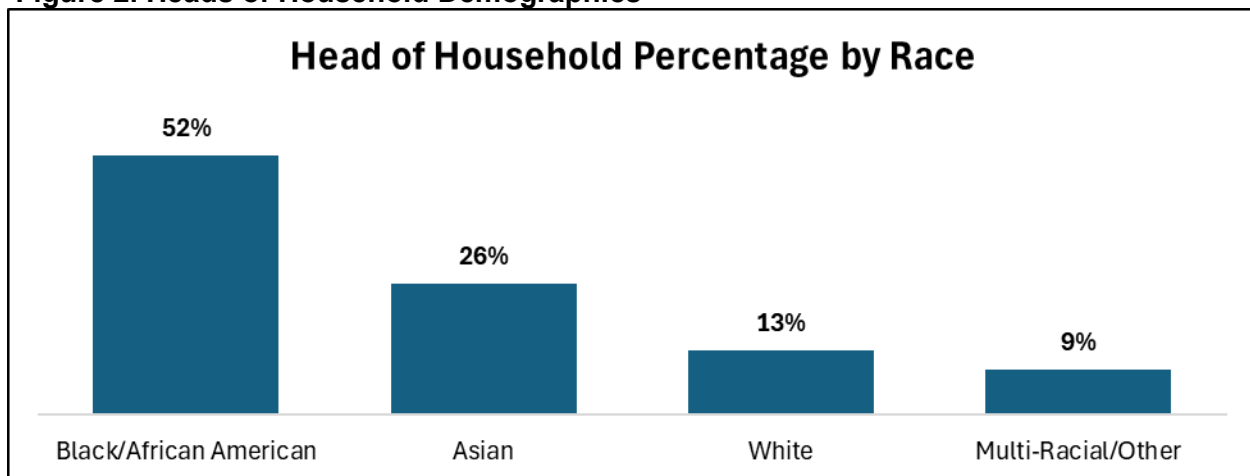
Figure 1. Portfolio Units by AMI



Over the past several years, per the SAP, HCD has been focused on increasing the number of Extremely Low-Income units to provide permanent exits for people experiencing or at risk of homelessness. The Analysis section later in this report includes an overview of the number of units funded during the first three years of the implementation of the SAP, including those that are completed, in construction or in predevelopment.

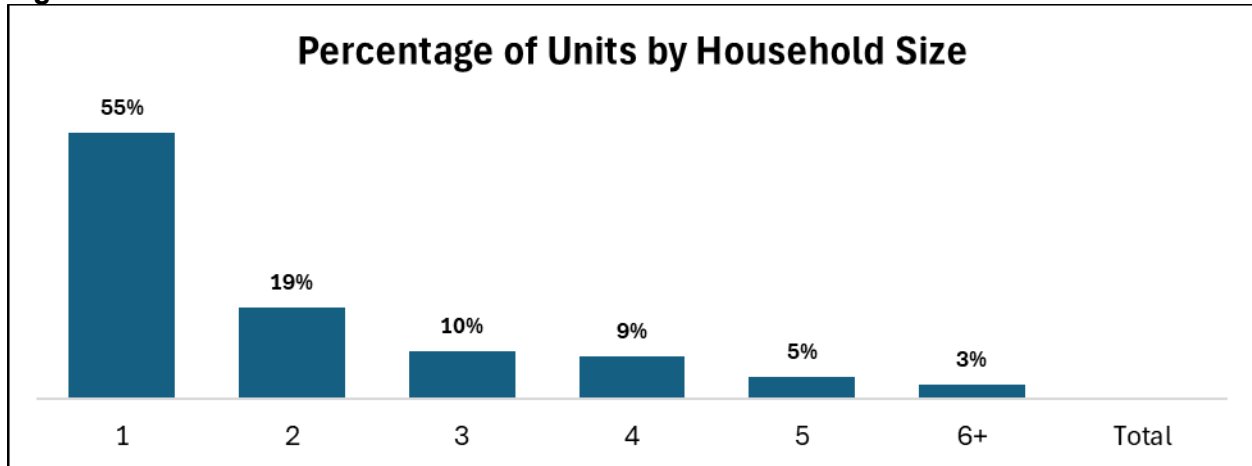
Racial Demographics of HCD's Affordable Housing Residents: Across HCD's portfolio, over half of heads of household identify as Black or African American, followed by Asian and White households representing 26% and 13% respectively, while 9% identify as "Multi-Racial/Other" as presented in Figure 2 below. Hispanic households represent about 12% of heads of household, and 44% of households are led by women.

Figure 2. Heads of Household Demographics



Size of Households: The household size data indicates that the portfolio is predominantly made up of one person households, which account for more than half of all units. Two and three person households make up one-third, while larger families of four or more comprise the balance. See Figure 3.

Figure 3. Household Size



Portfolio Performance Goals

AMS developed key performance goals, and standardized procedures to ensure habitability, preservation of long-term affordability, and financial viability of the City’s affordable housing portfolio. The goals focus on strengthening affordable housing by improving understanding of resident demographics, ensuring high standards of housing quality and habitability, and advancing building electrification to support sustainability and long-term efficiency. They also emphasize the importance of preserving existing affordable housing assets and enhancing financial stewardship through operating statements and budgets analysis, and the effective collection of residual receipts and asset monitoring fees.

Building Conditions Survey Results

AMS periodically distributes and collects surveys to monitor the portfolio in order to achieve AMS goals mentioned above. In September 2025, AMS distributed a survey to 150 completed portfolio properties to understand building conditions, identify the areas of need for rehabilitation funding and assess the readiness to achieve the City’s electrification goals by 2040. 49 properties responded to the survey, a 32% response rate. Approximately 85% of respondents reported no major building system upgrades in the past decade indicating widespread deferred maintenance supporting the need for rehabilitation funding.

In the survey, owners identified significant capital needs, such as HVAC replacement, plumbing and electrical upgrades, roofing, and elevator modernization. Many indicated that City financial support will be essential to complete electrical service upgrades and major system replacements needed to transition to all-electric technologies. The survey found electrification readiness remains low as only eight properties are currently all-electric while most continue to rely on natural gas systems (Oakland has adopted an all-electric building requirement by 2040 as part of the 2030 Equitable Climate Action Plan (Resolution 88267 C.M.S.). Owner feedback also highlighted a need for technical assistance, including guidance on sequencing

rehabilitation, understanding regulatory timelines, managing tenant temporary relocation, and accessing qualified contractors.

The survey findings clearly reveal the pent-up demand for funding of rehabilitation needs – this funding need was foreseen and already identified as a preservation strategy in HCD’s SAP. To address this need, AMS will issue a Rehabilitation Notice of Funding Availability (Rehabilitation NOFA) in fall 2026 to align with the third round of tax credits, helping developers demonstrate sufficient leverage and financial commitments at the time of application to increase the likelihood that City awarded projects will move forward.

ANALYSIS AND POLICY ALTERNATIVES

The following section:

- A. discusses the department’s progress towards housing production and preservation goals;
- B. identifies challenges for each program, its operations, and funding sources;
- C. reviews how the department has leveraged federal, state, regional, and other funds to increase its impact; and
- D. highlights future opportunities to consider to bolster further investment.

A. Affordable Housing Production and Preservation Summary of Progress

HCD’s SAP outlines how Oakland HCD will administer \$350 million in affordable housing dollars, a portion of Measure U’s total \$850 million, and other local housing-dedicated funding sources. Through outreach and stakeholder engagement during the strategic planning process, HCD created the Equitable Capital Investment Framework to ensure its programs achieve sufficient impact toward housing Oaklanders and reduce racial disparities in housing. Consistent with the Equitable Investment Framework, the SAP projects the number of units the City can produce and preserve over a four-year period through the distribution of capital funding across funding programs. The SAP distribution of capital funds is below in **Table 10**.

Table 10: SAP Distribution of Funding and Estimated Units

Program Type	% of Capital Funding	Projected Total Capital Funding	Est. # Units
Homeless Units	39%	\$188.0M	806
Low-Income Units (30-80% AMI)	37%	\$178.4M	1,189
ACAH	15%	\$ 69.0M	230
Preservation	7%	\$ 35.3M	527
Other Housing Programs	2%	\$ 9.0M	0
Totals	100%	\$479.7M	2,752

Table 11 below shows our progress to date, demonstrating that we are already exceeding our targets for permanent supportive housing. Through continued strategic partnerships and financial leveraging, HCD believes that by the end of the SAP 4-year period we will exceed the SAP total projected units. It also shows the amount of Measure U that HCD anticipates spending by program area, based on the SAP Equity Investment Framework, as well as Tranche 2 funds that have not yet been awarded to projects. Based on HCD’s average unit per

subsidy, the table shows a projection of the number of units that will be built with the remainder of Measure U funds, and the grand total over the SAP's four-year period.

It is important to note that HCD has not issued a NOFA for preservation projects in several years. City Council has approved allocation of approximately \$7 million of Measure U Tranche 2 for portfolio preservation projects which will be selected through a competitive NOFA process in fall 2026 and again once the third tranche of Measure U is sold. These units are reflected in the projected number of total units in **Table 12**.

Table 11: Actual Funding Across Programs FY 2023-2024 – FY 2025-2026 and Unit Projections

Program Type	% Capital Funding FY24 - FY26	Capital Funding Awarded FY24-FY26	Actual # of Units Funded	Remaining Measure U (T3 per SAP & Not Yet Awarded T2)	Projected Units w/ Remaining Measure U	Total Projected Units FY 23/24-26/27
Homeless Units	46%	\$140.4M	1,004	\$31.5M	158	1,162
Low-Income Units (30-80% AMI)	44%	\$134.7M	987	\$37.5M	189	1,175
ACAH	7% (perm funds only)	\$20.0M (perm funds only)	196	\$25.0M	153	349
Preservation	3%	\$9.8M	111	\$17.0M	243	354
Other Housing Program	N/A	0	0	0	0	0
Totals	100%	\$304.9M	2,298	\$111.0M	688	3,040

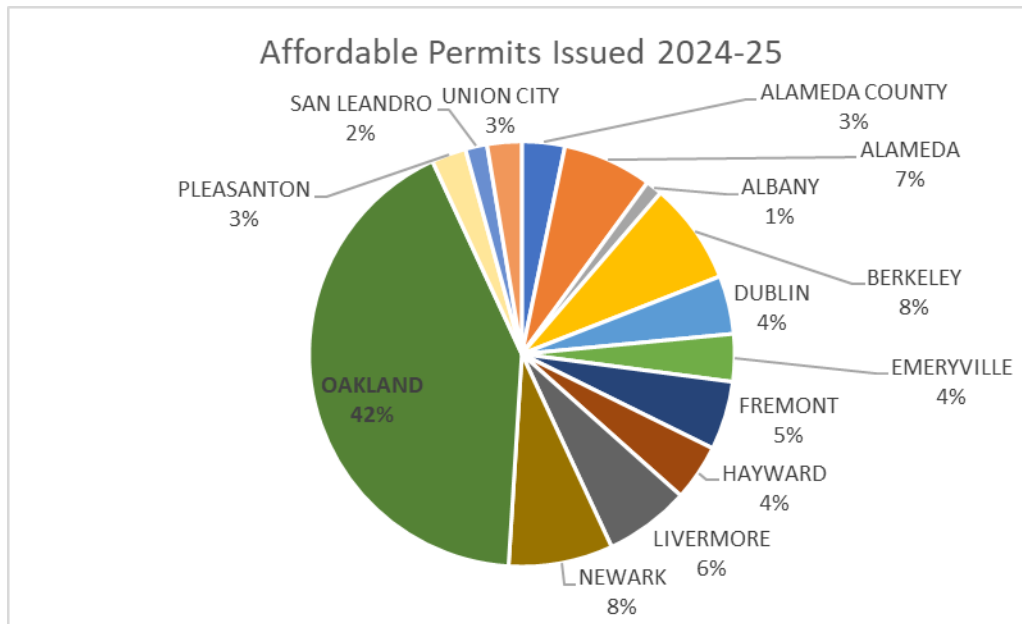
*Note:

1. Projected Units include units funded by capital funding awarded to date and the remaining Measure U funds. It does not include other local housing funding sources.
2. Capital Funds in this chart do not include the \$10 million ACAH revolving bridge loan which would increase ACAH's percentage to 10% of capital funds spent to date.

Oakland in the Context of Alameda County

As a result of local investment in affordable housing, and strategic improvements at HCD, Oakland is producing a largest share of the housing in Alameda County at all below-market affordability levels. **Figure 4** shows City of Oakland represents 42% of all permits for affordable housing in Alameda County per the Annual Progress Report (APR) data for calendar years 2024 and 2025. The number of housing units completed data was unavailable at the time of this report.

Figure 4: Below Market-Rate Housing Permitted Units, 2024-2025



B. Programmatic Challenges and Constraints

Even with resources like Measure U, there remain several challenges and constraints that limit the effectiveness of each programmatic approach. Most of these constraints are financial, and do not fully fall within the City's direct control. Sections C and D that follow, however, highlight how the department has addressed and may consider addressing these challenges despite their restrictions.

New Construction Program

High Construction Costs: An unpredictable construction market, with cost fluctuations related to changing national tariff policies and interpretations of the new Federal requirements under the Build America Buy America (BABA), adds cost to construction budgets. HCD is mitigating these construction risks by hiring construction monitor consultants who will analyze and make recommendations of the adequacy of general contractor budgets at the beginning of construction and during construction help identify value engineering for costs savings to offset increased costs.

Predevelopment Funds: Developers, particularly emerging developers, face challenges acquiring upfront capital to pay for permit fees and other predevelopment costs. As discussed in greater detail later in this report, HCD will launch a predevelopment loan program (PREP) to fund this cost.

Operating Funds: Operating funding, particularly for serving homeless exits for households from 0%-30% of AMI is needed to ensure a project's financial feasibility. City-funded affordable housing developments have been successful in securing Oakland Housing Authority and County operating subsidies to promote deeper affordability levels, but operating fund sources are a huge factor in limiting a developments' ability to provide more deeply affordable PSH units. Despite this challenge, HCD has been successful in funding and completing 100%

permanent supportive housing (PSH) projects as discussed in the next section, by working with developers to secure County, state and federal operating funding sources to increase the production of units that serve deeper levels of affordability.

R2H2 Program

State Funding Limitations: The City continues to face several structural and market-driven challenges that impact the pace and scalability of homeless housing development. One of the most significant barriers is the evolving prioritization within State programs such as Homekey, which currently emphasizes veteran-serving projects. In Alameda County, veteran homelessness, has effectively reached functional zero which means there are sufficient housing resources for veterans experiencing homelessness. This is limiting the City's ability to remain competitive for these funds despite ongoing need in other populations. To address this constraint, the City will prioritize existing veteran-serving projects for rehabilitation funding to maintain current units and stabilize existing residents. For any new proposals, the City will require documented referral commitments from the County and/or the U.S. Department of Veterans Affairs, along with a marketing and lease-up plan to demonstrate demand and project viability.

Service Provider Limitations: As more units come online, the availability of experienced providers to deliver supportive services has not kept pace, creating bottlenecks in both project readiness and long-term operational sustainability. Similarly, there is a need to expand the pool of qualified development partners, property managers, and service providers to ensure projects can move forward efficiently and at scale. The City will work cross-departmentally with our partners in Community Homelessness Services to build a pipeline of service providers, expand outreach to other regions of California to increase the applicant pool, and develop training and curriculum to support provider capacity.

ACAH Program

Developer Capacity: HCD staff has been working with the majority of active ACAH developers since 2020. ACAH developers tend to be smaller not for profit organizations, community land trusts (CLTs) and cooperatives (coops), most of which have a smaller portfolio of affordable housing properties and less real estate experience acquiring and rehabilitating older properties. This has resulted in gaps in financing, delays in loan closing and construction, and cost overruns. To address the challenge of the limited capacity of ACAH developers to close ACAH loans on schedule and budget, HCD has revised ACAH program guidelines so eligible costs now include project management consultant fees and construction monitor fees. Also, as HAF works with ACAH developers to close their financing, HAF is providing technical assistance, including affordable housing financing, due diligence analysis and construction management.

Limited Contractor Pool: The ACAH program faces a limited pool of contractors, specifically LBE/SLBE, to perform ACAH rehabilitation scopes of work. Many contractors lack experience and financial ability to obtain City-required documents, including payment and performance bonds and insurance. HCD staff will continue working with DWES to increase the pools of contractors that qualify as LBE/SLBE and encourage contractors to seek investor partners.

C. Increased Funding for HCD's Housing Development Programs

HCD has sought to increase funding for affordable housing programs in part by leveraging City funding, as well as directly applying for state and federal funding sources. Over the past year, HCD has applied for and received funding awards as follows:

HUD PRO Housing

In early 2025, the City was awarded \$7 million from the Federal Pathways to Reducing Obstacles to Housing (PRO Housing) grant from HUD and in 2026, HUD clarified the requirements for localities to implement the grant. The City elected to use the grant to fund a dedicated affordable housing permitting expeditor/facilitator in the Planning and Building Department for five years, and \$5.2 million for a new revolving Predevelopment Loan Program (PREP) for new construction projects funded through the New Construction NOFA process. Because HUD funding triggers "Build America, Buy America Act (BABA)" requirements, to mitigate its impact on increasing project costs, the PREP will be rolled out in two phases. In the first phase, predevelopment loans will fund permit costs for projects that already have Federal funding. In the second phase, the predevelopment loan will fund projects that do not have Federal funding, therefore not saddling these projects with BABA requirements. The second phase predevelopment loans are not saddled with BABA requirements as these loans are funded with recycled moneys and are deemed local, no longer Federal.

State HCD Local Housing Trust Fund Program (LHTF)

The City applied in September 2024 for a \$5 million grant from State HCD's LHTF funding program. The State HCD issued a partial award in the amount of \$1.8 million on December 31, 2025 (partial awards were made to a large number of applications with tied scores). Scoring for the LHTF program is based on the City's ability to leverage local impact fees (Jobs Housing Impact Fees and Affordable Housing Impact Fees) as a match for the State funding.

Affordable Housing and Sustainable Communities (ASHC)

In late 2025, the State of California Department of Housing and Community Development awarded a \$35.9 million ASCH grant for the new construction of 65-units of affordable housing serving low-income families and veterans at risk of homelessness Located at 285 12th Street, a transit-rich, walkable neighborhood near BART and AC/Transit line, the project will include no parking and provide residents with free transit passes for three years. This grant will also fund sustainable transportation infrastructure surrounding the site including new bikeways, walkways, ramps, crosswalks, and a bus-only lane on Broadway.

State Homekey +

As mentioned above in the section on the City's R2H2 program, the City co-applies with developers for State Homekey + to fund capital improvements and operating subsidies for permanent supportive housing or permanent transitional housing. In FY 2025-2026, HCD was successful in three funding applications for a total of \$46.5 million in State Homekey + awards to three projects – The Maya, Mark Twain, and 34th and San Pablo. All three projects are currently beginning construction and will result in 159 permanent supportive housing units for households at 0% to 30% of AMI.

Non-HCD Funded Affordable Housing

In addition to directly funding affordable housing development, HCD also enforces regulatory agreements of concessions on inclusionary zoning incentives, and monitors projects awarded welfare tax exemption - mechanisms that create affordable housing not funded by HCD.

Bay Area Housing Finance Authority (BAHFA) Welfare Tax Exemption

Under California law, housing projects that are entirely dedicated to households earning 80% AMI or below are exempt from *ad valorem* property taxes¹. To qualify for this exemption, projects must receive at least nominal public funding, accept an agreement guaranteeing the affordability restriction, and prove that the proposed rents would be at least 10% below market rate. Staff will work with BAHFA as it seeks to expand opportunities to deploy this program on Oakland projects. In FY 2025-2026, two Oakland projects received welfare tax exemptions, Courtyards on International and 1523 Harrison Street for a total of 420 units affordable at 80% AMI or below. 1523 Harrison is under construction and expected to complete in 2027. Courtyards on International (at 1428 105th Ave) is in process of a change of use from senior housing to all ages housing.

Density Bonus and Impact Fee Waivers (Inclusionary)

Market-rate projects in Oakland routinely take advantage of inclusionary zoning incentives allowing for impact fee waivers, density bonuses, or other concessions in exchange for including affordable housing units to be rented or sold to lower-income households.

In this fiscal year, nine projects taking advantage of inclusionary incentives and containing 946 units, of which 586 are affordable units, were completed or are in progress. See **Table 12**. Affordability levels vary project by project and range and include units that affordable to households who are Very Low Income, Low Income and Moderate Income. Most projects are rental with only two that are homeownership, each only offering one unit for a total of two homeownership units as compared to 584 rental units.

Although market-rate development has temporarily slowed, we expect more inclusionary units to be created in future market-rate projects as the economic climate improves. Although these units do not typically serve homeless households, they are a valuable opportunity to maintain income diversity in neighborhoods experiencing significant new development.

Table 12: Inclusionary Units Completed or in Progress, FY 2025-2026

Private Development	Occupancy	Inclusionary Incentive	Affordable Units	Total Units
Completed FY 2025-2026			299	603
Macarthur Studios	Rental	Density Bonus Impact Fee Waiver	191	193
1510 Webster St	Rental	Density Bonus Impact Fee Waiver	56	236
ArtHaus 820	Rental	Density Bonus Impact Fee Waiver	51	166
4039 Park Blvd	Ownership	Density Bonus Impact Fee Waiver	1	8
Permits Issued FY 2025-2026			1	14

¹ *Ad Valorem* property tax is the base 1% property tax paid by California property. Affordable housing often qualifies for a discount on parcel taxes, but rules vary from parcel tax to parcel tax.

Private Development	Occupancy	Inclusionary Incentive	Affordable Units	Total Units
5527 Vicente Way	Ownership	Density Bonus Impact Fee Waiver	1	14
In Progress - Permits Issued in a Previous Fiscal Year			286	329
1523 Harrison St	Rental	Density Bonus Impact Fee Waiver Welfare Tax Exemption	281	284
316 12th Street	Rental	Density Bonus Impact Fee Waiver	3	27
1031 62nd St	Rental	Density Bonus Impact Fee Waiver	1	12
856 34th Avenue	Rental	Density Bonus Impact Fee Waiver	1	6
Grand Total Completed or in Progress			586	946

In summarizing the affordable housing activity detailed in the report sections above and as shown in **Table 13** below, for FY 2025-2026, a total of 1,441 affordable units (including 651 units set-aside for homeless exits) were under construction and 698 affordable units (including 238 units set-aside for homeless exits) completed construction as shown in the table below. These totals include both HCD funded projects and affordable housing developed as a result of the City’s inclusionary zoning incentives described above.

Table 13. Total HCD Funded and Inclusionary Units Under Construction and Completed, FY 2025-2026

Program Name	Under Construction		Completed	
	AH Total	Homeless	AH Total	Homeless
New Construction	518	169	234	110
R2H2/Homekey	482	482	128	128
ACAH	155	0	37	0
Subtotal HCD Funded	1,155	651	399	238
Inclusionary	286	0	299	0
Total HCD Funded and Inclusionary	1,441	651	698	238

D. Future Housing Opportunities to Consider

HCD continuously seeks to incorporate emerging housing funding and land-use incentive programs to increase affordable housing development opportunities, and a few that we will focus on the coming year are as follows:

New State Agency and State Housing Bond

Beginning in July 2026, the State is launching a new “one-stop funding shop” through the inaugural Housing Development and Finance Committee (HDFC) which aims to reduce the timelines and costs of building affordable housing. If the State housing bond is passed (AB 736, Wicks), HDFC will be capitalized with up to \$10 billion. To ensure the City’s projects can leverage the new funding sources, the City must provide local subsidy to help build a project’s capital stack and increase its competitiveness for bonds and tax credits for affordable rental housing, and new funding sources for homeownership opportunities.

Permanent Local Housing Allocation (PLHA)

The City receives funding from the State’s Permanent Local Housing Allocation (PLHA) program on an annual basis. Funded by the SB 2 document recording fee on real estate transactions, PLHA funding amounts vary from year to year based on home sale volume in California. Over the first five years of the PLHA program, Oakland typically received \$2 million to \$5 million annually. PLHA funds are unusual because they are flexible- unlike almost every other affordable housing funding source, PLHA funds can be used for capitalized operating subsidy for affordable housing. Capitalized operating subsidy is essential for the long-term sustainability of deeply affordable housing, especially Permanent Supportive Housing for the homeless. The City used PLHA funds from the first 5-year period of PLHA to fund capitalized operating subsidies totaling approximately \$21 million. As the State releases the rules for the second 5-year period of PLHA funding, staff anticipate they will reserve 20% of annual PLHA funds for homeownership-related uses. Although this will reduce the City’s ability to use PLHA funds for capitalized operating subsidy- with negative impacts on the City’s efforts to create more permanent supportive housing - this change will create annual dedicated homeownership funding. Over the course of 2026, staff will reevaluate the City’s historic homeownership programs, conduct best practice research on equity-based homeownership programs around the country, and recommend a homeownership-related use for the set-aside PLHA funds.

Scalable Housing Infill Funding Toolkit (SHIFT)

In FY 2026-2027, the City will collaborate with Alameda County on their forthcoming [Scalable Housing Infill Funding Toolkit](#) (SHIFT) program. By streamlining development approvals and financing, SHIFT intends to expand housing opportunities for households earning between 60% and 80% of Area Median Income. SHIFT is particularly focused on supporting development in lots suitable for small multifamily projects (especially 4-12 units). This program could help redevelop lots that are excessively large for single-family homes but are too small to support a tax-credit financed affordable housing development. The Planning & Building Department will engage with the County’s program consultant to explore preapproval pathways for projects designed through the SHIFT program. In the long term, the County hopes designs preapproved through SHIFT can be used for both market-rate and affordable infill development.

Recycle Tax Defaulted Lots

Another possibility that staff are evaluating is a renewed push to redevelop tax defaulted vacant lots into affordable homeownership opportunities. This would involve working with the Planning & Building Department and Alameda County to identify and eliminate uncollectable liens that prevent redevelopment of these vacant properties. While no City funds are available to pay for the construction of housing on these tax-defaulted properties, providing heavily discounted land for affordable homeownership could unlock private sector investment to assist with the construction cost. This initiative could also help reduce blight and blight-related City expenses.

In addition to the specific opportunities highlighted in this report, staff continue to research other workforce housing strategies and search for resources that could help serve middle-income Oaklanders.

RELATED PLANNING EFFORTS

[HCD 2023-2027 Capital Investment Strategic Action Plan](#)

This report communicates how the department directly implements the priorities outlined in Oakland HCD's 2023-2027 Strategic Action Plan for capital investment. The SAP identifies the development of permanent supportive housing and other homeless exits as a top priority for capital dollars, followed by other affordable housing development and preservation activities.

[City of Oakland 2026 Homelessness Strategic Action Plan](#)

The City's Homelessness Strategic Action Plan offers five key activities to reduce homelessness by 50% by 2031:

1. Targeted homelessness prevention
2. Access and coordination
3. Encampment engagement and neighborhood health
4. Interim housing; and
5. Permanent housing

This report describes the City's work to advance point number five, permanent housing. There is a huge gap between market rents and the income of people experiencing homelessness (including both earned income and benefit programs like social security and disability insurance). The key to ending homelessness is permanent housing that is affordable to people experiencing homelessness and which provides supportive services tailored to the needs of the residents. The Plan recommends an investment of approximately 54% of total homeless funding for permanent housing solutions. This significant investment reflects the evidence-based efficacy of this strategy, where rates of housing retention are in the 90% range.

[Oakland's General Plan](#)

Oakland HCD's permanent housing development work directly advances the goals set forth in the General Plan's [2023-2031 Housing Element](#). The Housing Element sets forth the City's housing priorities and goals—as well as its vision for both short- and long-term development—to create a fair and just city. The actions proposed by this Housing Element cover a wide range of housing issues but are largely focused on addressing two major issues: the City's shortfall of housing production and affirmatively undoing past patterns of exclusivity. Per the Regional Housing Needs Allocation (RHNA), Oakland has been tasked with developing 26,251 new units of housing by 2031 of which 10,261 must be affordable to residents earning up to 80% AMI. Oakland HCD's development activity focuses exclusively on affordable housing production.

FISCAL IMPACT

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

It is, however, intended to provide an accounting for the allocation and use of previously authorized funding. In FY 2025-2026 City Council authorized the following amounts for Capital Funding for allocation through HCD's competitive programs. This chart also shows the Capital Funding City Council authorized in FY 2024-2025. The City made a decision to delay the sale of

Tranche 2 of Measure U until early 2026. As a result, much of the funding that was authorized over the last two years was not awarded directly to projects until late 2025 or early 2026. Over the last two fiscal years nearly \$197 million of Measure U and other local housing capital funds have been authorized and awarded to projects and/or funding programs. See **Figure 14**.

Table 14. Affordable Housing Capital Funding Authorization FY2025-2026

Fund	Capital Funding FY25	Capital Funding FY26	Total for FY25& FY26
1870 – Affordable Housing Trust Fund - Boomerang	Not Available	Not Available	Not Available
1885 - 2011A-T Subordinated Housing	\$ 0.7M	Not Available	\$ 0.7M
2109 - HUD-Home	\$ 2.3M	\$ 2.7M	\$ 5.0M
1871 - Jobs Housing Impact Fee Fund	\$ 0.7M	\$ 1.4M	\$ 2.1M
1872 - Affordable Housing Impact Fee Fund	\$ 2.8M	\$ 3.1M	\$ 5.9M
2830 - Low and Moderate Income Housing Asset Fund	\$ 5.8M	\$ 5.4M	\$ 11.2M
2144 – State Local Housing Trust Funds (2024 NOFA awarded amount)	Not Available	\$ 1.7M	\$ 1.7M
5343 – Tranche 2 Measure U: Affordable Housing GOB Series 2023A-2 (Taxable)*	\$135.5M	\$35.5M	\$171M
HCD's Usage & Source	\$147.8M	\$49.8M	\$197.6M

*Measure U Tranche 2 is net of 5% administrative allowance.

1) Low and Moderate Income Housing Asset Fund (Fund 2830, Project 1000388, Org 89929):
 The Low and Moderate Income Housing Asset Fund is a fund required under the Redevelopment Dissolution law to hold funds generated from housing assets (such as land sales or loan repayments) transferred to the City from the former Redevelopment Agency when the Agency dissolved. The current funding is from loan repayments received by the City from existing rental or ownership properties and from redevelopment funded Mortgage Assistance Loans.

2) Affordable Housing Trust Fund (AHTF) (Fund 1870, 1871, 1872) is made up of the following sources:

- a. Jobs/Housing Impact Fees (JHIF). (Project 1001664, Org 89929) The Jobs/Housing Impact Fee is assessed on construction of buildings for office and warehouse/distribution uses per Ordinance No. 12242 codified as Chapter 15.68 of the Oakland Municipal Code.
- b. Affordable Housing Impact Fees (AHIF). (Project 1001667, Org 89929) The Affordable Housing Impact Fee is assessed on construction of new market-rate housing units including live/work and work/live units per Chapter 15.72 of the Oakland Municipal Code.
- c. Former Redevelopment Funds (Project 1000386, Org 89929) “Boomerang funds” are former property tax increment financing payments that are received by the City and specifically designated for affordable housing. In 2013, after the dissolution of redevelopment, the City committed to setting aside 25 percent of the funds distributed to the City as a taxing entity under the Redevelopment dissolution and deposit them into the Affordable Housing Trust Fund.

3) 2011A-T Subordinated Housing (Fund 1885): Interest earnings from an older affordable housing bond fund, available for deployment for affordable housing loans.

4) HOME funds (Fund 2109). (HOME Project 1000394, HOME-ARP Project 1006277, both Org 89929): Each year, the City receives an entitlement grant from the HUD HOME Investment Partnerships Program, and in 2021 also received a one-time infusion of HOME-ARP funds through the federal American Rescue Plan. In FY 2025-2026 HUD HOME funds funded NC NOFA projects.

5) Measure U Bond Tranche 2 (Fund 5343): As of the writing of this report, per Council authorizations, the entire amount of Tranche 2 has been committed to projects or programs.

PUBLIC OUTREACH / INTEREST

This item is an informational report to City Council and no additional public outreach was completed.

COORDINATION

This report has been reviewed by the Office of the City Attorney and by the Budget Bureau.

RACE AND EQUITY

The approach to allocation of funds is directly informed by Oakland HCD’s SAP which was created using the City’s Racial Equity Impact Analysis (REIA) process. Per the SAP, Oakland HCD currently prioritizes the development of PSH to the maximum extent possible in order to increase the number of homeless exits available. As Oakland’s Black population is overrepresented in its unhoused demographic (roughly 52% of the total), providing deeply affordable housing – especially PSH – as quickly and efficiently as possible is critical in efforts

to reduce racial disparities in homelessness. The funding approaches outlined in this report are also in alignment with the larger Alameda County's Home Together 2026 Plan for ending homelessness which forecasts that Oakland will need to provide 7,097 units of PSH between 2023 and 2027. Additionally, the State of California's Regional Housing Needs Allocation (RHNA) requires Oakland to supply 10,261 units affordable to low, very low, and extremely low-income residents by 2031; the development of such units will increase the City's overall housing stock and help Oakland residents and workers avoid displacement.

The Housing Development Division has conducted or will conduct REIAs on each funding program periodically to assess the program and evaluate whether program components are addressing racial disparities in housing or if changes should be implemented to better address these disparities. A REIA was completed for the NC NOFA and ACAH in FY 2025 that resulted in changes to several focus areas to create more equitable scoring. The REIAs for R2H2 and the AMS Rehab NOFA are in progress.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On Housing Programs by the Housing and Community Development Department for Fiscal Year 2025-2026.

For questions regarding this report, please contact Fay Darmawi, Deputy Director for Housing Development, Housing and Community Development Department, at fdarmawi@oaklandca.gov or 510-238-3714.

Respectfully submitted,



Emily Weinstein (May 5, 2026 12:07:29 PDT)

Emily Weinstein
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Prepared by:

Fay Darmawi
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Development

Attachments (2):

- A. Measure U Tranche 1 and 2 Funding
- B. Unfunded New Construction Pipeline as of December 2025

**Appendix A –Measure U
 Tranche 1 and 2 Spending**

Project Name	CD	Homeless Units	Total Units	MU Commitment (T1 and T2)	Status
New Construction					
3050 International /Flickr	5	31	75	\$22,583,610	construction complete
Phoenix	3	49	100	\$1,773,821	construction complete
Friendship Senior	3	10	39	\$3,109,002	under construction
Longfellow	1	34	76	\$3,500,000	under construction
E. 12th Street	2	23	67	\$15,500,000	under construction
Chinatown TOD	2	44	52	\$1,860,000	under construction
The Eliza	3	20	76	\$15,051,204	under construction
Mandela TOD	3	60	240	\$27,200,000	predevelopment
Liberation Park	6	30	118	\$26,000,000	predevelopment
2700 International	5	19	74	\$6,511,313	under construction
500 Lake Park	2	20	52	\$11,212,444	predevelopment
3135 San Pablo	3	25	72	\$6,049,028	predevelopment
430 Broadway -Parcel A	2	17	64	\$14,984,990	predevelopment
E. 12th Street Seniors	5	17	67	\$10,000,000	predevelopment
New Construction TBD				\$1,700,000	project TBD
R2H2/Homekey					
Friendly Manor	3	52	52	\$359,776	construction complete
The Maya	1	22	22	\$5,484,199	under construction
Mark Twain Homes	5	39	108	\$8,000,000	under construction
34th and San Pablo	3	30	59	\$2,564,588	under construction
Mandela House	3	125	125	\$8,000,000	predevelopment
Other R2H2				\$7,156,025	Rolling NOFA in 2026

ACAH					
ACAH Take Out				\$639,086	Rolling NOFA in 2026
Idora Apartments	1	0	33	\$7,632,914	acquired
Just Homes	2	0	4	\$700,000	acquired
2000 36th Ave (TUC)	5	0	15	\$2,500,000	predevelopment
6106 Hilton St	6	0	15	\$1,600,000	predevelopment
319 Chester Street	3	0	2	\$968,000	predevelopment
786 61st St	1	0	4	\$400,000	predevelopment
2425 Valdez	3	0	71	\$3,160,000	predevelopment
539 Mandana	2	0	7	\$2,400,000	predevelopment
SFHAF Bridge Loan				\$10,000,000	bridge loan
Portfolio Rehabilitation				\$7,000,000	NOFA in 2026
SUBTOTAL PROJECTS		667	1689	\$235,600,000	
SUBTOTAL 5% ADMIN FEE				\$12,400,000	
TOTAL Measure U T1 and T2				\$248,000,000	

Attachment B: Unfunded New Construction Pipeline as of December 2025

Developer/ Borrower	Project	CD	Total Units	Homeless/ Special Needs Units	2024 NOFA Requested Amount - Unfunded
Eden Housing, Inc.	Agnes Memorial Senior	2	60	12	\$14,815,719
Satellite Affordable Housing Associates	125 E12th Street	2	95	19	\$20,400,000
Community Housing Development Corporation	Kingdom Builders Senior Housing	6	41	10	\$13,100,000
McCormack Baron Salazar	2301 Telegraph Avenue	3	58	29	\$10,000,000
EBALDC	430 Broadway Building C	3	71	14	\$18,500,000
Strive Real Estate LLC	Brooklyn Arms Apartments	2	43	10	\$10,391,000
John Stewart Company	Villa Fruitvale	5	80	41	\$15,000,000
Spanish Speaking Unity Council	2610 International	5	105	21	\$35,692,000
Community Housing Development Corporation	Joshua Senior Housing	3	71	18	\$15,002,000
Eden Housing, Inc.	77th and Bancroft	6	90	25	\$15,000,000
Spanish Speaking Unity Council	3073 International Boulevard	5	58	12	\$22,799,500
The Unity Council	111 Fairmount	3	92	19	\$38,543,126
Related Companies of California	430 Broadway Building B	2	55	11	\$17,000,000
			919	241	\$246,243,345