

A Roadmap Toward Equity: Housing Solutions for Oakland, California

PolicyLink



Acknowledgments

We are very grateful to our **funders**: the National Fair Housing Alliance, Wells Fargo, the San Francisco Foundation, The Kresge Foundation, and the HUD Sustainable Communities Initiative; and to the **team who provided research and writing support**: Karen Black, Teddy Miller, and Lin Chin.

We greatly appreciate the **individuals and organizations who provided feedback and ideas**: City of Oakland's Departments of Housing & Community Development, Planning & Building, and Human Services; Association of Bay Area Governments; Alameda County Healthy Homes and Public Health Departments; Alliance of Californians for Community Empowerment; Bay Area Community Services; California Affordable Housing Law Project; California Housing Partnership; Catholic Charities; Causa Justa::Just Cause; Centro Legal de la Raza; East Bay Asian Local Development Corporation; East Bay Rental Housing Association; East Bay Community Law Center; East Bay Housing Organization; Enterprise Community Partners; EveryOne Home; Housing Economic Rights Advocates; Jobs & Housing Coalition; Hello Housing; Housing Consortium of the East Bay; Oakland Builders Alliance; Oakland Association of Realtors; Oakland Sustainable Neighborhoods Initiative; Oakland Tenants Union; Jed Kolko (Chief Economist for Trulia); Nico Calavita (independent architecture and planning professional); Karen Chapple (UC Berkeley City and Regional Planning); and Larry Rosenthal (UC Berkeley Goldman School of Public Policy).

Special gratitude goes to Mayor Libby Schaaf; former Mayor Jean Quan; Assistant City Administrator Claudia Cappio; Interim Assistant City Administrator Donna Hom; Michele Byrd, Director of Housing & Community Development; Rachel Flynn, Director of Planning & Building; and Darin Ranelletti, Deputy Director of Planning & Building.

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An Action Plan for Addressing Oakland's Housing Crisis

Oakland stands at the center of a perfect storm. The city and surrounding Bay Area region are experiencing extraordinary economic growth. In 2013, Oakland was recognized as the nation's most exciting city, the top "turnaround" town, and a top-five city for tech entrepreneurs.¹ Between March 2013 and March 2014, 17,000 new jobs were added in the East Bay, with 143,000 more forecasted by 2020.² But housing production is not keeping pace with the escalated demands, nor is sufficient housing affordable to many existing residents and the expanding lower-income workforce.

A growing number of Oakland residents cannot afford to buy or rent a home or move within their own neighborhood. This housing affordability crisis threatens to undermine the economic recovery for longstanding community members, especially for those in lower-paying work—teachers, service workers, artists; and for the growing population of seniors with fixed incomes. Facing a rising loss of families with children, and a dramatic loss of African American households, Oakland risks following in San Francisco's footsteps, and losing the intergenerational treasures of our community.³

Housing is the biggest cost in a household budget and the single biggest factor making the Bay Area inhospitable for many lower- and middle-wage workers.⁴ Bay Area businesses have ranked the high cost of workforce housing as their top concern with long commutes to more affordable housing stock impacting productivity and the environment.⁵ In response to these concerns, the Oakland City Council requested guidance on policy solutions. The city's Strategic Initiatives Unit in the Department of Housing & Community Development, which spearheads housing and community equity initiatives, commissioned PolicyLink and Urban Strategies Council to work with the city to analyze the challenges and recommend comprehensive policy solutions.

Over the last several years, the City of Oakland and its community partners have innovated solutions to address the housing crisis. This Roadmap builds on that foundation by recommending viable, impactful policies and programs—to enable Oakland to grow; to honor its historic diversity; to provide the housing infrastructure needed to enable long-time residents to remain and benefit from Oakland's renaissance; and to protect and serve our most vulnerable residents. The Roadmap lays out an actionable plan for policies, programs, and investments that can be realized in the next few years, and assigns their progress to specific agencies. These strategies complement the goals laid out in the city's Housing Element for 2015–2023.

The Oakland community, with its history of pioneering solutions to major world problems, has the knowledge, expertise, and capacity to solve its current housing problems. It will require every tool in our toolbox to be dedicated to preserving and expanding affordability. It will require all actors to do their parts—small property owners building second units; neighborhoods welcoming new apartments; developers contributing affordable solutions; landlords offering fair rents and quality homes; and the city ably administering solutions. We stand ready to lead and support the City of Oakland's efforts toward safe and secure futures for all Oakland residents.



Libby Schaaf
Mayor
City of Oakland



Angela Glover Blackwell
Founder and CEO
PolicyLink

Problem Summary: How Oakland's Housing Crisis Has Impacted Our Efforts to Build an Equitable and Inclusive Community

In the past decade, housing costs have outpaced income levels for the majority of Oakland residents. In a sampling study of 15 neighborhoods, the majority of current Oakland residents could not afford to rent or purchase homes at the current prices in their neighborhoods.⁶ This means that when Oakland families lose their existing housing to foreclosure, eviction, or other measures, they are unlikely to be able to afford to stay in their neighborhood or even in Oakland. The forecasts for future area job growth, showing significant increases in both higher-wage and lower-wage jobs, portends the continuation of the housing affordability problems unless policy interventions are undertaken.

The below summary of demographic data comes from analysis conducted by the Urban Strategies Council and which is provided in **Appendix G**.

During the past decade, Oakland has seen dramatic population shifts with a 24 percent decline in African Americans, a 16.7 percent decline in children, and declining income levels for residents of color. While the affordability of housing may not be the sole driver of these demographic changes, housing choice and affordability are one of the most significant drivers of residential movement or forced displacement of long-time residents. While Oakland lost almost 34,000 African American residents between 2000 and 2010, the share of the low-income Black population living in Bay Area suburbs increased more than 7 percentage points over the same time period.⁷ The reasons behind this exodus are multifold, including public safety and education considerations, and differ from family to family. However, the City of Oakland has the opportunity to advance housing solutions that support the choice of long-time Oakland families to remain in Oakland.

Not all displaced Oaklanders can relocate to other communities and, instead, some remain homeless in Oakland, living on the streets and in emergency shelters for months, even years. The last Oakland-specific homeless point-in-time census in 2009 estimated that just over 2,000 people were homeless in the city on a given night in January.⁸ Seventy percent of those counted were not chronically homeless. A recent study found that 41 percent of homeless individuals surveyed in Oakland became homeless after the age of 50 years—with skyrocketing housing prices and the loss of safety nets to blame.⁹ In 2013, Oakland had more than 250 homeless children.¹⁰ Oakland's homeless data is currently being updated.

The ability of Oakland residents to rent or purchase homes in Oakland is worse today than in previous decades.

Renters comprise 59 percent of Oakland households, with a median income of \$34,195. Homeowners comprise 41 percent of households, with a median income of \$89,645. From November 2013 to November 2014, the home sale prices in the city rose 13.4 percent, while rents of new vacant listings in the city jumped 9.1 percent, giving Oakland the highest apartment rent growth in the country. (San Francisco rents increased 7.4 percent.)¹¹ As of April 2014, median rents in Oakland were 24 percent higher than the monthly average over the previous four years.¹² A household making Oakland's median income for renter households today would need to spend 73 percent of their income to pay Oakland's current median listing rent of \$2,076.¹³ (See **Appendix G**, Figure 11, "Citywide Affordability Overview.") About 56 percent of Oakland's rental housing stock is subjected to the city's rent stabilization requirements, which is capped at the Consumer Price Index (currently 1.9%).¹⁴ In cases where landlords make capital improvements to a building, the annual rent increase is capped at 10 percent.¹⁵ However, once the current tenants move out of the rent-regulated units, the rental price resets to market rate.

Citywide, median home prices have fluctuated over the past decade, with a median sales price of \$458,500 in April 2014, and housing prices in some neighborhoods in Oakland are now close to where they were at the height of the housing bubble. The Urban Strategies Council's analysis of 15 neighborhoods with different median housing costs shows that the majority of both renter and homeowner residents would not be able to afford a median-priced home in their neighborhood.¹⁶ And while earlier foreclosures were largely due to predatory loan products, the approximately 1,000 Oakland homeowners in foreclosure today are long-time homeowners, and they are elderly, disabled, or families with school-aged children.¹⁷ New notices of default are being issued by servicers including 168 filed in the last quarter of 2014.

Higher percentages of lower-income Oakland residents than in previous decades are burdened by housing costs, paying far more than the 30 percent of income that defines an affordability standard for housing costs (Table 1)—this is causing great financial hardship. Oakland is confronting increasing numbers of lower-income seniors who are experiencing losing their homes to foreclosures, property tax delinquency, severe home repair needs, or other major problems. These seniors on fixed incomes are unable to afford alternative housing options in

Table 1. Percentage of Oakland's Low-Income Households Experiencing Housing Cost Burdens

Housing Cost Burden	Year	Extremely Low-Income Households	Very Low-Income Households	Low-Income Households
Spending more than 30% of income	1990	76%	63%	40%
	2000	74%	60%	31%
	2010	79%	76%	52%
Spending more than 50% of income	1990	58%	25%	7%
	2000	57%	21%	8%
	2010	65%	39%	18%

Source: City of Oakland Housing Element, 2015–23.

Oakland and waiting lists for affordable senior housing are extremely long for the few units available. Thus, increasing numbers of families facing displacement rely on an over-stretched emergency shelter system with long waits for affordable housing.

Oakland's racial, ethnic, socioeconomic, and age diversity is dramatically shifting.

From 2000 to 2010, Oakland's African American population decreased by 24 percent—a loss of 33,502 residents (and a loss of 54,003 and 33.6 percent decline since 1990). The loss of Oakland's African American population surpassed that in San Francisco during the same time period, as demonstrated in the tables below (Tables 2 and 3). During the same decade, Latino, White, and Asian populations increased by 13 percent, 7.8 percent, and 7.8 percent, respectively.¹⁸ While the Oakland population remains ethnically diverse, many city officials and community leaders are deeply concerned about the decline in African American residents.

The **median income for African American, Latino, and Asian households in Oakland has declined since 2000**. Citywide, White households had nearly double the median household income of any other racial or ethnic group,¹⁹ and Oakland was recently ranked as having the seventh-highest income inequality among cities in the nation.²⁰ This income stratification will likely continue given labor market trends without significant interventions.

Other losses of diversity include the number of children, which declined by 16.7 percent (compared with only a 3.9 percent decline in children in Alameda County) between 2000 and 2010,²¹ and Oakland Unified School District has lost more than 10,000 students in the last decade. Between 1980 and 2010, seven census tracts in the East Oakland flatlands showed a more than 25 percent decline in homeownership.²² Oakland's housing patterns continue to be highly segregated by race, ethnicity and income.²³

Table 2. Changing Demographics in San Francisco City/County, 1990–2010

Race/Ethnicity	San Francisco 1990 ^a		San Francisco 2000 ^b		San Francisco 2010 ^b	
	Number	Percent	Number	Percent	Number	Percent
Black or African American	78,931	11%	60,515	8%	50,768	6%
White	388,341	54%	385,728	50%	390,387	49%
Hispanic or Latino	96,640*	13%	109,504	14%	121,774	15%
Asian	207,901	29%	239,565	31%	265,700	33%
Native American	3,354	0.5%	3,458	0.4%	4,024	0.5%
Multi-racial	n/a	n/a	33,255	4%	37,659	5%
Other	42,333	6%	50,365	7%	53,021	7%
Total	723,959	100%	776,733	100%	805,235	100%

Sources: a: <http://www.bayareacensus.ca.gov/counties/SanFranciscoCounty70.htm>; b: <http://www.bayareacensus.ca.gov/counties/SanFranciscoCounty.htm>.

*In the 1990 census, Hispanics and Latinos could choose any race and were included in the other categories in this column.

Table 3. Changing Demographics in Oakland and Alameda County, 1990–2010

Race/Ethnicity	Oakland 1990 ^a		Oakland 2000 ^b		Oakland 2010 ^b		Alameda County		
	Number	Percent	Number	Percent	Number	Percent	1990	2000	2010
Black or African American	160,640	43%	140,139	35%	106,637	27%	17%	15%	13%
White (not Hispanic/Latino)	105,927	28%	93,953	24%	101,308	26%	53%	41%	34%
Hispanic or Latino	49,267	14%	87,467	22%	99,068	25%	14%	19%	23%
Asian/Pacific Islander	53,818	14%	60,393	15%	65,127	17%	14%	20%	26%
Native American	1,695	<1%	1,471	<1%	3,040	<1%	<1%	<1%	<1%
Multi-racial	N/A	N/A	12,966	3%	14,076	4%	N/A	4%	6%
Other	895	<1%	1,229	<1%	1,468	<1%	7%	<1%	11%
Total	372,242	100%	399,484	100%	390,724	100%	---	---	---

Sources: a: <http://www.bayareacensus.ca.gov/cities/Oakland70.htm>; b: <http://www.bayareacensus.ca.gov/cities/Oakland.htm>.

Regional employment forecasts portend a continuation of increasing housing costs.

The Bay Area faces a shortage of homes for sale in relation to the escalating demand. And job growth in both higher- and lower-wage jobs will continue to push up housing costs while increasing the need for affordable housing. The Bay Area is experiencing unprecedented growth, including about 17,000 jobs that were added in the East Bay from March 2013 to March 2014, and 143,000 additional jobs forecasted by 2020.²⁴ While high-wage sectors are expected to be at the forefront of the growth, industries with lower wages are also forecasted to add significant new jobs. San Francisco is approaching record high employment with the professional, scientific and tech industry, which delivers one of the highest wages in the region, serving as the major driver of the growth;²⁵ however, this growth puts upward pressure on housing costs across the region.

Oakland’s housing production has not kept pace with population and household growth.

Oakland housing production from 2007 to 2014 met only 25 percent of its regional housing need allocation (RHNA) production goals for 14,629 new housing units.²⁶ Market-rate housing production during this time period was an anomaly, with the unprecedented collapse of the financial markets that severely constrained financing for market-rate development projects. Other cities in the region met between 11 percent and 55 percent of their RHNA goals, with a Bay Area average of 40 percent. The RHNA goals, because they are based upon only projections of new residents and job growth and do not include the housing needs of rent-burdened households or those facing displacement, represent a significant undercount of Oakland’s true housing production needs (Table 4). As compared to other cities in Alameda County, Oakland permitted less low, moderate, and above moderate housing units than average. In absolute terms,

Table 4. Oakland’s Regional Housing Needs Allocation (RHNA)

Affordability Categories	2007–2014 RHNA Goals	2007–2013 Building Permits Issued ^a	2015–2023 RHNA Goals
Very low (up to 50% AMI)	1,900 units	1,257 units (66% met)	2,059 units
Low (51–80% AMI)	2,098 units	385 units (18% met)	2,075 units
Moderate (81–120% AMI)	3,142 units	22 units (0.7% met)	2,815 units
Above moderate (>120% AMI)	7,489 units	2,033 units (27% met)	7,816 units
Total	14,629 units	3,697 units (25% met)	14,765 units

Source: City of Oakland Housing Element 2015–2023 Presentation to the Planning Commission, May 7, 2014. <http://ec2-54-235-79-104.compute-1.amazonaws.com/oak/groups/ceda/documents/report/oak047476.pdf>. AMI = area median income. ^aThe City Planning & Building Department issued 3,178 Certificates of Occupancy between 2008 and 2014—meaning that 3,178 housing units were completed for occupancy during that time period.

however, Oakland did permit the most number of very low-income units countywide (1,257), meeting 66 percent of its RHNA goals, its best performance at achieving below-market targets. However, between 1999 and 2006, prior to the economic recession, Oakland permitted 6,847 above-moderate-income housing units, meeting 267 percent of its RHNA goals. During this time period, Oakland permitted 1,455 very low, low, and moderate-income units, meeting 28 percent of its RHNA goals.

Many Oakland households live in deplorable conditions.

Compared with the national average, Oakland homes in 2011 had on average more problems with signs of rats, heating equipment failure, and a lack of kitchen facilities.²⁷ Based upon City Code Enforcement information analyzed by Urban Strategies Council, there were more than 30,000 complaints for occupied blight and other habitability issues between 2003 and 2013, with the highest complaints from Oakland's flatlands in West and East Oakland.²⁸

Oakland residents are vulnerable to catastrophic housing loss in the next major earthquake.

More than 14,000 housing units in low- to moderate-income flatland neighborhoods are at risk for collapse or other damage in a major earthquake. A 2008 Association of Bay Area Governments (ABAG) study found that as many as 14,700 of Oakland's multifamily housing units are in "soft story" buildings, which means the open floor space on the ground floor makes them a high risk for collapse or damage during an earthquake.²⁹

These displacement impacts affect families, communities, climate, and the fiscal health of private and public systems.

The housing affordability gap has impacted Oakland's diversity, which is an explicit value in the city's mission statement and a magnet in attracting Oakland's new cultural and entrepreneurial classes. When we lose our long-time residents who have been the heart and memory of our neighborhoods and city, part of the soul of Oakland is lost. Many Oakland-raised children who desire to live in Oakland are unable as adults to afford to live in their hometown and raise their children. The longer commutes to jobs in Oakland from more affordable areas undermine our climate goals by increasing greenhouse gas emissions. The cheaper housing that displaced residents are moving to is built in former greenbelts, also increasing the environmental impacts. And finally, the fiscal impacts from displacement and poor housing conditions include medical costs; lost school or work days from illnesses related to housing conditions, such as asthma, or illnesses related to stress caused by housing instability; loss of school district funding; and higher demand for social services.³⁰ Displacement of long-time residents—whether they relocate to other cities or end up homeless in Oakland—also results in the loss of community engagement and civic leadership, and impacts neighborhood stability.

Strategy Summary: What Oakland Can Do NOW to Address the Housing Crisis

Key Priority Areas and Strategies to Use Now

The City of Oakland political leadership has expressed the desire to create policy and program solutions that increase housing options in Oakland for lower-income residents. The following proposals are responsive to this request.

Key actions that currently are being or can be taken to address Oakland's pressing housing problems while continuing growth in a more balanced way are summarized below. Identified through stakeholder interviews and current data analysis, the recommended strategies are grouped around three different priority areas:

1. Re-house and/or prevent displacement of current residents.

2. Produce new affordable housing, including housing for those living at 15 percent area median income (AMI) or below.

3. Improve habitability conditions.

If Oakland did not engage in new strategies, given the escalating housing market and lack of affordability, we anticipate further displacement of long-time lower- or moderate-income residents. **In addition, without any new production strategies, Oakland would likely produce about 1,594 new affordable housing units in the next seven years, meeting only 17 percent of the regional housing needs allocation for new affordable housing in Oakland.**

To address the scale of Oakland's housing problems, we conducted a national scan, including consulting with national experts and other jurisdictions, for significant and viable solutions. Based on the results of our analysis, Oakland can yield bigger-scale results through the following legislative or political leadership actions:

- Work with regional and local agencies on a **regional housing bond** to provide at least \$200 million for Oakland that would generate about 2,000 new affordable housing units, which would include special targeting and set asides for persons experiencing homelessness and/or living at 15 percent AMI or below as well as moderate-income housing.
- Amend the existing **condo conversion ordinance** to prevent the loss of private rental housing stock, especially in two- to four-unit buildings in neighborhoods not currently subjected to conversion restrictions.

- Pass a new **seismic retrofit requirement** to cover 14,000 at-risk rental housing units with **anti-displacement terms** and **financial assistance for landlords facing financial hardship** and develop a **housing plan for disaster recovery funds**.
- Secure commitments from major banks and the State of California to work with the City of Oakland and its nonprofit partners with private capital to purchase 1,000 current and additional future **distressed mortgage notes** to prevent foreclosures and develop new affordable ownership housing units.
- Identify new funding resources to create a **regional home preservation fund** for lower-income seniors and disabled residents.
- **Incentivize property owners** to contribute to housing solutions through voluntary strategies, such as renting second units, donating vacant land for federal tax credits, commitments to long-term affordable rents for state tax credits, and creation of a workforce housing fund.

A summary of the strategies that the city is currently working on or proposed new strategies, status, and anticipated outcomes is provided in **Appendix A**. Detailed best practices are described in **Appendixes B–F**.

Avoiding unintended consequences: Effective policy development requires thoughtful consideration of implementation details to avoid potential unintended consequences; analysis of financial feasibility of proposed policies, including for regulated entities; and ensuring the inclusive engagement of different stakeholder groups in the development of specific policy terms. This Roadmap provides a comprehensive framework to focus limited city attention and resources. Specific policy proposals will be developed for later city council consideration and adoption.

Summary of Potential Outcomes from Existing and Proposed Strategies

While this analysis utilized the RHNA numbers for Oakland as a reference tool, RHNA numbers mainly account for anticipated employment and other growth, and not the affordability and housing needs of current Oakland residents. In addition, the new RHNA numbers for the next seven years do not factor in the RHNA housing production shortfall that Oakland did not meet from the prior seven-year goals, meaning the affordable housing needs for many Oakland residents actually exceeds the RHNA numbers. With the pursuit of new resources, such as a regional housing bond or a housing fund from private sector employers, it is possible to establish income priorities that address those additional needs. Table 5 demonstrates how many potential new or protected homes may be available through the deployment of the new strategies.

To address the interrelated challenges of escalating housing costs, undersupply of housing relative to job growth, and declining incomes relative to housing costs, Oakland will need to act on multiple fronts.

- First, **Oakland can adopt and implement an integrated set of local policy and program changes to ensure its future diversity**, and existing residents can stay to benefit from the new investments occurring in Oakland. These include local legislative actions, increasing funding streams for nonprofit housing development, and new efforts to incentivize private property owners to participate in addressing affordable housing needs.
- Second, the city will need to **work with regional agencies and employers to address the regional pressures on the housing market** that are beyond the scope of any single jurisdiction.

Table 5. Strategies to Preserve and Produce Affordable Housing

Type of Housing or Strategy	Potential Outcomes from Existing Efforts	Potential Outcomes from New Strategies	Total Units and % of RHNA Goals
Anti-displacement	TBD regarding new rent adjustment changes; 1,119 households served via Rapid Rehousing	2,000 additional families served	N/A
Extremely low-income housing	152 new housing units	878 new housing units	1,030 new housing units (100%)
Very low-income housing	717 new housing units	313 new housing units	1,030 new housing units (100%)
Low-income housing	553 new housing units	1,522 new housing units	2,075 new housing units (100%)
Moderate-income housing	31 new housing units	2,360 new housing units	2,405 new housing units (85% of 2,815)
Total affordable housing units	1,453 new housing units	Estimated 5,073 new housing units + TBD	Estimated 6,526 units (94% of 6,950) + TBD (awaiting nexus & feasibility studies)
Market-rate housing	9,916 new housing units in pipeline	TBD	9,916+ (127% of 7,816)
Housing habitability	1,500 housing units rehabbed	5,000 housing units inspected	6,500 housing units; not included in RHNA goals

Source: City Staff Analysis.

- Third, the city will need to **press the state legislature and governor to pass legislation authorizing significant new resources** that can help replace lost redevelopment and bond financing sources.
- Fourth, Oakland will have to **weigh in with the U.S. Congress and the Administration to supplement dwindling federal investments in affordable housing** at such a vulnerable time for cost-burdened households.
- And finally, **Oakland will have to be nimble and strategic to win as many competitive resources as possible**, deploy them to their highest and best use, and create a new decade of housing development and rehab that serves residents at their real income levels.

Housing resources for affordable homes are increasingly constrained. While Oakland produced or rehabbed 4,382 affordable housing units from 1999 to 2009, the recent loss of redevelopment funds reduced the city's annual affordable housing funds from \$20–25 million to \$5–7 million.

Table 6 demonstrates the fiscal challenges surrounding affordable housing resources in Oakland and at the state and federal levels over the last years.

Tables 7 and 8 list new resources that can *modestly* support housing policy goals.

Table 6. Changes in California's and Oakland's Major Affordable Housing Funding Sources 2007 to 2013

	FY 2007/2008	FY 2012/13	% Change
California and federal funding sources			
State housing bonds Prop. 46 and Prop 1C ^a	\$776,281,035	\$48,911,000	-94%
State redevelopment funds for affordable housing ^b	\$1,079,157,125	\$0	-100%
Federal CDBG funds	\$456,494,879	\$367,204,607	-20%
Federal HOME funds	\$236,393,040	\$127,115,742	-46%
State and federal total	\$2,548,326,079	\$543,231,349	-79%
City funding sources			
Oakland redevelopment funds for affordable housing ^c	\$18,500,000	\$0	-100%
Oakland CDBG funds	\$8,600,000	\$7,200,000	-16%
Oakland HOME funds	\$4,400,000	\$2,900,000	-34%
Oakland total	\$31,500,000	\$10,100,000	-68%

Sources: State and federal data from California Housing Partnership Collaborative's tabulation of the California Department of Housing and Community Development (HCD) "Annual Report of Financial Assistance Programs and Redevelopment Housing Activities Report," and the U.S. Department of Housing and Urban Development (HUD) Community Planning and Development (CPD) Program formula allocations by fiscal year. City data from the City of Oakland.

Note: The state fiscal year runs from July 1 to June 30. The federal fiscal year runs from October 1 to September 30.

CDBG, Community Development Block Grant; HOME, federal HOME Investment Partnerships Program.

^a From 2006 to 2013, state housing bond spending averaged \$385,517,707 annually. However, all bond funds were allocated by the end of 2014.

^b In 2012, the State of California dissolved redevelopment agencies, which resulted in depriving local communities of significant sources of affordable housing funding.

^c Under the city's new Council Boomerang Ordinance passed in 2013, 25 percent of proceeds received from the allocation of former redevelopment funds to the city are designated for affordable housing, which is estimated to be about 25 percent of the prior funding levels received under the Oakland Redevelopment Agency.

Table 7. City of Oakland Housing Funding from State of California 2014–15 Housing Budget

Type of Housing	Funding Amount	Oakland's Est. Share ^a	Program
Affordable housing in transit rich areas	\$65,000,000	\$689,000	Affordable Housing and Sustainable Communities Program
Multi-family Housing	\$100,000,000	\$1,060,000	Multi-family Housing Program at California Dept. of Housing and Community Development
Greenhouse Gas reducing Affordable Housing ^b	\$200,000,000	\$2,120,000	Greenhouse Gas Reduction Fund 10% set aside
Total	\$365,000,000	\$3,869,000	

Source: The governor's 2015–16 budget. See <http://www.ebudget.ca.gov/>.

^a These estimates are based on projected revenues into the housing trust fund and competitive formulas for cap and trade.

^b The Legislative Analyst's Office estimates the Greenhouse Gas Reductions Fund will total \$2 billion for FY2015; 10 percent is earmarked for affordable housing. See <http://www.lao.ca.gov/reports/2014/budget/spending-plan/california-spending-plan-080414.aspx>.

Table 8. National Housing Trust Fund Projected Contributions from Freddie Mac and Fannie Mae

Estimated Set Aside (0.042% set aside of value of new biz.)	California Share ^a	Oakland Share ^b
Low - \$300,000,000	\$53,364,000	\$566,000
Medium - \$400,000,000	\$71,250,000	\$755,000
High - \$500,000,000	\$89,000,000	\$985,000

Source: National Housing Trust Fund Estimated State Allocations for every \$250 million invested in NHTF. See http://nlihc.org/sites/default/files/StateAllocations_2015.pdf.

^a Based on National Low Income Housing Coalition estimated state allocations. (http://nlihc.org/sites/default/files/NHTF_State_Allocations_5bill.pdf)

^b Based on Oakland's per-capita share.

Though these resources offer Oakland, for the first time since the loss of redevelopment funds and the recession, the possibility of a modest new infusion of resources, they will need to be significantly expanded to address Oakland's affordability challenges.

Many of the proposed Roadmap strategies have been successfully used in peer jurisdictions—they are summarized below and described in more detail through appendixes and online access links. Several strategies are currently under development by the City of Oakland and its partners. Stakeholder interviews with housing advocates and private industry associations helped identify priority strategies, as well as problem areas and the potential issues involved.

In order to ensure that the proposed policies are effective at achieving the stated policy goals, feasibility studies are and will be conducted for proposals such as the condo conversion, housing impact fee, and proactive rental inspection policies. In addition, the city should conduct quarterly tracking of the policy development and implementation and provide that information to the Council Community Economic Development Committee.

I. Strategies to Prevent Displacement of Long-Time Residents

As direct service providers and others have witnessed, market forces are contributing to the displacement of many long-time Oakland residents—both renters and owners. Escalating housing and rent prices are barriers that prevent displaced residents from finding replacement housing that will allow them to remain in Oakland. Currently, about 1,000 households are in the foreclosure process. In addition, more than 14,000 housing units in Oakland’s low- to moderate-income flatland neighborhoods are at risk for severe damage in a major earthquake. Many renters who are not covered by rent adjustment or just cause eviction protections are at risk for displacement. An estimated 44,000 housing units are not covered by the city’s Rent Adjustment Ordinance, comprising about 44 percent of the rental housing stock.³¹ And there are also tenants who are pushed out due to substandard conditions, lack of maintenance, sale of property, or harassment behavior from unscrupulous property owners seeking higher rents.

The following policy solutions can help prevent the continuing erosion of Oakland’s working and middle class.

1. Amend the city’s condominium conversion ordinance to prevent the future loss of rental housing units and tenant displacement

There have been multiple efforts in the past eight years to change the city’s condominium conversion ordinance, either to relax or strengthen the current terms. A City of Oakland 2007 Blue Ribbon Commission, composed of both private development and housing advocates, worked to develop policy recommendations, but was unable to arrive at a consensus proposal. Since 2007, city staff has developed multiple proposals to improve the city’s policy. Opponents of condo conversion restrictions argue that conversions allow for affordable homeownership because condos are typically less expensive than single-family homes. Proponents of restrictions argue that conversions will displace tenants from current affordable housing and the condos may not be affordable to Oakland renters. For example, a city staff analysis conducted in 2006 found that only 8 to 13 percent of renters would have been able to afford the market prices of condos, which were approximately \$350,000 to \$450,000 at that time.³²

The city’s current ordinance exempts buildings with four units or less outside of the designated impact areas from the requirement to obtain “conversion credits.” Inside the impact areas, credits are received by either directly building replacement rental housing units or by acquiring credits from new rental housing developments. The current Oakland Impact Areas are areas that were heavily impacted by conversions when the ordinance was adopted and amended in the early 1980s, and cover only a small portion of the city. In addition, the current ordinance allows housing constructed up to seven years prior to a conversion to be counted for “conversion credit” and permits conversion credits to be generated from recently built condominium projects that pledge to remain rental for seven years. Neither of these policies provides genuine replacement rental housing, and they lead to an erosion of the city’s supply of rental housing.

According to 2010 American Community Survey data, two- to four-unit buildings represent 25 percent of the rental housing stock in Oakland.³³ An analysis from Urban Strategies shows that about 90 percent of Oakland’s two- to four-unit buildings, comprising approximately 29,000 units, are located outside of the impact areas and thus are exempt from many provisions of the ordinance.³⁴ Limiting the number of these units that can be converted would continue to provide greater geographic

choice and higher-quality units to all renters in Oakland, who make up 59 percent of the overall population.

Under the city's current laws, a property owner interested in converting these types of units would need to apply for a tentative parcel map with the City Planning Division, give advance notice to tenants, and provide for an unspecified tenant assistance plan. However, given the escalated housing costs and unprecedented affordability gap in Oakland, the renters in the converted units are likely to face challenges in finding affordable replacement housing in Oakland.

With current housing market trends, it is likely that Oakland will begin seeing increasing conversion of two- to four-unit buildings outside the impact areas, as occurred during the last housing boom. Based on city planning data, condo conversion applications from 2005 to 2014 totaled 902 housing units, with 86 percent of these units in the two- to four-unit building category (778 units). The height of conversions occurred from 2005 to 2008 with 147, 309, 171, and 129 units converted during each respective year. On a long-term basis, a significant portion of the two- to four-unit rental housing type could be lost.

To facilitate the balancing of interests, special provisions could be applied, such as an annual cap on conversions, or exemptions to requirements when the majority of units are purchased by the existing tenants. Policy solutions could include expanding the city's designated impact areas and/or requiring compliance with building and housing codes prior to conversion. New first-time homebuyers are unlikely to have the financial wherewithal to address these costs. In addition, the city should analyze the unintended consequences of changes to the existing ordinance, such as a possible increase in Ellis Act evictions as a way to sell the units.

The city's current ordinance is complicated and confusing and fails to require specific tenant protection standards. Reviews of condo conversion ordinances in other California cities identified policies that allow for limited numbers of conversions, and that provide for stronger tenant protections.³⁵

Recommendation: Oakland should develop a model policy that 1) considers an annual conversion cap; 2) eliminates the exemption for two- to four-unit buildings outside the impact areas; 3) requires genuine replacement rental housing to generate "conversion credits;" 4) creates opportunities for tenant purchase and affordable homeownership for low- to moderate-income households including providing exemptions to conversion restrictions; and 5) has strong tenant protection measures.

Alternatively, the city could expand the impact areas to include other neighborhoods that are at risk for conversions given current housing market conditions and trends and/or require compliance with building and housing codes prior to conversion.

2. Require seismic retrofitting of more than 14,000 soft-story housing units coupled with tenant protections to prevent current and future displacement, financing assistance, and adoption of a disaster recovery housing plan

A 2008 ABAG study found that about 14,700 of Oakland's multi-family housing units are in "soft-story" buildings, which means the open floor space on the ground floor, either parking or commercial space, makes them a high risk for collapse or damage during an earthquake.³⁶ According to the study, "*Some people will likely be killed and many more injured due to this potentially severe damage. Some gas lines will rupture and start fires that can spread to neighboring buildings.*"³⁷ The majority of these housing units are in low- to moderate-income flatland neighborhoods.

Due to the soaring cost of housing and displacement from the foreclosure crisis, many low-income families are already living in overcrowded housing, compromising their ability to secure even temporary shelter in the event of an earthquake. Tenants in these high-risk buildings have little ability to structurally protect their own housing. After a major earthquake, many tenants are likely to be displaced from damaged buildings and unable to afford replacement housing that will be subject to competition from both displaced tenants and homeowners. In addition, after an earthquake multifamily housing will return slowly and, in areas attractive to new investment, might be converted to unaffordable rents or condos, further reducing affordable housing and displacing low-income residents.

Building upon an existing voluntary pilot program, city officials convened a working group to develop a new seismic retrofit policy for city council consideration and a new seismic retrofit loan fund program. The Oakland Rent Board is currently considering the question of whether seismic retrofit costs can be passed on to existing tenants and what limits should be placed on rent increases for such costs. Because many of these units were built before 1983 and are in multifamily buildings, the policy issue is whether the city's Rent Adjustment Program

requirements should apply so that seismic improvements are included within the existing provisions that limit capital improvement pass-through to no more than 10 percent in one year and 30 percent over a five-year period. Other financial incentives can also be provided to encourage landlords to retrofit their properties and possibly require long-term affordability terms. Tenant advocates are concerned about the current potential displacement of tenants should rents increase as a result of seismic retrofit work and are not in favor of any pass-through. Landlord advocates are concerned about the cost burden on property owners and advocate for a pass-through to tenants.

The East Bay Rental Housing Association (EBRHA) recommends prioritizing seismic retrofit financial assistance to landlords who own buildings with five units or less and also buildings geographically located in areas with a concentration of soft-story buildings. EBRHA also recommends that the city create a pre-approved flat fee for engineering and other firms to help facilitate retrofit activities.

San Francisco has an estimated 29,000 soft-story units. In 2013, San Francisco passed a soft-story retrofit ordinance requiring a tiered approach to retrofits with full completion by 2018. In 2010, San Francisco attempted to pass a bond measure that would have generated about \$42 million in grant and loan funds for private owners of soft-story units coupled with long-term affordability requirements. The bond measure was narrowly defeated by voters. However, San Francisco offers soft-story building owners a public financing option for mandatory and voluntary retrofits. As an expanded part of San Francisco's Property Assessed Clean Energy (PACE) program, property owners may access funding from more than 20 partnering lenders for seismic retrofit expenses in the form of a loan paid back to the city through the owner's property tax bill.³⁸ Under San Francisco rent-control law, 100 percent of the costs of seismic improvements required by law may be passed through to tenants, but costs are amortized over 20 years and any resulting rent increases are limited to 10 percent or \$30 per year, whichever is less.³⁹ In addition, tenants with financial hardship can apply to prevent rent increases.

Beginning in 2013, the City of Berkeley mandated retrofit of soft-story buildings with five or more units and provided incentives in the form of a rebate of up to one-third of real estate transfer taxes and the waiver of permit fees associated with seismic retrofitting. Owners can request a hardship exception to extend the deadline for compliance by up to two years by submitting a written plan for the seismic work, financing, and tenant relocation.⁴⁰ Rent increases to cover seismic

retrofit costs are considered on a case-by-case basis by the Berkeley Rent Stabilization Board, which seeks to "ensure that increases are limited, a hardship provision exists, and they do not have the effect of displacing sitting tenants."⁴¹

In 2005, the California Seismic Safety Commission recommended in AB 304 that retrofit construction of all soft-story buildings be completed by 2020. Developing a policy as soon as possible is crucial for Oakland to meet this recommended target while also being mindful of the need to prevent displacement today and in the future. In addition, the city's new Resilience Action Plan should consider addressing the potential problem of replacement housing, especially for tenants of public housing who cannot afford even the lowest of rents in Oakland. If there is a catastrophic earthquake, the need for and cost of relocation and replacement housing will be tremendous.

A critical lesson learned from post-Hurricane Katrina recovery efforts in New Orleans and other impacted areas is the need for cities to proactively develop and adopt a disaster recovery housing plan that guides the use of disaster recovery funds. The city included this element as part of its successful grant application to the Rockefeller Foundation's 100 Resilient Cities to fund the recently hired chief resilience officer. As part of the development of the new housing plan, the city should identify the resident populations with the highest risk of displacement after a disaster, such as lower-income elderly, and prioritize disaster funding toward providing emergency and stable housing for these residents.

Recommendation: Oakland should 1) develop, pass, and enforce a new policy requiring seismic retrofit of its soft story buildings; 2) include anti-displacement strategies in the new policy; 3) secure financing assistance for property owners with financial hardship that also includes long-term affordability requirements; 4) develop enforcement plans including funding for city staff; and 5) develop and adopt a disaster recovery housing plan that includes prioritization of disaster recovery funds for lower-income residents at high risk for displacement. Oakland could join the federal government and communities across the country in declaring that people who lose their housing should be returned to stable permanent housing within 30 days whenever possible.

3. Address bad faith evictions and evictions of long-term residents, develop a standard city tenant relocation policy, and fund city program operations

Many Oakland landlords behave responsibly and provide invaluable housing resources for tenants. Oakland's unprecedented housing market escalation in contrast with the income levels of many residents creates conditions for unscrupulous behavior of some bad actors and the displacement of lower-income residents. Rent-control strategies based upon affirmatively requiring landlords to petition for rent increases have been in place in multiple California cities, such as San Francisco, Berkeley, and Santa Monica, and these strategies provide a system to proactively prevent illegal rent increases and the attendant displacement of tenants. The Oakland City Council recently considered and decided against the adoption of a proactive rent-control system. Instead, the council strengthened the Rent Adjustment Ordinance to protect existing renters from rent increases due to increase in debt service costs and to limit the pass-through of the costs of capital improvements. While these changes provide protection for many renters in place, once units are vacated, rents can be increased to market rate, thereby eroding the supply of relatively affordable rental housing.⁴² In addition, in the city's recent passage of a Tenant Protection Ordinance, City Councilmember Kalb specified that his office would return with recommendations for administrative remedies to address violations of the new ordinance.

According to the city's Rent Adjustment Program staff, the city received approximately 10,910 Notices of Eviction filed during fiscal year 2013–14. The number of Notices that were filed with the city does not reflect the actual number of evictions that occurred since some tenants may have addressed the issues associated with the notices. This was also the first year where the city counted all the actual notices rather than used a sampling system. In 2013–14, there were five Ellis Act eviction filings. The Alameda County Superior Court estimated that there were approximately 3,153 limited jurisdiction unlawful detainer filings for Oakland that same year. Direct service providers such as Rebuilding Together and the city's Housing Assistance Center, a one-stop service center, has seen an alarming rise in cases of lower-income seniors struggling to find viable stable and affordable housing solutions.

The city's Just Cause Eviction Ordinance requires that a copy of every eviction notice served to residents of a covered unit be filed with the city within 10 days of service. As a way to ensure that evictions of vulnerable residents are being pursued for lawful reasons and to enable the provision of new resources to tenants or former homeowners (such as new home preservation or rental assistance funds), the city is currently evaluating viable strategies.

In addition, the city has a number of ordinances that have tenant relocation assistance requirements, including under code enforcement activities, condo conversions, and Ellis Act evictions. However, the requirements vary from one ordinance to another. The city has the option of assisting in funding relocation from code enforcement activities and recovering costs from the landlord, but currently there is no funding stream to support relocation or city staffing to provide enforcement and program administration. In order to accomplish the anti-displacement policy objective, relocation assistance requirements would need to be set at sufficient levels.

The city will also be exploring new protections for former homeowners in foreclosed properties.

Recommendation: Oakland should 1) address bad faith evictions and provide eviction assistance for vulnerable residents; 2) adjust tenant relocation requirements, such as code enforcement, condo conversions, and Ellis Act evictions; 3) explore new strategies to fund and recover relocation costs for code enforcement relocation, including addressing resource constraints for fixed-income landlords; and 4) allocate and fund adequate staffing to monitor applicable relocation programs and recover costs from responsible landlords.

4. Increase funds for housing first and rapid rehousing subsidies and services to identify housing appropriate for homeless households

Oakland's Community Housing Services (CHS) Division has worked to create a coordinated and effective system of care to end homelessness. Oakland has led the county in implementing housing-centered performance measures and in tracking and coordinating its affordable housing development pipeline. To achieve these goals, Oakland CHS has collaborated with numerous local housing and services providers, plus city, county, state, and federal agencies.

Begun in 2010, the Oakland PATH Rehousing Initiative (OPRI), a strong and growing collaboration between the City of Oakland, Oakland Housing Authority, Alameda County Behavioral Health Care Services (BHCS), and multiple nonprofit service providers, has successfully housed more than 190 formerly homeless Oakland residents with subsidies provided by the Oakland Housing Authority (OHA) and services and program administration contracted to the City of Oakland. OPRI providers work with clients living in homeless encampments, exiting the criminal justice system, residing in shelters, and emancipating from foster care to move these residents into permanent housing with targeted services and subsidies.

In the adult programs serving encampments, shelters, and the reentry population, 97 percent of people placed have been stably housed for more than six months; 90 percent for a year or more; and 78 percent for three years or more. There have also been many "qualitative" successes, including formerly homeless participants reunifying with their children and other family members; undergoing serious medical procedures to return in good health to stable housing; and taking other steps toward self-sufficiency, including sobriety, employment, and volunteerism.

In the past year, 95 percent of foster youth served successfully graduated from the program, either being employed for longer than nine months, having enrolled in and completed a vocational training program, or having completed two semesters of community college.

Thus far, Oakland's OPRI program has housed nearly 200 homeless people with significant success rates. However, more than 2,000 households are still homeless. In rapid rehousing, Oakland has identified a cost-effective measure to place people into housing units that they can retain permanently, with subsidies and supportive services allocated according to needs. In addition to the need for additional subsidies to place currently homeless families, the program will benefit from the creation of a shallower subsidy fund to continue assistance for those who have stabilized and no longer need intensive services, but will need ongoing financial assistance to maintain housing in this expensive rental market. Setting aside "step-down" funds for those who need only light-touch services and shallower financial assistance would allow for new entries into OPRI and other programs designed to assist the chronically homeless and others with serious mental illness or multiple barriers to stable housing.

Recommendation: Oakland should work with its partners to identify new funding sources for supportive housing to prevent, reduce, and end homelessness. One important initiative includes Assembly Speaker Toni Atkins's 2015-proposed permanent revenue source to add \$500 million annually to the California Housing Trust Fund.

5. Enhance support for place-based community revitalization and anti-displacement initiatives

An innovative approach occurring in Oakland and other jurisdictions is to focus comprehensive community-development strategies in neighborhoods with the greatest socio-economic needs and public safety challenges. Two years ago, the City of Oakland along with more than 50 public and private partners launched an initiative to revitalize the International Boulevard (IB) Corridor in ways that benefit current residents and businesses, called the Oakland Sustainable Neighborhoods Initiative (OSNI). The IB Corridor stretches 9.5 miles from Lake Merritt to the San Leandro border and comprises six distinct neighborhood areas: Eastlake, San Antonio, Fruitvale, Havenscourt/Lockwood, Hegenberger, and Elmhurst. The IB Corridor areas contain Oakland's most ethnically diverse neighborhoods that face a variety of economic development challenges and market force displacement risks.

Oakland's foreclosure crisis was concentrated in the IB neighborhoods as well as surrounding neighborhoods in East Oakland and areas in West Oakland. The aftermath included declines in homeownership rates in some areas of more than 25 percent. The IB Corridor revitalization initiative includes the commitment of a new infusion of capital funds to develop new affordable housing projects, along with other economic development catalyst projects. Anti-displacement strategies include securing and deed-restricting land for permanent affordability for community housing and economic development.

The initiative recently secured commitments of more than \$850 million in housing, economic, and workforce development; education; and public safety investments over the next 10 years. Enactment of the recommended policies in this Roadmap will be critical to ensure that current residents are not displaced as the corridor improvements proceed.

In addition, the nonprofit East Bay Asian Local Development Corporation (EBALDC) recently launched a similar initiative to revitalize the San Pablo Avenue Corridor, which runs from West to North Oakland.

These place-based initiatives are significant for the following reasons: their economic and community development plans are based upon the needs of current residents including the development of new affordable housing projects; limited comprehensive resources are focused in the areas of greatest needs, which can result in improvements to multiple quality-of-life factors (e.g., health, public safety, economic security, and education); and their location in priority development areas enable them to be highly competitive for new state and federal competitive housing funds and philanthropic and private funds.

Recommendation: Oakland should deepen its investment of city interdepartmental staff and related funding opportunities for the International Boulevard Corridor and San Pablo Avenue Corridor revitalization and anti-displacement initiatives.

6. Establish a distressed mortgage notes purchase program to prevent foreclosures at a broader scale and control the disposition of foreclosed properties

Unlike the height of the subprime mortgage crisis, where the majority of Oakland homeowners in foreclosure had only owned their homes for a few years, significant numbers of today's homeowners in foreclosure are long-time homeowners⁴³ and elderly. Oakland's neighborhoods that continue to be hardest hit by foreclosures are in low- to moderate-income flatland neighborhoods, including those with historic high rates of African American homeownership.⁴⁴

Beginning in 2012, the city organized a public-private partnership to implement coordinated foreclosure prevention strategies that reached more than 800 owner-occupant or tenant households. While some major lenders are now, in some instances, providing for principal reduction, significant numbers of Oakland's long-time homeowners either have complicated circumstances that disqualify them from traditional loan modifications or cannot afford to keep their homes at the escalated market value, which is the valuation used for principal reduction. In addition, many Oakland homeowners have not recovered from the economic recession and do not have sufficient income to sustain homeownership even with the new financial assistance that the city is currently providing (\$50,000 affordability gap loans). While the foreclosure numbers have declined by 29 percent from last year with about 1,000 households currently in the foreclosure process, the impact of the current foreclosure crisis on Oakland's community diversity, cohesion, stability, and health is severe.

A few nonprofit-led efforts have occurred at the statewide level to purchase pools of distressed mortgage notes as a way to control loan modification and property disposition. The national example with the best outcomes, New Jersey/National Community Capital, has purchased about 1,450 delinquent mortgage notes since 2012 in Newark, New Jersey, Tampa, Florida, and Hurricane Sandy impact areas, and successfully modified about 40 to 50 percent of those notes.⁴⁵ Properties with loans that were not able to be modified are then foreclosed upon and offered for purchase first to nonprofits or owner-occupant purchasers.

City staff is working with National Community Capital and potential capital partners to purchase distressed mortgage notes of Oakland homeowners serviced and/or owned by major lenders. In prior communications with major lenders, the lenders stressed the challenges involved in being able to disaggregate and sell notes at the local jurisdictional level. In cases where the homeowner is not able to sustain a new mortgage, those families would be provided assistance to find alternative housing and support. In addition, those properties would then be converted into new affordable housing for owner-occupant or nonprofit purchasers, ideally with long-term affordability restrictions attached.

Recommendation: Oakland should continue to 1) seek capital and operational partners; 2) develop a geographic targeted strategy; and 3) secure lender participation in a distressed mortgage notes program. The remainder of the unmodifiable properties should also be available for new affordable homeownership opportunities.

7. Develop new regional home-preservation low-interest loan fund or grant programs

Oakland's senior population is growing, with an increase of 6.2 percent in senior households from 2000 to 2010, for a total of 28,796 households. About 19,835 senior households are low or very low income and significant numbers have housing cost challenges. Up to 55 percent are paying over half of their income for their housing costs and up to 73 percent are paying over a third of their income for their housing.⁴⁶ As the data show, Oakland's lower-income elderly homeowners are at risk for losing their homes and market rents are escalating out of reach for the majority of current Oakland tenants. Some tenants are forced to use their credit card or take out payday loans with exorbitant interest rates to make their rent payments. The city's previous rental assistance grant program ended several years ago with the loss of federal and state redevelopment funds. The city recently worked with the National Fair Housing Alliance and Wells Fargo to provide a \$750,000 grant to Unity Council for up to \$50,000 per family homeownership preservation loans and a \$250,000 grant toward Catholic Charities' existing rental assistance program, both of which are underfunded.

In the absence of ongoing grant funds, the Alameda County Public Health Department has proposed a new Healthy Credit Fund, including rental assistance loans, that is currently pending Alameda County Board of Supervisors' approval. City staff has been working with the county and other partners to create a regional fund to support home preservation for lower-income seniors and disabled residents. This new fund could also be used in post-disaster recovery to prevent the displacement of vulnerable residents. Given the city's severely reduced existing funds for housing and the critical services they currently fund, we need to identify new funding sources and strategies, such as using new grant funds as loan loss reserve to leverage private lower interest rate capital.

Recommendation: Oakland should work with Alameda County and other cities to identify new funding resources for countywide solutions, including those that may become available through the Affordable Care Act.

8. Incentivize private landlords to participate in a state tax-exemption program to convert market-rate rental housing into long-term affordable housing

Under the California Tax Revenue Code Section 236, private landlords of market-rate housing can receive a state tax exemption for converting their rental housing units into affordable housing for at least 35 years if they are managed and/or operated by eligible nonprofit entities. With the rising rental housing costs in many parts of Oakland, use of the state tax-exemption program has the potential to help prevent the displacement of lower-income residents. The mayor's office is conducting more analysis and program development activities to facilitate the use of the state program by more Oakland landlords.

Recommendation: Oakland should conduct 1) targeted outreach to private landlords to make sure they are aware of the state tax-exemption program, in partnership with the East Bay Rental Housing Association; 2) identify experienced and eligible nonprofit entities for potential partnership with private landlords; and 3) identify city incentives for landlords who participate in the state program.

9. Research strategies to mitigate market-force displacement from large-scale development projects and study the conditions that are leading to the displacement of Oakland families with children to address their housing needs

Oakland could adopt and apply a consistent set of evaluative criteria to make informed land use decisions and to understand a project's potential to displace residents as a result of increasing surrounding rents and sales prices. As public health research has demonstrated, there are also individual and community-health impacts from such displacement.⁴⁷ This is especially critical in the absence of any citywide policies requiring contribution of market-rate residential housing development toward affordable housing goals. While few cities have a development review process that authorizes and encourages the city to weigh the impact of new development on existing residents, some cities like San Francisco and Denver have used a detailed health-impact analysis to assess the potential indirect health effects of a development project, including market-force displacement impacts. San Francisco has used its assessment to revise development proposals to reduce displacement and increase the affordability of new housing units (see **Appendix B**). Oakland engaged in such an analysis and actions on the Wood Street Project in 2005.⁴⁸

In addition, while census data show that Oakland has a serious problem with the dramatic decline in the number of children—a 16.7 percent decline in Oakland compared with 3.9 percent in the county—we currently do not have adequate data to inform effective policymaking solutions. Research needs to be conducted to better understand what kinds of families are leaving Oakland, including income levels, neighborhood areas, and race/ethnicity. And the research should include understanding why families are leaving—are they moving voluntarily to seek better public schools or safer streets, are they being pushed out by rising costs and a lack of homes, or are they perhaps leaving because of a combination of both factors?⁴⁹

Mitigation strategies may include policy direction to build housing with larger units, i.e., three or more bedrooms and amenities that cater to children and the elderly.⁵⁰

Recommendation: Oakland should consider adopting citywide development standards for large projects that include a detailed health-impact analysis to systematically assess the impact of new investment on existing residents and propose changes to projects to mitigate displacement and increase affordability. The city should also work with Alameda County Public Health Department, Oakland Unified School District, and potential private funders to analyze the role of housing in the decline of the number of families living in Oakland and develop potential policy solutions.

II. Strategies to Build New Affordable Housing

From 1999 to 2009, the City of Oakland effectively used its public resources to produce or rehabilitate 4,382 affordable housing units with \$256 million of local public funds, 66 percent of which were redevelopment funds. With the 2011 loss of redevelopment funds and ongoing federal grant cuts, the City of Oakland's annual budget for affordable housing production declined from about \$20–25 million annually to between \$5 and \$7 million today. Even with creative city staff and new nonprofit financing strategies, Oakland will need additional tools to address its affordable housing needs.

Under the state's Regional Housing Needs Assessment requirements, Oakland must accommodate 14,765 new housing units between 2015 and 2023, with these affordability goals: very low-income (up to 50 percent of AMI), 2,059 units; low-income (51–80 percent of AMI), 2,075 units; moderate-income (81–120 percent of AMI), 2,815 units; above-moderate (>120% AMI), 7,816 units.

According to the City Planning Department, there are currently about 1,000 housing units in the building process with affordable housing units constituting 80 percent of these units. There are currently more than 9,000 market-rate residential units in the planning/pre-development stages. And the recently approved West Oakland Specific Plan, the Broadway-Valdez District Specific Plan, and the Lake Merritt Station Area Plan together lay the pathway for 11,680 housing units to be developed over the next two decades in those three parts of the city—though affordability goals, resources, or regulations are not codified for these growth scenarios.

Unlike many other cities in the Bay Area, more than 170 cities across California, and hundreds more throughout the United States, Oakland does not currently require contributions from market-rate residential development projects toward affordable housing goals. For example, if Oakland had a policy requiring affordable housing contributions, and assuming a 10 percent on-site requirement, it could have produced about 400 affordable housing units from the 4,188 market-rate residential units approved from 2007 to 2014 (and hundreds more if it had been in place during Oakland Mayor Jerry Brown's 10K housing initiative that spanned 1999 to 2007).

To address the current affordable housing problems, Oakland has sufficient opportunity sites to build critical housing needed for all income levels. The city's housing element identified 221 opportunity sites potentially available to build an estimated total of about 23,663 housing units. Further development feasibility research on the sites needs to be conducted. All these sites are located within a half-mile of a public school. The majority of the sites are within the city's priority development areas, which tend to have a higher concentration of low-income residents and poverty. There are also significant opportunity sites in Oakland's lower-poverty areas.⁵¹

Several different approaches have been used by many cities to significantly increase the number of affordable rental and for-sale housing units. First, cities can institute policies that will mandate private developers create or financially support the addition of affordable units over time. Alternatively, cities can use bond financing to create a large one-time infusion of new affordable housing stock. While the latter option is not currently viable in Oakland given its current lack of funds for debt service payments, the pursuit of a regional housing bond could potentially overcome this financing challenge. Other production strategies include requiring review and mitigation of displacement impacts for large projects, placing affordable set-aside requirements on public land transfers, or requiring first right to new housing to neighborhood residents if protected classes are disparately impacted. Oakland should also be mindful of the need to develop extremely low-income housing to prevent, reduce, and end homelessness, which can be accomplished through setting aside a proportion of funds generated to be targeted to this population.

The City of Oakland is currently commissioning a nexus study to examine the relationship between the development of new market-rate housing and the demand for affordable housing, which will establish the maximum fee allowed by law. This work will include a complementary economic feasibility study to establish the maximum fee supportable without discouraging continued development.

1. Provide political leadership to develop and pass a regional housing bond that includes funding for homeless prevention and moderate-income families

A funding tool available to local jurisdictions is the passage of a housing bond for the infusion of immediate funds for affordable housing. Interest rates on bond financing are about 20 percent lower than market rates and investors do not pay taxes on the income generated by the bond. Developers would compete for the money generated by the bonds and agree to keep units affordable for a minimum of 30 years or as long as a century. Austin, Texas, with about 790,000 residents, issued a housing bond package of \$55 million in 2006, creating 2,409 affordable housing units and leveraging \$200 million in additional outside funding by 2012.⁵² Austin voters approved an additional \$65 million bond issue for affordable housing in 2013. The San Francisco mayor has proposed issuing a \$250 million housing bond for San Francisco for its November 2015 elections, as noted in an article by J.K. Dineen that ran in the *San Francisco Chronicle*, April 1, 2015.

The City of Oakland or its tax base may not be in a financial position to absorb the debt service on a new housing bond. Given the regional nature of the new economic growth in the Bay Area and regional resources available, we recommend developing a Bay Area Regional Housing Trust Fund supported by a regional housing bond that provides funding for major areas, like Oakland, that are experiencing significant growth and housing need. Oakland would need an infusion of \$250 million from new bond proceeds to subsidize the development of 2,500 additional affordable housing units.* In addition, given that the existing affordable housing development model is designed to predominately produce housing affordable to very low- and low-income households, we recommend that sufficient funds also be made available to produce housing to serve families at risk for homelessness as well as moderate-income families with children. Doing so will address significant current gaps in meeting the needs of both populations and may help stem the decline of Oakland's child population.

* Local nonprofit housing developers typically leverage more than three times the city's subsidy in other financing resources for low-income tax credit projects. Oakland City Housing Development staff estimates that it currently requires about \$98,000 of city subsidy to build one affordable housing unit, with a total cost of about \$535,000.

Recommendation: Oakland should work with regional bodies, such as ABAG, or explore options such as forming a Joint Power Authority in partnership with other Bay Area cities and counties on an opt-in basis to support the development of a regional housing trust fund. Oakland should work with regional partners to ensure that any regional housing bond addresses the current housing production gaps—housing affordable to persons living at 15 percent AMI and below as well as moderate-income families with children.

2. Streamline the development process and develop and pass policies that provide for financially feasible mandatory contributions toward affordable housing

Political constraints and the drying up of construction credit during the recession have contributed to the lack of significant housing production in the Bay Area. From 2007 to 2014, only 25 percent of Oakland's regional housing production goals were met, with the development of 3,697 housing units (compared with 11–55 percent of goals met in other nearby cities). With market-based construction finance now flowing again, Oakland has the potential to realize affordable housing production from any new community benefit policies. The City of Oakland would need to facilitate the increased production of market-rate housing.

The city has been engaging in efforts to streamline the development process, including using standard conditions of approval to streamline the environmental review process. In addition, a potential new impact fee that is under development for future city council consideration would also assist in streamlining the approval process by eliminating the often time-consuming project-by-project debates around community benefits, and providing certainty in the development process, planning, and financing. Other efforts to encourage the production of new housing, including updating the way the city analyzes potential traffic impacts of new development and relaxing certain development requirements, such as parking standards and requirements for secondary units, would incentivize housing development. Changes to development standards would need to be considered in conjunction with the provision of community benefits.

From interviews conducted with private industry leaders as well as past experience, many developers are willing to contribute their “fair share” toward community benefits under the following principles:

- 1. Certainty** in the development approval timeline, process, and required outcomes.
- 2. Consistency** in the application of standards across the city rather than being subject to shifting political factors.
- 3. Fairness** of the requirements especially with regard to economic feasibility of the requirements and also differentials in project scope and location.
- 4. Advance notice** sufficient to accommodate project pro formas and financing.
- 5. Achieving the desired community benefits.**

Differences in Bay Area housing prices and developer profitability are also considerations for choosing the cities in which to build. The City of Oakland’s new economic feasibility analysis will provide critical guidance to assessing a viable level of developer contribution to affordable housing.

Much of Oakland’s lower-cost housing is in existing redevelopment areas that remain subject to the California redevelopment law. In addition, while the state eliminated redevelopment agencies, the requirement in redevelopment law that at least 15 percent of housing developed in redevelopment project areas be affordable to low- and moderate-income households remains. With the elimination of redevelopment funds to build new low- to moderate-income housing and the obligations triggered by market-rate housing projects, it would be reasonable for the City of Oakland to require financial or affordable housing contributions from private developers.

At least three policies, based on best practices, can achieve affordable housing goals from market-rate development projects: 1) require the developer to pay a prescribed impact fee that goes toward affordable housing; 2) require the developer to set-aside affordable units within the market-rate project or pay an in-lieu fee; and/or 3) negotiate developer contributions in exchange for specific incentives, such as height bonuses or parking concessions. Some cities use a combination of all three.

A financially feasible affordable housing impact fee is a per-unit or per-square-foot fee levied on market-rate housing that can be used to build affordable homes. While Oakland currently requires a commercial linkage fee⁵³ for certain commercial development projects, which has generated more than \$1 million since its implementation in 2005, there is no similar fee for residential development. By 2005, impact fees and/or linkage fees to fund infrastructure needed to service new housing and other developments were required by 90 percent of California communities and approximately 60 percent of cities with over 25,000 residents nationally (see **Appendix C**).⁵⁴ The City of Oakland is currently conducting a nexus study and impact fee feasibility studies that will provide critical guidance on both the viability of establishing a housing impact fee and the fee amount.

Several locations have successfully required a financially feasible affordable housing set-aside or in-lieu fee on new ownership development projects. In California, 170 local governments had inclusionary programs in place by 2007.⁵⁵ Oakland was not among these. While the recent California *Palmer/Sixth Street Properties v. City of Los Angeles*⁵⁶ decision limited the application of inclusionary zoning policies for new rental housing in California, it did not contest inclusionary policies for ownership development projects.⁵⁷ In the aftermath of the decision, cities have responded to the challenges presented by *Palmer* by establishing a nexus between development projects and affordable housing contributions, and then making changes to the rental aspects of their ordinances. Many jurisdictions are rewriting ordinances to replace inclusionary rules for rental housing with impact fees. Some examples include San Francisco, which has a relatively high inclusionary affordable housing fee, leading many developers to voluntarily adopt on-site affordable housing in lieu of the fee.⁵⁸ The City of San Diego allows developers to pay in-lieu fees that cost about half the cost of providing 10 percent affordable units on site.⁵⁹ The City of Berkeley has a flat \$28,000 affordable housing mitigation fee, which can be reduced for projects that meet certain criteria.⁶⁰ Finally, the City of Napa has an impact fee, while offering various concessions and incentives to developers willing to provide affordable housing units.⁶¹

Studies have documented the ability of inclusionary zoning policies to add new affordable housing and minimize the adverse effects of gentrification.⁶² A 2003 study that surveyed 98 out of 107 known programs in California at the time of the study reported that the majority of inclusionary zoning programs in the state were mandatory with affordable unit set-aside requirements ranging from 4 percent to 25 percent.⁶³ A 2007 follow-up study in California concluded that among the top-producing

programs, the most common [inclusionary] requirement is 15 percent.⁶⁴ The study also found that 47 percent of the California programs included affordable housing for low-income households and 24 percent for moderate and above-moderate income households.⁶⁵

Between 1990 and the end of fiscal year 2009, **Santa Monica's** inclusionary housing program, titled the Affordable Housing Production Program, created 862 units of affordable housing. The program requires 20–30 percent of multifamily housing projects to be affordable units. These 862 units represent 27 percent of all residential units created in the city during that period.⁶⁶ Santa Monica requires that all units for sale or rent produced under this program remain affordable for 55 years.⁶⁷ In 2006 the city strengthened the program so that it applies to all newly constructed condominium and apartment buildings. Developers of rental units have the option of providing affordable units off-site, paying an in-lieu fee or donating land. At least half of the affordable units were built on-site. If rental developers decide to pay an in-lieu fee, the calculation depends upon the zoning district.⁶⁸

In 2003, **Irvine** adopted a mandatory inclusionary zoning law that requires that a minimum of 15 percent of all units in developments with more than 50 units be affordable for 30 years.⁶⁹ Five percent must be affordable for extremely and very low-income households. The City of Irvine reports that 183 affordable units were produced between 2003 and 2010.⁷⁰ Ninety-three percent of these affordable units are for rent; the other units are for sale. Developments with fewer than 50 units are allowed to pay an in-lieu fee that is approximately 11 percent of the average value of the land needed for one affordable unit.⁷¹ Incentives to developers to cover the cost of providing affordable homes include density bonuses, marketing of for-sale units, financial assistance for excess affordable units, and development fee waivers.

In 2014, **New York City** Mayor Bill DeBlasio unveiled a housing plan that strengthened its inclusionary housing ordinance to include both incentive-based and mandatory affordable housing requirements.⁷² The city asked every developer and all five boroughs to contribute to the plan to construct or preserve 200,000 affordable housing units. The mandatory inclusionary zoning rules are expected to be fully unveiled in early 2015, and will have a menu of tools to create developer benefits. In the first development approved under the proposed mandatory inclusion rules in late 2014, at the Astoria Cove waterfront development in Queens, 460 of the 1,723 units were affordable, and the developer agreed to rehabilitate a public park and

include a grocery store and a new public school in the development.⁷³ For its part, the city provided funding for constructing a ferry dock on site, as well as upgrades to a local library and senior center. The city has also committed to reviewing its voluntary inclusionary zoning process and making efficiency improvements. In his first year in office, Mayor DeBlasio claims that 17,376 affordable housing units have been created, via new units (6,191) as well as preservation (11,185).⁷⁴

A 2007 **City of Oakland** Blue Ribbon Commission, composed of private developers and affordable housing advocates, was able to reach consensus on policy terms for a recommended inclusionary zoning policy.⁷⁵ The Oakland City Council at that time did not consider council action on the proposal.

The City of Oakland's current feasibility study on housing impact fees will include invaluable information on the financial feasibility of requiring set-aside units or other requirements on market-rate ownership projects. **Given the escalating costs of Oakland's market-rate housing units that are unaffordable even to Oakland's moderate-income residents, requiring financially viable moderate-income housing set asides in market-rate projects may be the only viable way to promote the city's mixed-income and desegregated housing goals.** The opportunity for teachers and other members of Oakland's workforce to live side by side with its new tech innovators is critical to the city's vision of creating a unified and diverse community.

Recommendation: Oakland should 1) complete the nexus study expeditiously; 2) pass a meaningful housing impact fee; and 3) consider other strategies that provide viable incentives for private developers in exchange for setting aside a percentage of their units for workforce housing or toward new affordable housing production.

3. Prioritize public land for use or contributions toward affordable housing

As the successor agency to the former Redevelopment Agency, the City of Oakland owns land that could be used to help achieve its affordable housing goals. For example, the city currently has four parcels developable for a total of 825 housing units currently out for a request for proposal (RFP) or in exclusive negotiation with a private developer. In addition, other public agencies including the Oakland Unified School District (OUSD) own unused properties that could be converted into affordable housing. Many cities are transforming closed schools into new affordable housing.⁷⁶

The city's properties that were formerly owned by the Redevelopment Agency are part of a long-range management plan adopted by the city council that analyzed reuse and some properties already include plans for critical economic development projects.⁷⁷ In addition, the city anticipated that the proceeds from sales of former redevelopment properties would be used to continue funding for economic development projects and city staffing to manage the projects. Further research is currently being conducted to identify which properties are most suitable for affordable housing reuse, including analyzing land inventory, current land use restrictions such as development agreements, financing plans, and cost-benefit analyses.

Developers who make a commitment to develop affordable housing can be provided the property at below market-value price to facilitate affordability. In addition, set-aside requirements can also be utilized. For example, **Washington, DC, set expectations that 30 percent of housing being developed on public land in its downtown and waterfront areas must be affordable and is now considering institutionalizing this practice into law.**⁷⁸ Florida passed the Omnibus Affordable Housing Bill, which requires all counties and municipalities to inventory public lands and to sell them as permanent affordable housing, donate them to a nonprofit to construct permanent affordable housing, or use the sale proceeds to support affordable housing.⁷⁹

The City of Oakland's draft housing element recommends that in disposing of city-owned properties, the city solicit RFPs from interested developers to construct housing on city-owned sites. RFPs will be posted on the city's website and distributed directly to developers, including nonprofit housing providers. In disposing of city-owned surplus properties, the city will give first consideration to affordable housing developers per the California Surplus Lands Act, Government Code 54220 et seq. If the city

does not agree to price and terms with an affordable housing developer and disposes of the surplus land to an entity that develops 10 or more residential units on the property, the city will require the entity to provide at least 15 percent of the developed units at an affordable housing cost or affordable rent to specified income groups, as required by Government Code Section 54233.

For those sites that are sold without affordable housing requirements, the city should consider depositing 25 percent of the proceeds of such sales to the Affordable Housing Trust Fund, which would require a new local requirement.

In addition, the city's new local public lands policy could include more than "surplus lands" covered under state law and give consideration to affordable housing developers of **all vacant and under-utilized city land that is being sold**. For example, the city's four parcels that are currently out for an RFP or in exclusive negotiation with a private developer are not deemed "surplus land" and therefore not currently subject to the state requirement of first consideration for affordable housing. Out of 575 units that are being developed, only about 48 units will be affordable ones. **If city parcels are not evaluated as appropriate for affordable housing use because of policy or programmatic determinations, then the city could consider that 25 percent of the proceeds from the sale be deposited into the city's Affordable Housing Trust Fund, subject to further analysis regarding potential impacts on prior economic development plans as well as budgetary needs for city project staff.** An existing city framework that could serve as a model is the city's local legislation governing the use of penalty funds from its Defaulted and Foreclosed Properties Program, which provides for the funding of foreclosure prevention programs subject first to covering the city's administrative costs associated with operating the program.⁸⁰

In addition, Oakland has the authority to review proposed development on large parcels of land and could explore whether to include a set-aside for affordable housing on viable sites.

Recommendation: Oakland should consider the adoption of a new local public lands policy that would provide 1) consideration to affordable housing developers of all vacant and under-utilized city land that is being sold unless the land has a reuse plan under the city's formerly adopted plans or is unsuitable for affordable housing use and 2) that, for those sites that are sold without affordable housing requirements, 25 percent of the proceeds of such sales should be considered for deposit into the Affordable Housing Trust Fund, subject to further analysis regarding the potential impacts to planned redevelopment activities on the sites and first covering the city's administrative, program, and operation costs.

4.

Develop new policy tools to convert abandoned or vacant properties into quality affordable housing, including city lien removal policy

Approximately 43 percent of Oakland's housing stock in 2013 was detached single-family homes (74,084 units). According to Urban Strategies Council data, Oakland has more than 3,000 vacant residential lots. New innovations are building upon Oakland's success with addressing blighted properties in the foreclosure process, which used to be a major problem in Oakland. The city was able to effectively address these issues through the combined tools of new policies along with proactive enforcement and key relations with senior bank officials. Inspection results evidenced that properties in foreclosure went from 50 percent blighted to 5 percent blighted after the city's deployment of new strategies.

The city's Strategic Initiatives Unit recently launched a new community buying program to create a pipeline for nonprofit developers and owner-occupant purchasers to purchase abandoned properties, starting with county tax auction properties in a new partnership with the county tax collector-treasurer. The city selected a nonprofit housing developer, Hello Housing, to serve as the program administrator. The Oakland City Council recently approved the removal of city liens on 34 properties in the new program to facilitate their transformation into long-term affordable housing units. In addition, a for-profit developer who had purchased significant numbers of Oakland's foreclosed properties has agreed to donate subdivided or vacant lots to the community buying program in exchange for tax benefits. Some of the subdivided lots will need a city waiver of parking or other regulatory requirements to facilitate the development of new units.

Innovative code enforcement strategies have been used for municipal governments to control blighted and abandoned properties. For example, New Jersey's "quick-take" rules allow for an abandoned property to be taken less than six months from the start of negotiations with the owner. "Spot condemnation" is the power to use eminent domain to take individual abandoned properties. The owner must be compensated with fair-market value minus the cost of all municipal liens and tax delinquency. It is a powerful tool to address scattered abandoned properties and has proved very effective in peer cities in motivating owners to make corrective repairs.

Jersey City initiated the spot condemnation process on 56 properties and the threat of a taking caused 13 of the property owners to bring their properties up to code. Jersey City is planning to use the law to take the remaining 43 properties.⁸¹ Baltimore's Code of Public Local Laws⁸² allows for "quick-take" spot condemnation in 30 days if the court determines that "the public interest requires the city to have immediate possession" of the blighted and abandoned property. **Baltimore has acquired 6,100 properties using this spot condemnation power (see Appendix F).** However, condemnation is a burdensome and expensive process and it is likely that many owners will take action to prevent condemnation. Oakland must be prepared to complete the process against its most negligent and uncooperative owners or spot condemnation notices become an empty threat. Legal research would need to be conducted to assess whether new state laws are required prior to local efforts.

Another option is to use the receivership power described earlier to abate the nuisances on a vacant property and transfer it to a responsible new owner. Unlike spot condemnation, the city does not take on any cost or liability. The receiver may make repairs, and attach a super-priority lien on the property equal to the expense. Baltimore has used its Vacant Property Receivership Ordinance to transfer 300 problem properties to qualified owners after the original owner failed to redeem the property. However, receivership standards requiring the "highest and best use" for the property may make it challenging to achieve an affordable housing outcome.

Recommendation: Oakland, after its current pilot program, should propose new strategies to convert abandoned or vacant properties into housing affordable to moderate- or low-income households, including a possible citywide policy on lien removal for affordable housing disposition.

5. Relax requirements and provide access to capital to support development of second units

A recent study conducted focusing on the MacArthur BART station area and the Oakland portion of the Ashby BART station area found that Oakland has underutilized the building of secondary dwelling units.⁸³ A sampling survey of homeowners found that 18 percent of houses already have at least one secondary dwelling unit. Approximately 7 percent of the homeowners surveyed were already planning on building a second unit and another 7 percent were interested but had encountered regulatory and/or financing barriers. The study found that the city's parking requirements were the biggest regulatory barrier to the development of second units, followed by lot setbacks. Under the city's current requirements, 230 homeowners in the studied areas could build a second unit. The study found that with the relaxing of parking requirements, 2,300 homeowners in the studied areas could build a second unit.

In addition, through its relations with nonprofit and for-profit financial institutions, the city could help facilitate homeowners' access to capital resources for building a second unit.

Recommendation: Oakland should consider facilitating the development of secondary dwelling units by 1) relaxing requirements, such as parking and set-back; and 2) assisting with access to private capital resources.

6. Incentivize private production of or contribution to housing affordable to Oakland's low- to moderate-income families

As with the rest of the Bay Area region, Oakland's housing problem stems from a continuing imbalance between job growth and housing construction. From 2007 to 2014, Oakland produced only 0.7 percent of its moderate-income housing production goals under the RHNA or 22 units compared to a goal of 3,142 units. Moderate-income households are those earning 81–120 percent of the AMI level, or \$67,600 to \$110,400 for a family of four. The city's limited affordable housing funds are prioritized for lower-income housing needs, especially because these projects are able to leverage private funds with lower income-eligibility restrictions, such as low-income housing tax credits.

While it may not be the best use of the city's severely limited housing funds to subsidize housing for moderate-income residents, given the critical role of homeownership in asset building and financial stability for families, the city can create new solutions through partnerships with private industry.

The lack of adequate supply for market-rate housing for Oakland's moderate-income residents contributes to their potential displacement from Oakland or places competition pressure on the affordable housing stock for lower-income residents. There are also neighborhood dynamics at play when families can no longer afford to live in their existing neighborhood and they move into another more affordable neighborhood—this potentially pushes out older residents, as well as contributes to rising housing prices. For example, Urban Strategies Council's analysis of 15 neighborhoods shows that the median-income residents who live in the middle-income neighborhoods of Lakeside and Maxwell Park are unable to afford to buy or rent the median prices. They are, however, able to afford neighborhoods in the lower-income tier such as Reservoir Hill-Meadow Brook.

SPUR, a Bay Area planning and governance nonprofit association, issued the following recommendations as part of its 2014 Agenda for Housing that supports the supply of both low-income and moderate-income housing: 1) increase allowable building heights and densities in transit corridors; 2) invest in permanently affordable housing; 3) enable more housing to be affordable by design; 4) rethink parking requirements; 5) encourage secondary units; and 6) get housing development fees right.

The Work Force Housing Committee, initiated by the Business Times in 2004 to devise an agenda for improving the East Bay's supply of affordable housing, included the following recommendations: 1) revamp planning and permitting processes to pre-identify infill and refill locations, encourage higher densities where appropriate, reduce downstream conflicts over environmental and neighborhood impacts, and create new financing vehicles for infrastructure; 2) work with the real estate community and lenders to buy down mortgage interest rates and reduce down payment burdens; 3) for mixed-income housing projects, require the more affordable units to be built first rather than last; and 4) for housing advocates and developers, collaborate on designing inclusionary zoning policies that are efficient and fair.⁸⁴

In response to the business community's identification of the lack of affordable homes as a top impediment to doing business in Silicon Valley, the Silicon Valley Leadership Group (SVLG), a consortium of business leaders, created the Housing Trust of Santa Clara County now known as the Housing Trust of Silicon Valley. Since 1999, the Housing Trust has raised \$69 million to provide homebuyer assistance programs, loans for multifamily development, and homeless assistance programs. The first-time homebuyer loans include a \$6,500 no-interest loan to pay for closing costs and a first or second mortgage loan, the second loan being a reduced-rate, deferred repayment loan.⁸⁵

New strategies would need to be developed to facilitate more moderate-income housing, such as creating a partnership with Oakland's business community for first-time homebuyer funds to help subsidize housing access to the market-rate units for middle-class families. The City of Oakland's first-time homebuyers program made 372 loans totaling \$22,459,765 from 2007 through 2014. However, with the loss of redevelopment funds, the city no longer has a sustainable funding stream for its first-time homebuyer funds. Since the beginning of 2012, the city had the following funds for its first-time homebuyer program: about \$1 million from commercial linkage fees, \$1.5 million in re-use funds from old loans, and \$500,000 from an older competitive state grant. In addition, city officials are in dialogue with Oakland School Board officials about using public lands to facilitate the development of new affordable housing, including housing for teachers—more information is available in the next section.

To ensure that the new housing benefits Oakland's long-time residents or workers, the city and its partners can engage in outreach strategies to groups such as teachers or other public service workers.

Recommendation: Oakland should research viable strategies for the city to support more moderate-income housing, including possible set-aside requirements on new development projects and new funding sources for first-time homebuyer programs, as well as long-term affordability strategies, such as deed restriction or shared equity strategies. Oakland should also update development standards and the development approval process to incentivize housing development.

III.

Strategies to Improve Housing Habitability and Health While Maintaining Affordability

Forty-two percent of Oakland's housing was built prior to World War II. Much of this housing needs significant investment or it will deteriorate and affordable-market housing will be lost. Oakland Code Enforcement received 30,604 occupied blight complaints from 2003 to 2014. Oakland residents, particularly children, suffer disproportionately from negative health impacts correlated with substandard housing conditions. According to Alameda County's Healthy Homes Department, of the 1,751 lead-poisoned children in the county recorded between 2000 and 2010, 62 percent were reported in the City of Oakland, more than all other cities in the county combined.⁸⁶ The estimated cost of lead poisoning in Oakland is \$150 million per year in medical services, special education, disabilities, and lost wages.⁸⁷ The rate of hospitalization for childhood asthma, approximately 40 percent of which is believed to be attributable to residential exposures,⁸⁸ is over five times higher in West Oakland than the California average. If investments are made to improve the habitability of homes, and the costs are passed along to renters in the form of higher rents, it may price out many existing residents.

Oakland's publicly subsidized multifamily housing projects have been relatively well maintained through the dedicated efforts of the Oakland Housing Authority and nonprofit developers funded by the City of Oakland's affordable housing funds. In addition, there are many responsible landlords who are diligent about maintaining their properties. The City of Oakland also recently began new efforts with County Public Health and Healthy Homes to create a healthy housing pilot that would align county resources and referrals with code enforcement services to homes where children with asthma reside. However, with the city's limited code enforcement staffing and budget, only a percent time of one inspector is available.

Building upon the city's efforts and addressing the gaps, the goals for the tools below are to maintain and improve the city's existing market rental housing stock while retaining its affordability.

1. Pilot a proactive rental inspection policy coupled with tenant protections

Oakland's complaint-based approach to code enforcement for rental properties requires a tenant to file a complaint with the city. Many code violations, including habitability issues that impact the health and safety of tenants, are never reported to the city. This problem disproportionately affects poor, elderly, disabled, non-English speaking, and other vulnerable tenants who experience barriers to navigating the code enforcement system or who fear landlord retaliation, including undocumented tenants concerned about immigration consequences. A recent report by Change Lab Solutions notes that in Washington, DC, the vast majority of properties named in slumlord lawsuits pursued by the attorney general "had not received any recent complaints from residents" and the worst properties "never received a single complaint."⁸⁹

As part of the efforts to improve the city's code enforcement operations, a community task force formed by the city council, mayor, and city administrator, recommended a proactive rental inspection (PRI) policy.⁹⁰ In addition, the Alameda County Healthy Homes Alliance is funded by The Kresge Foundation to help support the development of a PRI policy. Oakland laws currently provide for restricting rent increases on buildings covered under the local rent ordinance if rehabilitation work is done to comply with certain code violations⁹¹ or deferred maintenance. This existing policy can help address displacement concerns if also coupled with tenant temporary relocation funds.

A proactive rental inspection policy would require that, in addition to responding to tenant complaints, code enforcement would also inspect rental housing on a regular basis, typically every one to five years dependent upon property condition. Owners would have to register or obtain a license to rent units, and the registration fee could cover the cost of administering the program. Certain units, for example newly built or government-regulated housing, may be exempted from the requirement if they are presumed in good condition or subject to other regular inspection requirements. A proactive approach has been proven to preserve safe and healthy rental housing and prevent deterioration of aging stock. For example, in the seven years following Los Angeles's establishment of a proactive rental inspection policy, more than 1.5 million habitability violations were corrected and an estimated \$1.3 billion was re-invested in the existing housing stock.⁹² Through combined efforts with the Alameda County Public Health and Healthy Homes

Departments, the City of Oakland could address habitability problems such as mold that may contribute to health problems.

The City of San Jose inspects approximately 12,000 units per year.⁹³ With an annual budget of approximately \$3 million and 11 inspectors,⁹⁴ the San Jose program has resulted in a 29 percent increase in housing quality for covered multifamily units versus uncovered single-family units in the first 13 years of the program.⁹⁵

In addition to creating a constant stream of revenue to support inspection and enforcement in properties with some of the worst conditions that are occupied by the most vulnerable tenants, a proactive approach would also reduce tenant complaints, which dropped dramatically in other cities. For example, the City of Greensboro, North Carolina, saw tenant complaints fall by 61 percent in the first two years and Sacramento saw a 22 percent decrease in housing and dangerous building cases in the first five years following implementation of a proactive program.⁹⁶

Fiscal sustainability of proactive rental inspection programs is a critical issue and some programs have not proven to be cost-recovering. Oakland would need to develop a program design that integrates and balances the following considerations: 1) setting a fee that fully supports city program administration and is viable for targeted property owners; 2) preventing unintended consequences, such as displacement of tenants, unlawful rent increases, loss of rental housing stock, and any landlord retaliation; 3) developing a viable loan fund for landlords with financial hardship; and 4) developing special terms for responsible property owners, such as waiving annual inspections if they receive a “clean bill of health,” reduced registration fee, and longer time periods between inspections.

Recommendation: Oakland should develop a pilot program targeting specific neighborhoods or properties with a history of code complaints in order to fine-tune policy details prior to citywide consideration.

2. Support a public-private initiative to develop a small-scale rental housing loan fund

Small-scale “mom-and-pop” operations own significant numbers of Oakland’s unsubsidized but affordable rental units. Often small-scale landlords have difficulty obtaining the revenue or financing required to repair and rehabilitate their properties, resulting in either substandard rental units or the total loss of affordable rental units from the market. There has been a disproportionate loss of one- to four-family properties from the rental inventory in distressed neighborhoods nationally due to substantial deferred maintenance.⁹⁷

The City of Oakland’s Rehabilitation and Residential Lending Program annually provides critical loans to about 300–400 lower-income homeowners, especially seniors, to address rehabilitation needs and prevent the deterioration of Oakland’s housing stock. With loans provided to one- to four-unit buildings, rental housing is also currently rehabilitated. The city’s Rental Rehabilitation Program, dedicated to small-scale landlords, was discontinued in 2001 because grant funding for the program expired. Approximately \$2.5 million in loan repayments were collected but due to changes in market conditions, demand for the program decreased. The program will be reinstated in fiscal year 2014–15 and provide low-interest, deferred loans to owners to replace basic systems or repair their properties in return for a commitment to keep units affordable for a period of years and to not displace current tenants during rehabilitation.

In addition, given the limited public funds available for the city’s new fund, the city can work with Bay Area Community Development Financial Institutions (CDFI) to establish a dedicated loan fund program for small-scale landlords in order to attract foundation and private capital funds, similar to the program developed in Chicago, which is described below.

New York City has offered a low-interest loan program for moderate to major renovations of buildings with fewer than 20 units since 1974. From 1974 to 2001, the Article 8A program made more than \$300 million in loans for the rehabilitation of 103,000 units.⁹⁸ Borrowers were required to maintain rent affordability at below 120 percent of AMI for 30 years. The default rate was less than ½ of 1 percent.⁹⁹

In Chicago, a nonprofit CDFI, the Community Investment Corporation (CIC), recently debuted a \$26 million loan pool, with funds from the MacArthur Foundation, Attorney General Settlement Agreement, and private lenders, set up to help investors buy or rehabilitate one- to four-unit affordable housing to address the need to “rescue” abandoned small rental buildings in key neighborhoods.¹⁰⁰ CIC has chosen a 32-block area to target its one- to four-unit rental loans. This new program is on top of CIC’s \$415 million loan pool for multifamily rehabilitation through multiyear commitments from 39 investor banks. From 1984 to 2013, CIC made 1,900 loans for \$1.1 billion to rehabilitate almost 50,000 units and to provide affordable housing for more than 125,000 people¹⁰¹ (see **Appendix D**).

Recommendation: Oakland should work with private lenders and a CDFI to create a small-scale rental loan fund with lower interest rates where private owners must provide a commitment to keep units affordable long-term in order to qualify. The fund administrators should create a list of priority repairs that the loans may cover and restrict eligibility to owners who are current on their taxes. The fund administrators may also choose to prioritize owners with code citations who document they do not have sufficient funds to bring the building up to code.

3. Enhance support for city receivership for poorly maintained housing and remove city liens to facilitate affordable housing outcomes

Receivership is a legal process that allows a third party appointed by a court to take temporary possession of a privately owned, substandard property to bring it up to code. Receivership is a cost-effective tool for a municipality, particularly since California Assembly Bill 2314 amended Health and Safety Code section 17980.7(c) in 2012 to make property owners personally liable for all costs incurred if the municipality is forced to seek the appointment of a receiver to abate the nuisance conditions on the property. The City of Oakland’s Housing & Community Development Department has been attempting to revive a receivership program it once operated. The Oakland City Council recently approved the removal of code enforcement liens to facilitate the disposition of abandoned properties in a pilot program with the County Tax Collector-Treasurer’s office. The city and county are currently negotiating strategies to achieve long-term affordable housing from properties that did not sell in the pilot auction.

New Jersey has used receivership to improve the condition of rental housing since 2004. New Jersey law allows the receiver to sell a property where the sale “would promote the sustained maintenance of the building as sound, affordable housing, consistent with codes and safety requirements.” The New Jersey Department of Community Affairs established a registry of qualified entities and set aside up to \$4 million per year for a fund from which grants and loans can be made to receivers acting under the provisions of this bill. From the first \$4 million set aside for this purpose, \$1 million was used to make grants to nonprofit entities to build their capacity to act as receivers (see **Appendix E**).

Recommendation and Potential Outcome: Oakland should prioritize city department resources to implement its receivership program on properties that have extensive code violations with the potential to become affordable housing in priority neighborhoods. The city can explore the possibility of waiving payment of its municipal liens on receiver properties only where the receiver property is used to provide long-term affordable housing.

Notes

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Appendix A: New Policy Strategies to Address Oakland's Housing Equity Priorities

Table 1. Rehousing & Anti-Displacement Strategies

Type of Housing/ People At Risk	Anti-Displacement Strategies	Anticipated Units/ Families Saved	Status & Estimated Public Costs	Key Actors	Contact Person
Requires New Council Action					
Condo Conversion <ul style="list-style-type: none"> Up to 29,000 2-4 units in non-impact areas 	Update City's existing Condo Conversion Ordinance, i.e. <ul style="list-style-type: none"> Protect 2-4 units in non-impact areas Address multi-family buildings Require explicit tenant relocation terms Provide exemptions from restrictions for tenant purchased units 	Potential conversion of about 2,000 units/7 yrs i.e. 902 units converted since 2005 (86.25% in 2-4 units & 84% between 2005-08)	City Planning & Housing Development staff to work with stakeholder groups to draft proposed policy terms for Council CED deliberation in Spring 2015	City Council & Mayor, City Planning & Housing Depts, Jobs & Housing Coalition, EBHO, Oakland Tenants Union, Planning Commission Lead: City Housing	Michele Byrd, mbyrd@oaklandnet.com
Seismic Retrofit of Soft Story Buildings & Develop Housing Plan for Disaster Recovery Funding	Pass new Seismic Retrofit Ordinance <ul style="list-style-type: none"> Require retrofitting to prevent future displacement Limit rent increases Provide resources & incentives for landlords Develop and approve new Housing Plan for post-disaster recovery priorities & disaster recovery funding <ul style="list-style-type: none"> Prioritize needs of lower income residents at high risk for displacement and homelessness 	Over 14,000 units in soft story buildings mainly located in lower income flatland neighborhoods	<ol style="list-style-type: none"> Council policy change proposal in 2015 City creation of seismic retrofit loan fund for either City or nonprofit administration in 2015 TBD City Building Bureau administration & enforcement costs	City Council & Mayor, Chief Resilience Officer, City Building Bureau, East Bay Rental Housing Assn, Oakland Tenants Justice Campaign (OTJC), Rent Board Lead: City Administrator's Office	Chantal Cotton, ccotton@oaklandnet.com
Tenant Evictions <ul style="list-style-type: none"> Over 10,900 3 day notices issued in FY13-14 	<ul style="list-style-type: none"> Modify existing relocation policies for consistency & updating Fund City staff enforcement of relocation requirements City to research strategies to address bad faith evictions, esp of elders & disabled 	Citywide tenants	<ol style="list-style-type: none"> Council policy change proposal in 2015 Council allocation of funds 	City Council, Mayor, City Rent Adjustment, City Attorney, OTJC, EBHO, Rent Board Lead: City Attorney's Office	Richard Illgen, rillgen@oaklandnet.com
Underway					
Homeless or At Risk of Homelessness	<ul style="list-style-type: none"> Rapid Rehousing Funds for rental assistance and other financial support for homeless to return to permanent housing 	1,119 Oakland households to be served in next 2 years with new \$7.6 million funds	Funds secured, programs in development Future funds dependent upon federal and County "boomerang" housing funds	City Human Services Department, Oakland Housing Authority, Nonprofit providers Lead: City DHS	Susan Shelton, sshelton@oaklandnet.com

Table 1, continued

Type of Housing/ People At Risk	Anti-Displacement Strategies	Anticipated Units/ Families Saved	Status & Estimated Public Costs	Key Actors	Contact Person
In Development: Innovation & Promising Practice					
International Boulevard Corridor Revitalization Initiative	Public/private partnership to improve affordable housing & economic development outcomes for East Oakland residents	1,500 housing units; create 500 family sustaining jobs & 100 new businesses; provide career pathways for 2,500 residents	In beginning implementation stages: <ul style="list-style-type: none"> About \$870 million in public & private funds over next 10 years identified for revitalization activities 	Mayor, City Administrator, Council, Collaborative partners Lead: OSNI Collaborative	Margaretta Lin, mlin@oaklandnet.com
Bank Foreclosures & Housing Placement <ul style="list-style-type: none"> Over 11,000 homes lost since 2007 	Continue to provide City leadership to implement Distressed Mortgage Notes Program	1,000 mortgage notes in revolving pool with anticipated 50% home preservation rate	In development to secure: <ol style="list-style-type: none"> Participation from major banks Use of State Hardest Hit Funds to subsidize home preservation Funding for City Housing Assistance Center, legal & housing services & outreach (about \$950,000/yr) 	City Housing Strategic Initiatives, National Community Capital (NCC), Wells Fargo & major servicers, ACCE, HERA, State Keep Your Home California program, Pastors of Oakland Lead: NCC	Margaretta Lin, mlin@oaklandnet.com
Home Preservation Funds for Homeowners & Tenants	Provide leadership to develop regional home preservation fund for lower income homeowners especially seniors & disabled	Goal of assisting 1,000 families annually	In development to secure: <ol style="list-style-type: none"> Funding commitment from County & other jurisdictions & identify Fund Administrator Identify new funding sources. 	Housing Strategic Initiatives, Lenders, County Health Dept, Pastors of Oakland Lead: County Health Dept	Margaretta Lin, mlin@oaklandnet.com
Convert Regulated Rental Units into Long-term Affordable Housing	State Tax Revenue Code Section 236 provides for state tax exemption of market rate housing that converts into affordable housing for at least 35 years under nonprofit operations.	TBD	In development to secure: <ol style="list-style-type: none"> Marketing outreach to private landlords about current state tax abatement program Align with City incentives, i.e. new Seismic Retrofit Funds 	Mayor's Office, East Bay Rental Housing Assn Lead: Mayor's Office	Mayor Libby Schaaf's Office, moffice@oaklandnet.com

Table 2. Goal: At Least 7,000 Affordable Housing Units Over the Next 7 Years

Production Vehicles	Type of Housing (see below)	Potential Units	Estimated Costs & Public Subsidy	Status	Key Actors & Implementation Lead	Contact Person
Summary of Recommended Affordable Housing Production Priorities						
NEW Regional Housing Bond: \$254 million for Oakland	Homeless, extremely low, very low, low & moderate income	2,567	Average cost per unit about \$535,000 total & \$98,867 public subsidy	Need political leadership to drive regional support	Mayor & Council, ABAG Lead: ABAG	Mark Shorett, marks@abag.ca.gov
NEW State & Federal Affordable Housing Funds	Very Low to Low Income	1,011	Goal of \$100 million/7 yrs; \$98,867 public subsidy/per unit	First round State grant competition available Spring 2015	City Administrator's Office, City Housing Lead: City Housing	Maryann Sargent, msargent@oaklandnet.com
NEW Housing Impact Fee	Very Low to Low Income	TBD	TBD	Financial feasibility per pending consultant study completed 2015	Mayor & Council, City Planning & Housing, Jobs & Housing Coalition, Builders Alliance, EBHO, ACCE, CJJC, Planning Commission Lead: City Planning	Darin Ranelletti, dranelletti@oaklandnet.com
NEW Mixed-Income Housing Development	Moderate Income	TBD	TBD	Financial feasibility per pending consultant study completed 2015	Mayor & Council, City Planning & Housing, Jobs & Housing, Builders Alliance, EBHO, Planning Commission Lead: City Planning	Darin Ranelletti, dranelletti@oaklandnet.com
EXISTING Funds & Pipeline	Very Low to Low Income	903 units current pipeline; 500-600 units anticipated	\$49 mm/7 yrs in new funds; \$98,867 public subsidy	Dependent on "boomerang" funding	Lead: City Housing	Norma Thompson, nthompson@oaklandnet.com
Total over next 7 years		~5,040 units				

Table 2, continued

Production Vehicles	Type of Housing (see below)	Potential Units	Estimated Costs & Public Subsidy	Status	Key Actors & Implementation Lead	Contact Person
Summary of Recommended Affordable Housing Production Innovations & Promising Practices						
NEW Public Lands Policy	TBD	TBD	TBD	Land use & fiscal analysis to be completed Spring 2015	Council & Mayor, City Planning & Housing, Jobs & Housing Coalition, Builders Alliance, EBHO Lead: TBD	Margaretta Lin, mlin@oaklandnet.com
NEW Vacant Lots Initiative	Low & moderate income homeownership	100	TBD	In pilot stage with 35+ properties	City Housing, Planning & Building, Builders Alliance Lead: City Housing	Margaretta Lin, mlin@oaklandnet.com
NEW Second Units Initiative	Low & moderate income rental	500	TBD re City administration costs	City Council policy proposal in 2015	City Planning, Oakland Builders Alliance Lead: City Planning	Darin Ranelletti, dranelletti@oaklandnet.com
NEW Private Sector Employers Giving	First-time homebuyer; Rental assistance	900	TBD	In development	Mayor	Mayor's Office, moffice@oaklandnet.com
Total over next 7 years		~1,500 units +				

Table 3. Affordable Housing & Income Levels

Income Level and Area Median Income (AMI)	Income Range for Family of 4	Family of 4 Wage Earning Profile
Homeless and At Risk of Homeless (0–15% AMI)	\$0-TBD	N/A
Extremely Low Income (below 30% AMI)	Up to \$27,600	1 minimum wage worker at \$12/hour
Very Low Income (30–50% AMI)	\$27,600–\$46,000	2 minimum wage workers at \$12/hour
Low Income (50–80% AMI)	\$46,000–\$67,600	2 childcare workers at \$15/hour
Moderate Income (80–120% AMI)	\$67,600–110,400	2 OUSD teachers
Above Moderate Income (Above 120% AMI)	Over \$110,400	Professionals & Tech Engineers

Table 4. Housing Habitability Strategies

Type of Housing	Habitability & Anti-Displacement Strategies	Anticipated Units	Activities/Resources Needed	Key Actors	Contact Person
Requires Council Action					
Rental housing	NEW Proactive Rental Inspection	TBD	1. City pilot	City Council & Mayor, City Building, East	Marie Taylor,
• Per Code Enforcement, all types have habitability issues	<ul style="list-style-type: none"> Annual fee for regular inspections Tenant protections 		2. Council policy change proposal in 2015	Bay Rental Housing Assn, Alameda County Healthy Homes Alliance & OTJC	mtaylor2@oaklandnet.com
Requires Political Leadership					
Rental housing owned by small scale landlords	NEW Loan Fund for current owners to rehabilitate rental housing	TBD	City development of new loan fund to pilot viable terms	Lead: Self-Help Credit Union	TBD
Existing					
Owner-occupant & 1–4 unit rental properties	EXISTING City Rehabilitation funds for owner-occupants and 1–4 unit owners	1,500 units/7 years	N/A	Lead: City Housing Rehabilitation	Loyd Ware, lware@oaklandnet.com

Appendix B: Establish Citywide Standards for Significant Development Projects

What are citywide standards for significant development projects? Oakland should apply a consistent set of evaluative criteria to assess the impact of proposed real estate development projects upon existing residents to improve the city's ability to make informed land use decisions. Oakland has created policy and planning frameworks to guide decisions in the past on an ad hoc basis (e.g., the proposed Wood Street Project 2005). San Francisco, Denver, and other cities have used a detailed health-impact analysis to serve as a consistent set of standards to assess proposed real estate development.

Why does Oakland need this? Creating a set of criteria that will be used to evaluate all significant real estate development projects will help to create a consistent, transparent, and accountable decision-making process that will alert developers to key features of development that the city seeks. Currently, when making land use decisions, Oakland looks for guidance from the Oakland General Plan; Housing Element; Historic Preservation Element; and Open Space, Conservation, and Recreation Element. In addition, the California Environmental Quality Act mandates environmental impact reports whenever “the environmental effects of a project will cause substantial adverse effects on human beings, either directly or indirectly.”¹ These plans and mandates do not share a unified set of evaluative criteria, and are not designed to assist the city in making determinations as to whether specific real estate development proposals serve the needs of the city and its residents.

What housing challenge/opportunity is addressed? Oakland residents have voiced clear concerns that new real estate development in the city will lead to gentrification and displacement. By creating and using uniform, objective standards and targets to evaluate significant real estate development projects, Oakland can ensure that investments will benefit existing residents and the city as a whole. The city can also use this evaluative framework to balance a project's potential to revitalize Oakland, which may exert pressure for increased market prices and gentrification, and its potential to maintain and expand housing that is affordable to low- and moderate-income households.

What challenges do citywide standards pose for significant development projects? Creating evaluative criteria that is relevant to different types of proposed investment in different markets of the city is not a simple task. Oakland will need to create a detailed matrix of criteria that is relevant to residential, commercial, industrial, and mixed-use projects proposed for very different areas of the city. The city must also determine what triggers the evaluation, where in the process it will take place, what agency will be responsible for the assessment, and how it can be conducted within the existing development review timeframe.

What city action is needed? The city must create a consistent, objective set of evaluative criteria that are relevant to different types of real estate investments, markets, and neighborhoods within the city. Oakland must also create a transparent process for evaluating proposed real estate development including the types and size of development that will trigger an evaluation, the timing for the evaluation, and whether the outcome of the evaluation serves as advisory or whether it will determine the outcome of subjective city land use determinations such as the issuance of permits or variances. There are two existing examples that can serve as a starting point for Oakland. First, there is the Proposed Wood Street Project Policy and Planning Framework document created for the city in February 2005. Second, San Francisco has addressed this issue by supplementing its environmental-impact assessment (EIA) with a health-impact assessment (HIA) by the San Francisco Department of Public Health (SFPDH). The health-impact assessment described below assesses the potential indirect health effects of land use development. This assessment includes an analysis of the degree to which a significant development project may exert upward pressure on rents and housing prices and the impacts of that pressure on both low- and moderate-income households and the supply of housing that is affordable to those households.

1 Guidelines for Implementation of the California Environmental Quality Act. California Code of Regulations. §15065(a)(4). Health Impacts Analysis of Environmental Change is Required Under the California Environmental Quality Act.

Effective Models from which Oakland Can Learn

San Francisco, California: San Francisco added a health-impact assessment to the state-mandated environmental assessment in 2007. San Francisco uses its Healthy Development Measurement Tool (HDMT) to evaluate plans or projects against measurable indicators and development targets, and to provide information about both the positive and negative community health impacts of a proposed development project. This allows the city to make “more informed choices between development trade-offs.”² The HDMT is organized into six primary objectives or elements: Environmental Stewardship, Sustainable and Safe Transportation, Social Cohesion, Public Infrastructure, Adequate and Healthy Housing, and Healthy Economy. The HDMT outlines a series of indicators and development targets for each area. Four factors are reviewed under Adequate and Healthy Housing:

- Housing in proportion to demand with regards to size, affordability, and tenure
- Protect residents from involuntary displacement
- Decrease concentrated poverty
- Assure access to healthy, quality housing

The goal of the health-impact assessment is to identify recommended changes to a development proposal that will minimize negative health consequences and optimize positive impacts. For example, when San Francisco Department of Public Health reviewed a plan to demolish Trinity Plaza Apartments' 360 rent-controlled units in order to develop 1400 new condominiums in 2005, the city found negative indirect impacts on health. The negotiations with the developer resulted in a revised proposal that called for the replacement of the 360 rent-controlled units, continued leases for existing tenants, a meeting space, and a children's playground.³

Denver, Colorado: Denver adapted San Francisco's Healthy Development Measurement Tool and applied it to a master planning effort for South Lincoln Homes, a 15.1-acre Denver Housing Authority property with 100 existing public housing units. The Denver Housing Authority used the metric to determine how the proposed redevelopment can impact the health of the community. The project was done in two phases: Phase One included the customization of the HDMT for Denver, and Phase Two focused on the application of the Denver HDMT to the South Lincoln Homes Redevelopment Masterplan. Denver opted to add and coordinate national and local sustainability indicators such as LEED for Neighborhood Development (LEED-ND), the Sustainable Sites Initiative (SSI), and Enterprise Green Communities Criteria.⁴ Denver's South Lincoln neighborhood is currently being developed in stages as an equitable neighborhood designed to deliver maximum benefits to existing and new residents.⁵

- 2 San Francisco Department of Public Health, “San Francisco Indicator Project,” (City and County of San Francisco, 2015) <http://www.sfdph.org/dph/tools.asp> (accessed March 12, 2015).
- 3 Rajiv Bhatia, “Protecting Health Using an Environmental Impact Assessment: A Case Study of San Francisco Land Use Decision-making,” *American Journal of Public Health* (2007): 406-413. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1805033/>; Randy Shaw, “Historic Trinity Plaza Deal Finalized,” *Beyond Chronicle*, June 9, 2005, <http://www.beyondchron.org/news/index.php?itemid=358> (accessed March 10, 2015).
- 4 Denver Housing Authority, *Use of the Healthy Development Measurement Tool (HDMT) in Denver: Cross-Sector Partnerships for Development and Public Health* (Denver, CO: Denver Housing Authority, 2010), <http://www.denverhousing.org/development/SouthLincoln/Documents/Healthy%20Development%20Measurement%20Tool%20Report.pdf> (accessed March 10, 2015).
- 5 Kaid Benfield, “Denver Redevelopment Sets New Standards for Community Engagement & Analysis” Natural Resources Defense Council Staff Blog, (posted June 7, 2012) http://switchboard.nrdc.org/blogs/kbenfield/denver_redevelopment_sets_new.html (accessed March 10, 2015).

Appendix C: Affordable Housing Impact Fee

What is an impact fee? Impact fees are one-time charges against new market-rate residential development. Typically formulated as a per-unit or per-square-foot fee, affordable housing impact fees are designed to mitigate the projected impacts of market-rate residential developments on the need for affordable housing. These fees are governed by the Mitigation Fee Act (AB 1600), which requires that there be a rational nexus established between the development and impact that the development may cause, and that any fees are reasonable based upon the size of that impact.

Why does Oakland need this? The development of new market-rate housing generates additional demand for affordable housing. The city's relative affordability has attracted homebuyers and renters from neighboring areas of the Bay Area. These new home seekers have placed significant pressure on the Oakland housing market resulting in an 88 percent increase in the median price of an existing single-family home from 2012 to 2014.⁶ At the same time, Oakland is experiencing lower apartment vacancy rates than even San Francisco as the East Bay region's apartment vacancy rate fell to 2.8 percent. Experts assert that this is not a symptom of a housing bubble, but rather sustained appreciation that will impact housing affordability in Oakland over the long term.

What housing challenge/opportunity is addressed?

With the loss of redevelopment agencies and reduced federal funding for affordable housing, funding affordable housing production is an increasingly difficult challenge. Impact fees do not dictate future rents, so they are permissible under the 2009 Palmer/Sixth Street Properties vs. City of Los Angeles court ruling. Impact fees will require upfront, consistent and transparent fees to developers, while providing Oakland with flexible funding that can be used to provide gap funding for new construction of affordable housing, rehabilitate existing market-rate housing as affordable units, provide home and rental repair grants and loans, and offer first-time homebuyer assistance. Studies have shown impact fees can ensure private-market development costs reflect the full social costs and externalities associated with the development.

What city action is needed? The City of Oakland will commission a nexus study to determine if an affordable housing impact fee is supportable, given current market conditions, and if so, what an appropriate fee structure should be given the housing demand and investment activity. The nexus study should also assess the extent to which new market-rate development attracts higher-income households who will spend more on retail and services, creating new workers to live in the city who will be lower income and require affordable housing. The adoption of impact fees requires a majority vote of the Oakland City Council.

What challenges do affordable housing impact fees pose?

Impact fees raise the cost of investing in a city. Some developers have raised concerns that current market values do not support many types of private-market real estate investment in some areas of the city. Impact fees may exacerbate that challenge. But many surrounding jurisdictions that utilize impact fees have robust development, and valuable contributions to their housing trust funds.

Effective Models from which Oakland Can Learn

Berkeley, California: Berkeley charges an affordable housing impact fee of \$20,000 per multifamily unit. Berkeley found that the development of market-rate housing creates a resulting need for affordable housing that can be quantified at a cost of \$34,000 per market-rate rental unit. Developers have the option of including affordable housing within their projects rather than pay the fee. Originally when passed in 2011, the Affordable Housing Mitigation Fee was set at \$28,000 per unit. At this cost it made economic sense for developers to include affordable housing units in each multifamily project. In February 2013, Berkeley City Council reduced the fee to \$20,000 per apartment unit to encourage developers to pay the fee into city's fund for low-income housing development.

Fremont, California: The City of Fremont adopted an impact fee of \$17.55–\$20.25 per square foot in 2010. In 1991, Fremont Council adopted the city's first development impact fee program to help fund new capital facilities resulting from growth anticipated in the 1991 General Plan and in 2010 added an affordable housing impact fee.

6 "Oakland Home Prices & Values" Zillow.com <http://www.zillow.com/oakland-ca/home-values/> (accessed March 12, 2015).

Appendix D: Rental Building Rehabilitation Financial Assistance

What is rental building rehabilitation financial assistance?

These are loan, grant and forgivable or deferred loan programs that finance the repair or rehabilitation of small-scale rental, typically “mom and pop” landlords with fewer than four units. Financial assistance is often contingent upon a commitment to keep the rental units affordable for a period of years.

Why does Oakland need this? The city seeks to preserve, stabilize and expand quality affordable rental units. Small scale rental makes up a significant percentage of total affordable housing in the city. Often small landlords have difficulty obtaining the revenue or financing required to repair and rehabilitate their properties resulting in either substandard rental units or the total loss of affordable rental units from the market.⁷

What housing challenge/opportunity is addressed? Similar to neighboring San Francisco, a significant portion of rental units are owned by small mom-and-pop landlords.⁸ There has been a disproportionate loss of one to four family properties from the rental inventory in distressed neighborhoods nationally due to substantial deferred maintenance.⁹ Providing grants and loans to assist these small owners in repairing their properties or replacing basic systems have proven to be an effective tool in keeping these units both affordable and online.

What city action is needed? The city should establish a self-sustaining, revolving fund to provide financial assistance to owners of small rental properties. This fund should incorporate lessons learned from the Oakland fund that the city discontinued in 2001 due to lack of interest because of high interest charges. The fund should also incorporate lessons learned from other cities below. The city should target the fund to owners who seek to maintain their property but lack the resources. In return for financial assistance, the city should gain a commitment for the units to be offered at affordable rents for a specific number of years. Oakland also may condition financial assistance on a commitment not to displace tenants during rehabilitation.

What challenges do rental rehabilitation funds pose? Small-scale rental owners have thin operating margins and report that rental income barely covers operating expenses and may be reluctant to take on debt.¹⁰ In fact, national data shows that over 25 percent of these small landlords are “inadvertent” landlords who either purchased their home as a primary residence and could not sell it or inherited the property.¹¹ For many, the rents from their units will not support additional loan payments. The city can overcome this challenge by offering deferred loans that become due upon the sale of the property. In addition, providing limited public dollars to assist small-scale landlords can be rather controversial. The public tends not to support landlords, and would rather use dollars to encourage homeownership.

7 Federal Reserve Bank of Philadelphia, Preserving Multifamily Rental Housing: Noteworthy Multifamily-Assistance Programs (Philadelphia, PA: Federal Reserve Bank of Philadelphia (2001). <https://www.philadelphiafed.org/community-development/publications/discussion-papers/multit2.pdf> (accessed March 12, 2015).

8 Mallory Farrugia, “Two Side to Every Story: A Sympathetic View of San Francisco Landlords,” Curbed SF, August 29, 2014. http://sf.curbed.com/archives/2013/08/29/two_sides_to_every_story_a_sympathetic_view_of_san_francisco_landlords.php (accessed March 12, 2015).

9 Ibid.

10 Federal Reserve Bank of Philadelphia, Preserving Multifamily Rental Housing: Noteworthy Multifamily-Assistance Programs (Philadelphia, PA: Federal Reserve Bank of Philadelphia (2001).

11 Alan Mallach, Landlords at the Margins: Exploring the Dynamics of the One To Four Unit Rental Housing Industry (Cambridge, MA: Joint Center for Housing Studies, 2007) http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/rr07-15_mallach.pdf (accessed March 12, 2015).

Effective Models from which Oakland Can Learn

New York City Department of Housing Preservation and Development offers eligible owners a low-interest loan program for moderate to major renovations of vacant or occupied buildings with low and moderate rents and fewer than 20 units. The Article 8A Loan Program authorized in 1974 offers rehabilitation loans of up to \$35,000 per dwelling unit with a 3% interest rate for the replacement of major building systems.¹² In return, the owner must make a thirty year commitment to rent to households whose incomes do not exceed 120% AMI. The owner must have been rejected by at least two institutional financing sources prior to application to the Article 8A Loan Program. Projects financed with 8A loans qualify for real estate tax abatements. As of 2001, the program made over \$300 million in loans for the rehabilitation of 103,000 units.¹³ The default rate was less than half of 1%.¹⁴ The New York State Association for Affordable Housing (NYSFAH) asserts that the Article 8A loan program is a valuable tool for preserving New York City's affordable housing stock.¹⁵

Milwaukee Rental Rehabilitation Loan Program: Milwaukee offers loans to investor owners who agree to rent to income eligible tenants where the property is located in a Targeted Investment Neighborhood or where the property was recently tax foreclosed upon.¹⁶ Landlords are eligible for forgivable loans of up to \$14,999 per unit. The loans bear no interest rate, and after 5 years they are forgiven. The owner must provide a one for one match for loan funds, and must complete a landlord training to qualify for the loan. The property must meet building code requirements upon completion of the rehabilitation and pass periodic re-inspections over a 5-year period. Generally units must have at least two bedrooms to qualify. Priorities repairs under the program include exterior code-related repairs such as roofing, siding, and porch repairs; lead paint abatement including replacement windows; energy conservation; and plumbing, electrical, and heating repairs. After the work is completed, homeowners are expected to keep their property code compliant. In June 2013, the Mayor announced that the program will be funded with an additional \$474,467.¹⁷

Chicago Community Investment Corporation Model:

In Chicago, a non-profit Community Development Financial Institution (CDFI), the Community Investment Corporation, has created a \$415 million loan pool for multifamily rehabilitation through multiyear commitments from 39 investor banks. From 1984-2013, CIC has made 1,900 loans for \$1.1 billion to rehabilitate almost 50,000 units and to provide affordable housing for more than 125,000 people. In April 2014, CIC launched a new loan program for distressed 1-4 unit buildings to be targeted to a 32-block area. CIC and its partners found that these small buildings provide almost half of the affordable rental in many Chicago neighborhoods. CIC provides loans to investors who seek to rehabilitate a minimum of nine units within 1-4 unit buildings. CIC was the recipient of the 2012 MacArthur Award for Creative and Effective Institutions.

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- 12 Letitia James, "Resources for Landlords," Public Advocate of New York, <http://pubadvocate.nyc.gov/landlord-watchlist/landlord-resources> (accessed March 12, 2015).
 - 13 Federal Reserve Bank of Philadelphia, Preserving Multifamily Rental Housing.
 - 14 Ibid.
 - 15 Martin Dunn, Kirk Goodrich, Donald Capoccia, Alison Badget, and Alexandra Hanson. New York City Mayoral Policy Agenda: Recommendations for Sound Affordable Housing and Community Development Policy for the Next New York City Mayoral Administration (New York, NY: New York State Association for Affordable Housing, 2013). http://nysafah.org/cmsBuilder/uploads/NYSFAH-NYC-Mayoral-Policy-Agenda_001.pdf (accessed March 12, 2015).
 - 16 Neighborhood Improvement Development Corporation, "Rental Rehabilitation Loan Program" City of Milwaukee, <http://city.milwaukee.gov/RentalRehabLoan#.U2ujwPldVIs> (accessed March 12, 2015).
 - 17 Katie DeLong, "Mayor Barrett to Commit Grant Funds to Foreclosure Issue, Fox6now.com, June 13, 2013. <http://fox6now.com/2013/06/13/mayor-barrett-to-commit-grant-funds-to-foreclosure-issue/> (accessed March 12, 2015).

Appendix E: Receivership—Appoint a Receiver to Rehabilitate Existing Housing or Vacant Property for Affordable Housing

What is receivership? Receivership is a legal process that allows a third-party appointed by a court to take temporary possession of a privately owned property that is substandard or chronically blighted to convert the property back into productive use. California law allows for receivership to be used both to improve existing rental buildings and to restore vacant buildings that are at risk of being lost through neglect or disinvestment.¹⁸ The receiver can be a for-profit or nonprofit entity, a municipality or an individual. Once appointed, the receiver has physical control of the property, can borrow and spend money to rehabilitate the property and can place liens against the property for the amount spent. The owner never loses legal title to the property during the receivership. The receiver takes only an equitable ownership interest which grants him or her authority to manage the property and make the necessary repairs. The only time the owner loses title is if the owner fails to pay the receiver's lien which has priority over all liens other than municipal liens. The receiver is entitled to necessary expenses and to a reasonable fee, to be determined by the court.

Why does Oakland need this tool? The receivership remedy has the potential to prevent displacement of renters by preserving affordable rental in properties that are becoming substandard due to owner neglect. Receivership also has the potential to preserve, improve and create new affordable housing in two ways: by reactivating vacant properties and preserving affordable rentals in existing properties. Receivership is a cost-effective tool for a municipality, particularly since Assembly Bill 2314 amended Health and Safety Code section 17980.7(c) in 2012 to make property owners personally liable for all costs incurred if the municipality is forced to seek the appointment of a receiver to abate the nuisance conditions on the property.

What housing challenge/opportunity is addressed? Oakland has 3000 vacant properties.¹⁹ Of these, 86 are severely blighted after the property owner consistently failed to abate violations on their property in spite of vigorous code enforcement efforts.²⁰ Many rental properties violate codes to protect habitability. Between 2003 and 2013, there were 30,604 blight complaints on a range of violations including leaky roofs, inadequate heating and plumbing, mold, vermin infestations, and garbage left out in the open.²¹ These properties attract fire and crime and bring down surrounding property values. At the same time, these properties offer an important opportunity to create new investment and affordable housing.

What city action is needed? First, the city should create a registry of qualified receivers and identify properties that have extensive code violations with the potential to become affordable housing in neighborhoods that need more affordable rental or homeownership. Second, the city should petition for the appointment of a health and safety receiver to preserve or improve these properties. Third, the city can encourage the properties to be preserved or reactivated for affordable housing by making housing finance agency or government housing program funding available to finance rehabilitation and pay receiver's fees with conditions of long-term affordability, and by publishing clear conditions for waiving payment of its municipal liens where the property adopts affordability restrictions.

18 Legal authority is provided by the California Health & Safety Code sections 17980 through 17992, specifically sections 17980.6 and 17980.7.3.

19 "Lot of Opportunity for Housing in Oakland" San Francisco Housing Action Coalition, <http://www.sfhac.org/oaklands-land-use-approach/> (accessed March 12, 2015).

20 Selna, Robert, 2013. "Bill would help plot to grow food on Oakland lots." SFGate, November 24. <http://www.sfgate.com/opinion/openforum/article/Bill-would-help-plot-to-grow-food-on-Oakland-lots-5008406.php> (accessed March 12, 2015); See also Oakland Municipal Code Section 8.24: Once the "reasonable time" to repair/abate has expired, the only remaining notice requirement to owner/recorded interests, prior to filing an ex parte emergency application/petition, is the minimum three-day notice that the city/county must give to the owner that it intends to file the petition.

21 Urban Strategies Council, p. 46.

What challenges does receivership pose? Typically, the receiver seeks to rehabilitate the property for its “highest and best use” as both a requirement under law and in order to extract the highest potential sales price or rent from the property. To best serve Oakland’s needs, however, Oakland must find entities or individuals willing and able to use the receivership tool to create affordable housing. Receivers also must be careful not to create an encumbrance on the title that is difficult to extinguish, thus clouding the title and making it more difficult to find a bank willing to lend on the property. In addition, despite due diligence, receivers do not always accurately estimate repair and replacement needs up front. Additional costs can undermine financial projections and jeopardize the financial feasibility of the receivership. Finally, housing unit conditions may require some tenants to be relocated or rent to be increased to cover costs, triggering potential conflict between the receiver and the tenants.

Effective Models from which Oakland Can Learn

Baltimore’s Vacant Property Receivership Ordinance: In Baltimore, under the Vacant Building Receivership Ordinance the city or its nonprofit designee may petition a court to appoint a receiver for any property with a vacant building that is out of code compliance and tax delinquent, though it is generally used in the case of severely deteriorated single-family houses.²² The receiver may make repairs, and attach a super-priority lien on the property equal to the expense; or immediately sell the property to a private or nonprofit developer who will rehabilitate the property. Under the ordinance, the receiver has the authority to foreclose on the property before any rehabilitation work is done and to auction the property off to a developer with a demonstrated ability to rehabilitate the property immediately. When the property is conveyed, it is free of all liens and mortgages. For the owner to redeem the property, he or she must post a bond to guarantee performance, bring the property up to code, and pay back taxes. In order to insure quality rehabilitation, the city pulls the certificate of occupancy on the property as soon as it is deemed vacant and unsafe. In order to obtain a C/O, the property must pass a new inspection. Baltimore transfers virtually all properties through receivership to a nonprofit called One House At A Time (OHAAT). OHAAT sells properties at auction to prequalified bidders with the capacity to rehabilitate the property. OHAAT has acted as a vacant building receiver for as many as 12 properties a month. To date, OHAAT has facilitated the transfer of over 300 problem properties to qualified owners.²³

New Jersey Multi-family Housing Preservation and Receivership Act: This 2004 law authorizes the use of receivership to preserve and restore problem rental properties where the building shows a pattern of unabated code violations for a period of a year or more.²⁴ The court will approve a sale of the property by the receiver if the sale of the property meets several conditions, one of which is that the sale “would promote the sustained maintenance of the building as sound, affordable housing, consistent with codes and safety requirements.” The property can be sold for the purpose of conversion into condominiums only where the majority of tenants approve in writing and no tenants are evicted as a result of the conversion. The New Jersey Department of Community Affairs established a registry of qualified entities and set aside up to \$4 million per year for a fund from which grants and loans can be made to receivers acting under the provisions of this law. \$1 million from the first \$4 million set aside for this purpose was used to make grants to nonprofit entities to build their capacity to act as receivers as well as carry out other property management activities that will further the preservation of affordable housing. The state also established the Balanced Housing Program fund to make grants and loans to receivers where affordable housing is not a requirement for moderate rehabilitation of multifamily rental buildings where the project (1) contains 30 or fewer units, and (2) is located in a Census tract in which the median household income is 60% or less of the area median income.

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- 22 Department of Housing and Community Development. From Vacants to Value: Creating Value by Rehabbing Vacant Homes and Reclaiming Blighted Blocks (Baltimore, MD: Housing Authority of Baltimore City). http://www.communityprogress.net/filebin/pdf/toolkit/vacants_to_value_Baltimore.pdf (accessed March 12, 2015).
 - 23 “Taking Charge of Vacant Property Through Housing Receivership,” Stabilize, the Blog of Stable Communities (posted September 20, 2013), http://www.stablecommunities.org/blog_09-20-13 (accessed March 12, 2015); “A Nonprofit that Streamlines the Transfer of Vacant Properties to You – FAQ” One House At A Time, <http://www.onehousebaltimore.org/faqs/> (accessed March 12, 2015).
 - 24 Multi-family Housing Preservation and Receivership Act, P.L.2003, c.295 (N.J.S.A.2A:42-114 through 142). ftp://www.njleg.state.nj.us/20022003/AL03/295_.PDF (accessed March 12, 2015).

Appendix F: Spot Condemnation—Taking Individual Blighted Vacant Properties through Eminent Domain

What is spot condemnation? “Spot condemnation” is the power to use eminent domain to take individual abandoned properties. It is a powerful tool to address scattered abandoned properties, and is particularly effective where one or two abandoned single family houses are found on an otherwise stable block. Spot condemnation like other takings under eminent domain is derived from the American Housing and Urban Renewal Act of 1949. When a government takes properties through spot condemnation, just as with all forms of eminent domain, government must make the owner whole by paying fair market value for the property or whatever value remains after all liens are paid. In cases where municipal liens exceed the value of the property, the owner may not be legally entitled to any payment.

Why does Oakland need this tool? There are over 3000 vacant and blighted properties in the city of Oakland. These properties attract fire and crime and lower surrounding property values. Where an owner has repeatedly refused to address code violations on a vacant property and where blight impacts the health and safety of the neighborhood, taking the property allows government to transfer clear title to the property to a responsible owner. Although eminent-domain power should be used sparingly because of its high cost and its relative unpopularity with the public, it has been very effective in motivating the owners of blighted properties to make corrective repairs, making it unnecessary to complete the lengthy process of eminent domain.

What housing challenge/opportunity is addressed? Oakland seeks to eliminate blighted properties that harm their block and their neighborhood. In addition, Oakland seeks to create new affordable housing to meet the needs of existing residents. Spot condemnation allows a local government to take a property and resell it for use as affordable housing. In addition, the threat of condemnation is a powerful motivator and it is common for chronically unresponsive owners to bring their properties up to code or to sell them during the lengthy condemnation process. Finally, spot condemnation allows a city to intervene when the owner is paying taxes but leaving their property in a blighted condition as they wait for market prices to rise.

What city action is needed? The City Attorney’s office should investigate the current state of the rules and legal holdings related to spot condemnations in California in the wake of the dissolution of redevelopment authorities. In particular, the City Attorney’s office should inquire whether a “quick-take” approach for expediting a condemnation of abandoned properties is a viable policy option and what changes, if any, would be needed to allow for spot condemnation.

What challenges does spot condemnation pose? Condemnation is a powerful and controversial tool that takes private property from an owner for the public good. Spot condemnation is expensive. It requires a lengthy process with repeated notice to the owner. Spot Condemnation also requires the city to take ownership of the property and pay the owner fair market value. Fair market value is based upon the highest and best use for the property in California, in other words the highest price it could achieve in the open market between a willing buyer and willing seller.

Effective Models from which Oakland Can Learn

New Jersey Quick Take Rules for Spot Condemnation: New Jersey’s “quick-take” rules allow for an abandoned property to be taken less than 6 months from the start of negotiations with the owner. Under the New Jersey Abandoned Properties Rehabilitation Act N.J.S.A.55:19-102, only properties included within the state abandoned property registry are eligible for “quick take”.²⁵ New Jersey’s process begins with a number of appraisals. First, the appraiser must define the full cost both to rehabilitate the property and to demolish the property and construct a new building on the site. Both parts of this appraisal must include all architectural, engineering and legal expenses. The valuation is a key factor in the decision as to whether the property is more appropriate for rehabilitation or new construction. Second, the appraiser must determine the realistic market value for the property after new construction

25 The law defines “abandoned property” as any property that has not been legally occupied for six (6) months, and which also meets any one of the following criteria; (a) the property is in need of rehabilitation, and no rehabilitation has taken place for six (6) months; (b) construction was initiated and then discontinued prior to completion, and no construction has taken place for six (6) months; (c) the property is in property tax arrears by at least one installment; or (d) the property is determined to be a nuisance by the public officer.

or rehabilitation. Third, the appraiser must compare costs determine in Step 1 to the post rehabilitation or construction market value in Step 2. If the appraiser finds that the cost to rehabilitate or construct a viable structure on the site exceeds the value, the law provides that “there shall be a rebuttable presumption in all proceedings under this subsection that the fair market value of the abandoned property is zero, and that no compensation is due the owner.”²⁶ Jersey City initiated the spot condemnation process on 56 properties and the threat of a taking caused thirteen of the property owners to bring their properties up to Code. Jersey City is planning to use the law to take the remaining 43 properties.²⁷ The City of Newark announced plans to take 156 abandoned properties and contracted with nonprofit New Jersey Community Capital to oversee redevelopment of the sites.²⁸

Baltimore Maryland: Baltimore’s Code of Public Local Laws allow for “quick take” spot condemnation of abandoned blighted properties.²⁹ The city can obtain possession of an abandoned property in 30 days if the court determines that “the public interest requires the City to have immediate possession.” After the city has taken possession, the court determines compensation to the property owner. If a property has municipal liens and other charges in excess of the property’s value, the owner may receive no compensation and would instead owe the difference to the city. The city used quick-take eminent domain to acquire 6,100 properties. After a 2007 Maryland Court of Appeals ruling, however, Baltimore reduced its use.³⁰ The court found that the expedited version of eminent domain had been used too broadly by the city in assembling properties which could also have been acquired using the standard eminent domain procedure.

According to the opinion, “the City must demonstrate the reason or reasons why it is necessary for it to have immediate possession and immediate title to a particular property via the exercise of a quick-take condemnation.”³¹

Cumberland County, Pennsylvania: In Cumberland County, Pennsylvania the threat of spot condemnation has motivated many owners of blight-certified properties to bring their properties up to code. Between 2000 and 2008, municipalities referred more than 100 vacant properties to the Redevelopment Authority of Cumberland County (RDACC) for condemnation, and only 5 were taken through the entire eminent domain process and condemned.³² Ninety five percent of the properties were brought back up to code or sold by the owner to avoid the condemnation of the property.

26 Housing and Community Development Network of New Jersey, “Hypothetical Appraisal Analysis for Spot Blight Taking,” <http://www.hcdnj.org/assets/documents/nptappraisal%20analysis%20of%20spot%20blight%20taking.pdf> (accessed March 12, 2015).

27 Jennifer Morill, “Jersey City Works to Eliminate the Problem of Vacant and Abandoned Properties,” Office of the Mayor, Jersey City, NJ (posted February 11, 2013) http://www.cityofjerseycity.com/uploadedFiles/Public_Notices/Press_Releases/Vacant%20Building%20Registry%20Yielding%20Success.pdf (accessed March 12, 2015).

28 “Community Asset Preservation Corporation to Redevelop over 150 Abandoned Homes in Newark,” New Jersey Community Capital, <http://www.newjerseycommunitycapital.org/about-us/media/community-asset-preservation-corporation-redevelop-over-150-abandoned-homes-newark> (accessed March 12, 2015).

29 Code of Public Local Laws of Baltimore City, § 21-16, titled “Quick-take Condemnation”.

30 Mayor and City Council of Baltimore City v. George Valsamaki, et al. No. 55, September Term, 2006. <http://www.courts.state.md.us/opinions/coa/2007/55a06.pdf> (accessed March 12, 2015).

31 Ibid.

32 Interview with Chris Gulotta, former executive director of the Redevelopment Authority of Cumberland County, August 15, 2013; Northumberland County Comprehensive Blight Prevention/Remediation Program (July 2012).

**Appendix G:
Data and Mapping**

Produced by Urban Strategies Council
July 2014



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Regional Population Changes in Past 40 years

Since 1980, the Bay Area and Alameda County population have grown considerably -- approximately 38 percent. There were 404,892 more Alameda County residents counted in the 2010 Census versus the 1980 count. Oakland grew at a slower rate, 15 percent. Even though much of the population growth has occurred in different areas of the County, Oakland still accounts for a quarter of the County's residents in 2010. According to the Association of Bay Area Governments (ABAG), the Bay Area is projected to grow significantly in the coming decades. By 2020, it is projected that more than 8 million people will reside somewhere in the Bay. This is nearly an additional 1 million people compared with the 2010 Census counts. Similarly, Alameda County is projected to increase in population to 1,608,204 by 2020, an increase of nearly 100,000 residents.

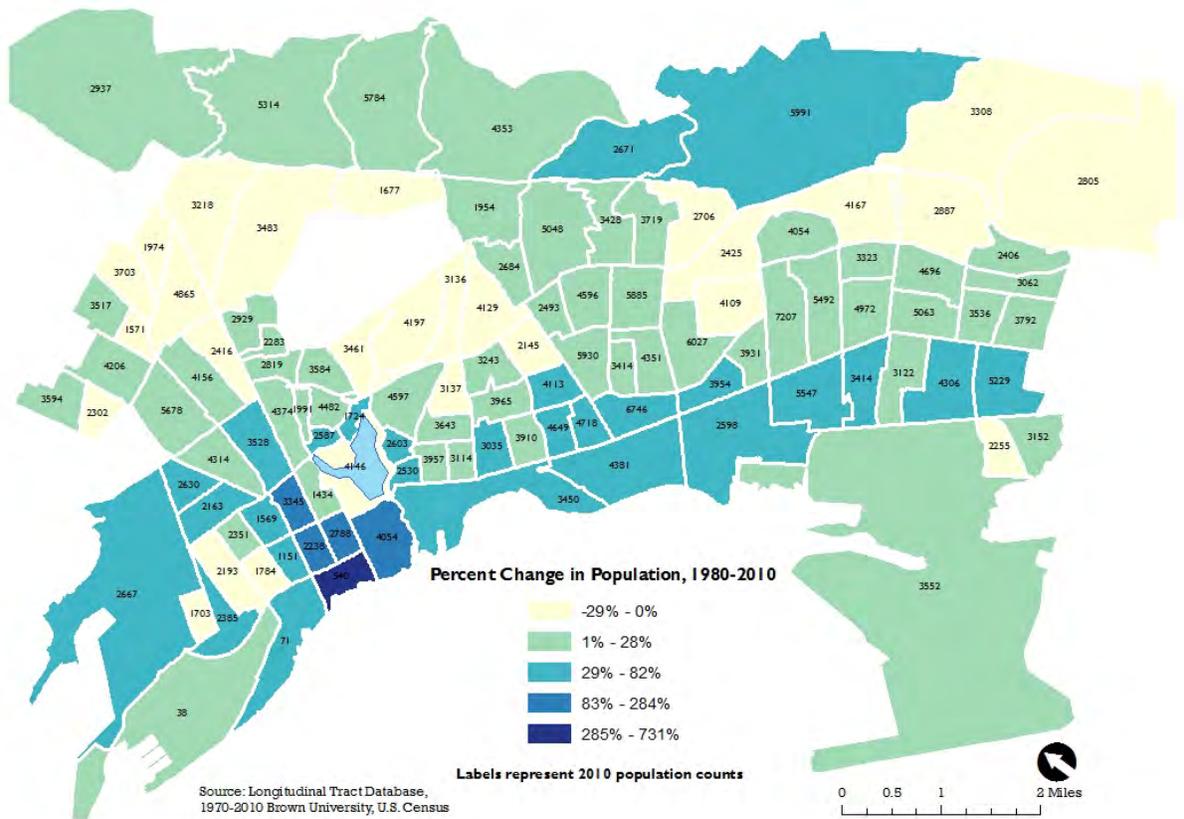
Figure 1: Census Population Counts

	1980 #	1990 #	2000 #	2010 #	2000 to 2010 #	2000 to 2010 Δ (%)	1980 to 2010 Δ (%)
Oakland	339,337	372,242	399,484	390,724	-8,760	-2.2%	15%
Alameda County	1,105,379	1,279,182	1,443,741	1,510,271	66,530	4.6%	37%
Bay Area*	5,179,784	6,023,577	6,783,760	7,150,739	366,979	5.4%	38%

Source: United States Census

*ABAG definition includes nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma

Map 1: Population Change by Census Tract, 1980 to 2010



Population Changes in Oakland over the Past 40 Years

Within Oakland, there is a more complex pattern of population growth and decline. The neighborhoods with the largest population growth stretch through the downtown and Jack London Square, into the Fruitvale, and down International Boulevard to the San Leandro border. During the same time period, neighborhoods above Interstate 580 have shown modest population declines.

Table 1: Top Ten Neighborhoods with Highest Percentage Population Growth, 1980 to 2010

	1980	1990	2000	2010	1980 to 2010 Change
	#	#	#	#	%
Old City/ Produce & Waterfront: 9832	65	13	63	540	731%
Downtown/Old Oakland: 4031	583	1,300	1,647	2,238	284%
Uptown/Downtown: 4028	1,587	1,177	1,899	3,345	111%
Chinatown: 4030	1,330	2,043	2,734	2,788	110%
Chinatown/Laney: 4033	1,980	2,046	2,310	4,054	105%
Golden Gate: 4220	977	1,872	1,333	1,756	80%
Clawson/Dogtown: 4015	1,604	1,908	2,413	2,630	64%
Oakland Estuary: 4060	2,207	3,105	3,655	3,450	56%
Jingletown/Kennedy Tract: 4061	2,897	3,417	4,301	4,381	51%
Caballo Hills: 4081	4,104	5,299	5,763	5,991	46%
Fruitvale: 4072	4,631	6,350	7,039	6,746	46%

Source: Longitudinal Tract Database, 1970-2010 Brown University, U.S. Census

Table 2: Top Ten Neighborhoods with Largest Population Decline, 1980 to 2010

	1980	1990	2000	2010	1980 to 2010 Change
	#	#	#	#	%
Lake Merritt: 4034	5,821	6,364	3,697	4,146	-29%
Sequoiah: 4099	4,405	4,201	3,499	3,308	-25%
Acorn: 4025	2,103	2,251	1,779	1,784	-15%
Maxwell Park: 4077	4,698	4,731	4,599	4,109	-13%
Chabot Park: 4100	3,206	3,079	2,845	2,805	-13%
Golf Links: 4098	3,202	3,082	3,250	2,887	-10%
Bushrod/Children's Hospital: 4006	1,691	1,665	1,707	1,571	-7%
Montclair: 4045.01	1,782	1,547	1,575	1,677	-6%
Crocker Highland: 4051	4,449	4,347	4,161	4,197	-6%
Gaskill: 4009	2,438	2,401	2,456	2,302	-6%
Glenview: 4049	4,328	4,457	4,356	4,129	-5%

Demographic Characteristics

Gender

While there were declines in both male and female residents in Oakland, there was a slightly larger decline in female residents. This is contrary to the faster rate of population growth of women throughout Alameda County.

Table 3: Changing Population By Gender in Oakland

	Male				Female			
	2000	2010	Δ	Δ (%)	2000	2010	Δ	Δ (%)
Oakland	192,757	189,519	-3,238	-1.7%	206,727	201,205	-5,522	-2.7%
Alameda County	709,300	740,573	31,273	4.4%	734,441	769,698	35,257	4.8%

Source: US Census 2000 & 2010

Age

Alameda County's population is projected to grow. The growth rate is different depending on age group. Growth is especially high with older residents. The last decade indicates that the aging of residents in the County is more pronounced in Oakland.

According to Department of Finance projections, Alameda County's population will grow by 10% by 2020. Although there will be a modest increase in residents below the age of 18, the largest changes will be in residents 65 years and older. Of the nearly projected 100,000 new residents, approximately 75,000 will be over the age of 64.

- Between 2000 and 2010, median ages in Oakland have increased from 33.3 to 36.2 (+ 2.9 years).
- The number of youth who reside in Oakland was dramatically less in 2010 than in 2000, a decrease of 16,639 youth (-16.7%)

Table 4: Age Composition by Age Group

	Under 5 years				5 to 17 years			
	2000	2010	Δ	Δ (%)	2000	2010	Δ	Δ (%)
Oakland	28,292	26,099	-2,193	-7.8%	71,467	57,021	-14,446	-20.2%
Alameda County	98,378	97,652	-726	-0.7%	256,194	242,969	-13,225	-5.2%

	Under 18 years				18 to 64 years			
	2000	2010	Δ	Δ (%)	2000	2010	Δ	Δ (%)
Oakland	99,759	83,120	-16,639	-16.7%	257,937	264,045	6,108	2.4%
Alameda County	354,572	340,621	-13,951	-3.9%	941,576	1,001,904	60,328	6.4%

	65 years and over				Median Age			
	2000	2010	Δ	Δ (%)	2000	2010	Δ	Δ (%)
Oakland	41,788	43,559	1,771	4.2%	33.3	36.2	2.9	8.7%
Alameda County	147,591	167,746	20,155	13.7%	34.5	36.6	2.1	6.1%

Source: US Census 2000 & 2010

Age Pyramids for Selected Neighborhoods that Have Both Relatively Large Populations and High Rates of Population Change

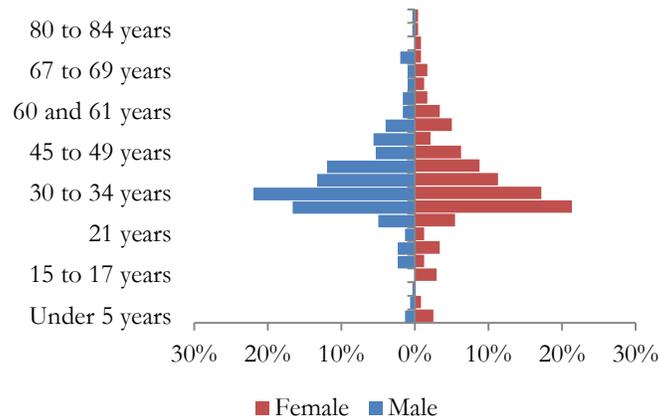
Depending on the neighborhood, we observed three distinct age profiles within Oakland detailed in the 2010 Census. In the downtown areas from Jack London (tract 9823) to the Uptown (tract 4028), the age pyramids reflect a large proportion of residents who are working age with small percentages of children and retirees. Conversely, the neighborhoods stretching south of Lake Merritt to San Leandro (illustrated by tracts 4088 and 4063) have large proportions of children and young families. The third profile is predominately in the hill communities (tracts 4003 and 4081) with large proportions of the population heading towards the retirement age.

Map 2: Reference Map for Age Pyramids



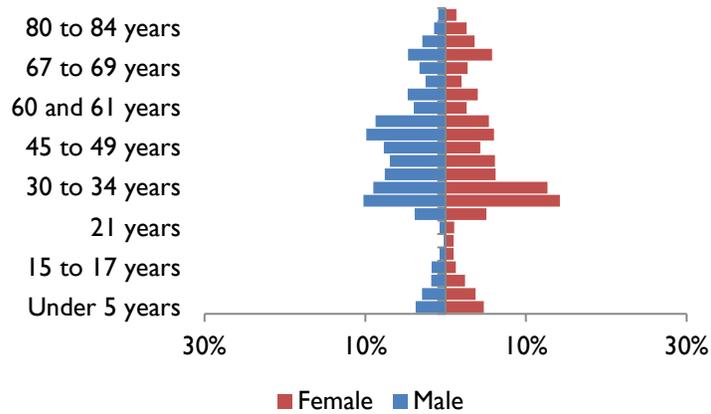
*** This map displays the location of the specific Census Tracts profiled in the following age pyramids. Percentages in pyramids represent proportion of age group to particular gender**

Figure 2: Population Age Pyramid - JACK LONDON SQUARE: 9832



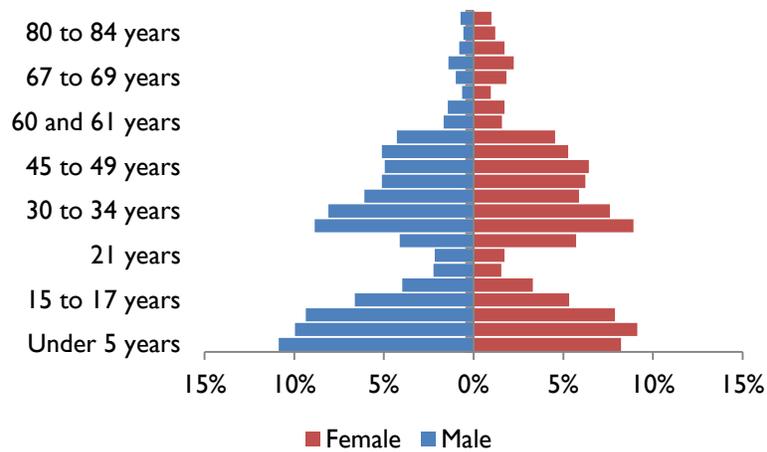
*Large percentage of young adults; few children or senior citizens.

Figure 3: Population Age Pyramid - UPTOWN: 4028



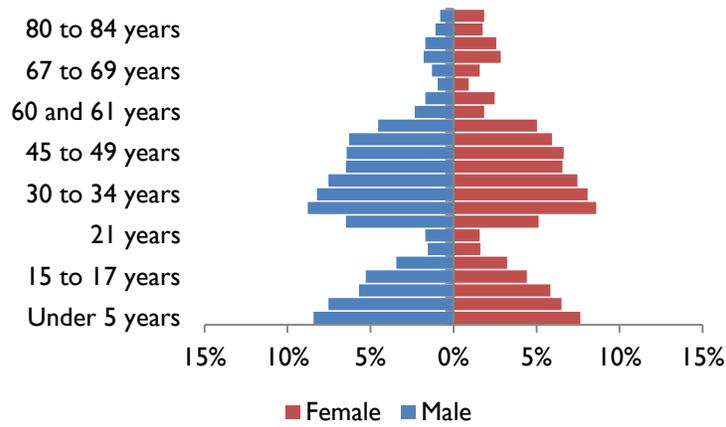
* High proportion of young adult women, but generally even proportions throughout working age with few children and senior citizens.

Figure 4: Population Age Pyramid - HAVENSCOURT/COLISEUM: 4088



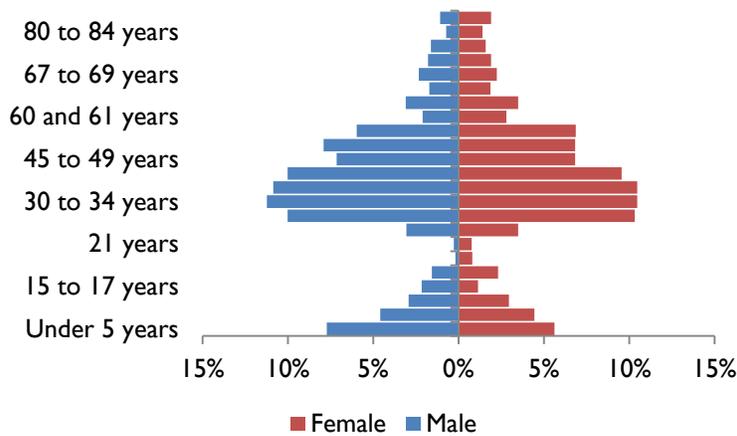
*Large percentage of young adults and children.

Figure 5: Population Age Pyramid - SAN ANTONIO/SAUSAL CREEK: 4063



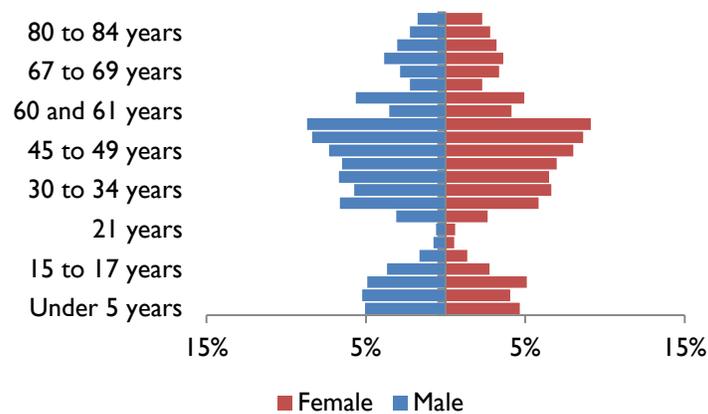
*Large percentage of young adults and children.

Figure 6: Population Age Pyramid - SHAFTER/ROCKRIDGE: 4003



*Large percentage of older, working age residents and retirees. Small proportion of school aged children.

Figure 7: Population Age Pyramid - CABALLO HILLS: 4081



*Large percentage of older, working-age residents and retirees. Small proportion of school-aged children.

Race

The ethnic and racial composition of Oakland has significantly changed over the past 10 years (2000-2010). There has been a dramatic decline in the number of Oakland residents who reported being African-American or Black, while the three other major ethnic/race groups –Hispanic or Latino, White, and Asian, have increased.

Table 5: Ethnic/Race Composition in Oakland and Alameda County, 2000 and 2010

	Oakland		Alameda County	
	2000	2010	2000	2010
Hispanic or Latino (of any race)	87,467 (22%)	99,068 (25%)	273,910 (19%)	339,889 (23%)
White	93,953 (24%)	101,308 (26%)	591,095 (41%)	514,559 (34%)
Black or African American	140,139 (35%)	106,637 (27%)	211,124 (15%)	184,126 (12%)
Asian	60,393 (15%)	65,127 (17%)	292,673 (20%)	390,524 (26%)
Two or more races	12,966 (3%)	14,076 (4%)	56,499 (4%)	60,862 (4%)

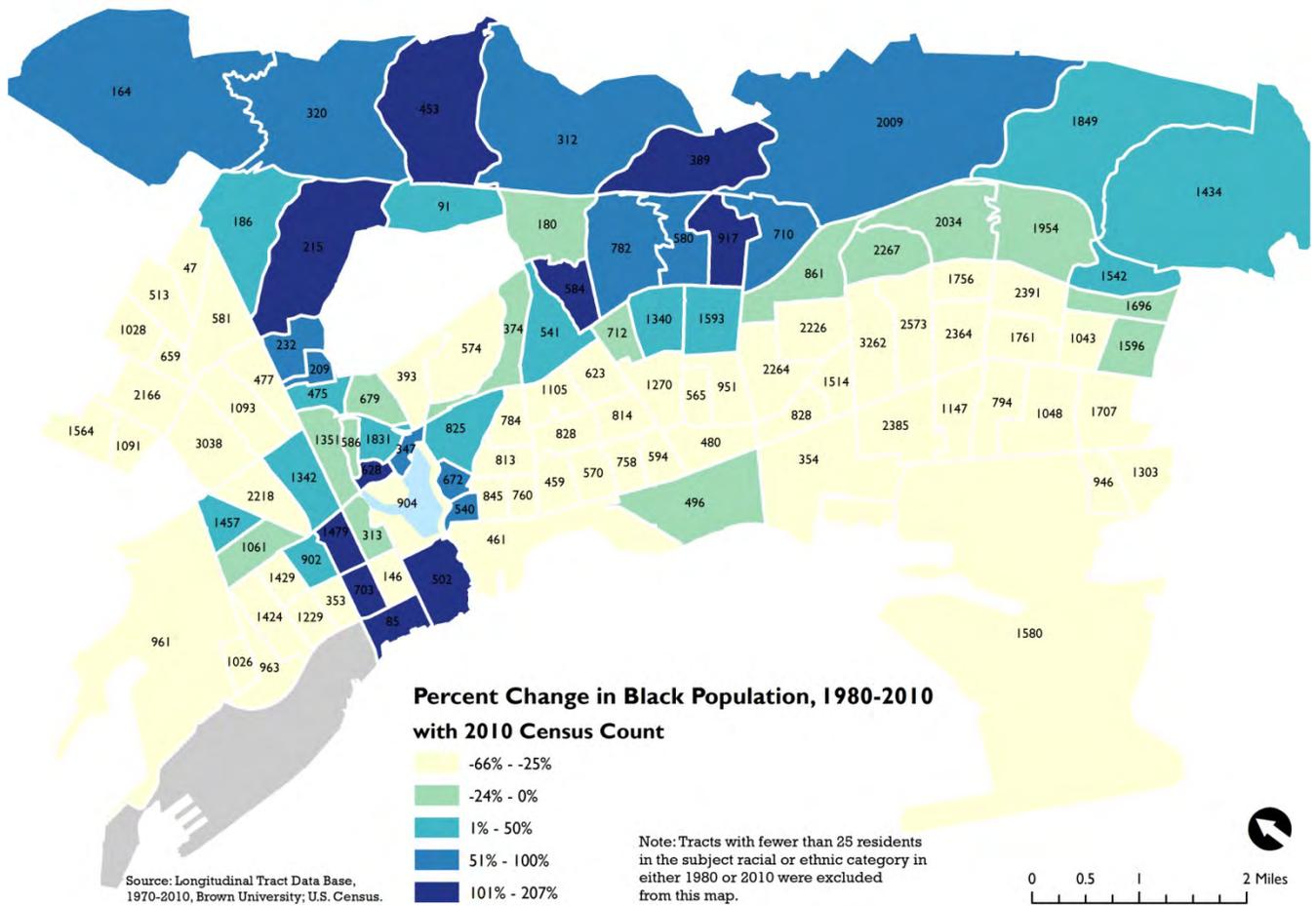
Source: US Census 2000 & 2010

The changing pattern of demographics in Oakland varies by neighborhood.

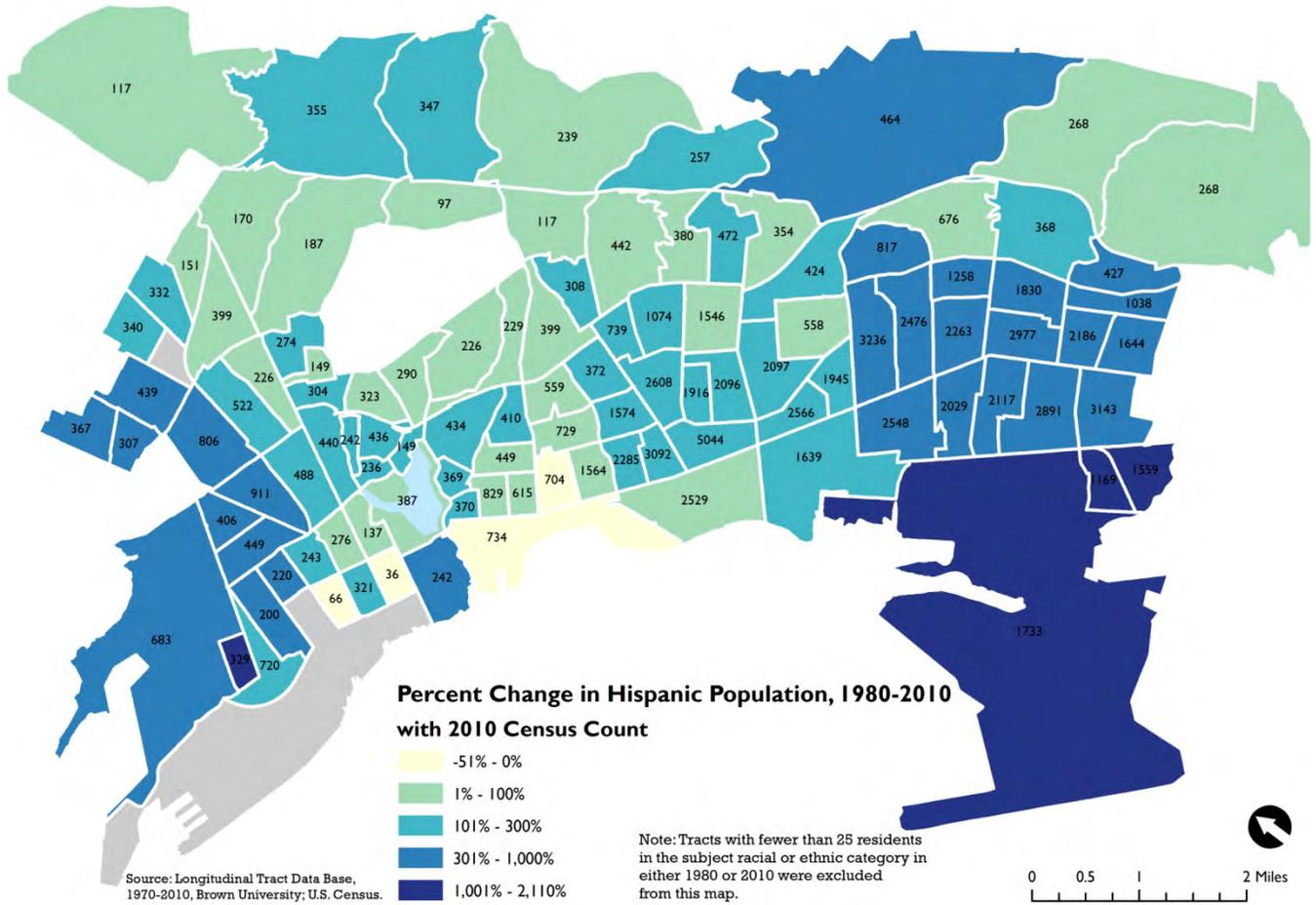
- **Black and African American residents** have declined across much of the flatlands. Conversely, there has been increases in the downtown; stretching up into North Oakland and along the hill neighborhoods.
- **Hispanic or Latino:** Although Hispanic or Latino residents have increased across the city, West Oakland and East Oakland have the largest rates of growth.
- **Asian:** The proportion of Asian residents has grown in all neighborhoods across Oakland. The fastest rates of growth have occurred in the San Antonio neighborhood.
- **White:** White (non-Hispanic or Latino) populations have decreased across Oakland. North Oakland, the downtown, and West Oakland have increased.

The following maps show the percent change of different race/ethnic groups in Oakland between 1980 and 2010.

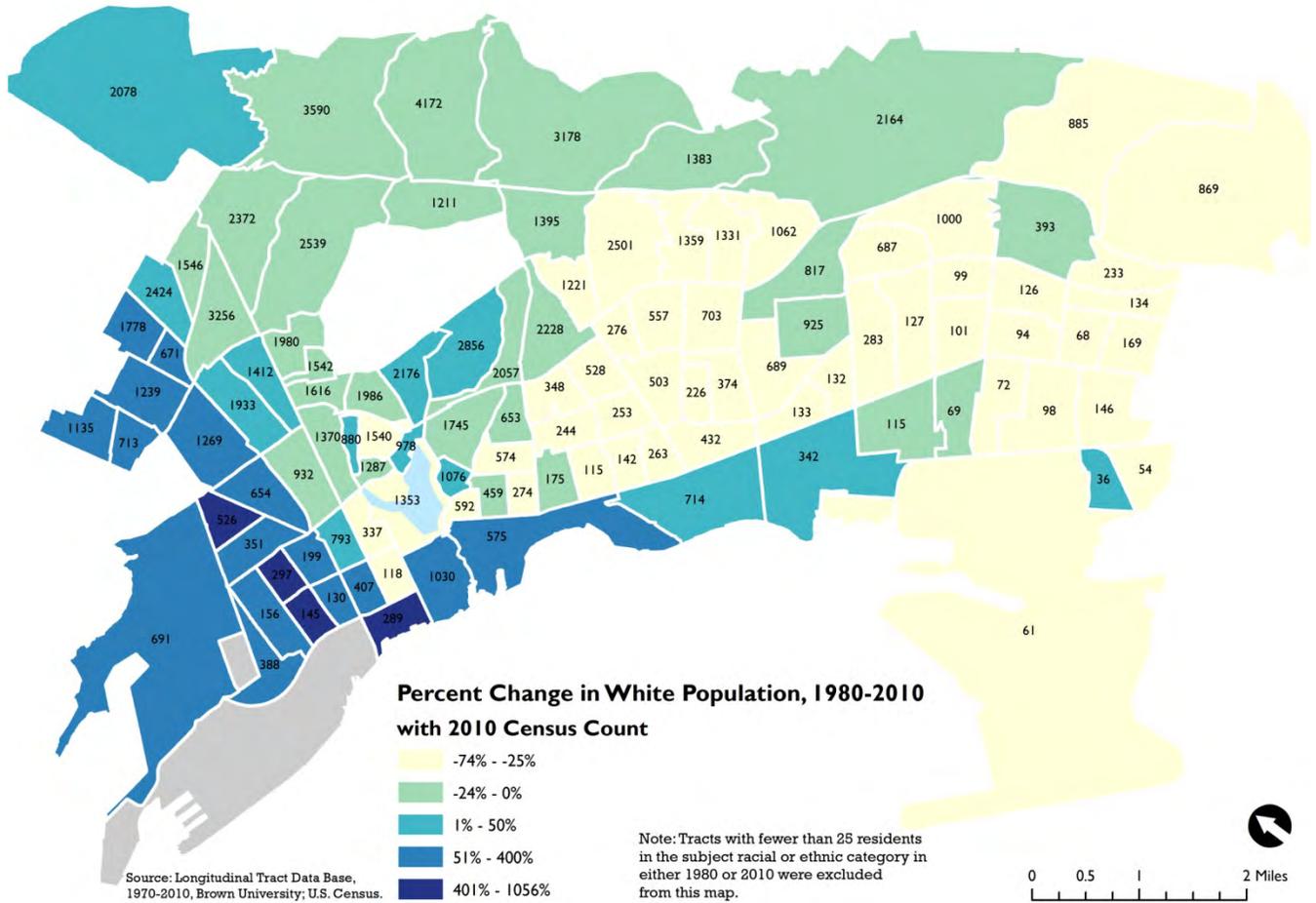
Map 3: Black Population Change in Oakland, 1980-2010



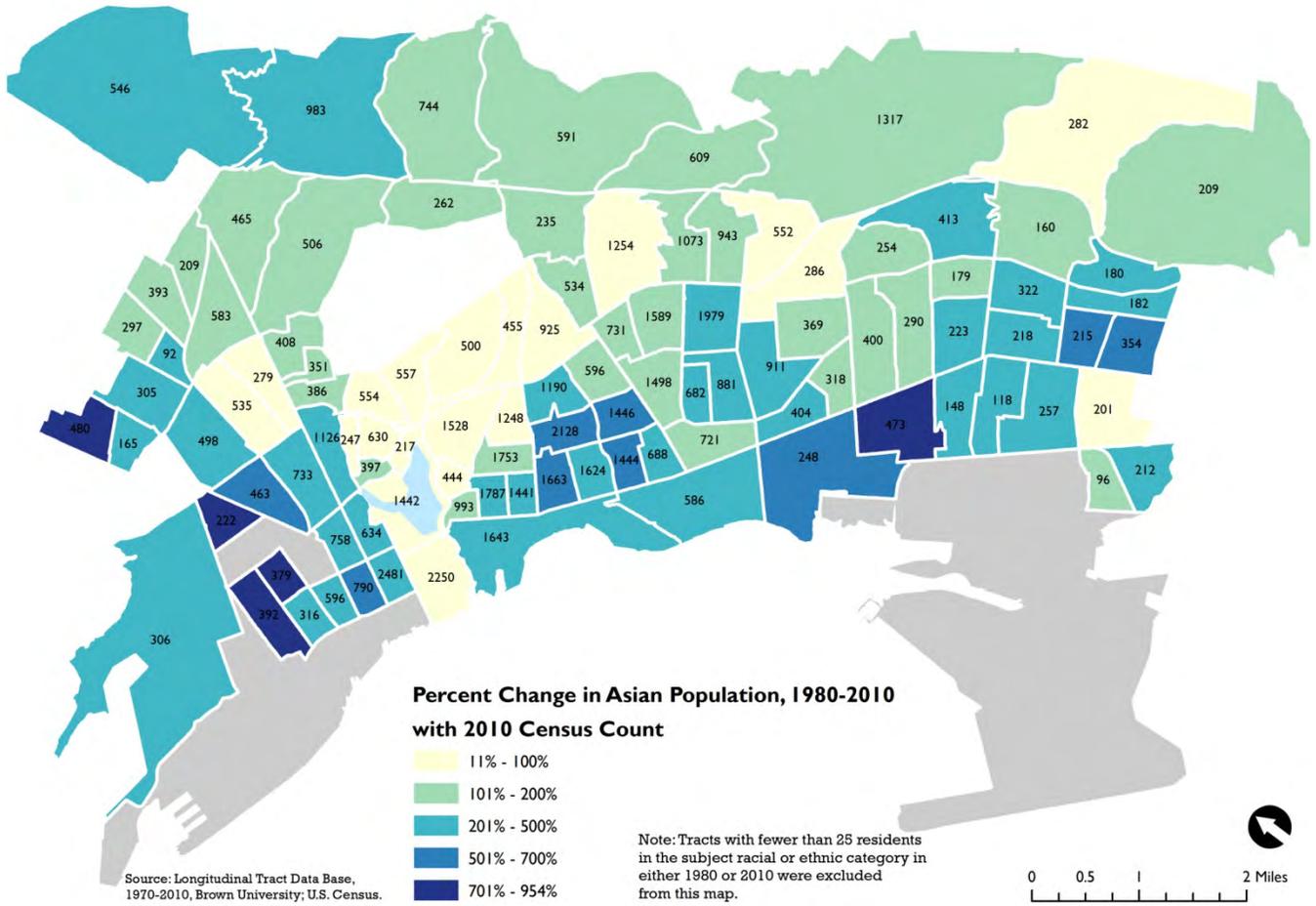
Map 4: Hispanic/Latino Population Change in Oakland, 1980-2010



Map 5: White Population Change in Oakland, 1980-2010



Map 6: Asian Population Change in Oakland, 1980-2010

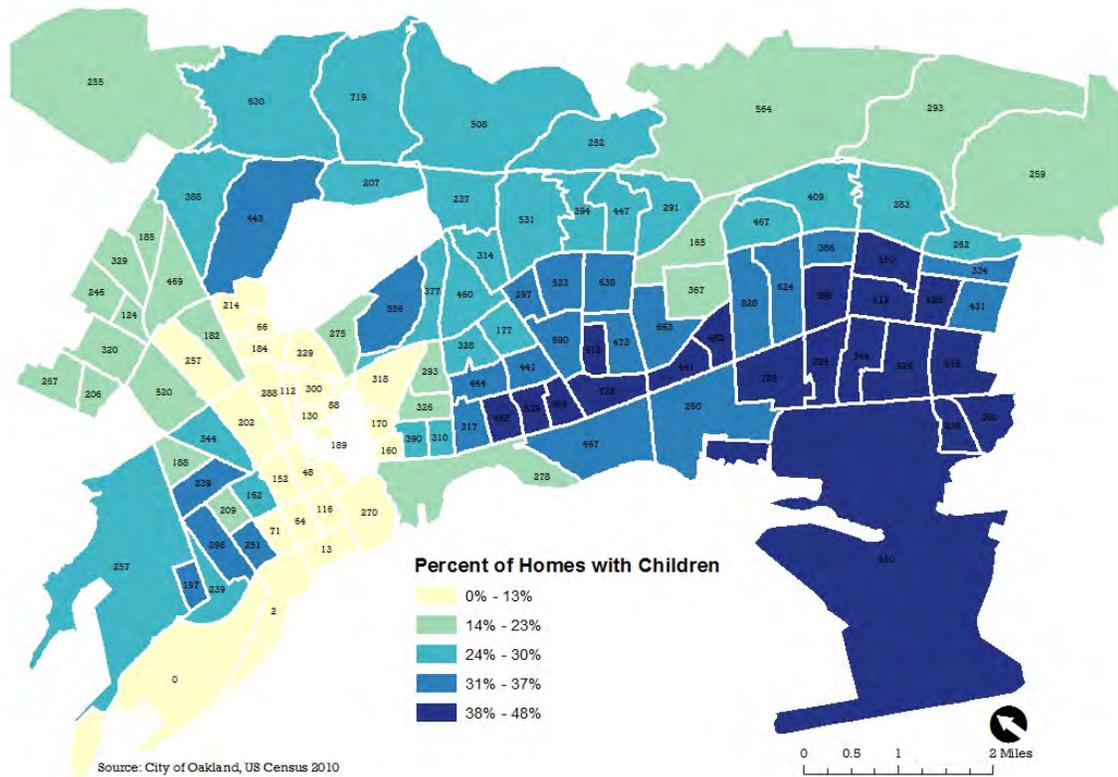


Families

Between 2000 and 2010, a decreasing percentage of households were occupied by families, 57.3% in 2000 compared to 54.4% in 2010.

- Roughly half of the households (54.4%) in Oakland are occupied by families (2 or more related individuals). This is less than in the overall County where nearly two-thirds of household are families (64.6%).
- A quarter of the total households in Oakland have children compared with 31% for the city.

Map 7: Percentage of Households with Children in 2010



Household Size

Between 2000 and the 2010 Census, both household and family size decreased in Oakland. This indicates that housing unit production during this time period was faster than population growth. Household and family sizes vary significantly across the different neighborhoods in Oakland.

Map 8: Household Size in Oakland, 2010

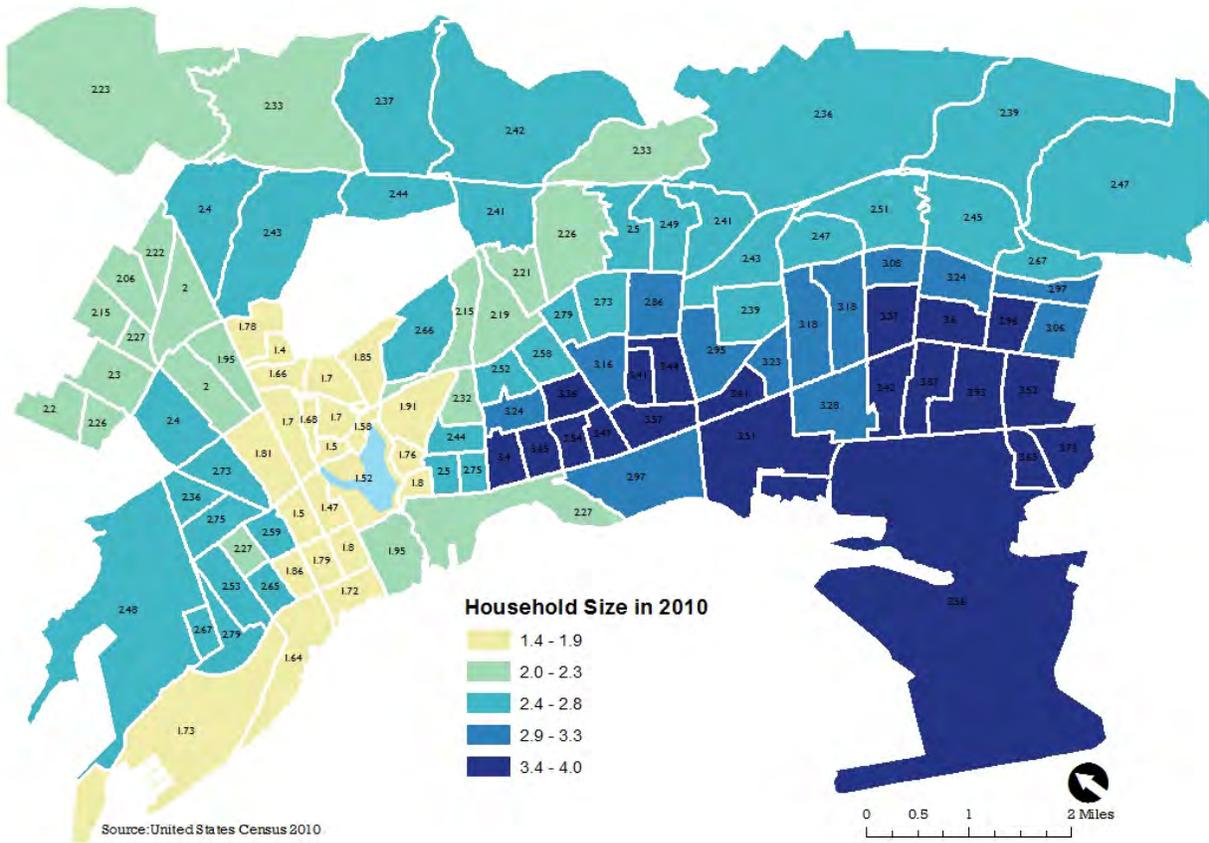


Table 6: Change in Average Household Size, 2000 to 2010

	Average Household Size				Average Family Size			
	2000	2010	Δ	Δ (%)	2000	2010	Δ	Δ (%)
Oakland	2.60	2.49	-0.11	-4.2%	3.38	3.27	-0.11	-3.3%
Alameda County	2.71	2.70	-0.01	-0.4%	3.31	3.30	-0.01	-0.3%

*People per household. US Census 2000 & 2010

Table 7: Household Types in Oakland and Alameda County, 2000 & 2010

Household Types	Oakland		Alameda County	
	2000 (%)	2010 (%)	2000(%)	2010(%)
Total households	100%	100%	100%	100%
Family households	57.3%	54.4%	64.8%	64.6%
Families with children under 18*	28.6%	25.1%	32.6%	31.1%

*Percentage refers to percent of total households

Income

After factoring for inflation using the national level Consumer Price Index¹, median incomes in Oakland decreased for households (6%) and families (2%) between 2000 and 2010. This has occurred while per capita income has continued to increase (+7%). These divergent trends could either indicate a growing disparity between incomes between different households or the changing composition of households to smaller household sizes.

**** Please note that these numbers contain a certain degree of statistical error that could render the incomes to be flat across the time period or as decreasing.**

Table 8: Median Household Income by Race/Ethnicity of Head of House, 2008-2012

Median Household Income (in 2012 Dollars)	2000	2008-2012 (est.)	Margin of Error (\$)
African-American or Black	42,975	35,050	+/-2,173
Asian	46,323	45,238	+/-3,583
Hispanic/Latino	53,441	44,455	+/-2,090
White	79,102	81,959	+/-2,175

Source: 2000 US Census & ACS 2008-2012.

Incomes varied considerably between the different race/ethnic households in Oakland. Citywide, White households had nearly double the median income than any other group. African-Americans or Black had the lowest median incomes at \$35,050 per year. The two median incomes have been adjusted by the federal CPI to 2012 dollars. Note that the margin of error for the 2008-2012 values for both Asian and White categories places the income estimates within the same range of the 2000 value – this means we cannot reasonably say that incomes within these categories have changed significantly, even though the values may indicate an increase or decline.

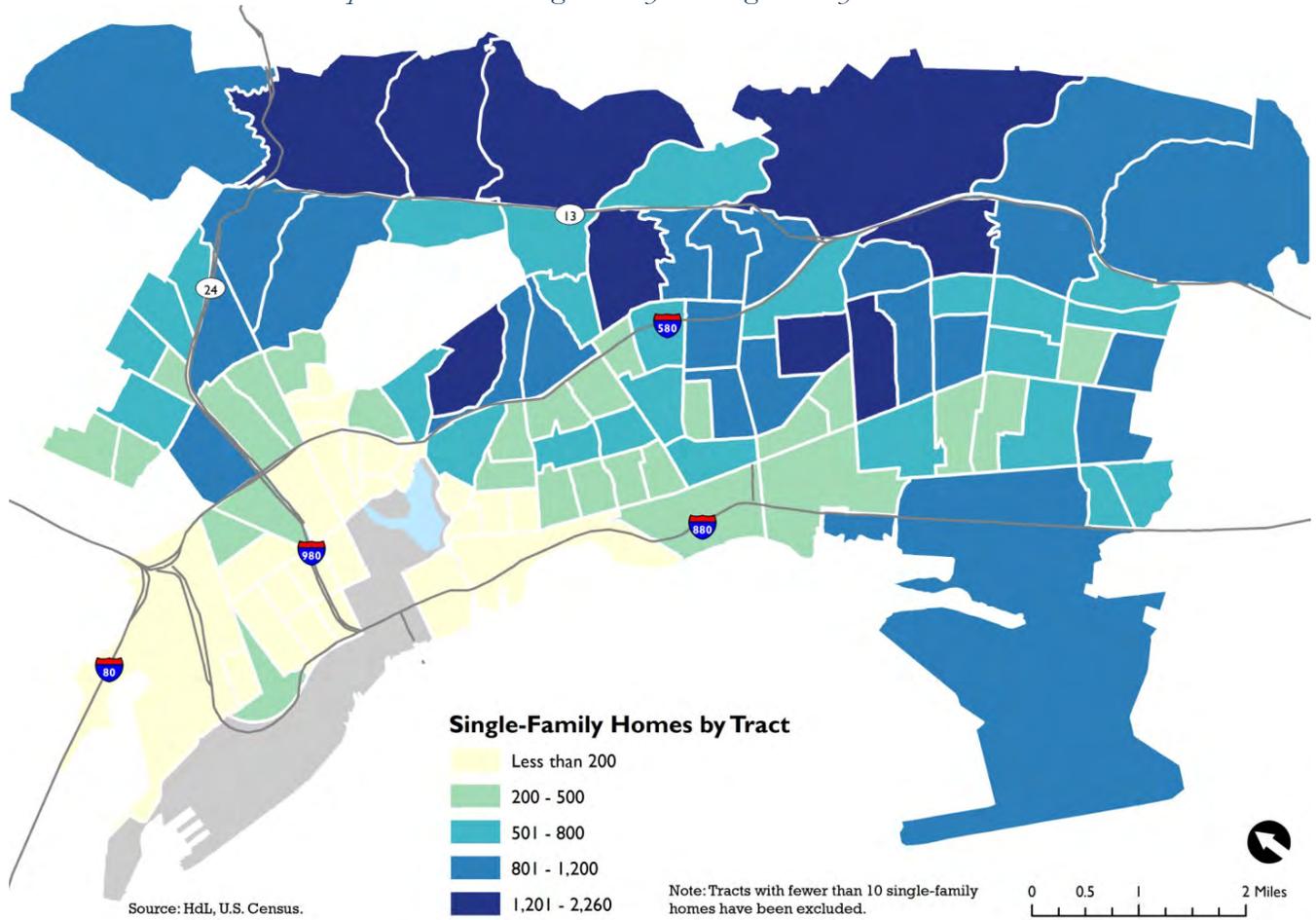
¹ (Last visited: 05/27/2014)<http://data.bls.gov/cgi-bin/cpicalc.pl>

Table 9: Household Income by Race/Ethnicity of Head House, 2008-2012

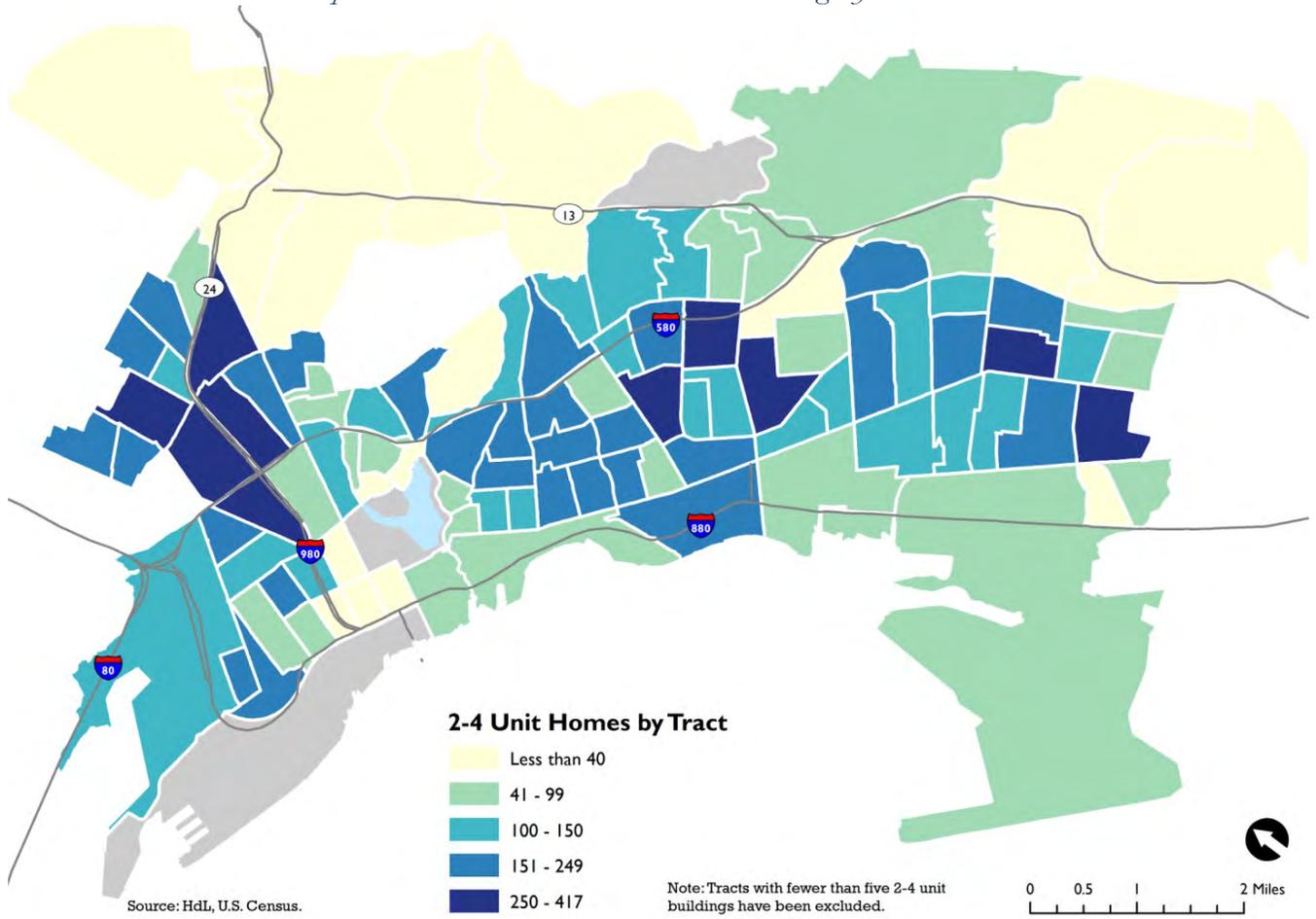
	WHITE		ASIAN		AFRICAN AMERICAN OR BLACK		HISPANIC OR LATINO	
Households	51,051	+/-1,045	23,860	+/-706	48,526	+/-891	25,103	+/-695
Less than \$10,000	1,704	+/-292	2,098	+/-292	6,227	+/-583	1,382	+/-244
\$10,000 to \$14,999	1,458	+/-261	2,862	+/-390	5,557	+/-471	1,675	+/-273
\$15,000 to \$19,999	1,776	+/-301	1,972	+/-259	3,719	+/-385	1,915	+/-335
\$20,000 to \$24,999	2,181	+/-315	1,390	+/-257	3,172	+/-388	1,647	+/-322
\$25,000 to \$29,999	1,533	+/-234	1,025	+/-234	2,713	+/-413	1,544	+/-234
\$30,000 to \$34,999	1,616	+/-224	808	+/-171	2,857	+/-333	1,752	+/-298
\$35,000 to \$39,999	1,615	+/-263	969	+/-207	2,006	+/-309	1,322	+/-219
\$40,000 to \$44,999	1,816	+/-270	768	+/-182	1,917	+/-274	1,449	+/-287
\$45,000 to \$49,999	1,669	+/-247	749	+/-196	2,054	+/-434	1,100	+/-217
\$50,000 to \$59,999	3,667	+/-392	1,673	+/-266	3,637	+/-385	2,038	+/-353
\$60,000 to \$74,999	4,517	+/-416	1,721	+/-253	3,617	+/-427	2,623	+/-340
\$75,000 to \$99,999	6,511	+/-599	2,201	+/-350	4,156	+/-458	2,655	+/-308
\$100,000 to \$124,999	5,269	+/-431	1,837	+/-291	2,880	+/-381	1,611	+/-229
\$125,000 to \$149,999	3,432	+/-354	1,063	+/-217	1,348	+/-223	987	+/-217
\$150,000 to \$199,999	4,716	+/-378	1,244	+/-207	1,744	+/-275	979	+/-238
\$200,000 or more	7,571	+/-476	1,480	+/-217	922	+/-215	424	+/-116

Housing Units

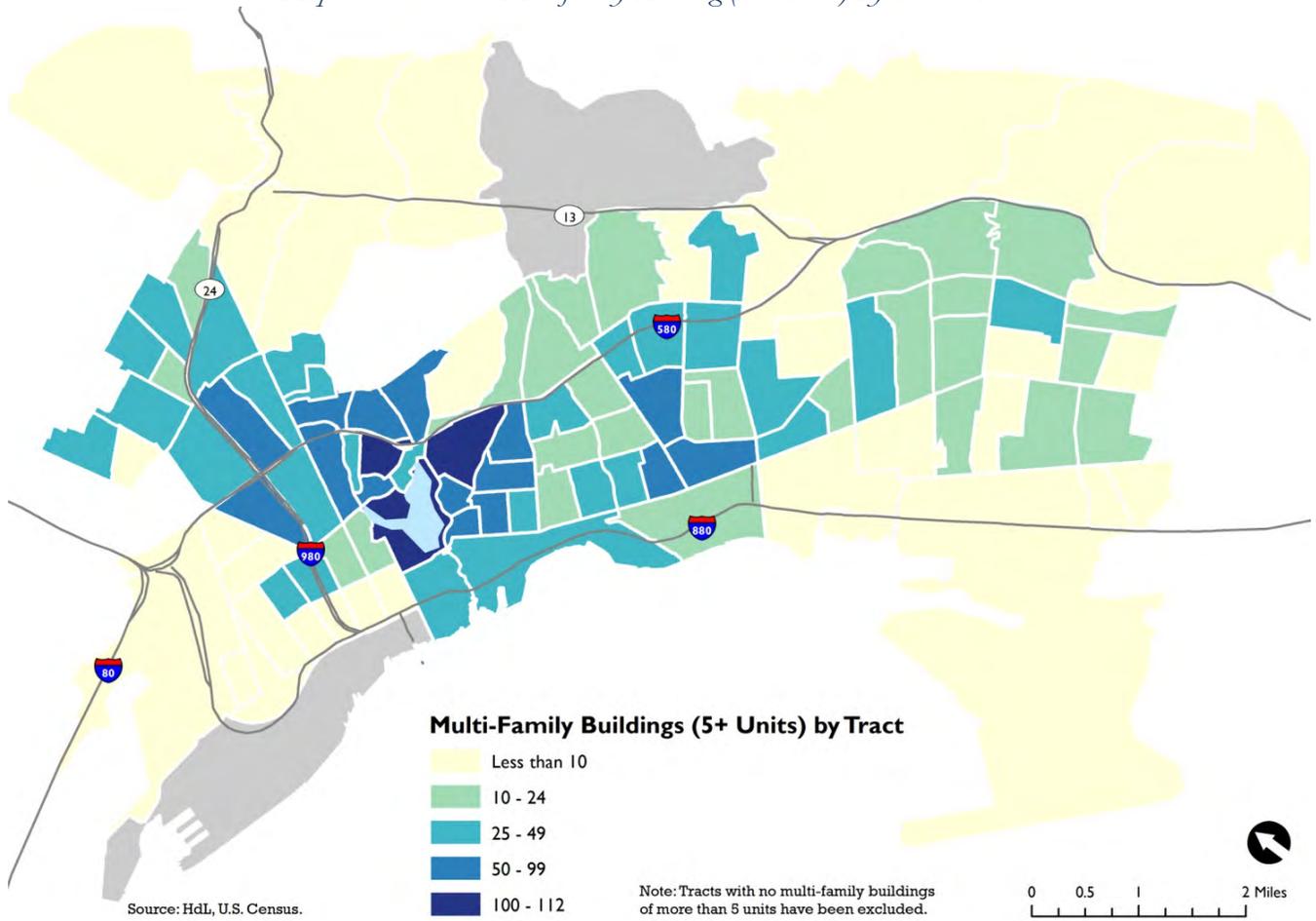
Map 9: Oakland's Single-Family Housing Units by Census Tract



Map 10: Oakland's 2-4 Unit Residential Buildings by Census Tract



Map 11: Oakland's Multifamily Housing (5+ Units) By Census Tract



Map 12: Percent Change in Oakland Housing Units between 1980 and 2010, By Census Tract

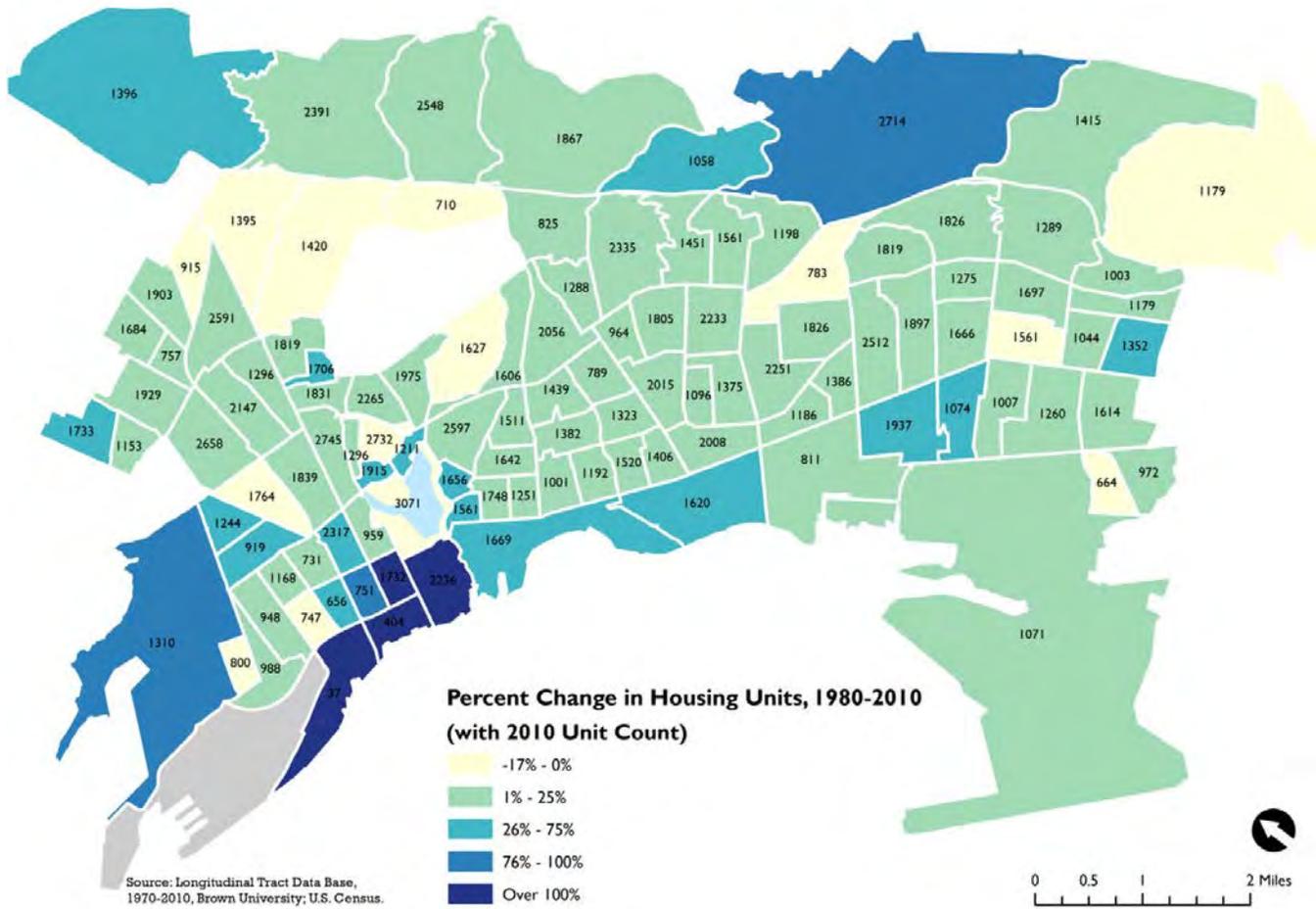
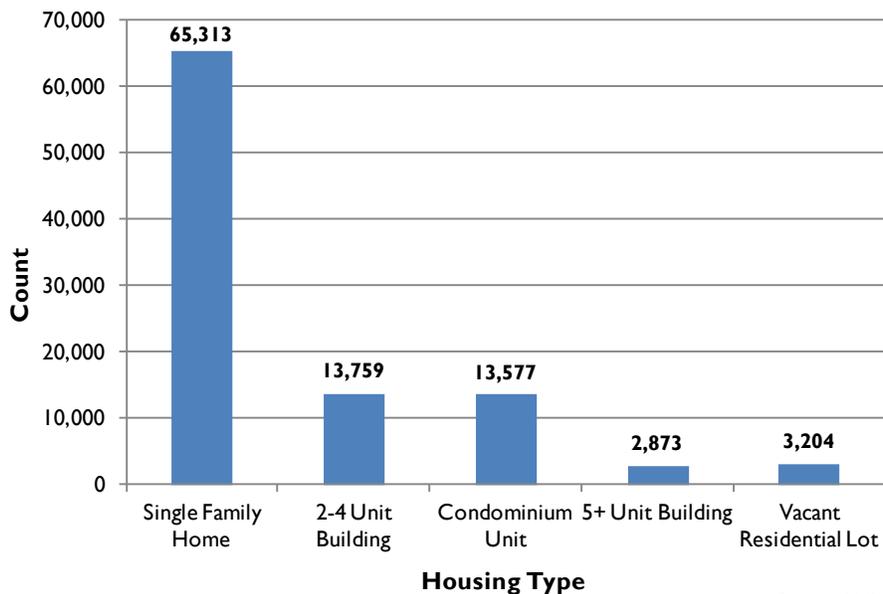


Figure 8: Oakland Housing By Building/ Unit Type



Source: HdL

Table 10: Oakland Census Tracts with a Net Loss of Housing Units between 1980 and 2010

Housing Units, 80-10		
Neighborhood/Tract	Unit Change	% Change
Lake Merritt 4034	-641	-17.27
Acorn 4025	-136	-15.40
Upper Piedmont Avenue 4042	-202	-12.47
Montclair 4045.01	-40	-5.35
Brookfield Village 4091	-29	-4.18
Adams Point 4036	-116	-4.06
Prescott 4018	-23	-2.79
Hoover/Foster 4014	-48	-2.62
Mills College 4078	-15	-1.88
Chabot Park 4100	-20	-1.65
Webster 4096	-25	-1.58
Crocker Highland 4051	-13	-0.79
Rockridge 4002	-6	-0.62

Housing Units, Unit Types, and Change over Time

Single-Family (Map 9 and Figure 8)

According to HdL data, there are 65,313 single-family homes in Oakland. The largest numbers of single-family homes are in Census Tracts in the Oakland hills (Glen Highlands, Montclair, Piedmont Pines, Caballo Hills, Crocker Highland and Lincoln Highlands). The flatlands of East Oakland above International Boulevard beginning in the Fruitvale also have relatively large numbers of single-family homes. Eastlake, Adams Point, Chinatown and West Oakland have comparatively few single-family homes in relation to other tracts in Oakland.

2-4 Unit Buildings (Map 10 and Figure 8)

According to HdL, there are 13,759 2-4 unit residential buildings in Oakland. Nearly all 2-4 unit buildings are located in the flatland neighborhoods of Oakland, with very few in the Oakland hills. The North Oakland neighborhoods of Longfellow, Temescal, Santa Fe, and Shafter, as well as several tracts in the Fruitvale have the largest numbers of 2-4 unit buildings in the City.

Multi-family Buildings (Map 11 and Figure 8)

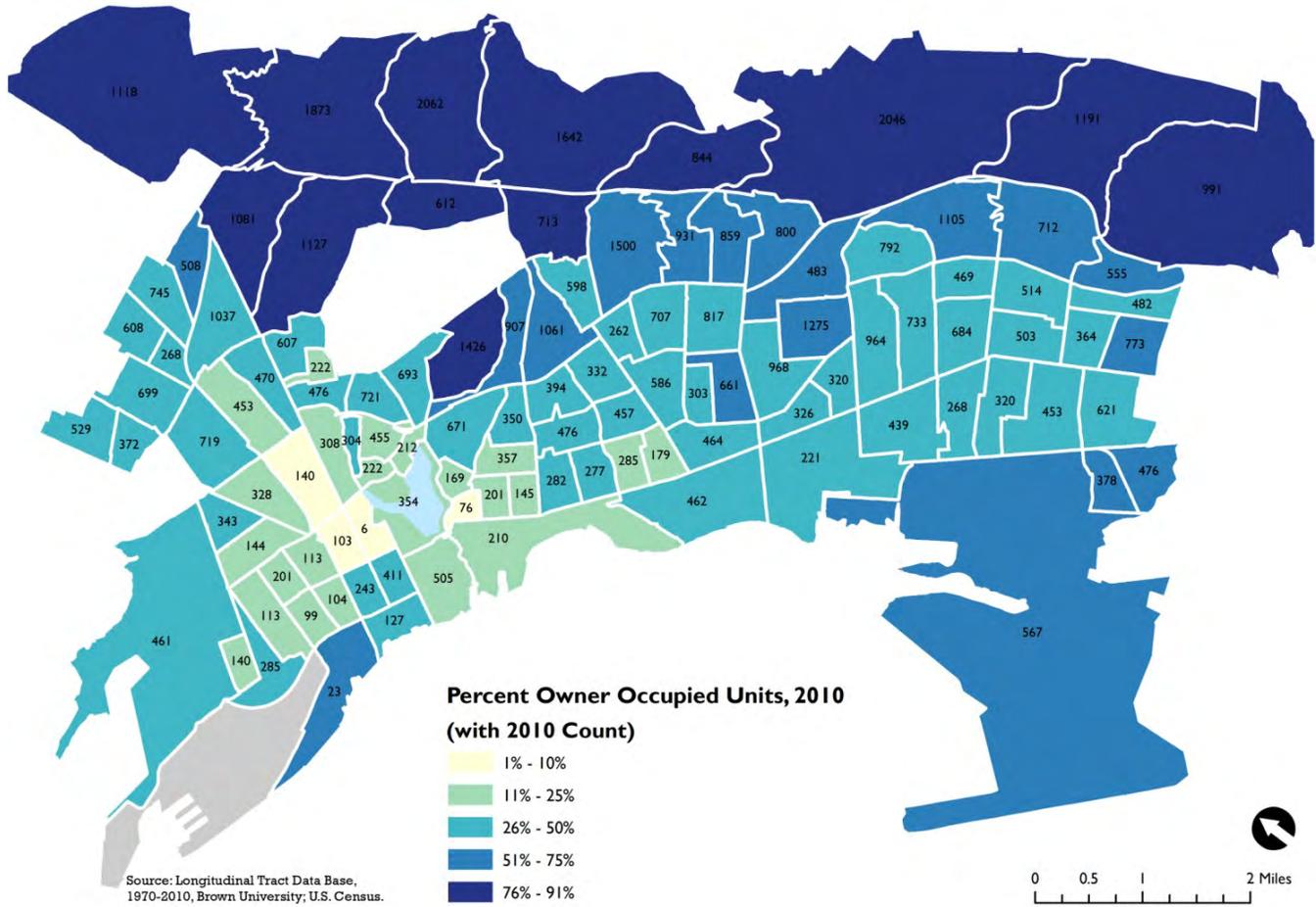
According to HdL, there are 2,873 multi-family residential buildings consisting of more than 5 units in Oakland. The neighborhoods with the largest number of 5+ unit buildings are concentrated around Lake Merritt, including Adams Point and Cleveland Heights. The flatlands of North Oakland and several tracts in the Fruitvale also have relatively large numbers of multi-family buildings.

Housing Unit Change (Map 12 and Table 10)

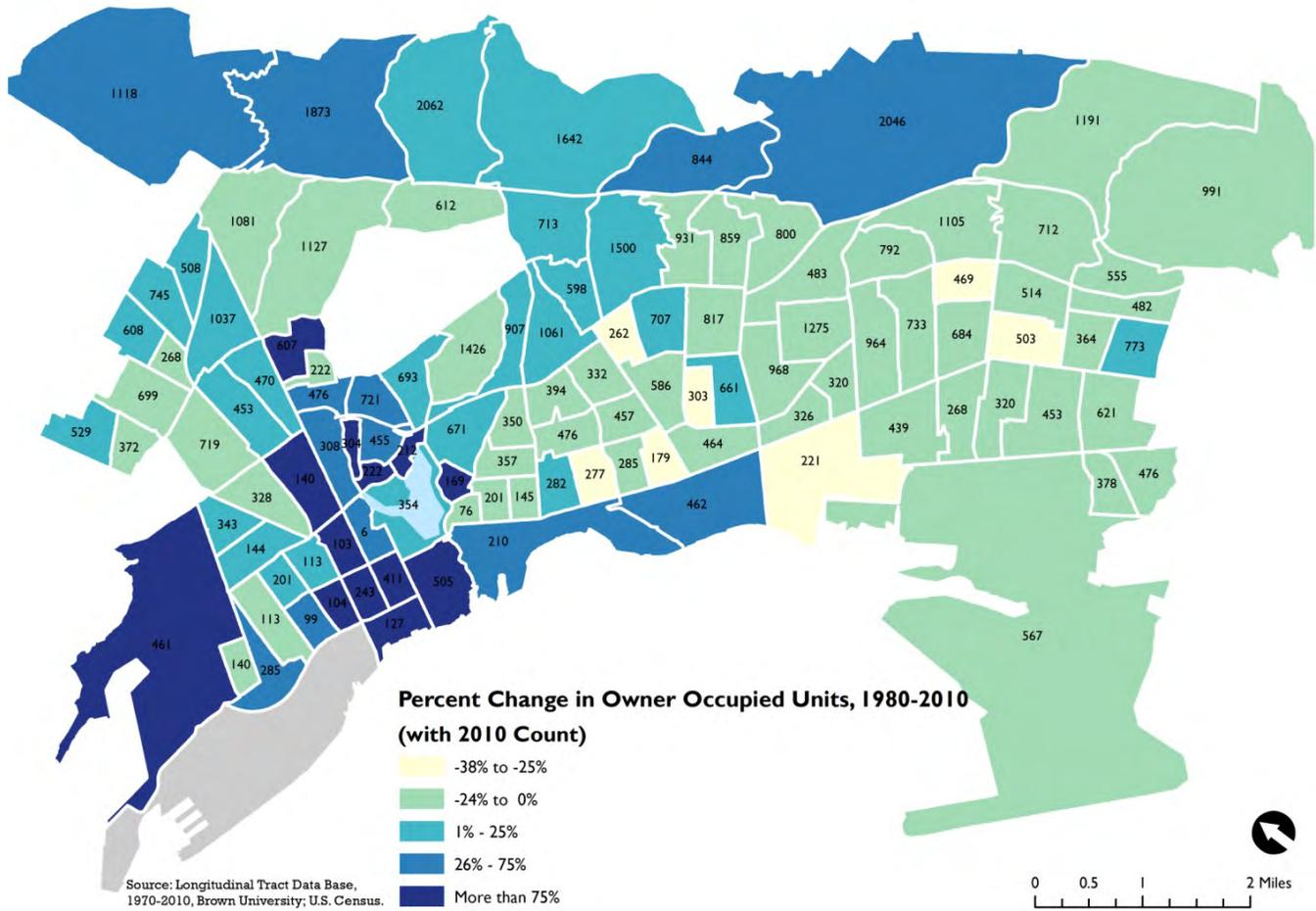
- As of 2010, there were 169,710 housing units in Oakland – 153,971 of which were occupied.
- Net increase of 19,953 housing units in Oakland between 1980 and 2010.
- Largest percentage increases in Jack London Square, Chinatown, Downtown Oakland, and Caballo Hills. Also a notable increase in West Oakland due to the new construction of housing units close to the Wood Street train station.
- Decrease in housing units in other West Oakland tracts (Prescott, Acorn, Hoover/Foster), East Oakland (Brookfield Village, Webster), North Oakland (Upper Piedmont Avenue, Lower Montclair) and around Lake Merritt and Adams Point.
- Majority of tracts in the City have seen less than a 25 percent change in number of housing units.

Housing Tenure

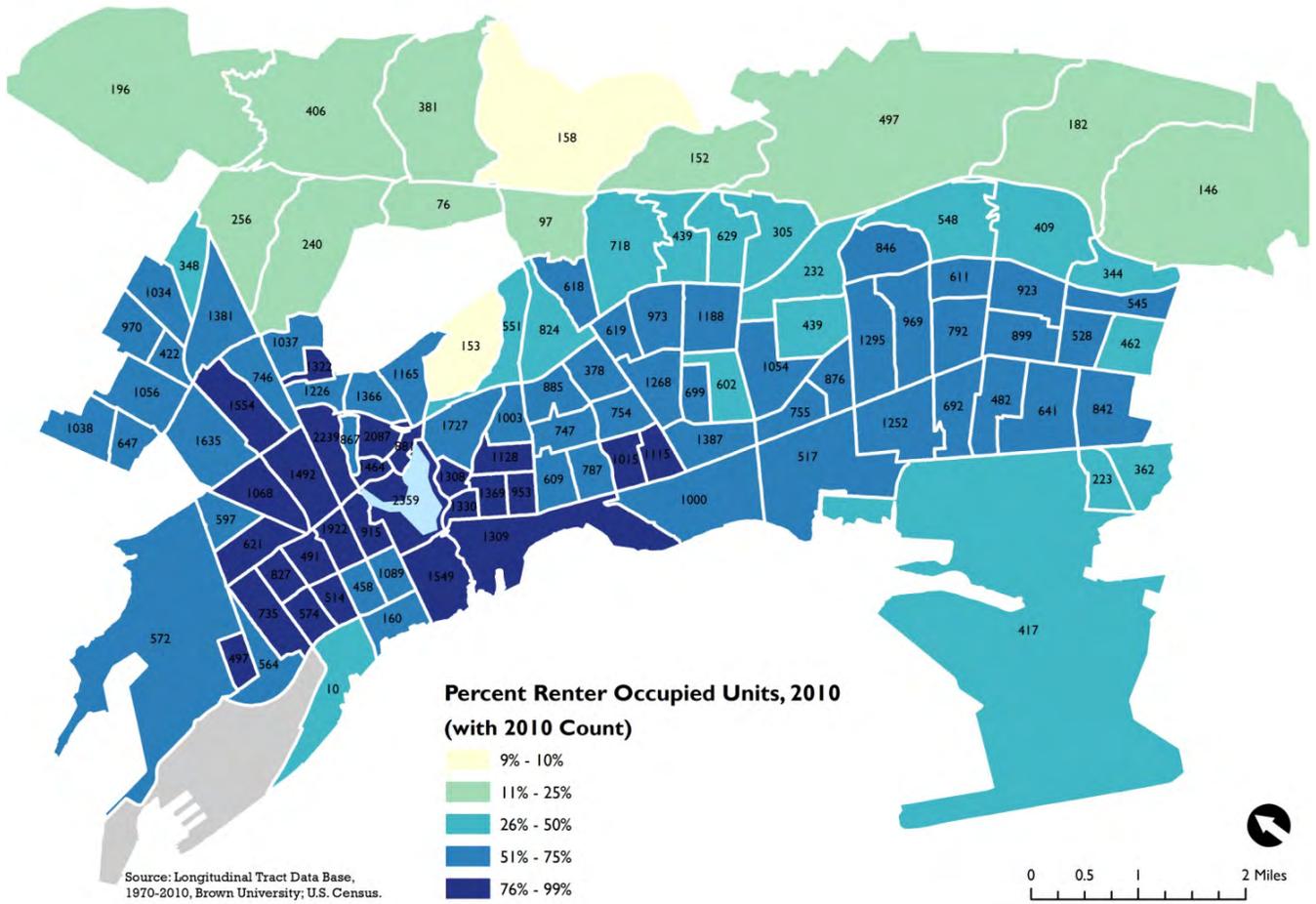
Map 13: Percent Owner Occupancy in Oakland in 2010



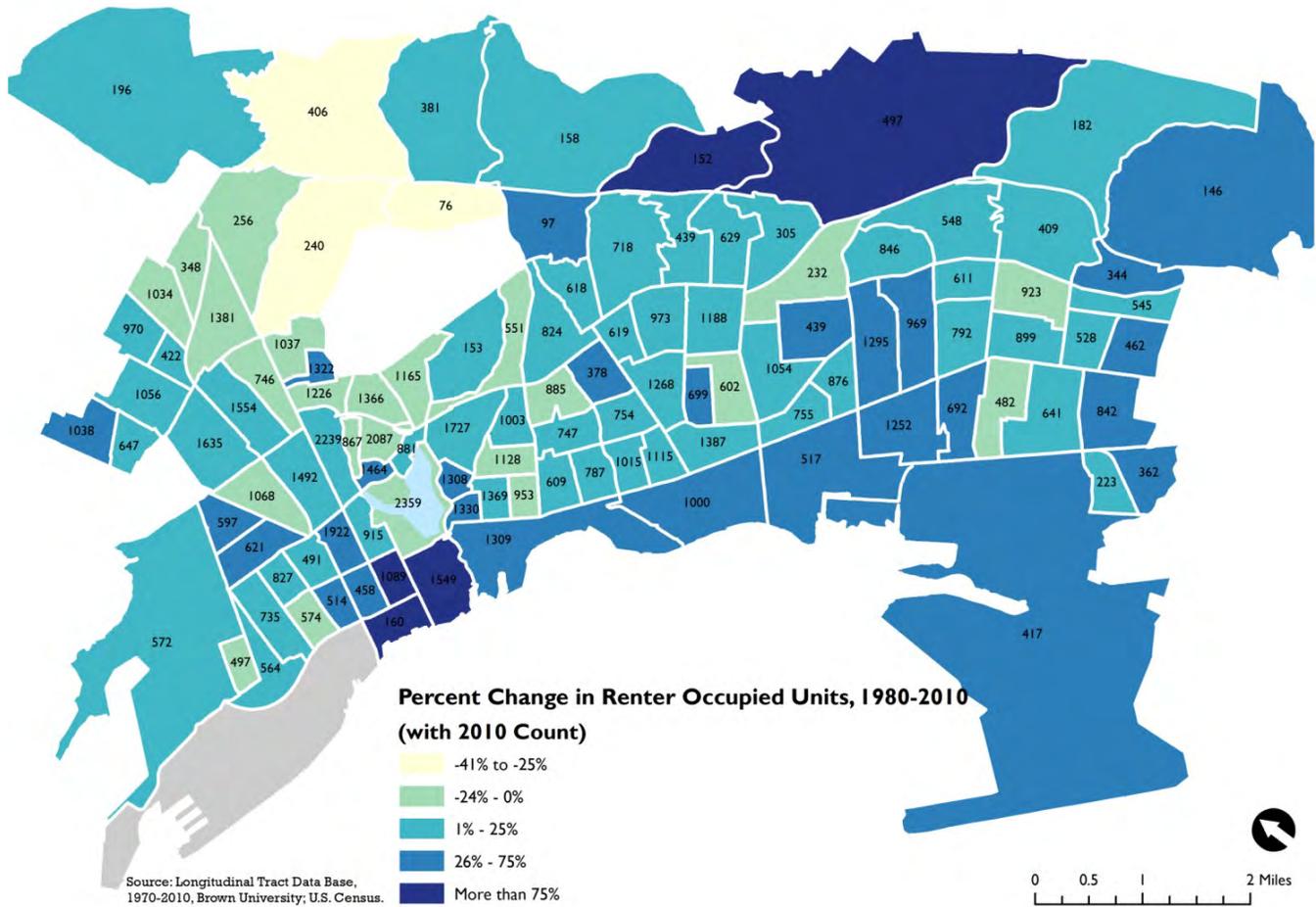
Map 14: Percent Change in Owner Occupied Units in Oakland between 1980 and 2010



Map 15: Percent Renter Occupancy in Oakland, 2010



Map 16: Percent Change in Renter Occupied Units in Oakland between 1980 and 2010



Housing Tenure

- Citywide, Oakland’s homeownership rate was 41.1% in 2010.
- Renter-occupied housing units comprised 58.9% of Oakland’s occupied units in 2010.
- Occupancy status varies drastically by geography throughout Oakland.

Owner Occupancy

Tracts with the highest share of owner occupancy are uniformly located in the Oakland hills, where all neighborhoods are comprised of at least 75% homeowners. Several tracts in the flatlands have significant shares of owner-occupants (between 51-75%), including one tract in the Fruitvale, Maxwell Park, as well as Brookfield Village and Sobrante Park in East Oakland.

Tracts with the smallest share of owner occupants (between 1 and 10%) are located in Downtown Oakland, Pill Hill, and Eastlake. Areas of West Oakland (McClymonds, Oak Center, Acorn, Prescott, Hoover/Foster), as well as Temescal and Adams Point all have relatively few owner occupants (between 11 and 25%).

While many of the neighborhoods in the vicinity of Downtown Oakland exhibit relatively low rates of ownership, they have shown some of the largest percentage increases between 1980 and 2010. Ownership rates in Downtown, Uptown, Chinatown, Adams Point, Jack London Square have all increased by at least 75% between 1980 and 2010.

61 Census Tracts in Oakland have experienced a decline in homeownership rates between 1980 and 2010 -- these tracts are predominately in the East Oakland flatlands, but also include some lower hills tracts along the 580 corridor and Upper Rockridge and Piedmont. Seven tracts in the East Oakland flatlands showed a more than 25 percent decline in homeownership. These areas include neighborhoods in the Fruitvale, Lower San Antonio, Lockwood/Coliseum, Eastmont, and the Lower Dimond.

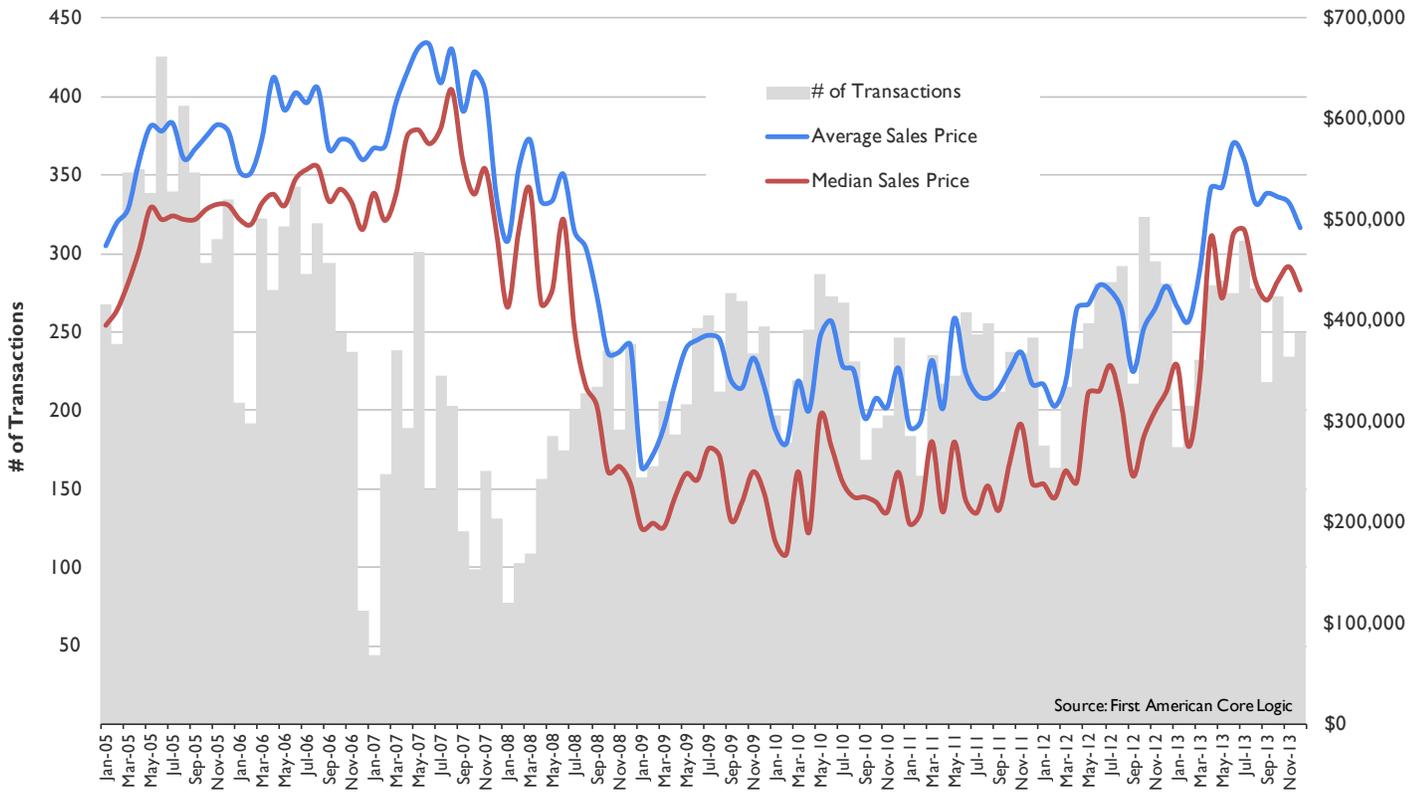
Renter Occupancy

Tracts with the highest share of renter occupants are highly concentrated around Lake Merritt and Downtown Oakland. There are 28 tracts that are comprised of at least 75% renter occupants, including most of West Oakland, Downtown, Adams Point, Pill Hill, Eastlake/Clinton, Oakland/Harrison, and one tract in Temescal. Nearly all flatland tracts are comprised of majority renter occupants. Crocker Highland and Piedmont Pines each have less than 10 percent renters.

26 Census Tracts in Oakland have experienced an overall decline in renter occupancy between 1980 and 2010. Upper Piedmont, Glen Highlands, and Montclair have shown the largest percentage declines, with 35%, 36%, and 42% losses, respectively.

Single-Family Housing Market

Figure 9: Single-Family Home Transactions and Sales Prices in Oakland, 2005-2013



Single-Family Housing Market in Oakland, 2005-2013

- Median single-family home sales price of \$628,500 at height of market in August 2007
- Decline of 73% in median sales price (\$169,250) between August 2007 and February 2010
- Since February 2010, median sales price has climbed to a peak of \$489,500 in July 2013

Housing Affordability

Figure 10: City of Oakland: Citywide Affordability Overview (Citywide Median Household Income)

This table presents an overview of the affordability gap in Oakland precipitated by the divergence between housing costs and income and wages.

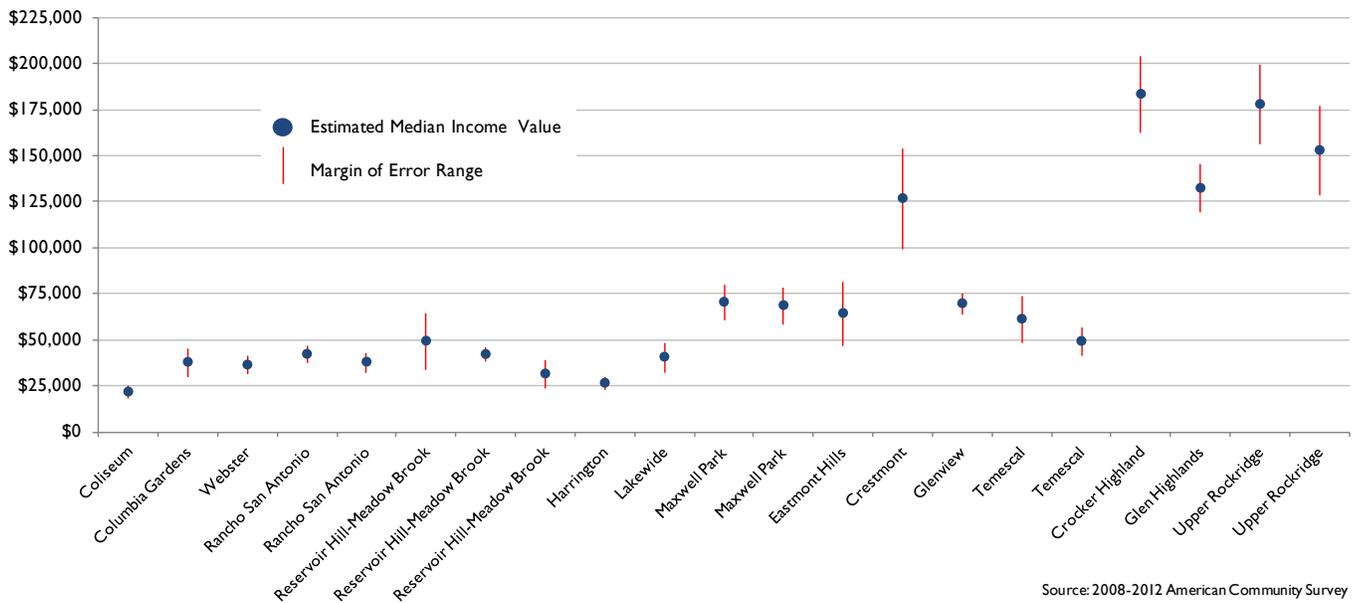
Renter		Source / Assumption
Median Household Income (Est.)	\$51,683	2008-2012 American Community Survey
Monthly Income Available for Housing (30%)	\$1,292	Affordable = no more than 30% of income for housing costs
Median Rent Price (Monthly)	\$2,076	Zillow: Zillow Renter Index, April 2014
Annual Income Needed to Afford Median Rent	\$83,040	
Annual Income Needed as % of Median Household Income	160.7%	
% of Monthly Income to Pay for Median Rent if Making Median Household Income	48.2%	
CA Minimum Wage	\$8.00/hr	
Annual Income Working Full-time @ Min. Wage	\$16,640	
Monthly Income Available for Housing (30%)	\$416	
Work Hours Needed Per Week to Afford Median Rent Making Min. Wage	199.6	
Full-time Jobs @ Min. Wage Needed to Afford Median Oakland Rent	5.0	
Hourly Wage Needed to Afford Median Oakland Rent	\$39.92	
Owner		Source / Assumption
Median Household Income (Est.)	\$51,683	2008-2012 American Community Survey
Median Home Value	\$458,500	Zillow: Zillow Home Value Index, April 2014
20% Downpayment	\$91,700	
Monthly Housing Payment (PITI)	\$2,638	(30 year fixed rate @ 5%; 1.4% Property Tax; 0.35% Insurance)
Annual Income Needed to Afford Monthly Housing Payment	\$105,507	
Annual Income Needed as % of Median Household Income	204%	
% of Monthly Income to Pay for Median Home if Making Median Household Income	61%	
10% Downpayment	\$45,850	
Monthly Housing Payment (PITI)	\$2,884	(30 year fixed rate @ 5%; 1.4% Property Tax; 0.35% Insurance)
Annual Income Needed to Afford Monthly Housing Payment	\$115,347	
Annual Income Needed as % of Median Household Income	223%	
% of Monthly Income to Pay for Median Home if Making Median Household Income	67%	

Figure 11: City of Oakland: Citywide Affordability Overview (Median Household Income by Tenure Type)

Renter		Source/Assumption
Median Household Income for Renters (Est)	\$ 34,195	2008-2012 American Community Survey Estimate
Monthly Income Available for Housing (30%)	\$ 855	
Median Rent Price (Monthly)	\$ 2,076	Zillow: Zillow Renter Index, April 2014
Annual Income Needed to Afford Median Rent	\$ 83,040	
Annual Income Needed as % of Median Household Income	243%	
% of Monthly Income to Pay for Median Rent if Making Median Household Income	73%	
Owner		Source/Assumption
Median Household Income for Owners (Est)	\$ 89,645	2008-2012 American Community Survey Estimate
Median Home Value	\$ 458,500	Zillow: Zillow Home Value Index, April 2014
20% Downpayment	\$ 91,700	
Monthly Housing Payment	\$ 2,638	(30 year fixed rate@5%; 1.4% Property Tax; 0.35% Insurance)
Annual Income Needed to Afford Monthly Household Payment	\$ 105,507	
Annual Income Needed as % of Median Household Income for Owners	118%	
% of Monthly Income to Pay for Median Home if Making Median Household Income	35%	
10% Downpayment	\$ 45,850	
Monthly Housing Payment	\$ 2,884	(30 year fixed rate@5%; 1.4% Property Tax; 0.35% Insurance)
Annual Income Needed to Afford Monthly Household Payment	\$ 115,347	
Annual Income Needed as % of Median Household Income for Owners	129%	
% of Monthly Income to Pay for Median Home if Making Median Household Income	39%	

Ownership Costs and Affordability

Figure 12: Estimated Median Household Income (2008-12 ACS) for Select Oakland Neighborhoods



Source: 2008-2012 American Community Survey

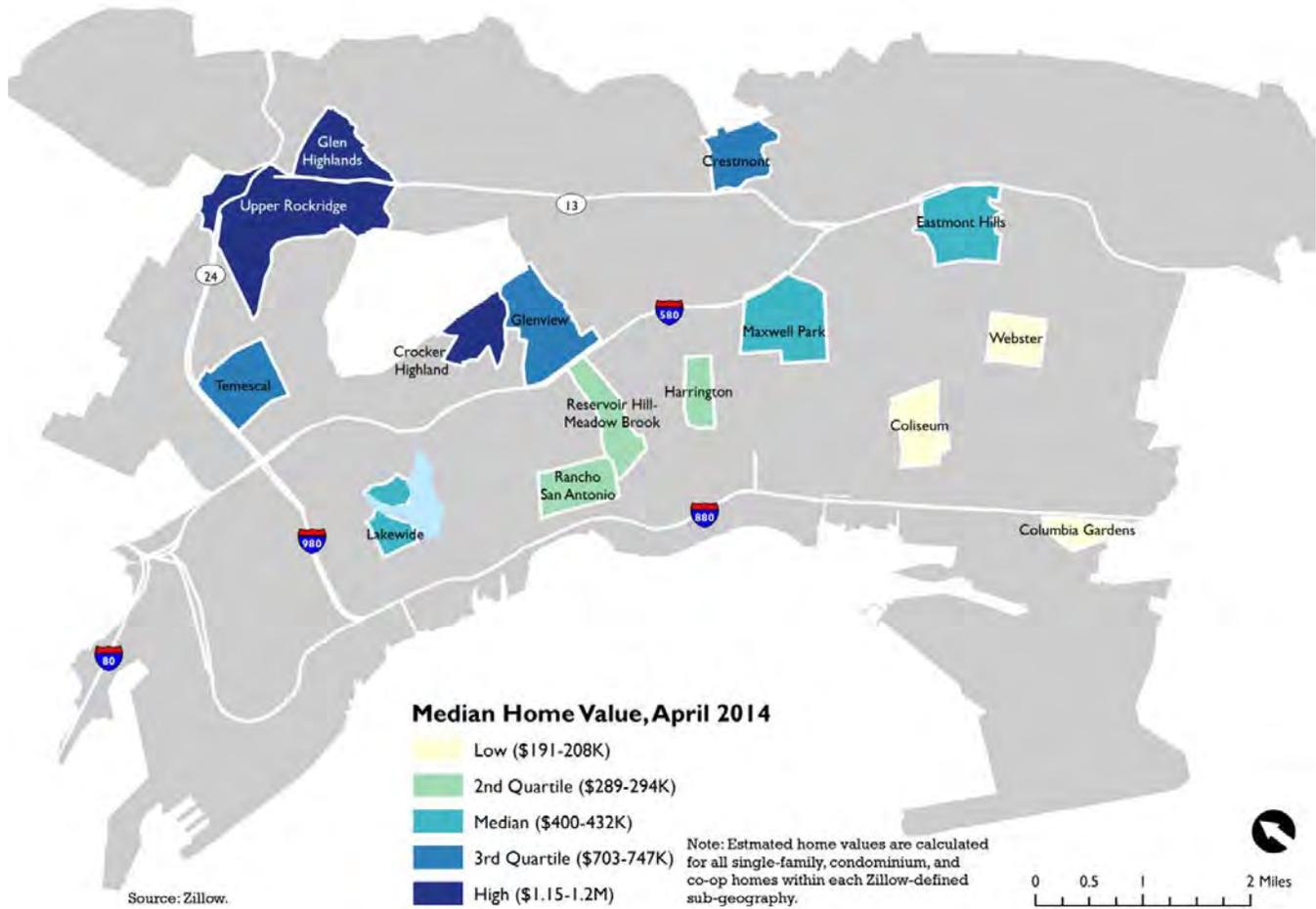
Figure 13: Owner Costs Compared to Median Household Income for Select Oakland Neighborhoods

Census Tract	Neighborhood	Median Household Income (Estimate)	Margin of Error	Quartile Rank (Zillow Home Value Index, April 2014)	Median Home Value (Zillow, April 2014)	Monthly Owner Cost for Median Valued Home*	Affordable Monthly Owner Cost for Est. Median Household Income
4088.00	Coliseum	\$21,527	\$3,582	Low			\$538
4090.00	Columbia Gardens	\$37,652	\$7,793	Low	\$191,000 to \$208,000	\$1,099 to \$1,308	\$941
4096.00	Webster	\$36,175	\$5,118	Low			\$904
4059.02	Rancho San Antonio	\$42,008	\$4,929	2nd Quartile			\$1,050
4059.01	Rancho San Antonio	\$37,740	\$5,417	2nd Quartile			\$944
4064.00	Reservoir Hill-Meadow Brook	\$49,135	\$15,209	2nd Quartile	\$289,000 to \$294,000	\$1,662 to \$1,849	\$1,228
4063.00	Reservoir Hill-Meadow Brook	\$41,886	\$4,009	2nd Quartile			\$1,047
4062.01	Reservoir Hill-Meadow Brook	\$31,313	\$7,348	2nd Quartile			\$783
4071.01	Harrington	\$26,313	\$3,734	2nd Quartile			\$658
4034.00	Lakewide	\$40,462	\$8,118	Median			\$1,012
4077.00	Maxwell Park	\$70,262	\$9,934	Median	\$400,000 to \$432,000	\$2,301 to \$2,717	\$1,757
4078.00	Maxwell Park	\$68,452	\$10,117	Median			\$1,711
4083.00	Eastmont Hills	\$64,191	\$17,288	Median			\$1,605
4080.00	Crestmont	\$126,563	\$27,251	3rd Quartile			\$3,164
4049.00	Glenview	\$69,474	\$6,040	3rd Quartile	\$703,000 to \$747,000	\$4,044 to \$4,698	\$1,737
4012.00	Temescal	\$61,053	\$12,451	3rd Quartile			\$1,526
4011.00	Temescal	\$49,014	\$7,985	3rd Quartile			\$1,225
4051.00	Crocker Highland	\$183,167	\$20,664	High			\$4,579
4044.00	Glen Highlands	\$132,097	\$13,096	High	\$1,150,000 to \$1,200,000	\$6,616 to \$7,548	\$3,302
4043.00	Upper Rockridge	\$177,656	\$31,730	High			\$4,441
4042.00	Upper Rockridge	\$152,656	\$23,943	High			\$3,816

Source: 2008-2012 American Community Survey; Zillow Home Value Index, April 2014; U.S. Census.

* Monthly owner costs are calculated using the low median home value with a 20% downpayment, and the high median home value with a 10% downpayment, to demonstrate the broadest possible range. Other assumptions include a 30 year fixed rate loan of 5%, 1.4% for property taxes, 0.35% for insurance, and no mortgage insurance. It is likely that the upper range of monthly housing cost in each quartile is an underestimate because private mortgage insurance is typically charged in instances with a downpayment of less than 20%. No adjustments have been made for high home values that may require a jumbo mortgage.

Map 17: Median Home Values in Select Oakland Neighborhoods, April 2014



We used data from Zillow’s Home Value Index (ZHVI) to assess the relative affordability of ownership opportunities in specific neighborhoods throughout Oakland. The ZHVI contains monthly median home values for 73 Oakland neighborhoods from April 1996 to present day. Median home values from April 2014 for each Oakland neighborhood were ranked in four groupings, revealing five key home values among Oakland neighborhoods: a low value, a 2nd quartile value, the median value, a 3rd quartile, and a high value. We then took a sample of three neighborhoods proximate to each of these five values to demonstrate the broad spectrum of possible ownership opportunities throughout Oakland. Finally, these home values were used, in concert with the median household income from each intersecting Census Tract, to assess the relative affordability (in terms of ownership) of the median valued home to a family or individual earning the median household income in each geography.

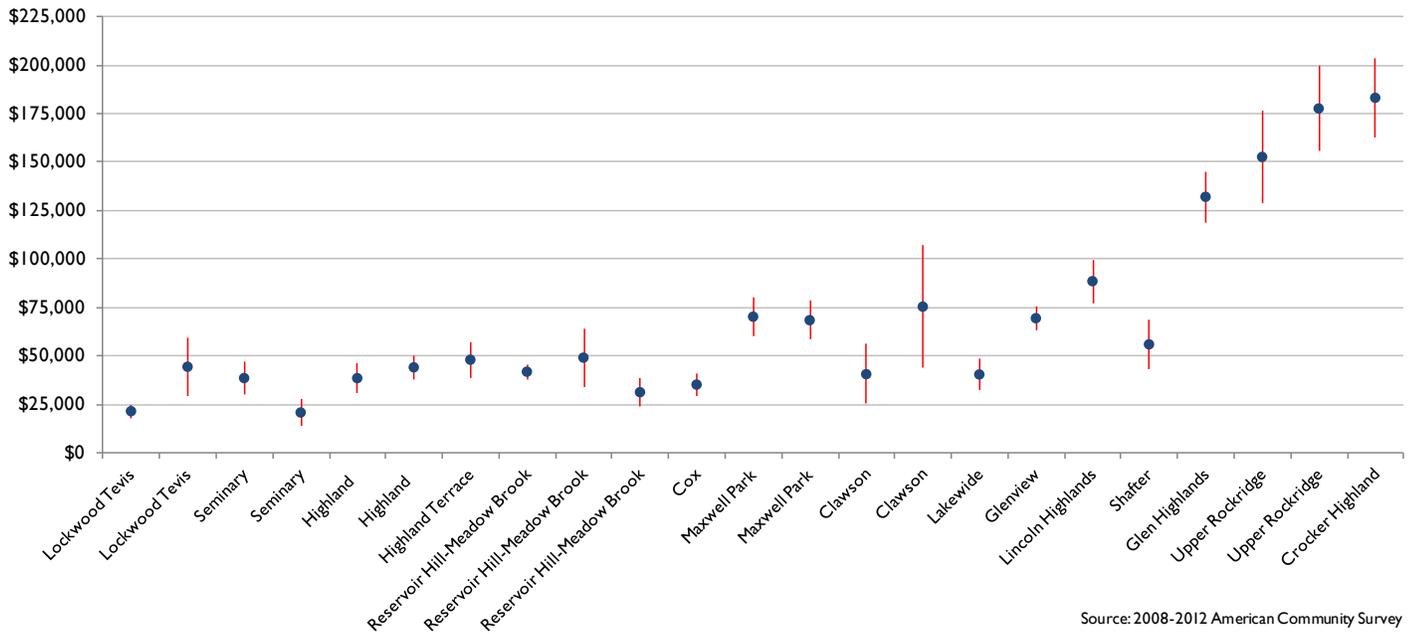
Map 9 shows the distribution of the 15 Zillow-defined geographies and their relative median home values for April 2014. Figure 11 shows the estimated median household income for the overlapping Census Tracts in relation to the Zillow geographies. Finally, Figure 6 combines the neighborhood home value and income information to assess the relative affordability of ownership options in each of the 15 geographies.

Using the standard assumption that an individual or family should spend no more than 30 percent of their income on housing costs for it to be considered affordable, the data show that median home values in all 15 geographies far outstrip what might be affordable to anyone earning the median household income within the same geographies.

Map 19 shows the April 2014 median home values for all Zillow defined geographies.

Renter Costs and Affordability

Figure 14: Estimated Median Household Income (2008-12 ACS) for Select Oakland Neighborhoods



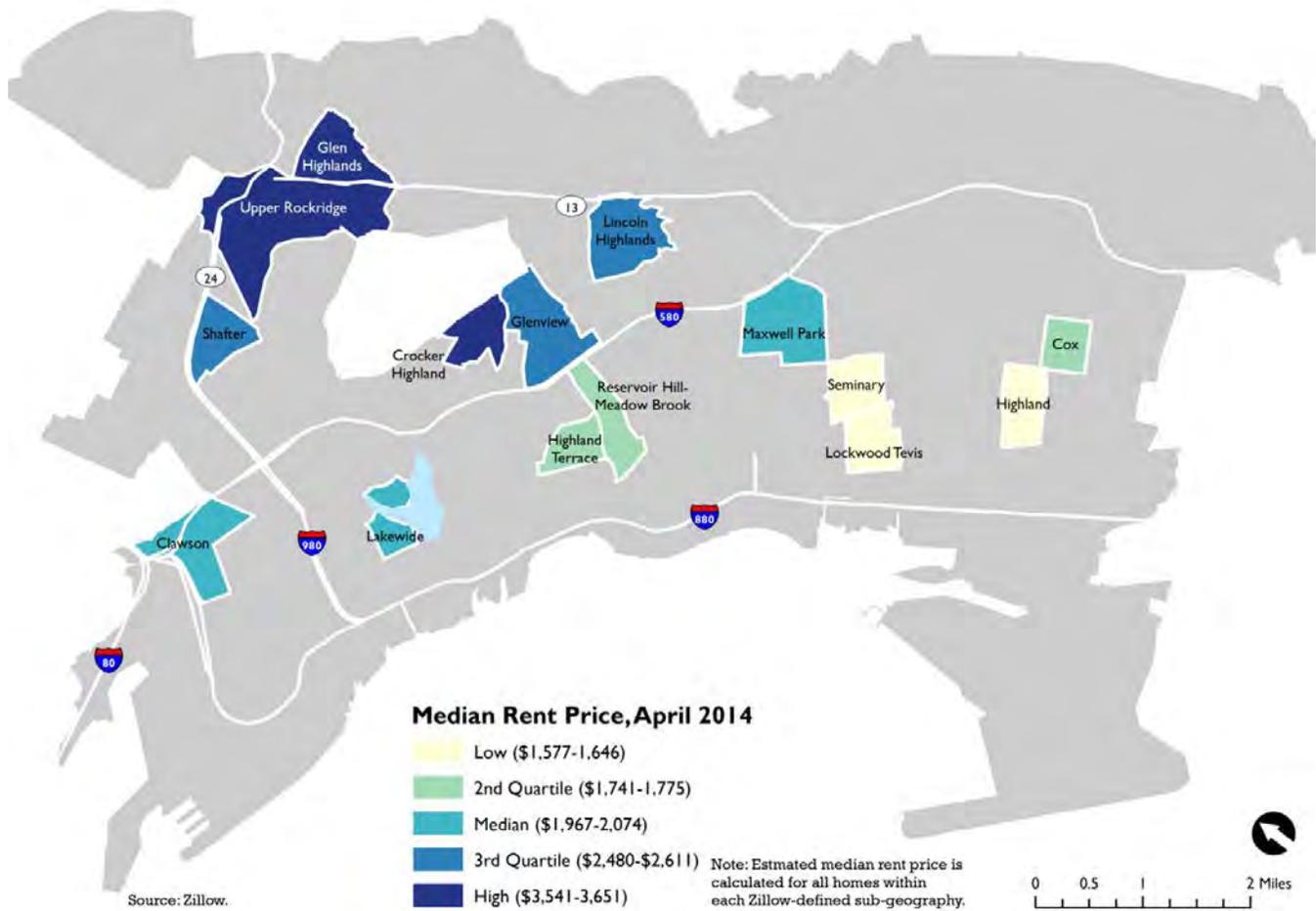
Source: 2008-2012 American Community Survey

Figure 15: Renter Costs Compared to Median Household Income for Select Oakland Neighborhoods

Census Tract	Neighborhood	Median Household Income (Estimate)	Margin of Error	Quartile Rank (Zillow Rent Index*, April 2014)	Affordable Rent for Est. Median Household Income
4088.00	Lockwood Tevis	\$21,527	\$3,582	Low	\$538
4073.00	Lockwood Tevis	\$44,436	\$14,786	Low	\$1,111
4087.00	Seminary	\$38,603	\$8,116	Low	\$965
4075.00	Seminary	\$20,847	\$6,849	Low	\$521
4095.00	Highland	\$38,555	\$7,846	Low	\$964
4094.00	Highland	\$44,148	\$6,160	Low	\$1,104
4058.00	Highland Terrace	\$48,068	\$9,107	2nd Quartile	\$1,202
4063.00	Reservoir Hill-Meadow Brook	\$41,886	\$4,009	2nd Quartile	\$1,047
4064.00	Reservoir Hill-Meadow Brook	\$49,135	\$15,209	2nd Quartile	\$1,228
4062.01	Reservoir Hill-Meadow Brook	\$31,313	\$7,348	2nd Quartile	\$783
4103.00	Cox	\$35,230	\$5,712	2nd Quartile	\$881
4077.00	Maxwell Park	\$70,262	\$9,934	Median	\$1,757
4078.00	Maxwell Park	\$68,452	\$10,117	Median	\$1,711
4015.00	Clawson	\$40,625	\$15,349	Median	\$1,016
4017.00	Clawson	\$75,439	\$31,549	Median	\$1,886
4034.00	Lakewood	\$40,462	\$8,118	Median	\$1,012
4049.00	Glenview	\$69,474	\$6,040	3rd Quartile	\$1,737
4067.00	Lincoln Highlands	\$88,575	\$11,271	3rd Quartile	\$2,214
4003.00	Shafter	\$56,000	\$12,861	3rd Quartile	\$1,400
4044.00	Glen Highlands	\$132,097	\$13,006	High	\$3,302
4042.00	Upper Rockridge	\$152,656	\$23,943	High	\$3,816
4043.00	Upper Rockridge	\$177,656	\$21,720	High	\$4,441
4051.00	Crocker Highland	\$183,167	\$20,664	High	\$4,579

Source: 2008-2012 American Community Survey; Zillow Rent Index, April 2014; U.S. Census.

Map 18: Median Rent Prices for Select Oakland Neighborhoods, April 2014



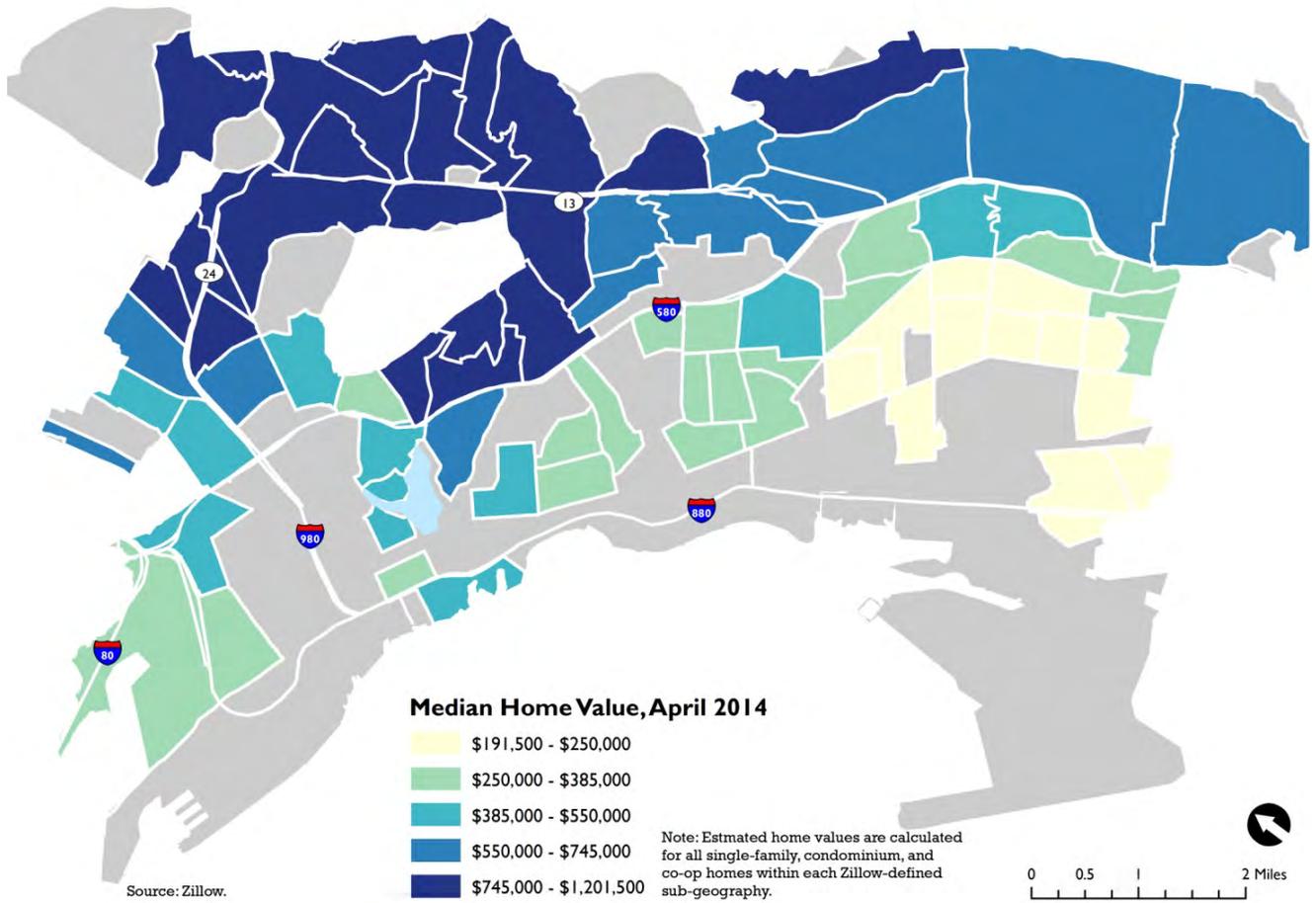
A nearly identical methodology for evaluating the relative affordability of ownership opportunities was used for Oakland neighborhoods in terms of renting. Zillow also publishes data on median rent prices – the Zillow Rent Index (ZRI) – for 76 different Oakland neighborhoods. The ZRI data is available at monthly intervals from November 2010 through the present.

For April 2014, median rents in Oakland ranged from \$1,577 to \$3,651, depending on neighborhood. Figure 13 shows the estimated median household incomes in Census Tracts proximate to the 15 Zillow defined geographies identified among the five median rent price categories (low, 2nd quartile, median, 3rd quartile, and high). Estimated median incomes range from \$21,527 in the Lockwood/Coliseum area to over \$180,000 in Crocker Highland. These neighborhoods and their relative median rents are shown on Map 10. Finally, Figure 14 pulls together the income and rent data for each neighborhood.

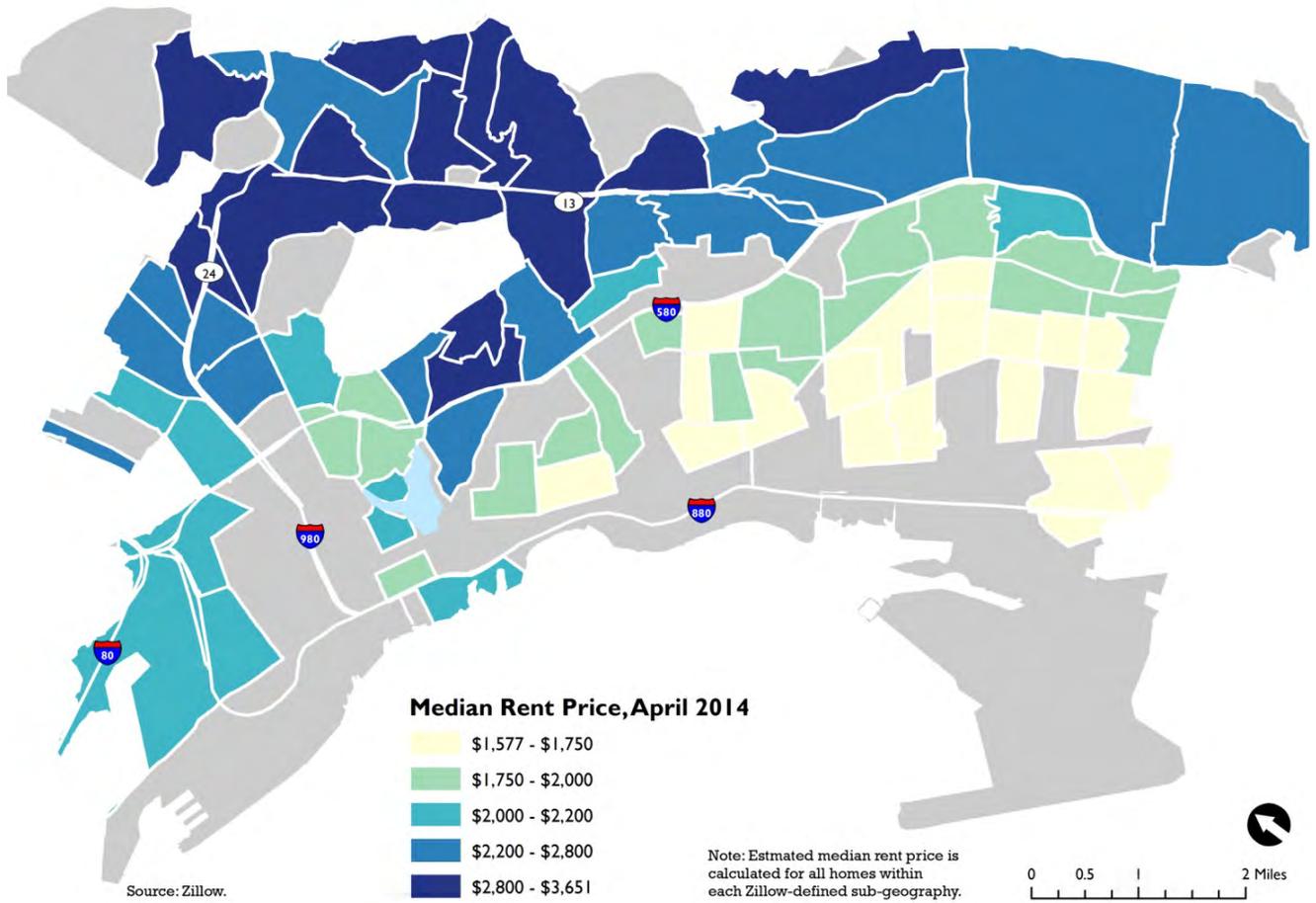
As with the ownership example, the standard rule of thumb for affordability (30% of income for housing costs) has been applied to the median household income in each geography. With the exception of the three tracts with the highest median household incomes in the City, all median rent prices exceed what is considered an affordable cost for individuals or families earning the median income in each of the 15 neighborhoods.

Map 20 below shows the April 2014 median rent values for all Zillow defined geographies.

Map 19: Median Home Value in Oakland by Neighborhood, April 2014



Map 20: Median Rent Price in Oakland by Neighborhood, April 2014



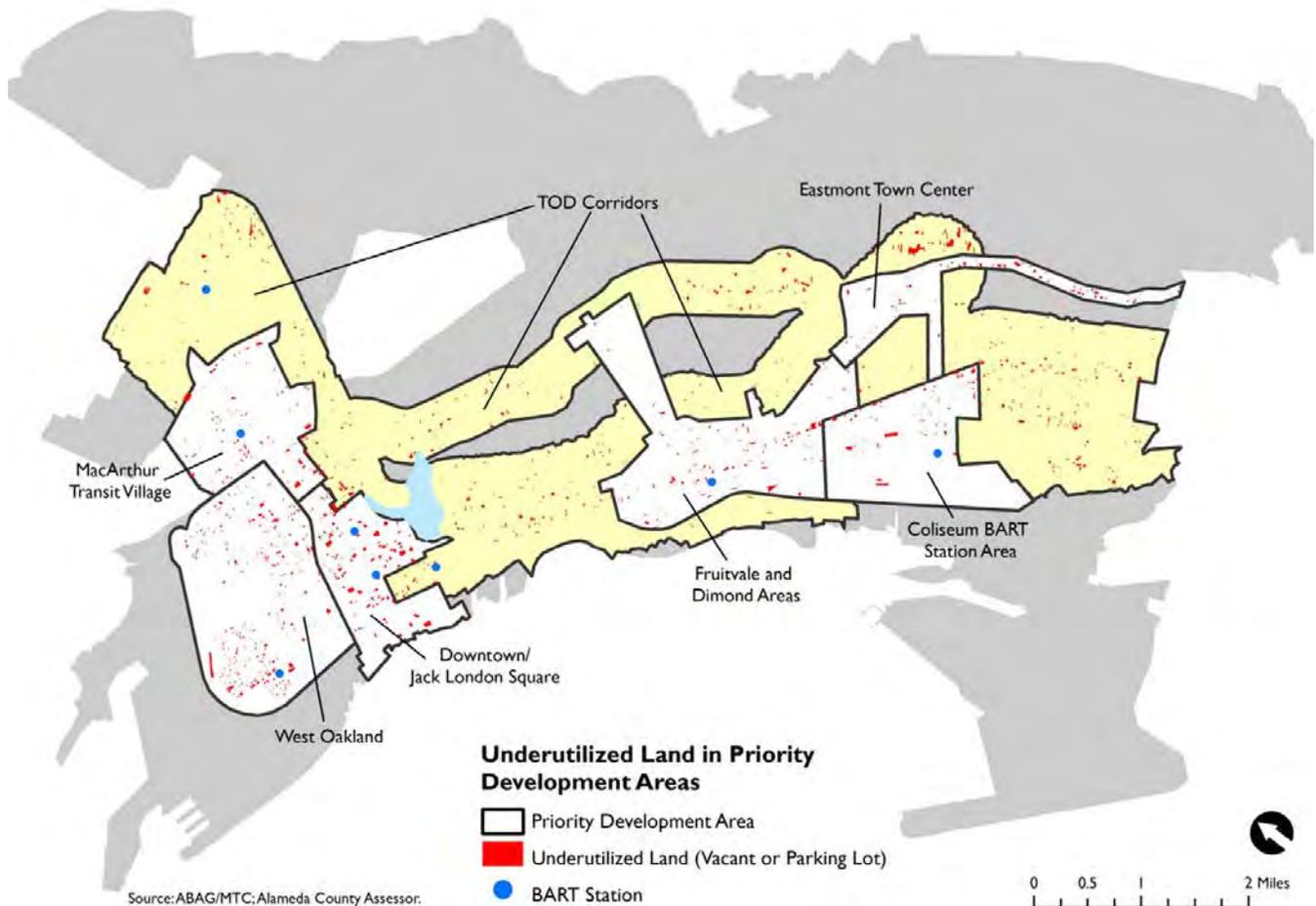
Opportunities in Oakland's Priority Development Areas

Table 11: Underutilized Land within Oakland's Priority Development Areas

Priority Development Area	Parking Lot		Vacant Apartment Land (Capable of 5+ Units)		Vacant Commercial Land		Vacant Residential Land (Zoned <4 Units)	
	#	Area (sq.ft.)	#	Area (sq.ft.)	#	Area (sq.ft.)	#	Area (sq.ft.)
Coliseum BART Station Area	15	179,460	--	--	34	340,678	47	182,463
Downtown & Jack London Square	97	727,219	23	182,001	52	495,234	6	24,513
Eastmont Town Center	7	57,020	10	90,865	40	291,024	34	122,118
Fruitvale and Dimond Areas	27	259,204	5	24,465	50	372,625	67	252,233
MacArthur Transit Village	38	353,901	5	86,743	40	198,524	58	206,628
Transit Oriented Development Corridors	106	671,438	55	455,580	117	727,778	436	2,208,896
West Oakland	17	152,933	17	273,387	72	383,935	280	907,242
Total	307	2,401,176	115	1,113,041	405	2,809,799	928	3,904,093

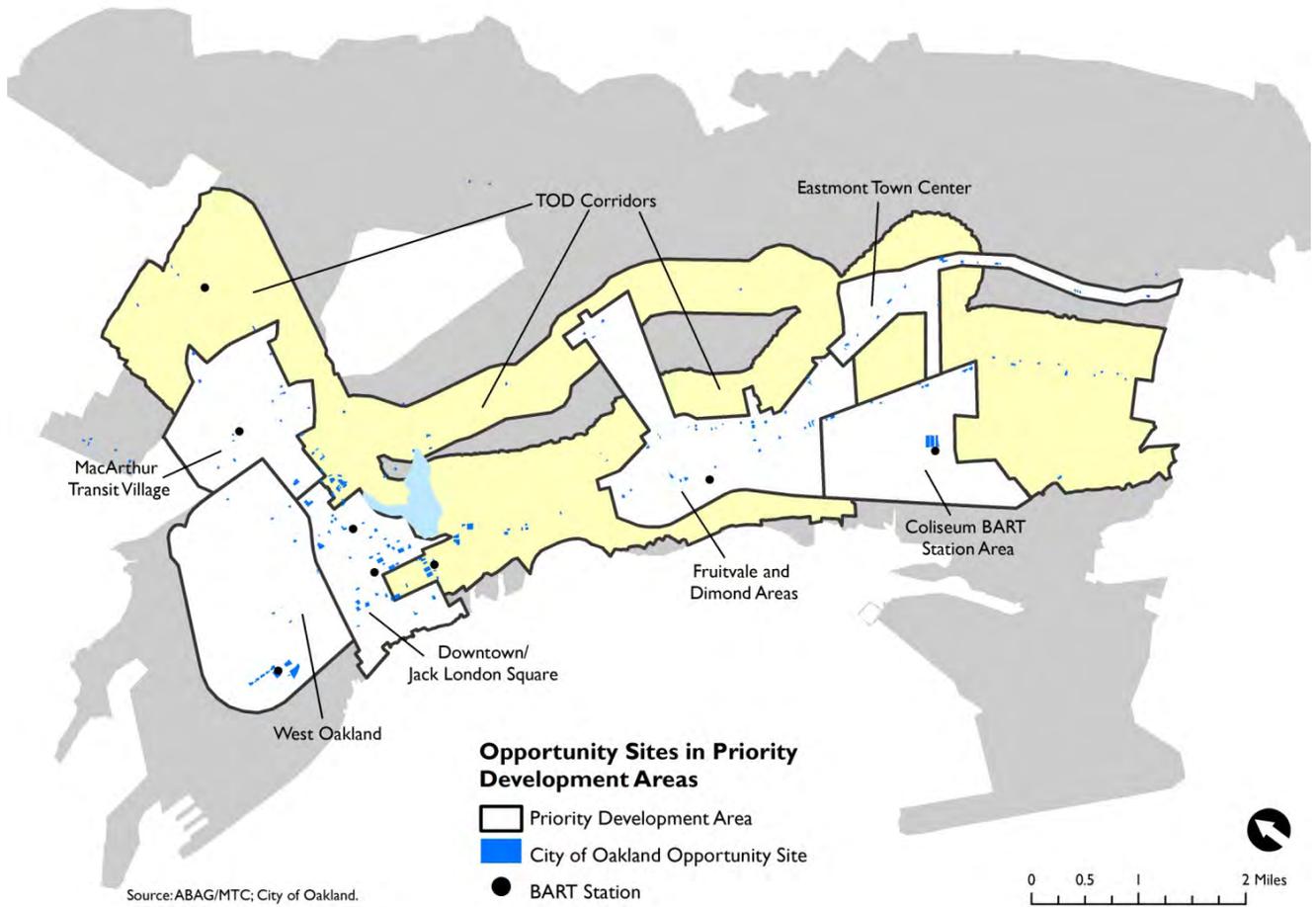
Source: Alameda County Assessor

Map 21: Underutilized Land within Oakland's Priority Development Areas



Source: ABAG/MTC; Alameda County Assessor.

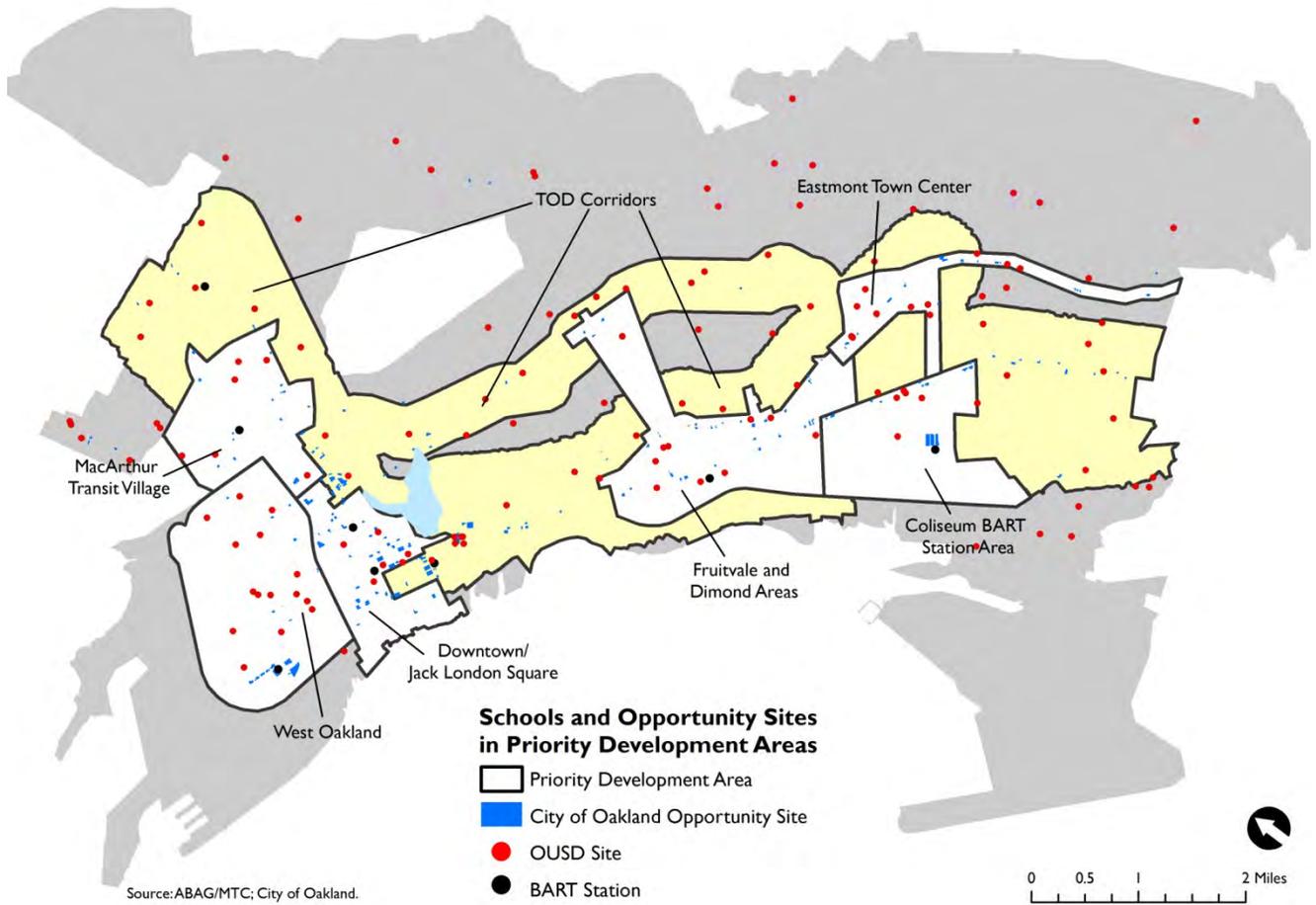
Map 22: City of Oakland Opportunity Sites and Priority Development Areas



295 out of the 306 City-identified opportunity sites are within the ABAG/MTC Priority Development Areas

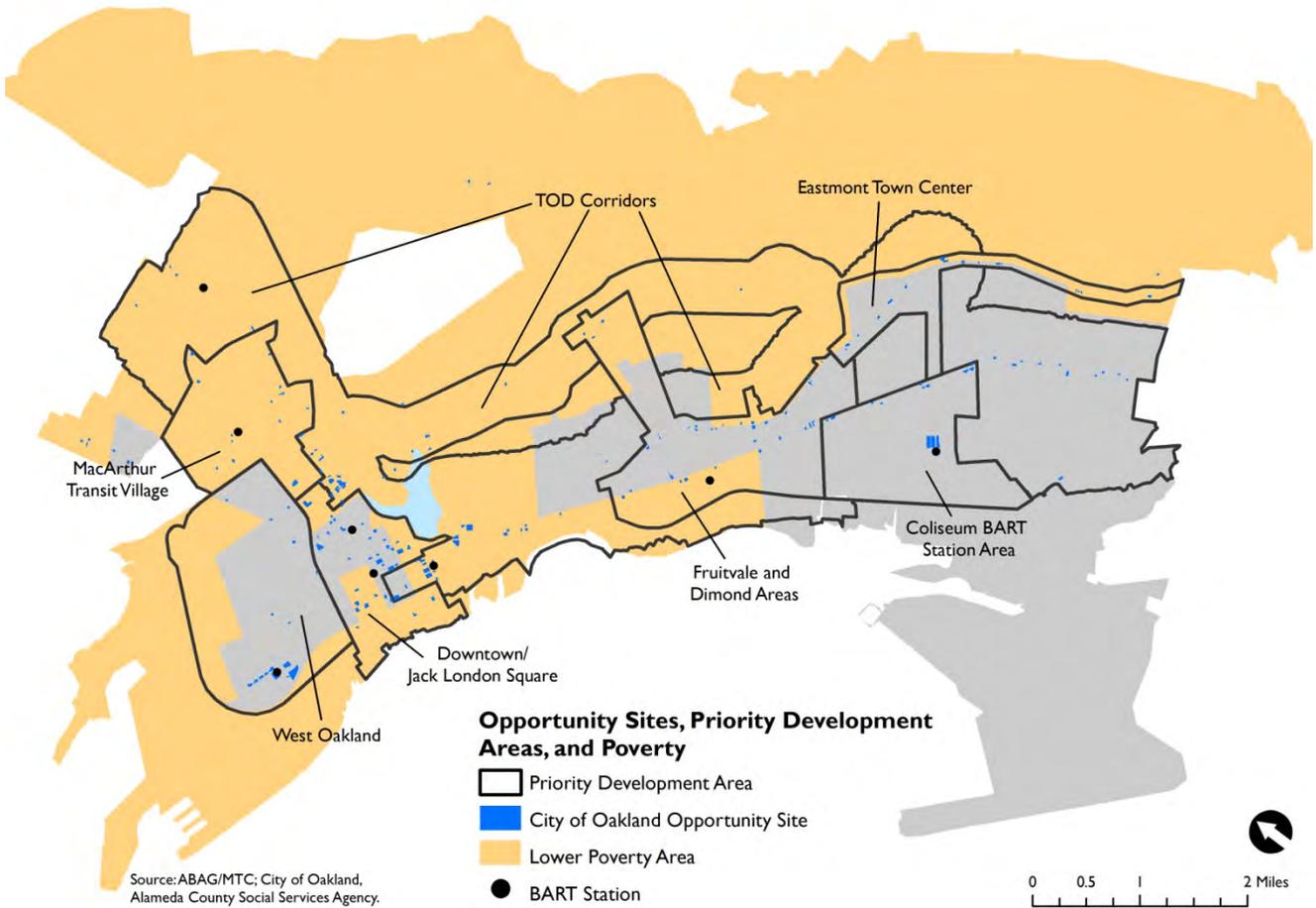
These 295 sites consist of over 103 acres of land, with an average size of 0.35 acres.

Map 23: OUSD Schools with City of Oakland Opportunity Sites and Priority Development Areas



- 164 out of 220 OUSD sites are located in Priority Development Areas
- All 306 City-identified Opportunity Sites are located within a half-mile of an OUSD site; the average distance from an Opportunity Site to an OUSD site is 962 feet (0.18 mile)

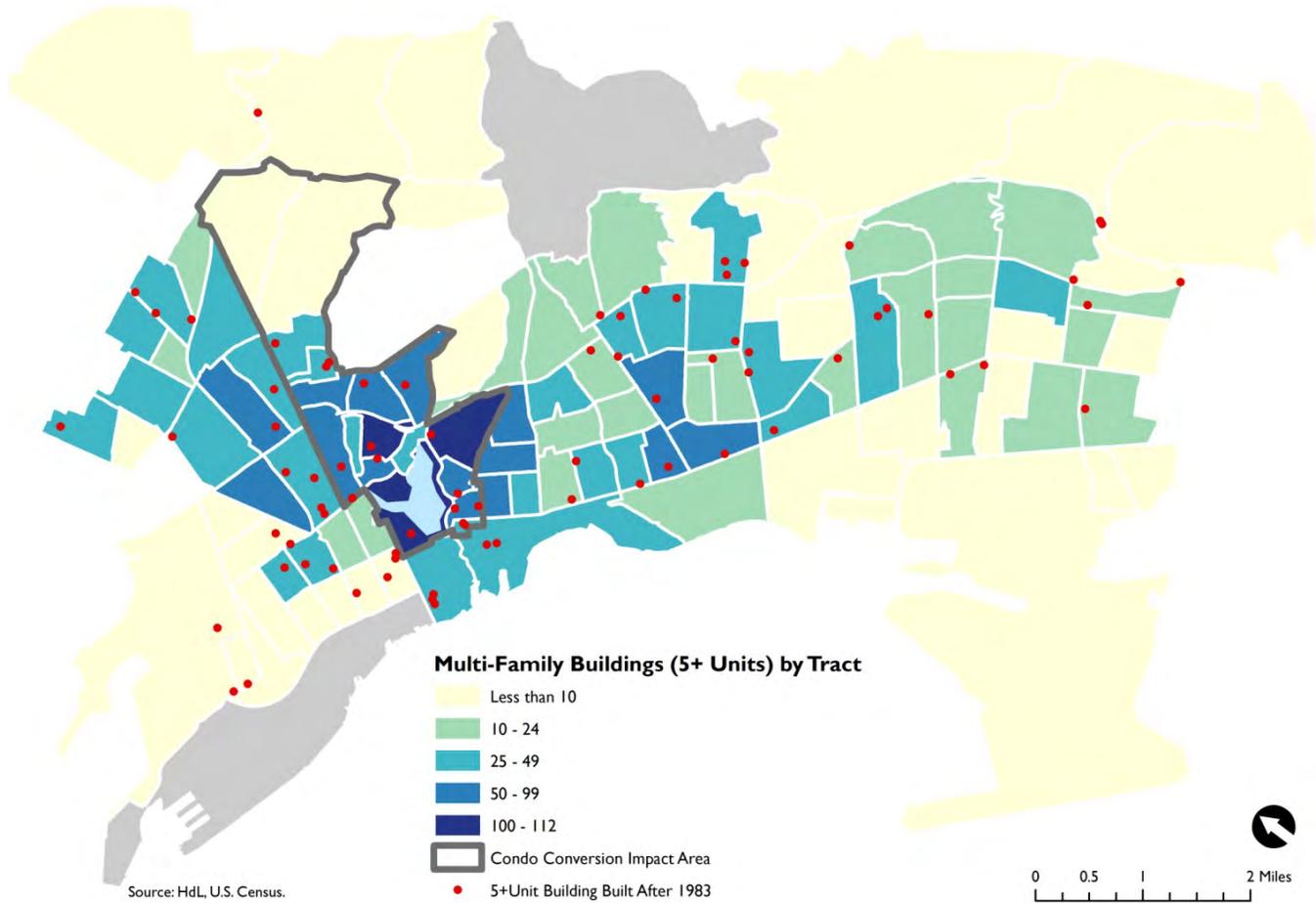
Map 24: City of Oakland Opportunity Sites and Priority Development Areas with Relatively Low Poverty Areas



The layer of “lower poverty areas” shown on the map above is based on a relative proxy measure of poverty by geography in Oakland. Because data from the American Community Survey related to poverty is fraught with error at the neighborhood level, we have relied on data from the Alameda County Social Services Agency from March 2013 as a reliable local source of information. The layer of “lower poverty areas” was created by first looking at specific neighborhoods in Oakland that have high enrollment in the various government-sponsored social safety net programs, including CalFresh, CalWORKs, General Assistance, and Medi-Cal. For each of these programs, we classified Census Tracts into quintiles according to their enrollment rates. We classified Census Tracts in the highest quintile for each program, as well as any tract with an enrollment rate of more than 20 percent of the total eligible population, as high enrollment areas. The remaining tracts in the City are shown on the map in orange as Census Tracts with relatively lower enrollment in the safety net programs, and by proxy, likely lower rates of poverty. 144 out of the 306 City-identified opportunity sites lay within the lower poverty geographies shown on the map. These 144 sites comprise over 51 acres of land, with an average size of 0.36 acres.

Multi-Family Buildings with 5+ Units Built After 1983

Map 25: 5+ Unit Buildings by Census Tract with Locations of Post-1983 Structures



Our analysis of HdL data showed that there are 2,873 multi-family residential buildings with more than five units located in Oakland. Only 3 percent (91) of these buildings were constructed after 1983. 16 out of the 91 post-1983 multi-family buildings are located within the existing Condo Conversion Impact Area.

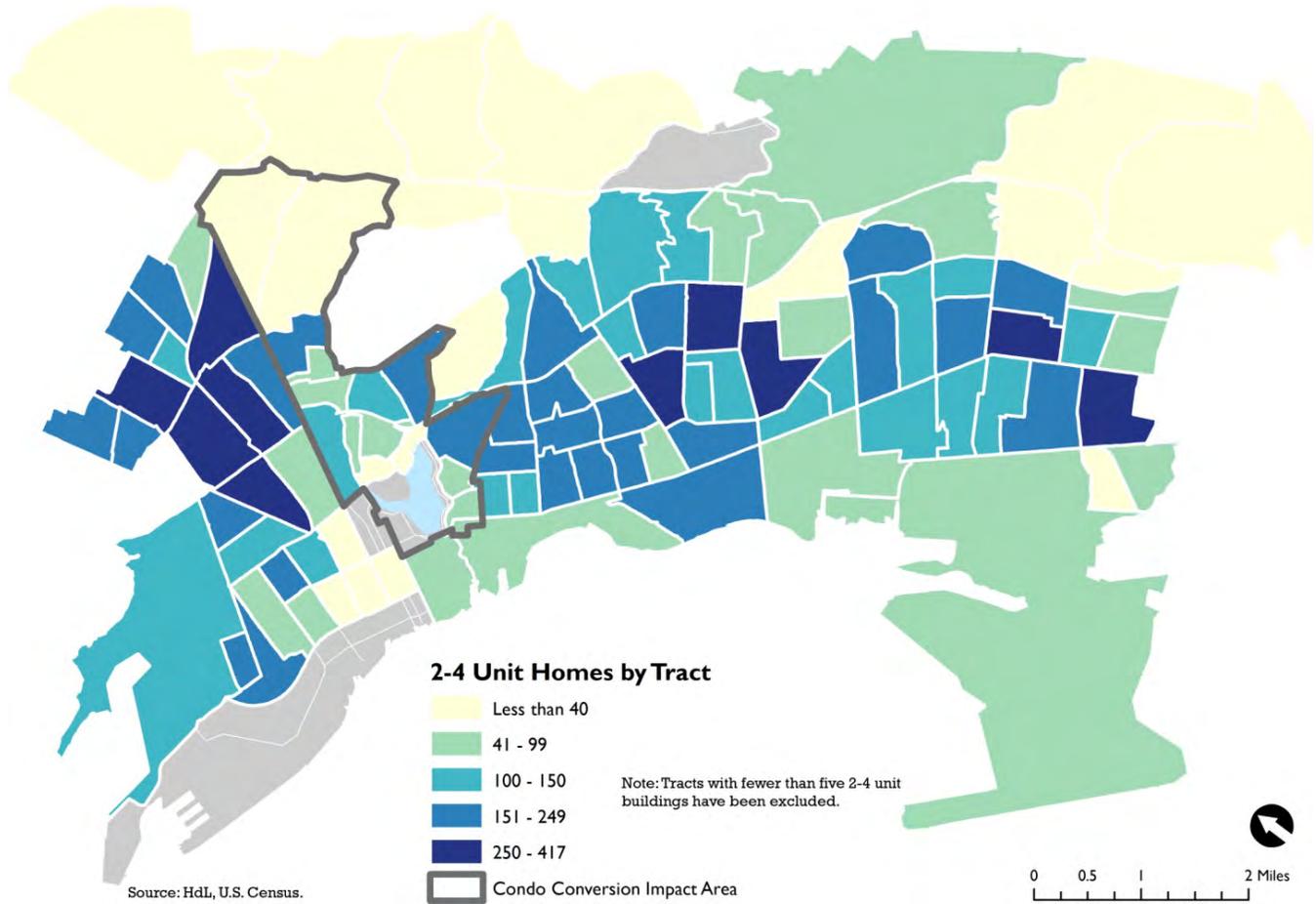
A closer inspection of the HdL data revealed that these 91 buildings consist of approximately 2,200 units in total, ranging from small 5 unit buildings to a single development containing 282 units spread among four buildings. Additionally, a cursory look at the ownership of the 91 buildings shows that a number of these developments are currently owned or managed by nonprofit housing developers or related limited partnerships, including EBALDC, SAHA, and Allen Temple.

The average year of construction for the 91 projects is 1993.

It is likely that some of these multi-family buildings were financed with Low Income Housing Tax Credits or other government programs – this could mean that minimum affordability periods are expiring soon, depending on the year of construction, subsidy program, and affordability period.

Condo Conversion Loophole

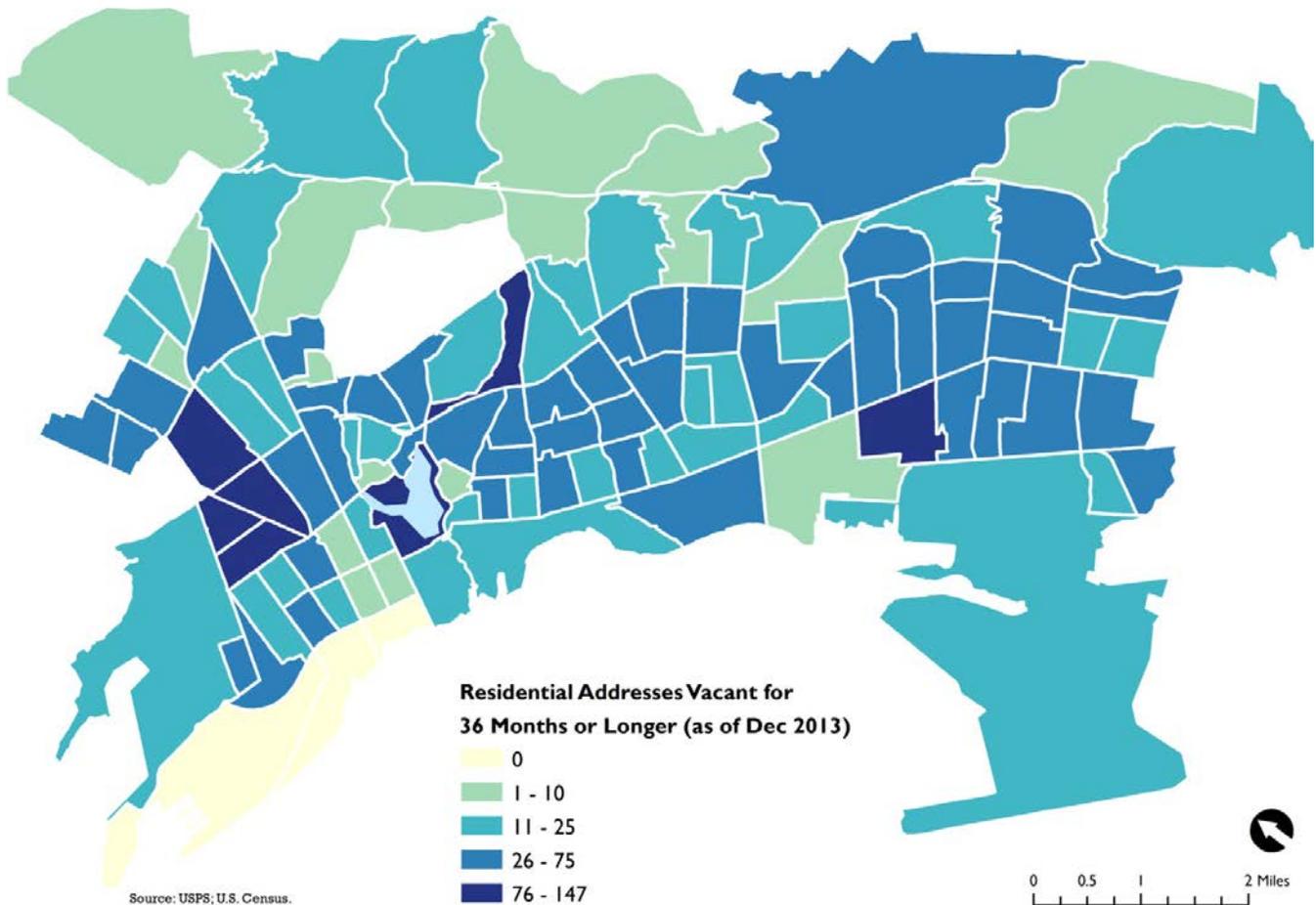
Map 26: 2-4 Unit Buildings by Census Tract with Condo Conversion Impact Area



There is a concern about the susceptibility of 2-4 unit residential buildings to condo conversion, particularly those buildings that lie outside of Oakland's established Condo Conversion Impact Area. Our analysis of HdL data revealed there are 13,759 2-4 unit residential buildings throughout Oakland. Approximately 90% (12,402) of the 2-4 unit buildings in Oakland are located outside of the existing Condo Conversion Impact Area.

Residential Vacancy

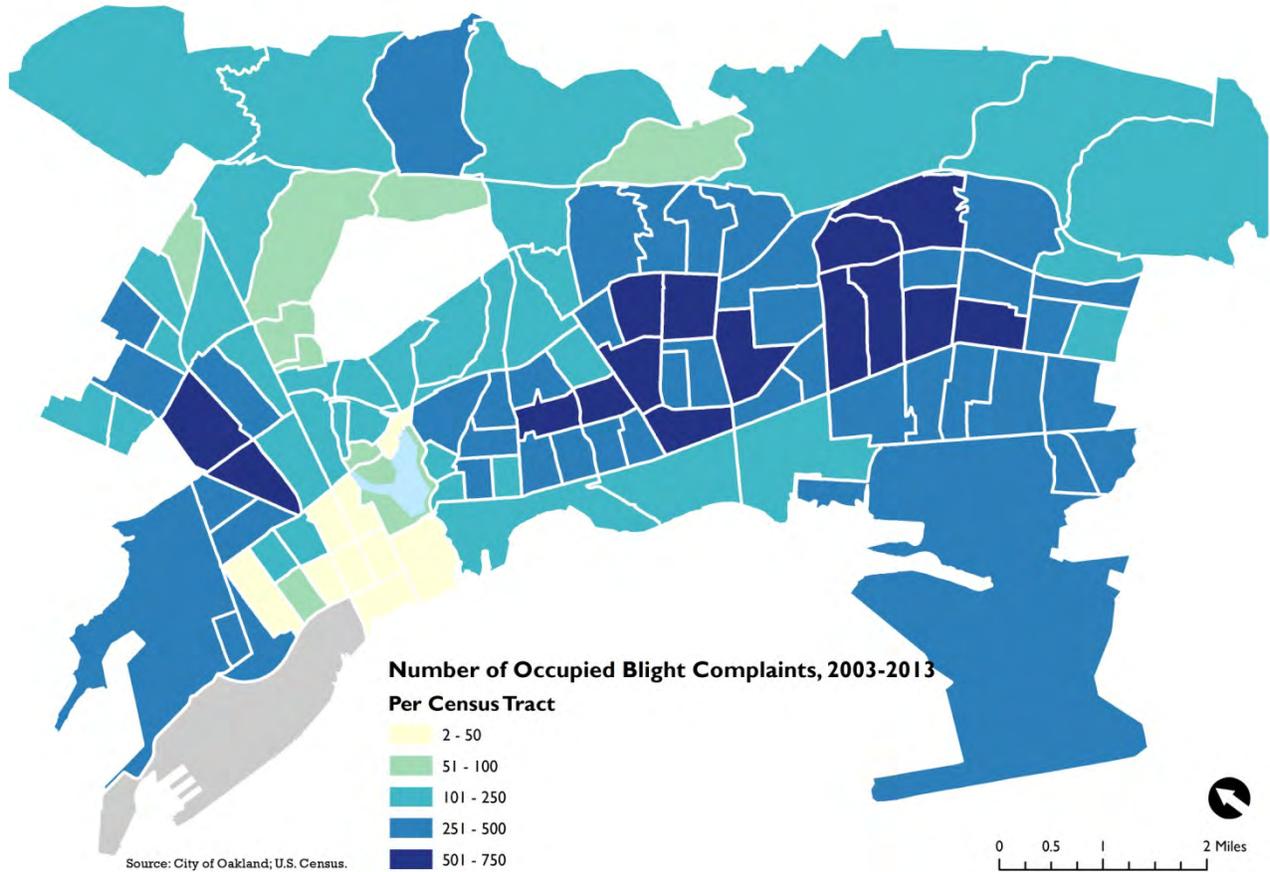
Map 27: Long-Term Residential Vacancy in Oakland (as of December 2013)



- There were 4,155 vacant residential addresses in Oakland as of December 2013
- 3,506 of these residential addresses have been vacant for 36 months or longer
- Highest counts in the Census Tracts of West Oakland (Dogtown/Clawson, McClymonds, Hoover/Foster, Longfellow), around Lake Merritt, Trestle Glen, and Havenscourt/Coliseum

Code Enforcement

Map 28: City of Oakland Code Enforcement Complaints for Occupied Blight, 2003-2013



Occupied Blight (Map 28)

Occupied blight is a code enforcement complaint category that encompasses most issues and infractions that are located in the interior of a home. These include a wide range of habitability, health, and structural issues, from leaky roofs, broken windows, and lack of adequate plumbing or heating to mold, vermin infestations, and exterior garbage that can be attractors of other problems. Occupied blight issues are largely derived from tenant or neighbor complaints, however, they can also arise through other avenues – for instance, if a structural problem is visible from the street.

- There were 30,604 occupied blight complaints in Oakland between 2003 and 2013.
- Tracts with the highest numbers of complaints are in Oakland’s flatlands in West Oakland (Hoover/Foster and Longfellow, and throughout East Oakland (San Antonio, Fruitvale, Fairfax/Lower Maxwell Park, Havenscourt, Millsmont and Eastmont Hills)

Overcrowding

While there are various ways and methods to measure overcrowding, the U.S. Department of Housing and Urban Development commonly defines overcrowding as more than one person per room in a home. Data collected by the American Community Survey on the number of occupants per room allows us to evaluate Oakland's occupied units according to this definition. Approximately 4 percent of the owner occupied units and 8.6 percent of the renter occupied units in Oakland are considered overcrowded according to the 2008-2012 American Community Survey.

Table 12: Tenure by Occupants Per Room (in Occupied Units) in Oakland

	2008-2012 (Estimate)	Margin of Error			
TOTAL Occupied Units	154,257	+/-1,307			
Owner occupied	63,228	+/-1,290			
0.50 or less occupants per room	46,819	+/-1,271			
0.51 to 1.00 occupants per room	13,878	+/-652			
1.01 to 1.50 occupants per room	1,781	+/-215	}	2,531	+/- 276 4.0%
1.51 to 2.00 occupants per room	561	+/-151			
2.01 or more occupants per room	189	+/-84			
Renter occupied	91,029	+/-1,280			
0.50 or less occupants per room	51,438	+/-1,203			
0.51 to 1.00 occupants per room	31,727	+/-961			
1.01 to 1.50 occupants per room	4,411	+/-371	}	7,864	+/- 530 8.6%
1.51 to 2.00 occupants per room	2,524	+/-299			
2.01 or more occupants per room	929	+/-231			

Source: 2008-2012 American Community Survey Estimates

Author Biographies

Kalima Rose

Kalima Rose is senior director of the PolicyLink Center for Infrastructure Equity. She works to steer resources for housing, transportation, and cultural amenities toward greater work-force participation, accessibility, and new investments to enhance opportunity in low-income communities and communities of color. She leads the organization's housing policy and sustainable communities work, helping to implement projects on regional equity, fair housing, and new infrastructure that strengthen economic resilience. Ms. Rose developed the PolicyLink Equitable Development Toolkit, a resource guide for local, state, and federal agencies.

Margaretta Lin

Margaretta Lin is director of strategic initiatives of the City of Oakland's Housing and Community Development Department. She has been leading the city's equity innovations to solve pressing housing and community development problems. Previously, Ms. Lin served as the deputy city administrator for the City of Oakland and senior advisor to former Mayor Ron Dellums. Prior to local government, Ms. Lin worked as a public interest lawyer and social enterprise innovator.

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