

City of Oakland

**Fair Housing Planning**

***Analysis of Impediments  
to Fair Housing***

Community and Economic Development Agency  
June, 2005

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# **I. INTRODUCTION AND GENERAL SUMMARY OF THE ANALYSIS**

## **A. Purpose of the Analysis of Impediments to Fair Housing Choice**

This Analysis of Impediments to Fair Housing (AI) was prepared by the City of Oakland's Community and Economic Development Agency in accordance with the requirements of the U.S. Department of Housing and Urban Development (HUD). In order to receive federal grant funds for housing and community development, the City is required to prepare a Consolidated Plan describing needs, resources, strategies, priorities and proposed actions. The Consolidated Plan includes an annual certification by the City that it is taking actions to Affirmatively Further Fair Housing (AFFH). The purpose of these actions is to eliminate discrimination and segregation in housing on the basis of race, color, religion, sex, age, disability, familial status or national origin, and to expand housing choices for all residents of Oakland. As part of the effort to attain this goal, HUD requires cities to engage in fair housing planning. This process requires: (a) the development of an Analysis of the Impediments to Fair Housing Choice; (b) the development of activities to overcome the effects of the identified impediments; and (c) the development of a system of record keeping to monitor and record the activities undertaken to reduce or overcome the identified impediments to fair housing choice. The City of Oakland has, for many years, pursued actions to further fair housing. The AI will serve both as a resource to consolidate findings of individual housing-related analyses completed by or for the City of Oakland, and as a guide for fair housing planning in Oakland.

## **B. Contents of the AI**

The AI consists of three broad areas:

1. An overview of demographic and housing market conditions in the City, particularly as they pertain to housing choice.
2. A profile of fair housing in the City, including current laws, policies and practices, and the number and status of any fair housing complaints in the City.
3. A description and discussion of various market and public policy impediments to fair housing choice.

The AI also includes a summary of actions to remove any identified impediments. Fair housing actions are also described each year in the City's Consolidated Plan.

## **C. Definition of Terms**

### **1. Affirmatively Furthering Fair Housing**

HUD defines Affirmatively Furthering Fair Housing as requiring a grantee to:

- Conduct an analysis to identify impediments to fair housing choice within the jurisdiction;
- Take appropriate actions to overcome the effects of any impediments identified through the analysis; and
- Maintain records reflecting the analysis and actions taken in this regard.

### **2. Housing Problems**

Households are deemed to have housing problems if they experience one or more of the following conditions:

#### **a. Excessive Cost**

When a household must devote more than 30 percent of its income to shelter and utility costs, it is considered to have a housing cost burden. If the proportion increases to 50 percent, the household has a severe cost burden.

#### **b. Substandard Condition**

The Census definition of substandard housing is a unit lacking either complete plumbing or kitchen facilities, or both. This minimal definition captures only a portion of those units that would be considered substandard under City of Oakland housing and health and safety codes. However, the City has only a rough estimate of the number of substandard units and no information on the occupants of such housing. As a result, the Census definition is used in this report.

#### **c. Overcrowding**

Housing is overcrowded if there is more than 1 person per room (bathrooms, halls, utility rooms and storage areas are not counted as rooms). Extreme overcrowding exists if there are more than 1.5 persons per room.



### **3. Impediments**

HUD defines Impediments to Fair Housing Choice as:

- Any actions, omissions or decisions taken because of race, color, religion, sex, disability, familial status or national origin which restrict housing choices or the availability of housing choices; or
- Any actions, omissions or decisions that have the effect of restricting housing choices on the basis of race, color, religion, sex, disability, familial status or national origin.

### **4. Persons with Disabilities**

Federal law defines a ‘disability’ or ‘handicap’ as being:

- A physical or mental impairment which substantially limits one or more of such person’s major life activities;
- A record of having such an impairment; or;
- Being regarded as having such an impairment.

### **5. Protected Classes**

Title VIII of the Civil Rights Act of 1968 prohibits housing discrimination based on race, color, national origin or ancestry, sex, or religion. The 1988 Fair Housing Amendments Act added familial status and mental and physical handicap as protected classes.

California law (Rumford Housing Act) prohibits housing discrimination toward all classes protected under Title VIII, and adds marital status as a protected class. The Unruh Civil Rights Act prohibits discrimination in all business establishments, including housing, based on any arbitrary reason.

City of Oakland ordinances extend fair housing protection to families with children, sexual orientation, or the fact of having AIDS or an AIDS-related condition (ARC).

## **D. Preparation and Methodology**

### **1. Preparation of the AI**

The AI was prepared by staff in the City’s Community and Economic Development Agency, which is also the lead agency for preparation of the City’s Consolidated Plan and administration of federal housing and community development grants.

## **2. Funding**

Funding for preparation of the AI was provided from that portion of the City's CDBG and HOME grants normally provided for administration. As is true for the Consolidated Plan, preparation of the AI is an eligible administrative cost for these programs.

## **3. Procedure for Completing the Analysis of Impediments**

CEDA staff reviewed city laws, regulations and administrative policies that affect the provision and supply of housing in the City. Studies conducted on the availability of rental and ownership stock, as well as statewide data used in reference to lending institutions, were collected. In addition, 2000 Census data and HUD data, and the City's *Consolidated Plan*, provided valuable information for the AI. The City also relied on reports filed by fair housing organizations for information on reported discrimination issues. By using existing studies, CEDA staff consolidated the findings into one analysis, addressing areas related to housing and existing impediments. The methods of the individual reports used to complete this project are detailed within those reports.

## **E. Summary of Conclusions**

Oakland is a City with considerable ethnic and racial diversity. It is also a City with a large number of minority and low income households who face particular problems securing decent housing, as do families with children and persons with disabilities. Patterns of racial clustering and segregation are readily identifiable, suggesting that discrimination continues to be a serious problem and an impediment to fair housing choice.

Information provided by fair housing organizations provides additional evidence of discrimination, as revealed by data related to complaints.

The most significant barrier to fair housing, however, is the lack of affordable housing. Because minorities are more likely than non-minorities to be low income, the housing problems of low income people are most acutely experienced by minority households. The lack of funding and suitable sites for the development of new affordable housing thus serves to limit fair housing choice.

Adding to the difficulty of providing affordable housing is neighborhood opposition to the development of new assisted rental housing. This opposition, while based on fears of safety, traffic congestion, and reduced property values, is often based on misperceptions of the type of housing that is proposed and by stereotyped impressions of the characteristics of the households who will occupy that housing. It should be noted that such opposition is found in minority and non-minority neighborhoods alike.

Discrimination in lending is also a problem, as revealed by analysis of rates of mortgage loan approvals and denials reported in annual data collected under the Home Mortgage Disclosure Act.

To some extent, City zoning and land use practices may also act as a barrier to housing choice for persons with disabilities.

The City is committed to the promotion of fair housing choice, and in an effort to affirmatively further fair housing will undertake a number of steps to eliminate barriers to fair housing, as outlined in the conclusion of this report and in the City's Annual Consolidated Plan for Housing and Community Development.

## **II. JURISDICTIONAL BACKGROUND DATA**

### **A. Demographic Data**

#### **1. Population and Racial/Ethnic Characteristics**

The City of Oakland had a population of 408,807 in 2002 and was, according to the California Department of Finance (DOF), the eighth largest city in California. The City was home to 151,843 households.

The postwar population trend of people leaving Oakland reversed in the 1980s and 1990s and Oakland's population increased from about 339,000 in 1980 to nearly 409,000 in 2002. Before 1980, Oakland had experienced three decades of population decline due to changes in the local economy, migration to suburban communities, and other factors. The overall trend since 1980, however, has been steady, if modest, population growth (about one percent per year). Despite the increase in housing units in the period of 1990 to 2000, the average household size continued to increase to 2.6 persons per households.

Oakland is an ethnically diverse city. Since 1980, Oakland has become an increasingly multicultural city and analyses based primarily on the older Black/White dichotomy are less relevant today. No ethnic/racial group makes up a majority of the population. Since at least the 1940s, Oakland has had a significantly higher percentage of non-White and Hispanic residents than other cities of similar size. The most significant change in Oakland's population since 1990 has been a decrease in the number and the proportion of residents who identified themselves as White or as Black/African-American, and an increase in the number and proportion of residents who identified themselves as Asian/Pacific Islander or Hispanic/Latino. The White population decreased by 11 percent, and the Black population by 13 percent, while the Asian population increased by 16 percent and the Hispanic population increased by 78 percent. As a result, Oakland's population in 2000 was 24 percent White, 35 percent Black, 16 percent Asian, and 22 percent Hispanic<sup>1</sup>.

Oakland's population mix over the past 50 years has been influenced by economic and suburban development trends. The loss of many relatively well-paying "blue collar" and military jobs, combined with rapid suburbanization in the Bay Area between 1950 and 1980, left Oakland with a higher percentage of lower-income and minority residents as

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<sup>1</sup> The Census and HUD define Hispanic status as an ethnicity, distinct from race. Hispanic persons may be White, Black or any other race, and the racial categories of White, Black, etc. include both Hispanic and non-Hispanic persons.

Wherever possible, the City has chosen to identify Hispanic as a racial category rather than an ethnicity in order to provide direct comparisons between Hispanics and other groups. Throughout the AI, the term "Hispanic" generally refers to Hispanics of any race, while other categories generally refer to only non-Hispanic persons within that group (e.g., "White" refers only to White, Non-Hispanic persons, "Black" refers only to Black, Non-Hispanic persons, and so forth).

White households moved out to the suburbs and Blacks moved in. Since the 1980s, increasing numbers of immigrants from Asian, Pacific Island, and Latin American/Hispanic countries have found homes in Oakland. According to the 2000 Census, nearly 12 percent of Oakland residents were foreign born and came to the United States between 1990 and 2000. Nearly 90 percent of these new residents came from either Asia or Latin America.

The decline in the African American population since 1990 may have two causes: some Black/African American families may have moved to suburban locations by choice to purchase less costly homes, while others may have moved involuntarily from Oakland due to rapidly rising housing costs during the late 1990s. Also notable is the continued decline of the White, Non-Hispanic population in Oakland.

Table 1 compares population changes in Oakland, Alameda County, and the State of California between 1990 and 2000 and compares the composition of Oakland's population with the countywide and statewide populations.

**Table 1**  
**Population by Race and Ethnicity, City, County, and State**  
**(1990 and 2000)**

Race/ Ethnicity	Oakland 1990		Oakland 2000		Alameda County 1990	Alameda County 2000	State 1990	State 2000
Race	Number	Percent	Number	Percent	Percent	Percent	Percent	Percent
<b>Non-Hispanic/Latino</b>								
White (Not Hispanic/ Latino)	105,927	28%	93,953	24%	53%	41%	57%	46%
Black or African American	160,640	43%	140,139	35%	17%	15%	7%	6%
Native American	1,695	<1%	1,471	<1%	<1%	<1%	<1%	1%
Asian/Pacific Islander	53,818	14%	62,259	16%	14%	21%	9%	11%
Other Race	895	<1%	1,229	<1%	7%	<1%	<1%	<1%
Two or More Races <sup>1</sup>	N/A	N/A	12,966	3%	N/A	4%	N/A	3%
<b>Hispanic/Latino (any race)</b>								
Hispanic or Latino	49,267	14%	87,467	22%	14%	19%	26%	32%
Total	372,242	100%	399,484	100%	--	--	--	--

Source: 1990 and 2000 Census.

This is a 2000 Census category only.

Note: Percentages may not add to 100 due to rounding.

## **2. Geographic Concentrations of Race and Ethnicity**

No single ethnic group constitutes a majority of the City's population. However, racial and ethnic groups are not equally distributed throughout the City. Neighborhoods with a disproportionately high number of minorities are said to be areas of minority concentration, while areas with a disproportionately high percentage of Whites are said to be areas of non-minority concentration.

HUD uses three different definitions for "area of minority concentration":

- Definition 1: Any neighborhood where the percentage of all minorities is more than 50 percent; or
  - Definition 2: Any neighborhood where the percentage of all minorities is at least 20 percent above the overall percentage for the citywide minority population percentage.
  - Definition 3: Any area where the percentage of a particular minority is at least 20 percent higher than the citywide percentage; or
1. The first method is not particularly useful for Oakland, as minorities make up nearly 76 percent of the City's population. An area with a minority percentage of 50 percent would actually have a much lower percentage than the citywide average, and would really need to be considered "under-concentrated" (See Map 1). For informational purposes, Map 2 illustrates those areas where a particular minority makes up more than 50 percent of the population in a census tract.
  2. Under the second HUD definition, to qualify as an area of minority concentration in Oakland, a Census tract would need to have a minority population equal to at least 96 percent of the tract's population (20 percentage points above the citywide minority population of 76 percent). This would mean that only areas with fewer than 4 percent non-Hispanic Whites would qualify as an area of concentration. As illustrated on Map 3 on page 13, even under this fairly restrictive definition, several neighborhoods would qualify as areas of minority concentration, including parts of West Oakland, Chinatown, and San Antonio, and most of Central East Oakland and Elmhurst below MacArthur Boulevard.
  3. The third HUD definition is more useful for determining clustering of particular racial/ethnic groups relative to their share of total population. Because each group constitutes a different percentage of the total citywide population, the threshold figure to define an area as "over-concentrated" would be different for each group. For example, a high concentration of Blacks would be 55.1 percent, while a high concentration of Asians would be 35.6 percent.

One drawback to this approach is that when the relative proportions of different groups vary considerably, the formula requires greater concentrations for some groups than for

others. For example, for Asians, who make up 15.6 percent of the citywide population, an area of concentration would require 35.6 percent, which is more than double the citywide average. In contrast, for Blacks, who make up 35.1 percent of the citywide population, an area of concentration would require 55.1 percent, which is only 1.6 times the citywide average.

As an alternative, and given the diverse makeup of Oakland's population, the City has chosen to identify census tracts where a given minority population is more than 50 percent higher than (i.e., 1.5 times) the citywide average for that population. For example, 15.6 percent of the population is Asian, so we define census tracts with 23.4 percent Asians (1.5 time 23.4 percent) as concentrated. Because Blacks make up 35.1 of the population, an area of Black concentration is defined as one where Blacks make up 52.7 percent of a census tract's total population. As, illustrated in Maps 4 through 7, most of the flatland areas have high concentrations of at least one racial/ethnic group, while most of the tracts above the MacArthur Freeway have high concentrations of Non-Hispanic Whites.

Under the City's definition, it is possible for a tract to have concentrations of more than one group (for example, a tract with 25 percent Asian and 35 percent Hispanic residents would have concentrations of both Asians and Hispanics). In practice, there are only a few census tracts where this occurs.

4. Finally, minority concentration can be understood as an area with an unusually low percentage of non-Hispanic Whites. Using the same approach as above, we define "low concentration" as an area where the number is 50 percent lower than (i.e., one-half of) the citywide average. Thus, a low concentration of non-Hispanic Whites would be an area where that group makes up less than approximately 12 percent of the population. Those areas, as shown in Map 8, under this definition of areas of concentration would include all of West Oakland, part of North Oakland, Chinatown, and nearly all neighborhoods east of Lake Merritt and below MacArthur Boulevard, with the exception of those close neighborhoods closest to the lake.

**For the purposes of this Analysis of Impediments, the City has defined "area of minority concentration" to match the second HUD definition. Areas with a minority population greater than 96 percent are considered to be areas of high minority concentration, as shown in Map 3.**

**Table 2**  
**Concentrations of Race and Ethnicity (2000)**

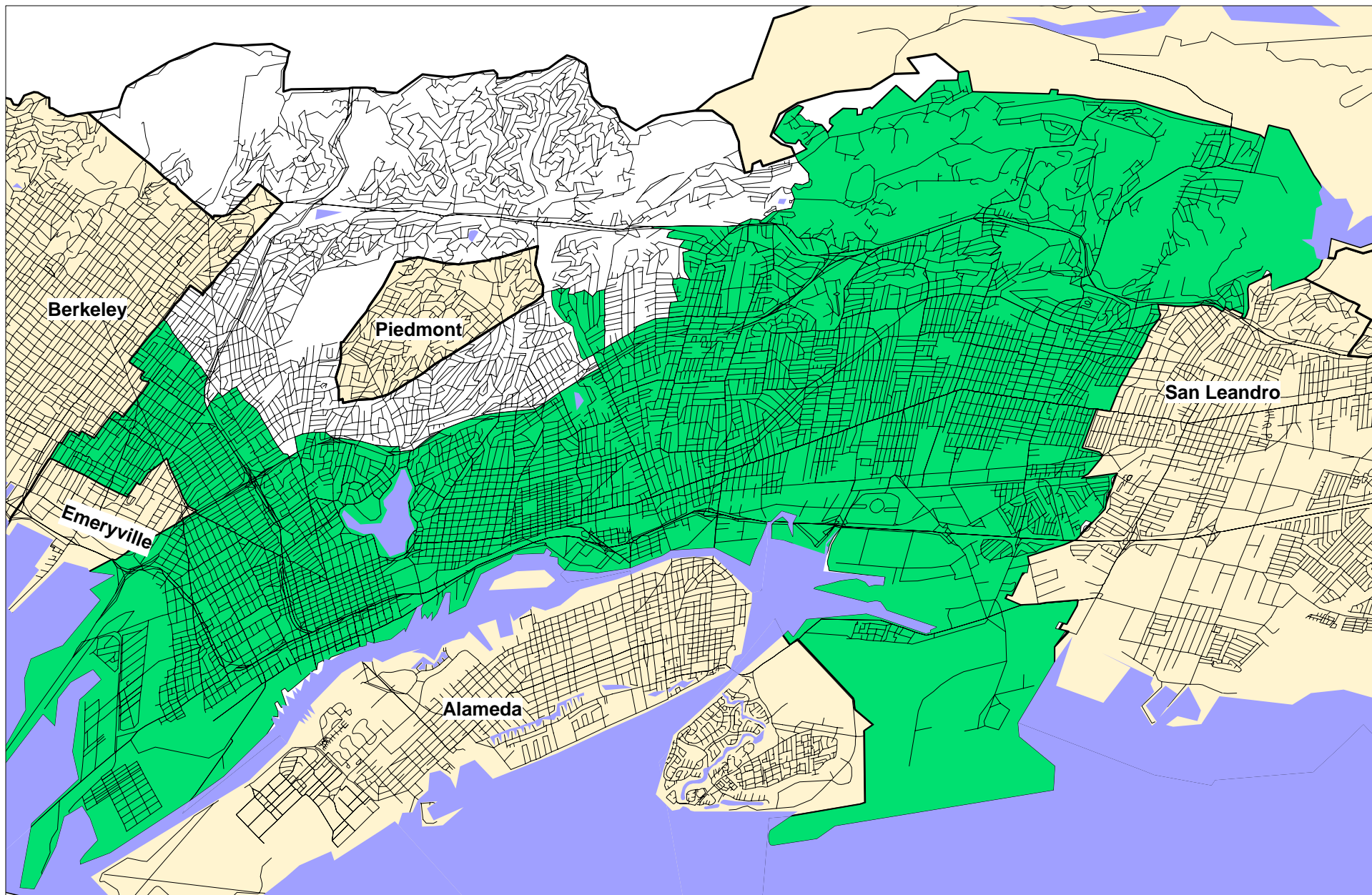
<b>Race/Ethnicity</b>	<b>Percent of Population in 2000</b>	<b>HUD Definition 3 (20 percentage points higher than citywide percentage)</b>	<b>City's Method (1.5 times the citywide Percentage)</b>
<b>Non Hispanic/Latino</b>			
White	23.5%	43.5%	35.3%
Black or African American	35.1%	55.1%	52.7%
Native American	0.7%	20.7%	1.1%
Asian/Pacific Islander	15.6%	35.6%	23.4%
<b>Hispanic/Latino (any race)</b>			
Hispanic or Latino	21.9%	41.9%	32.9%



# Map 1

## Areas with Minority Population Greater than 50%

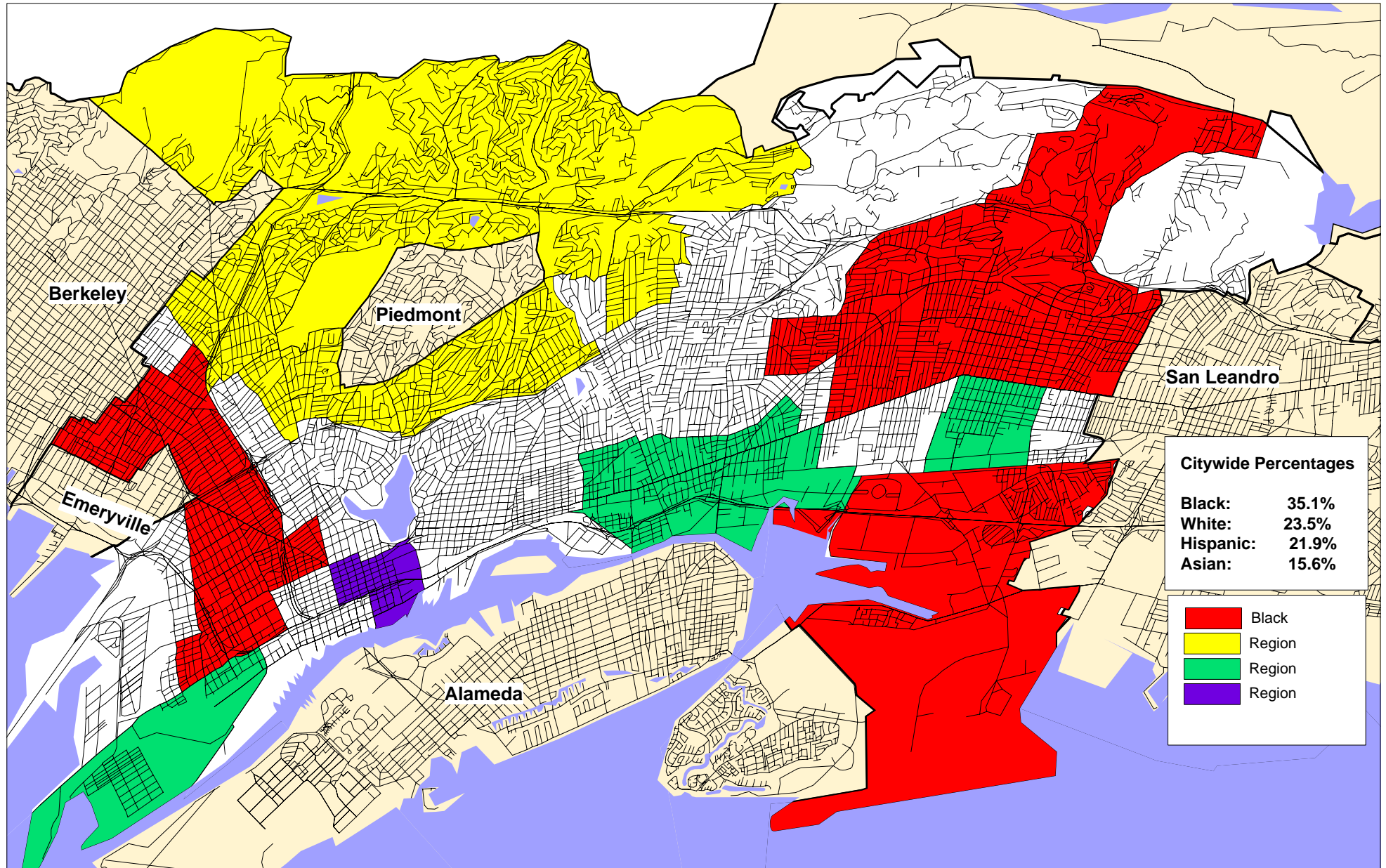
### Oakland Census Tracts, 2000



# Map 2

## Areas with Racial/Ethnic Majorities

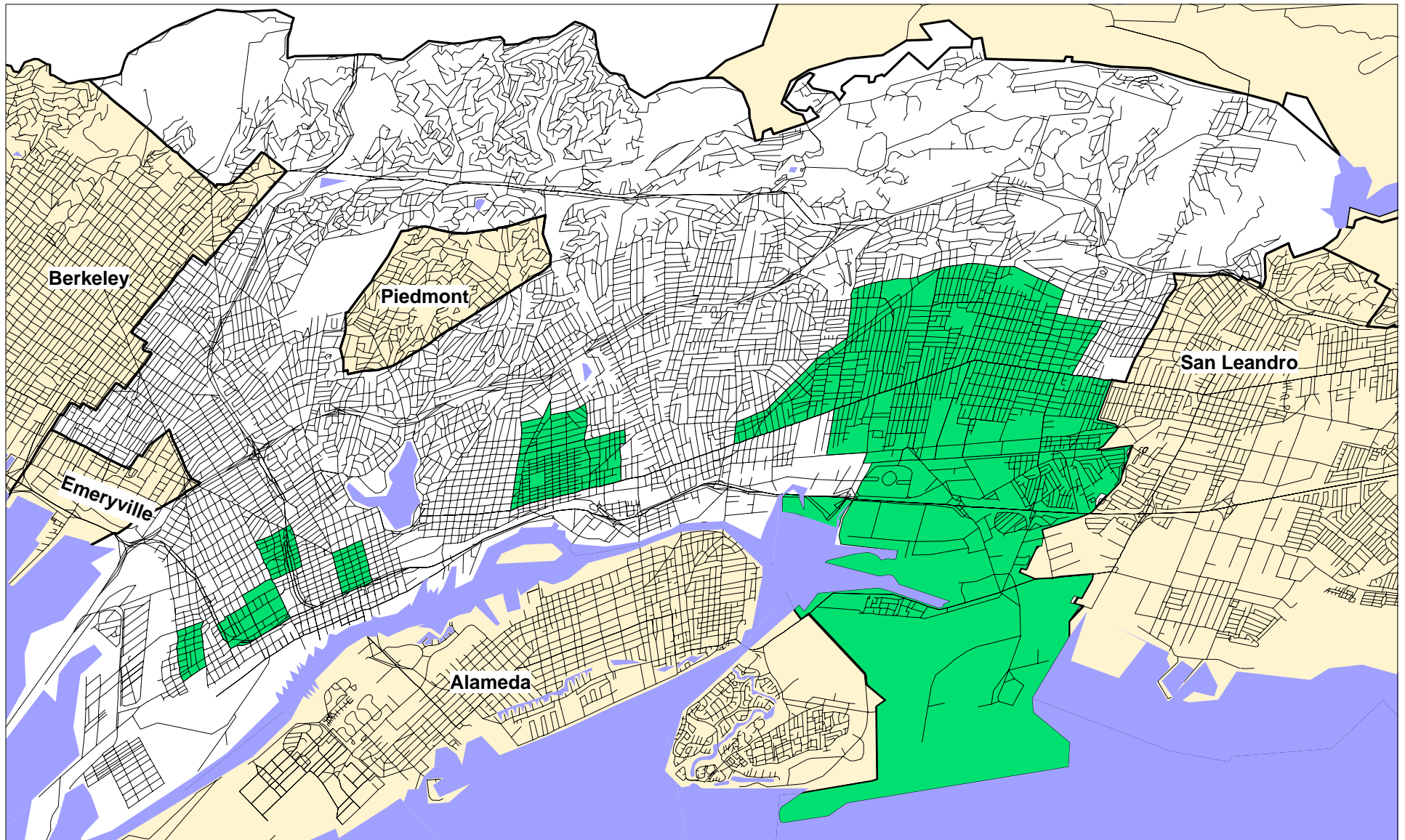
### Oakland Census Tracts, 2000





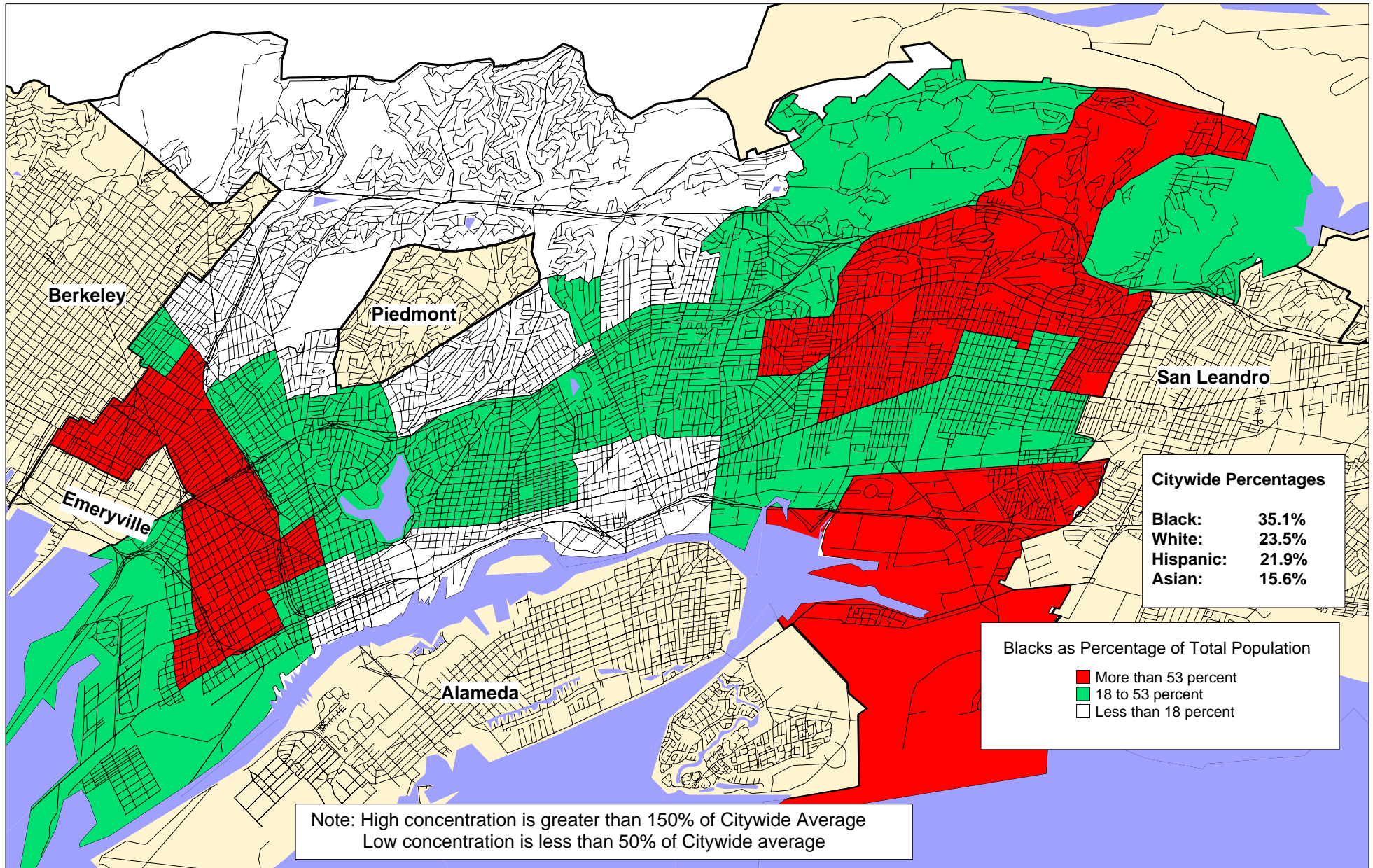
## Map 3

# Areas of Minority Concentration - HUD Definition (96% of population - 20 percentage points above City average) Oakland Census Tracts, 2000



# Map 4

## Concentration of Black Population Oakland Census Tracts, 2000

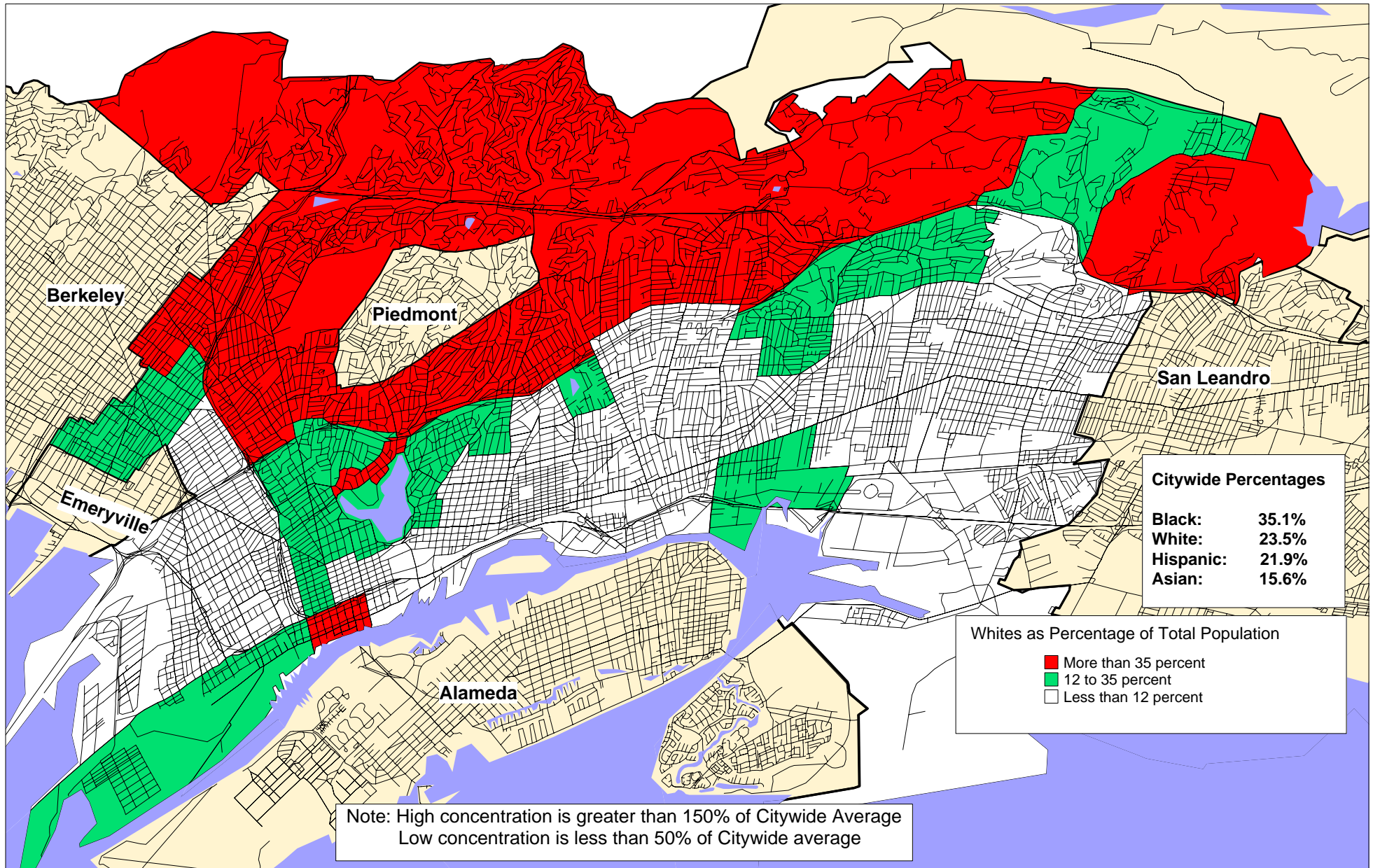




# Map 5

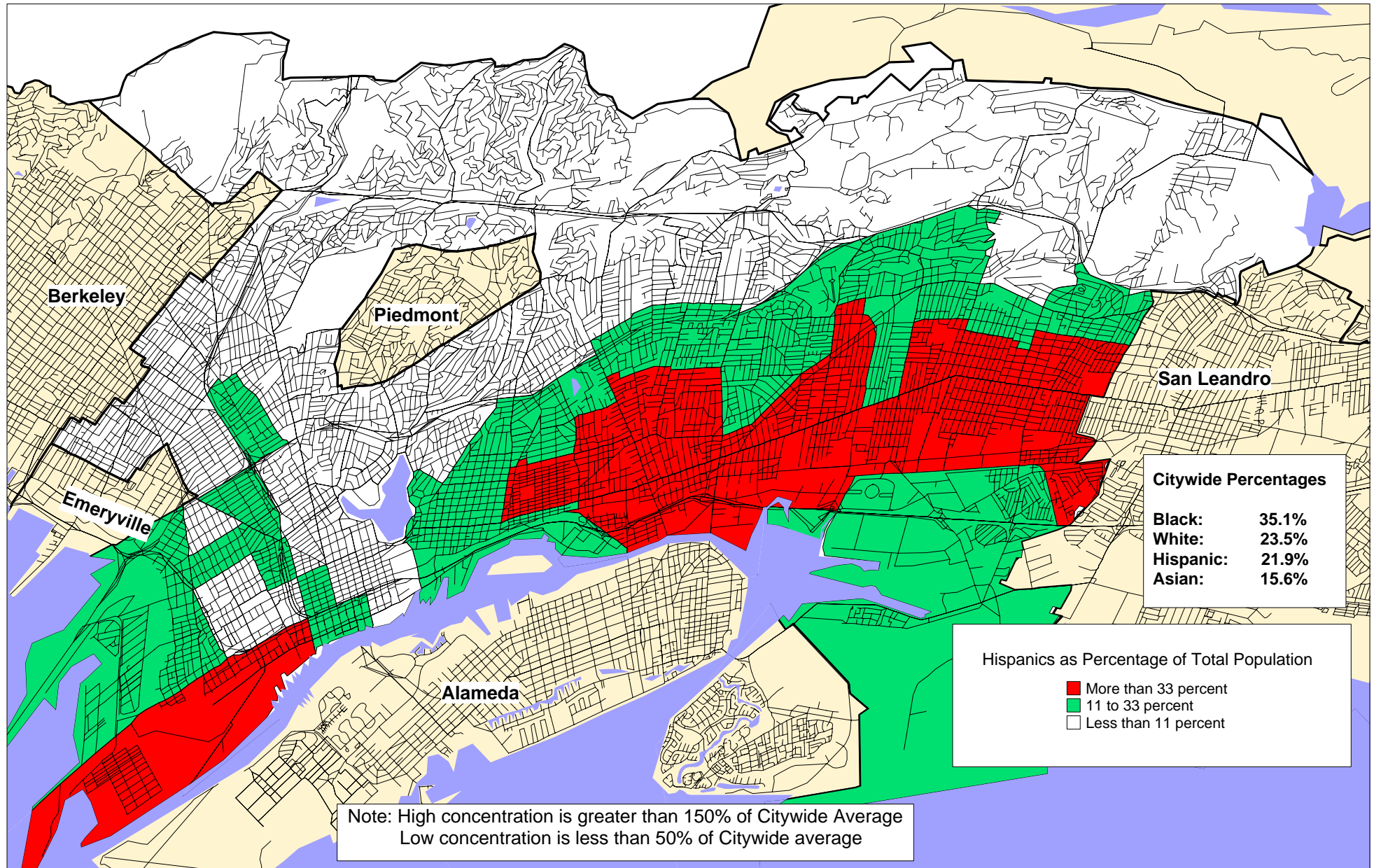
## Concentration of White Population

### Oakland Census Tracts, 2000



# Map 6

## Concentration of Hispanic Population Oakland Census Tracts, 2000

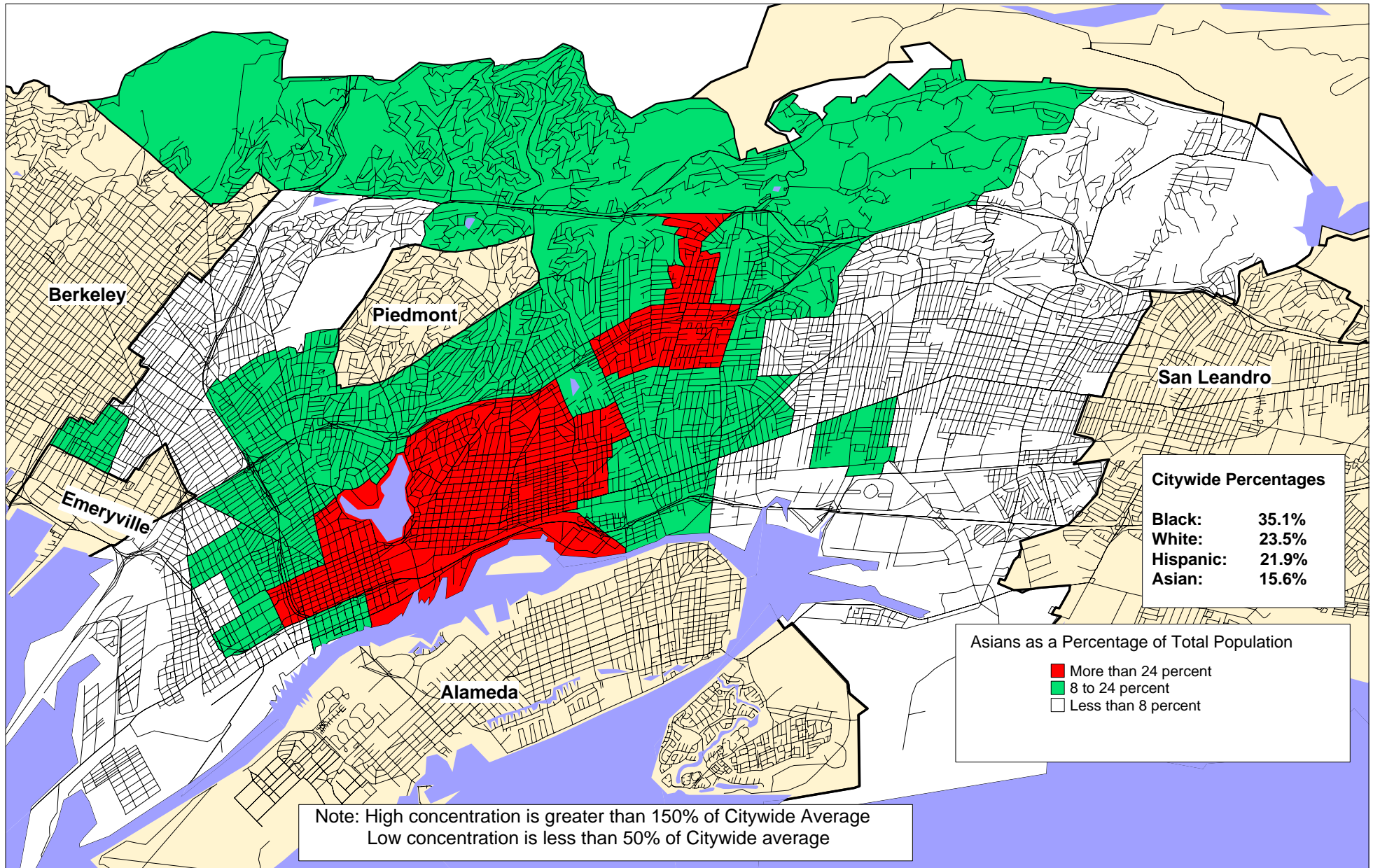




# Map 7

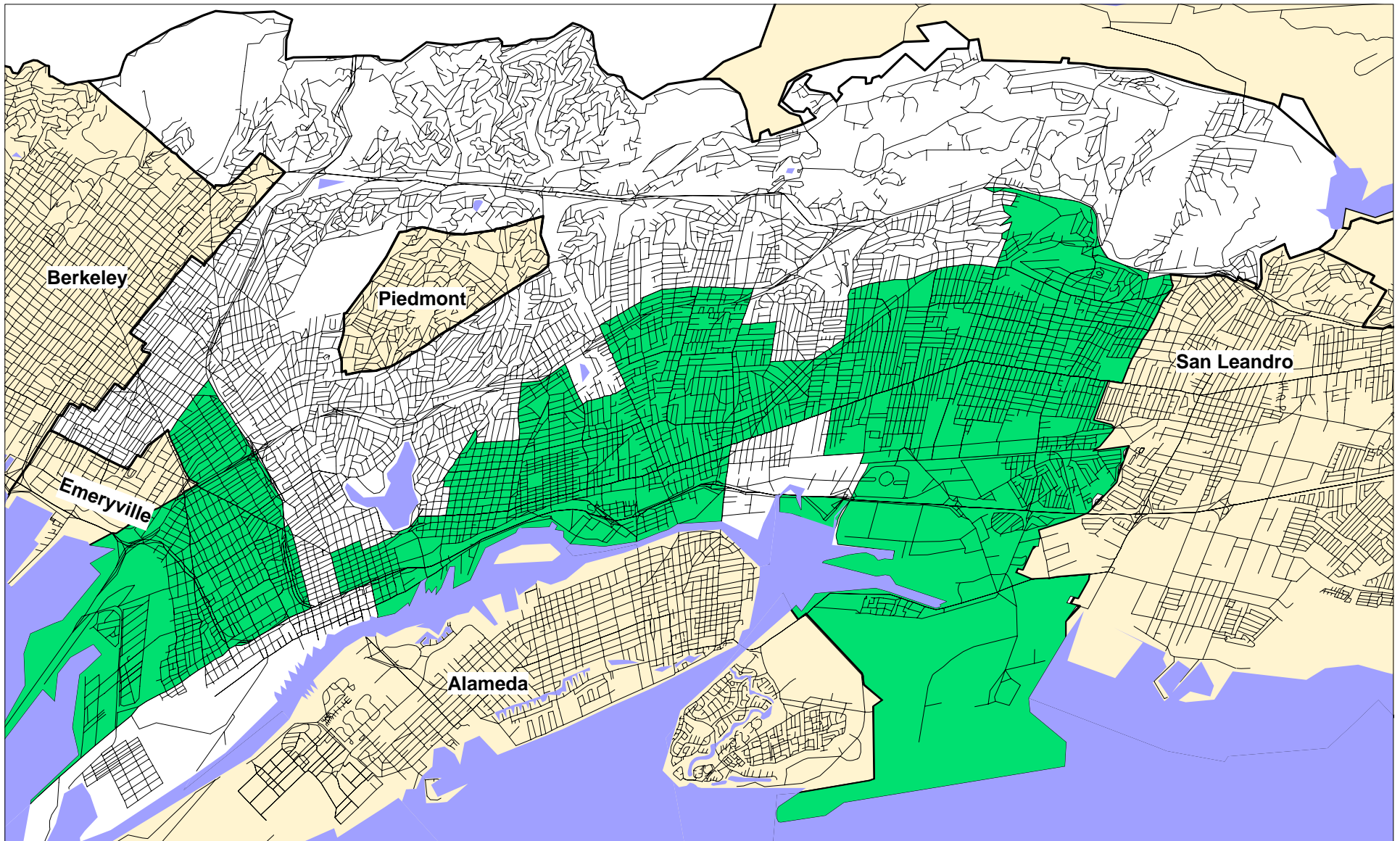
## Concentration of Asian Population

### Oakland Census Tracts, 2000



# Map 8

## Areas of Minority Concentration - Alternate Definition (White population less than one-half of City average) Oakland Census Tracts, 2000





### **3. Household Characteristics**

Oakland has a high percentage of single adults and other non-family households (unrelated individuals living together). Nearly one-third of Oakland households consist of single persons, and about 30 percent consist of two people. Less than one-fourth of Oakland households have more than three people (mostly family households). The high percentage of smaller households in Oakland may be due, in part, to the relatively low proportion of housing units with more than two bedrooms compared to the surrounding suburban areas. Nearly 70 percent of Oakland's housing stock has two or fewer bedrooms, compared to 54 percent countywide.

The 2000 Census reported that 57 percent of all households in Oakland were family households (households with related individuals). This percentage was substantially below countywide figures. However, the number and percentage of large families (five or more persons) increased since 1990, leading to an increase in the average household size, from 2.52 in 1990 to 2.6 in 2000. The average family size also increased, from 3.28 to 3.38. These increases are directly related to the proportion of population groups with larger household sizes and the decline in the proportion of population groups with smaller household sizes. White and Black households, which declined as a percentage of all households, have smaller average household sizes (1.95 and 2.47 in 2000) compared to Hispanic and Asian-origin households (3.03 and 4.09 in 2000). The increase in household size may also be due to persons "doubling-up" in order to cope as Oakland rents increase faster than incomes. One consequence has been a dramatic increase in rates of overcrowding, particularly among large renter households.

Of Oakland's family households with children, more than one-third (38 percent) are female-headed households, compared to about one-fourth (23 percent) countywide. Although much smaller than the number of single-parent female-headed households, the number of single-parent male-headed households increased from fewer than 2,600 in 1990 to nearly 3,400 in 2000. Single parent households tend to have lower incomes and face housing affordability problems.

Table 3, Table 4, and Table 5 compare household size and composition by household type and provide information on household characteristics.

**Table 3**  
**Number of Persons per Household (2000)**

	Owner Households		Renter Households		Total Households	
1 Person	15,067	24%	33,890	38%	48,957	32.5%
2 Persons	20,605	33%	22,281	25%	42,886	28.4%
3 Persons	10,344	17%	12,227	14%	22,571	15.0%
4 Persons	8,088	13%	8,441	10%	16,529	11.0%
5 Persons	3,844	6%	5,524	6%	9,368	6.2%
6 Persons	2,140	3%	2,917	3%	5,057	3.4%
7 + Persons	2,394	4%	3,025	4%	5,419	3.6%
Total	62,482	100%	88,305	100%	150,787	100.0%

Source: 2000 Census.

**Table 4**  
**Average Household Size by Race and Ethnicity of Householder (2000)**

Population Group (Race)	Average Household Size
Native Hawaiian or Other Pacific Islander (not Hispanic)	5.41
Hispanic (of any race)	4.06
Asian (not Hispanic)	3.02
Black (not Hispanic)	2.48
Two or More Races (not Hispanic)	2.46
American Indian and Alaskan Native (not Hispanic)	2.44
Some Other Race (not Hispanic)	2.41
White (not Hispanic)	1.93

Source: 2000 Census, PCT 8.

**Table 5**  
**Changes in Household Type (1990 – 2000)**

Household by Type	1990	Percent	2000	Percent
Total Households	144,521	100%	150,790	100%
Average Household Size	2.52	--	2.60	--
<b>Household Population</b>				
Family Households (families)	83,823	58%	86,347	57%
Married-Couple Family	49,906	35%	51,332	34%
With Children	N/A	N/A	24,838	16%
Female Householder, no spouse present	26,723	18%	26,707	18%
With Children	18,815	13%	14,932	10%
Male Householder, no spouse present	6,691	5%	8,040	5%
With Children	2,571	2%	3,298	2%
Average Family Size	3.28	--	3.38	--
Non-family Households	60,698	42%	64,443	43%
Households with one or more non-relatives	21,456	15%	25,945	17%
Households with no non-relatives	123,065	85%	124,845	83%
<b>Group Quarters (Non Household Population)</b>				
Total Group Quarters	7,175	<2%	27,735	<2%
Institutionalized persons	2,894	<1%	13,214	<1%
Other persons in group quarters	4,281	1%	14,521	1%

Note: Percentages represent percentage of all households.  
 Sources: 1990 and 2000 Census.

#### 4. Income Characteristics

The City of Oakland as a whole is an area of concentration of low income persons relative to the surrounding metropolitan area. The 2000 Census shows that Oakland's household income is far below, and its poverty rate far above, the rates for both Alameda County and the larger 9-County Bay Area.

**Table 6**  
**Income and Poverty**  
**(2000)**

Area	Median Household Income	Median Family Income	Poverty Rate
Oakland	\$40,055	\$44,384	19.4%
Alameda County	\$55,946	\$65,857	11.0%
10-County Bay Area	\$62,024	\$71,333	5.7%

It should also be noted that in 2000, White households in Oakland had substantially higher incomes and lower poverty rates than minorities.

**Table 7**  
**Median Income by Race and Ethnicity**

Population Group (Race)	Median Household Income	Median Family Income
All Ethnicities	\$40,055	\$44,384
White (not Hispanic)	\$57,399	\$84,194
Black or African American (not Hispanic)	\$31,151	\$35,060
American Indian and Alaska Native (not Hispanic)	\$40,109	\$56,719
Asian (not Hispanic)	\$33,524	\$37,386
Native Hawaiian or Other Pacific Islander (not Hispanic)	\$42,906	\$43,281
Some Other Race (not Hispanic)	\$32,625	\$35,694
Two or More Races (not Hispanic)	\$36,976	\$36,983
Hispanic (of any race)	\$38,779	\$37,442

Source 2000 Census, PCT113

As shown in Table 8, racial disparities in poverty rates are similar to those for income. Among White households, eight percent have incomes below poverty level whereas Blacks are at 25 percent, American Indian and Alaskan Natives are at 25 percent, Asians are at 22 percent, Pacific Islanders are at 13 percent and Hispanics are at 22 percent. Of the people living below the poverty level in Oakland, 47 percent are Black and 25 percent are Hispanic, 18 percent are Asian and 10 percent are White where those ethnicities/races make up 35 percent, 22 percent, 16 percent and 24 percent respectively.

**Table 8**  
**Poverty Rates by Race/Ethnicity**

Population Group (Race)	Total Population	Persons Living in Poverty	Percent
All Ethnicities	399,477	73,489	19.4%
White (not Hispanic)	93,613	7,080	7.8%
Black or African American (not Hispanic)	139,254	34,188	24.9%
American Indian and Alaska Native (not Hispanic)	1,475	351	25.2%
Asian (not Hispanic)	59,781	13,106	22.0%
Native Hawaiian or Other Pacific Islander (not Hispanic)	2,446	317	13.1%
Some Other Race (not Hispanic)	1,180	239	20.7%
Two or More Races (not Hispanic)	14,285	2,519	17.8%
Hispanic (of any race)	87,443	18,689	21.7%

Source: 2000 Census, PCT 1 and PCT 142

Assisted housing programs rely on income categories defined by HUD, with 50 percent of metropolitan area median income defined as very low income and 80 percent of median defined as low income. Racial/ethnic minorities are more likely than non-minorities to be low income. As shown in Table 9, 32 percent of White households are lower income, while the corresponding figures are 64 percent for Black households, 61 percent for Asians and 63 percent for Hispanic households. This is particularly pronounced for the very low income category (less than 50 percent of median), where minorities are nearly twice as likely as non-minorities to fall into this category.

**Table 9**  
**Income Distribution by Race and Ethnicity (2000)**

	Number and Percent of Households				
Income Category	All	White Non-Hispanic	Black Non-Hispanic	Asian/Pacific Islander	Hispanic
Very Low	55,390	10,103	25,882	9,298	8,679
	38%	21%	47%	47%	43%
Low	22,077	5,629	9,018	2,719	4,212
	15%	12%	16%	14%	21%
Moderate and Above Moderate	70,362	32,678	20,009	7,839	7,425
	48%	68%	36%	39%	37%
Total	147,289	48,410	54,909	19,856	20,316
	100%	100%	100%	100%	100%

Source: 2000 Census, CHAS Data Set

In short, not only are income levels in Oakland below those of the surrounding metropolitan area, but a very large proportion of Oakland residents are very low income, with a significant number living in poverty. These problems are particularly pronounced for Oakland's Black, Asian and Hispanic residents. Because Oakland's minority population is disproportionately represented in the low income population, impediments to housing choice that are due to income will have a disproportionate impact on minorities. Thus there is a relationship between the housing problems of low income households and the housing problems faced by minority households.

## 5. Areas of Low Income Concentration

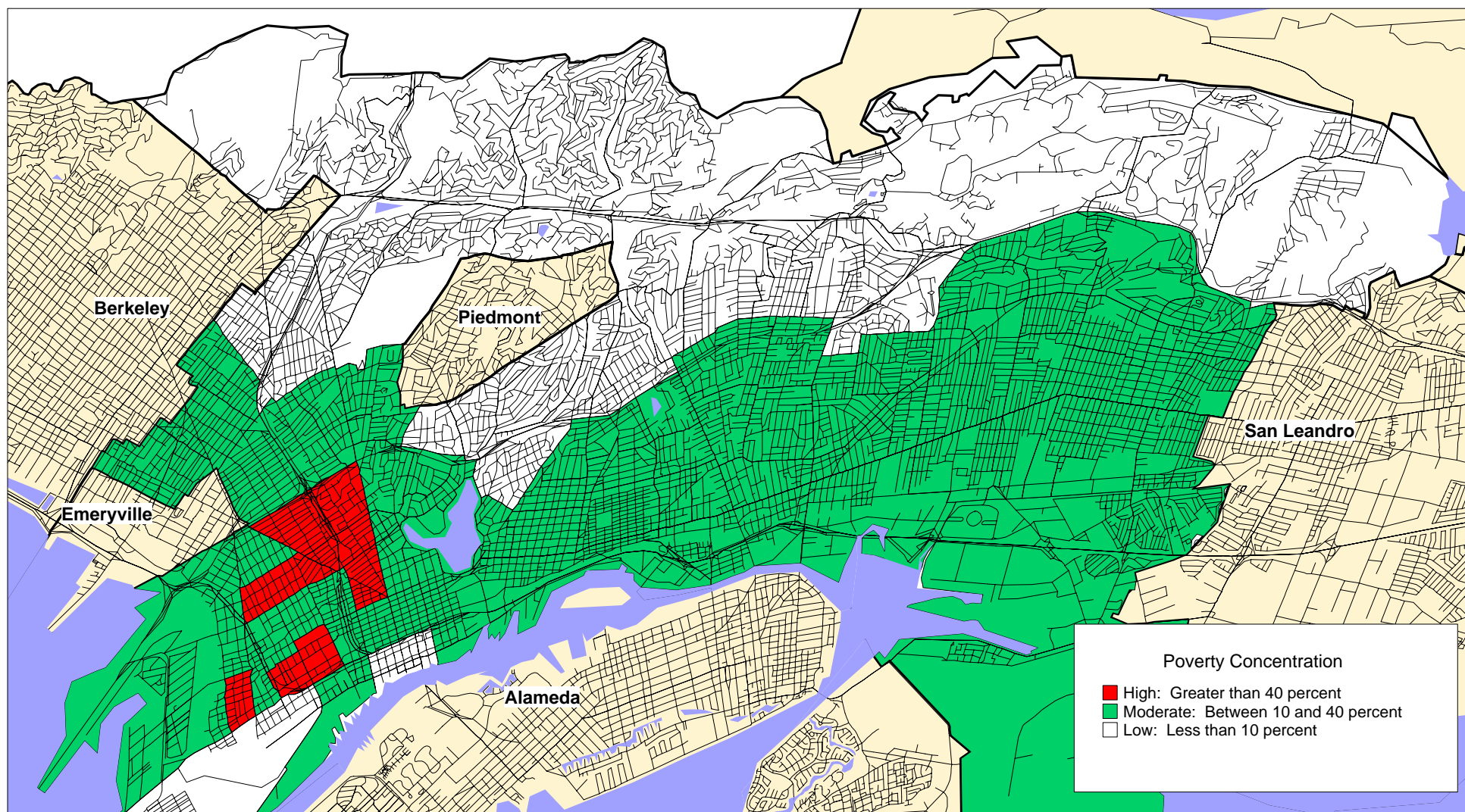
Low-income households alone are not considered a protected class. In Oakland, however, income level has the effect of restricting housing choices for protected classes. It is with this understanding that the discussion of areas of low income concentration is included in the Analysis of Impediments.

Certain HUD housing programs restrict the development of new affordable housing to areas that are not considered to be areas of undue concentrations of low income households. For this purpose, HUD defines an area of low income concentration as any census tract in which more than 40 percent of the population is living below the poverty line. There are only a few areas within the City that qualify under this definition; they are indicated on Map 9.

The Community Development Block Grant program provides an additional definition of low income concentration as any census tract in which more than 50 percent of the persons qualify as low or moderate income (less than 80% of median family income for the metropolitan area). In all of the seven Community Development Districts, which serve as the target areas for CDBG-funded public service activities, most of the census tracts qualify as low and moderate income tracts. Map 10 shows the boundaries of the Community Development Districts and identifies those tracts that qualify as low and moderate income. Not surprisingly, there is a significant overlap between these areas and areas that have high concentrations of minority households.

# Map 9

## Areas of High and Low Concentration of Poverty Oakland Census Tracts, 2000



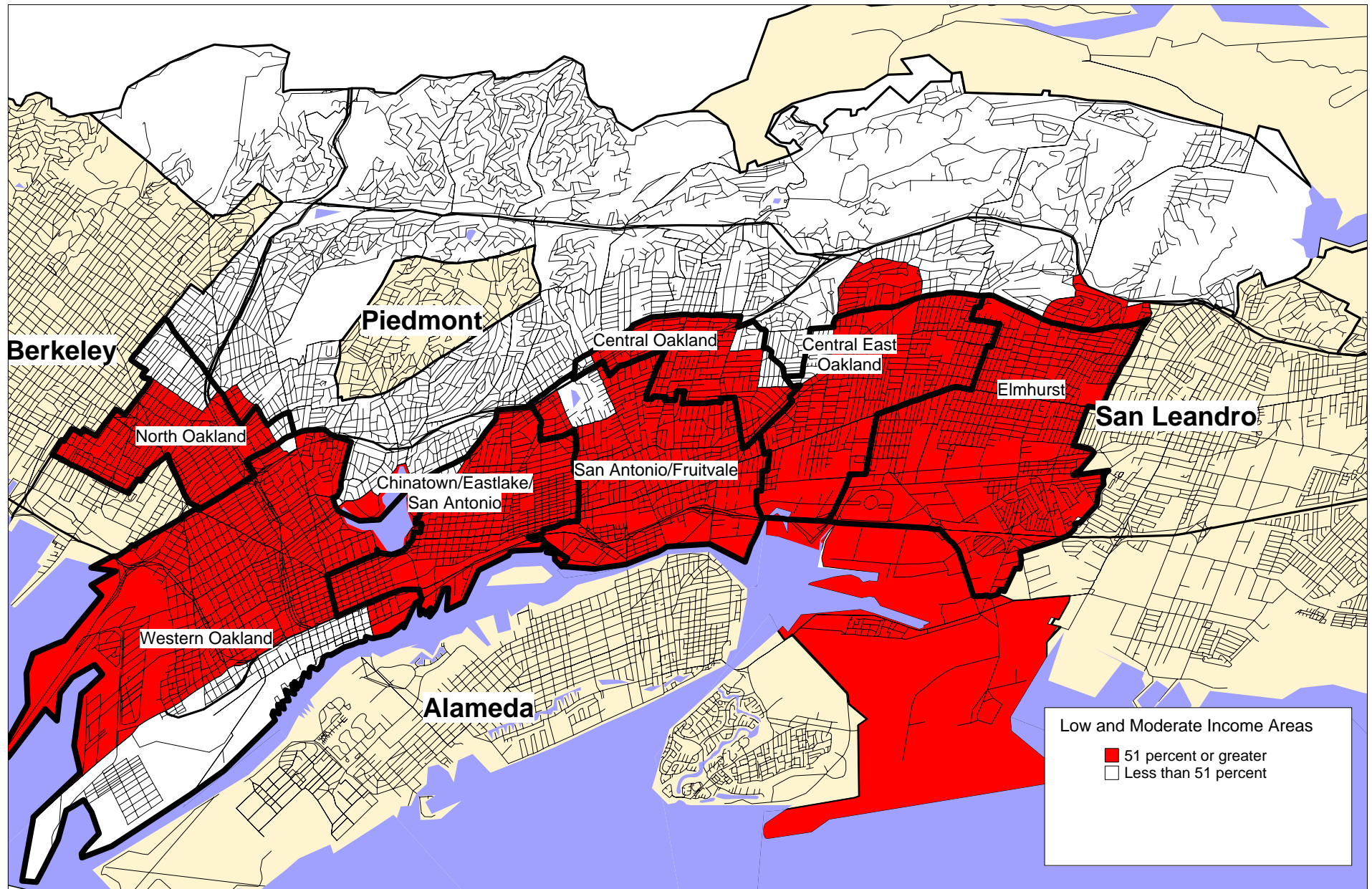
Source: 2000 Census

Prepared by Jeffrey Levin, City of Oakland/CEDA-HCD



# Map 10

## Low and Moderate Income Census Tracts and Community Development Districts



## **6. Seniors**

The 2000 Census identified 11,822 one or two person renter households with at least one member age 62 or older. Of these, 8,671 had incomes less than 50 percent of the area median income (73 percent of senior renter households). While there was a reduction in the number of senior renter households between 1990 and 2000, the percentage of senior households with incomes less than 50 percent of the area median income remained the same.

The 2000 Census identified 14,246 one or two person homeowner households with at least one member age 62 or older. Of these, 5,332 had incomes less than 50 percent of the area median income (37 percent of senior homeowner households). There was a 16 percent reduction in the number of senior homeowners from 1990 to 2000 there was a 24 percent reduction in the number of very low income senior homeowners.

## **7. Persons with Disabilities**

According to the 2000 Census, nearly 21 percent of the population age five and older (84,542 individuals) who live in Oakland reported a disability. The Census defines disability as the limitation in the ability of a person to perform one or more major life activities. As age increases, the incidence of disability increases. Nearly half of the population 65 and older reported having a disability. The Census also reported 29,428 households with mobility and self care limitations. Of these households, 69 percent are very low income and 81 percent are low income as compared to 50 percent and 67 percent of all renters. Persons with disabilities often face limited earning potential due to such factors as the nature of their disabilities, their status as retired seniors, and the reluctance of some employers to hire persons with disabilities. In addition to affordability problems, people with disabilities experience other difficulty in securing adequate housing because of discrimination and a lack of housing with accessibility features and adequate support services.

## **B. Housing Market Data**

### **1. Housing Supply**

According to the 2000 Census, Oakland has a total of 157,508 units. The Census data indicates that there was an approximately two percent net increase in the total number of year-round housing units in Oakland between 1990 and 2000, but a four percent increase in total occupied housing units. Housing production failed to meet demand for housing and therefore, the vacancy rate dropped. The rate of increase in both housing units and occupied housing trailed the growth in population substantially; the four percent increase in total occupied units contrasts sharply to the 10 percent increase in population during the same period.

**a. Tenure**

Growth in the housing stock over the 1990s reflected a slight trend toward ownership housing. Because a significant number of previously vacant rental housing units became occupied, the ownership rate has actually decreased by one percent despite more ownership units being built. Demand continues for homeownership housing with a slight increase in supply despite the 3,000 units burned and rebuilt in the fire area.

**b. Vacancy**

As noted above, household growth outpaced housing construction during the 1990s, so that by 2000, the vacancy rate was half that of the beginning of the decade. According to the 2000 Census, the effective vacancy rate<sup>2</sup> was just two percent for owner-occupied housing and three percent for renter housing. The effective vacancy rate was well below the level most housing analysts consider sufficient—about five percent—to allow for mobility and choice in housing and to moderate housing cost increases. By 2000 vacancy rates had reached a point where the existing housing stock could not absorb additional housing demand. While vacancy rates have increased since 2000 due to an economic slowdown, this is most likely a cyclical effect and not a long-term structural change.

**2. Housing Costs**

The Bay Area is one of the most expensive housing markets in the country. In Oakland, rents and housing prices rose slowly during much of the 1990s, and then accelerated in the late 1990s. American Real Estate Solutions indicated that, for the period 1990 through 1998, sales prices in the Oakland metropolitan region rose more slowly than the nation as a whole, 9.1 percent in the Oakland area compared to 17.1 percent nationally. Between 1997 and 2001, however, the median price for an existing home in Oakland increased approximately 74 percent. Median rents for advertised vacant units increased between 80 and 90 percent from 1995 through 2001.

Data from 2002-2004 suggest that rents have declined in most areas of Oakland. The price of owner-occupied housing has continued to rise. The long-term trend of housing costs rising more rapidly than household incomes is likely to continue despite the current pause, however.

The widening gap between housing costs and incomes is especially acute for family households, whose incomes lagged during the 1990s and who represented a large share of Oakland's population growth during that period. Increases in overpayment and overcrowding since 1990 are further indicators of the problems faced by lower-income households, especially family households, and those with very low-incomes.

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<sup>2</sup> The percent of dwelling units available for occupancy excluding homes that are boarded up, used only part of the year, or sold or rented and awaiting occupancy

By contrast, the incomes of non-family households (single individuals and unrelated individuals living together), except for seniors and other special needs groups, are increasing faster than household incomes overall. This is likely due to an influx of unrelated, higher income singles moving into Oakland and as a number of neighborhoods experience gentrification.

**a. Rental Costs**

Rental costs are usually evaluated based on two factors: rents paid by existing occupants of rental units and advertised rents for vacant units. When the housing market is tight, rents increase rapidly. Under these conditions, advertised rents for vacant units are often significantly higher than rents paid by existing tenants. The difference between rents for occupied units versus vacant units is magnified by the presence of rent control in Oakland. Property owners typically increase rents to market levels when they become vacant, creating a large gap between rents for occupied and vacant units.

According to the 2000 Census the median gross rent for all renter occupied units in Oakland rose from 538 in 1990 to 696 in 2000, an increase of 30 percent. However, advertised rental rates for vacant units have increased by more than 80 percent between 1995 and 2001. For the entire decade of the 1990s, rents increased by 80 to 90 percent (depending on the number of bedrooms). Rents began falling in 2002 but are still significantly higher than in 1997.

**b. Homeownership Costs**

Between 1997 and 2001, the median housing price in Oakland increased by 74 percent. Since 2001, prices have risen even higher, which means that homeownership is becoming increasingly difficult for moderate-income households and all but impossible for lower-income households. As will be seen below, the interaction between high housing costs and racial disparities in income produces markedly different outcomes for homeownership and housing problems.

**Table 10**  
**Rents, Home Values and Income**  
**(1970-2000)**

	1970	1980	1990	2000
Median Contract Rent	\$104	\$201	\$486	\$631
Median House Value	\$21,300	\$67,600	\$172,100	\$235,500
Median Household Income	\$6,787	\$13,780	\$27,095	\$40,055

### **3. Housing Conditions**

The condition of a City's housing stock is not in itself an impediment to fair housing; however, a significant amount of Oakland's substandard housing is rental housing affordable to lower income households. For many low income renters, substandard housing is the only housing available at an affordable price. As noted earlier, a disproportionate number of low income households are minority. As a result, the problems of unsafe and substandard housing are experienced to a greater degree by minority households.

Some of the indicators of substandard housing, such as an aging housing stock and the number of dwelling units lacking complete facilities, indicate that the City's housing stock may have deteriorated since 1990. Other indicators, such as the rehabilitation of earthquake-damaged residential hotels and the increase in private investment in many residential neighborhoods, suggest that housing conditions in Oakland may be improving.

Indicators used to define substandard housing can also influence conclusions regarding the condition of housing. For example, a 1982 housing conditions survey conducted by city officials found that about 10 percent of the City's housing stock was deteriorated and substandard. The 1982 survey may have counted only more seriously deteriorated dwelling units. A sample survey of housing conditions in 2002 found that as much as 30 percent of the housing stock may need various levels of repair, from deferred maintenance to substantial rehabilitation. Unfortunately, there is no empirical evidence based on consistent, periodically conducted citywide surveys of housing conditions on which to base definitive conclusions about whether Oakland's housing stock is improving or deteriorating.

According to the 2000 Census, approximately 2,200 dwelling units had no heating systems, over 1,600 dwelling units lacked complete plumbing, and nearly 2,650 dwelling units lacked complete kitchen facilities. Each of these measures showed a higher incidence than in 1990. According to the 1990 Census, approximately 1,300 dwelling units lacked heating, nearly 2,000 dwelling units lacked complete plumbing, and nearly 1,300 dwelling units did not have complete kitchen facilities. It should be noted that a significant percentage of these housing units are in single-room occupancy buildings that do not have private bath and kitchen facilities for individual dwelling units. In each of these measures, American Indians had a percentage twice as high as the average with all other race and ethnicities near the average. However, the population of American Indian households is less than 900.

Health hazards, such as presence of asbestos or lead-based paint, can also be an indicator of housing condition. The City estimates up to two-thirds of the housing units in Oakland could contain lead based paint. The large percentage of homes constructed before the 1970s increases the probability of lead paint contamination since this type of paint was commonly used up to that time.

Whether or not housing conditions in Oakland are improving overall, they remain a problem by any of the measures discussed above. Housing conditions in the City's oldest, poorest

neighborhoods with the highest proportion of renters are likely to suffer the most from substandard housing conditions.

#### 4. Tenure

The majority of Oakland's housing, 88,301 units or 59 percent of the occupied housing stock, is renter-occupied. Approximately 41 percent (62,489 units) is owner-occupied. However, there are significant differences in tenure among different racial/ethnic groups. Only non-Hispanic White households had a majority of homeowners in 2000, and then only a small majority (52 percent in 1990 and 56 percent in 2000). Other racial and ethnic groups had homeownership rates between 33 percent and 50 percent.

As seen in Table 11, between 1990 and 2000, the homeownership rate improved for Whites and Hispanics but declined substantially for Asians and was virtually unchanged for Blacks.

**Table 11**  
**Tenure by Race and Ethnicity (1990 and 2000)**

	Owners		Renters		Percent Owners		Percent Renters	
Race	1990	2000	1990	2000	1990	2000	1990	2000
<b>Non-Hispanic or Latino</b>								
White	27,391	25,613	25,754	23,411	52%	56%	48%	42%
Black	21,760	20,214	39,763	35,985	35%	36%	65%	64%
Native American	196	269	485	596	29%	50%	71%	50%
Asian/Pacific Islander	6,435	8,168	9,418	11,821	50%	41%	50%	59%
Other <sup>1</sup>	95	5,577	153	11,515	38%	33%	62%	67%
<b>Hispanic or Latino</b>								
Hispanic or Latino	4,345	6,898	8,729	13,816	37%	41%	63%	59%
Total	60,222	62,489	84,368	88,301	43%	41%	57%	59%

Sources: 1990 and 2000 Census.

<sup>1</sup>Other category includes two or more races, reported only for the 2000 Census.

Table 12 shows the income distribution of homeowner households for each racial and ethnic group. A higher percentage of minority homeowners are very low income than is true for Whites. This may leave them at a greater risk of losing their homes due to loss of income or increased expenses.

**Table 12**  
**Income of Homeowner Households by Race/Ethnicity**

	Very Low Income	Low Income	Moderate Income	Total
White	10.90%	8.00%	81.00%	100%
Black	28.80%	14.90%	56.40%	100%
Asian/Pacific Islander	24.30%	14.00%	61.60%	100%
Native American	29.20%	6.50%	64.30%	100%
Hispanic	22.80%	21.20%	56.10%	100%
All	20.00%	12.60%	67.50%	100%

Table 13 shows that racial/ethnic disparities in ownership cannot be explained by differences in income alone. At all income levels, Blacks have lower homeownership rates than Whites. Low and moderate income Asians are more likely to own homes. Hispanics have significantly lower homeownership rates than Whites at Very Low and Moderate incomes.

Homeownership rates among very low, low, and moderate income households dropped from 1990 to 2000. With the exception of an increase for moderate income Blacks, these declines occurred in all three income groups regardless of race.

**Table 13**  
**Homeownership Rates by Income Category and Race/Ethnicity**

	Whites		Blacks		Asians/API		Hispanics		All	
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
VL Income	30.6%	27.4%	23.1%	21.9%	na	21.2%	19.5%	17.7%	23.6%	21.7%
L Income	37.0%	36.1%	34.0%	32.5%	na	41.9%	40.2%	33.8%	36.3%	34.0%
M Income	62.9%	62.7%	53.6%	55.6%	na	63.8%	52.2%	50.8%	59.3%	59.0%
Total	52.1%	52.3%	36.5%	35.9%	na	40.9%	35.7%	33.1%	42.6%	41.2%

## **C. Housing Problems**

### **1. Households Overpaying for Housing**

A standard measure of housing affordability is that housing expenses should not exceed 30 percent of a household's gross (before tax) income. This is the accepted measure of affordability for state and federal housing programs.

Households who pay more than 50% are considered to have a "severe cost burden" and at extremely low and very low income levels, are considered to be "worst case needs" households who are at risk of becoming homeless. Extremely low-income renters who pay half or more their incomes for housing are at greatest risk of becoming homeless because of their precarious financial circumstances. Extremely low-income homeowners who pay half or more of their incomes for housing have the least ability to meet utility expenses and do not have sufficient incomes to borrow funds to maintain, repair or improve their homes.

Not surprisingly, overpayment problems are most pronounced for those with the lowest incomes. In 2000, about three-fourths of extremely low income households paid more than 30 percent of their incomes for housing; 60 percent of households with incomes between 30 and 50 percent of median income paid over 30 percent of income for housing; and about one-third of households with incomes between 50 and 80 percent of median paid over 30 percent.

A similar pattern exists for extreme cost burden, but it falls off more quickly as incomes rise. Extreme cost burdens are experienced by nearly 60 percent of extremely low income households, 20 percent of households with incomes between 30 and 50 percent of median, and just 8 percent of households with incomes between 50 and 80 percent of median.

These general patterns mask important differences between renters and owners. For renters, cost burden for households in the 50 to 80 percent of median income range are much lower than for owners with similar incomes. This difference is even more pronounced when comparing extreme cost burdens for renters and owners. It appears that for renters, beyond a certain income level, cost burdens fall quickly, but are replaced by much higher rates of other housing problems such as substandard conditions and overcrowding, suggesting that many renters, and particularly large families, resolve their affordability problems by living in inadequate housing rather than devoting larger portions of their income to housing that is standard quality and adequate for their household size. Higher cost burdens for owners could be the result of more liberal underwriting policies that allow higher debt to income ratios even for low income borrowers. While this helps expand ownership rates, it could also put low income owners at higher risks of default. To the extent that low income households are more likely to be minority, there is a disparate effect based on race and ethnicity.

Table 14 compares the percentage of households paying more than 30 percent of their incomes on housing in 1990 and 2000, broken out by tenure and HUD-defined income levels.



**Table 14**  
**Households Paying Over 30 Percent for Housing Costs**  
**(1990 and 2000)**

Income Group	Renters		Owners		All Households	
	1990	2000	1990	2000	1990	2000
Extremely Low (under 30% MFI)	78%	74%	64%	73%	76%	74%
Very Low (30% to 50% MFI)	72%	60%	43%	58%	63%	60%
Low (50% to 80% MFI)	43%	24%	35%	46%	40%	31%
Moderate (up to 95% MFI)	1%	n/a	7%	n/a	4%	n/a

Sources: U.S. Department of Housing and Urban Development: 1990 and 2000 CHAS Data Books, derived from 1990 and 2000 Census.

Note: Percentages may not sum to 100% due to rounding

Table 15 provides a similar comparison for households paying more than 50 percent their income for housing. Between 1990 and 2000 cost burdens for renters were reduced in all income categories even though rents went up faster than income. This could be attributed to the fact that housing assistance was expanded during this period and had a positive effect on housing burdens for low income populations.

**Table 15**  
**Households Paying Over 50 Percent for Housing Costs**  
**(1990 and 2000)**

Income Level	Renters		Owners		All Households	
	1990	2000	1990	2000	1990	2000
Extremely Low Income (0 to 30% MFI) Income Level	61%	56%	45%	60%	58%	57%
Very Low-Income (31 to 50% MFI) Extremely Low Income (0 to 30% MFI)	26%	16%	23%	35%	25%	21%
Low Income (51 to 80% MFI) Very Low-Income (31 to 50% MFI)	4%	3%	12%	18%	7%	8%
Moderate Income (81 to 95% MFI) Low Income (51 to 80% MFI)	1%	n/a	7%	n/a	4%	n/a
Moderate Income (81 to 95% MFI)						

Sources: U.S. Department of Housing and Urban Development: 1990 and 2000 CHAS Data Books, derived from 1990 and 2000 Census.

Note: Percentages may not sum to 100% due to rounding

## **2. Overcrowding**

Overcrowding is a measure of the capacity of the housing stock to adequately accommodate residents. Too many individuals living in a housing unit with inadequate space and number of rooms can result in unhealthy living arrangements and accelerated deterioration of the housing stock. In the United States, housing providers and government agencies typically consider a household as overcrowded if there is more than one person per room or two persons per bedroom. Extreme overcrowding is often defined as more than 1.5 persons per room. Overcrowding may result when: 1) the cost of available housing with a sufficient number of bedrooms for larger families exceeds the family's ability to afford such housing, 2) unrelated individuals (such as students or low-wage single adult workers) share dwelling units due to high housing costs, 3) when the cost of housing requires two families to double up, or 4) when housing costs force extended family members to become part of the household.

Overcrowding in 2000 was greater than in 1990. Nearly 12 percent of the City's households lived in overcrowded conditions in 1990, increasing to 16 percent in 2000. Ten percent of Oakland households lived in severely overcrowded conditions in 2000 (more than 1.5 persons per room). Table 16 summarizes overcrowding in 2000.

Renter households typically have a higher rate of overcrowding than homeowners. Nearly 16 percent of renters lived in overcrowded conditions in 1990, while more than nine percent lived in extremely overcrowded conditions. By 2000, 22 percent of renters lived in overcrowded conditions. Large renter families had the highest rate of overcrowding, nearly 78.4 percent.

By comparison, six percent of homeowners lived in overcrowded conditions in 1990, about half of which were severely overcrowded. The rate of overcrowding increased to ten percent by 2000, according to the Census Bureau.

Overcrowding is closely associated with income. As reported earlier, younger households and non-White households have significantly lower incomes than older households and White, non-Hispanic households. The 2000 Census reported that overcrowding was highest among households age 34 or less. While households with the householder aged less than 35 years old make up 25 percent of the population, they make up 40 percent of the overcrowded households in the City. Conversely, overcrowding was significantly lower among older households (those with householders 55 years of age or more) which make up 31% of the population and only 13.3 percent of the households that are overcrowded. While 10.3 percent of the households in the City are overcrowded, only 1.5 percent of White households are overcrowded, 5.5 percent of the Blacks, 23.0 percent of Asian and 35.4 percent of Hispanics.

The increases in overcrowding are very likely due to a combination of two factors - rapidly rising housing costs during the 1990s, and an increase in the number of lower-income large families (including a substantial number of immigrant families). Large families frequently live in smaller housing units due to the lack of affordable units with three or more bedrooms, in effect trading affordability for overcrowding. Apart from the problems this causes for the

overcrowded families, it may also increase competition for housing units that otherwise might be more affordable to smaller households.

**Table 16**  
**Persons per Room in All Occupied Housing Units**  
**(2000)**

Persons	Oakland	Percent	County	Percent
Less than 1.00	126,340	84%	459,309	88%
1.01 to 1.50	8,951	6%	27,469	5%
1.51 or more	15,496	10%	36,588	7%
Total Overcrowded Households	24,447	100%	64,057	100%

Source: 2000 Census.

### **3. Housing Problems of Minorities**

According to the 2000 Census, extremely low income White renters have higher than average rates of housing problems and higher rates than other races but lower than Hispanics. Very low income Whites have higher than average rates of housing problems, higher than Blacks and Asians but lower than other races and ethnicities. Low income Whites have lower than average rates of housing problems but still higher than Blacks. Moderate and Above Moderate income Whites have lower than average rates of household problems. Even though a lower percent of low income Blacks have housing problems, in absolute terms, there are more low income Blacks with housing problems than low income Whites. Hispanic households have higher rates of housing problems than other groups, even at income levels above low to moderate income. This is due to the fact that there are more large families among Hispanic households, resulting in problems of overcrowding due to a lack of suitable apartments with three or more bedrooms.

**Table 17**  
**Renter Households with Housing Problems, by Race and Ethnicity**  
**(2000)**

Income Level	White	Black	Asian	Pacific Islander	Native American	Hispanic	All Households
ELI	3,323	10,630	3,885	35	110	3,443	21,948
Percent of group	84%	77%	77%	70%	77%	90%	80%
VLI	2,790	4,506	1,729	35	94	2,850	12,417
Percent of group	83%	71%	80%	90%	96%	86%	78%
LI	1,618	2,325	876	25	45	1,743	6,793
Percent of group	45%	38%	57%	86%	78%	63%	47%
M+	1,424	1,377	944	24	154	1,647	5,602
Percent of group	11.7%	16%	34%	33%	9%	45%	19%
All	9,155	18,838	7,434	120	403	9,683	46,727
Percent of group	40%	54%	64%	62%	56%	71%	54%

Source: 2000 Census

Among owner households, differences between minority and non-minority households are more significant. Even with adjustments for income, minority owners have more housing problems than non-minority owners.

**Table 18**  
**Owner Households with Housing Problems, by Race/Ethnicity**  
**(2000)**

<b>Income Level</b>	<b>White</b>	<b>Black</b>	<b>Asian</b>	<b>Pacific Islander</b>	<b>Native American</b>	<b>Hispanic</b>	<b>All Households</b>
ELI	813	2,597	635	15	35	512	4,719
Percent of group	64%	77%	76%	79%	100%	84%	76%
VLI	754	1,505	789	65	10	797	3,778
Percent of group	50%	65%	77%	100%	0%	86%	66%
LI	907	1,726	710	25	10	1,092	4,477
Percent of group	45%	59%	60%	63%	100%	77%	60%
M+	4,080	2,915	1,597	75	99	1,808	10,785
Percent of group	20%	26%	33%	84%	25.3%	48%	26%
All	6,554	8,723	3,731	180	154	4,209	23,759
Percent of group	26%	44%	57%	85%	45.5%	63%	39%

Source: 2000 Census

#### **4. Housing Problems of Seniors and Persons with Special Needs**

##### **a. Lack of Available Units**

Social service agencies serving various low-income populations report that units suitable for the elderly, the disabled, and larger families with children are in scarce supply relative to the need. Large families have a particularly difficult task finding sufficient large housing units.

2000 Census data indicates that 56 percent of all senior renters have housing problems, slightly higher than the 54 percent for all renters. Among senior owners, 39% have housing problems, a figure that is lower than the rate for all owner households.

The City has a shortage of housing suitable for the elderly who have difficulty with daily tasks. More than 3,910 elderly households in Oakland are in need of supportive housing, yet there are only approximately 3,796 affordable units specifically designated for low-income seniors. While most of these developments provide supportive

services, occupancy is not restricted to seniors with supportive service needs. As a result, there is still a need for additional senior housing with supportive services.

The current composition of Oakland's housing stock also seriously under serves households with disabilities, particularly those with mobility limitations. Oakland service providers indicate that many disabled persons and/or households with disabled members find it extremely difficult to locate housing that is either accessible or suitable for adaptation.

#### **b. Special Needs of Seniors**

The City's Office on Aging estimates that approximately 15 percent of Oakland's seniors have difficulty with mobility -- going outside the home, for example, to shop or visit a doctor -- as well as difficulty taking care of daily personal needs. If the 15 percent figure is applied to those low and moderate income households that are 62 or older (the age HUD uses as the determinant of elderly), a total of approximately 3,910 households are in need of supportive services.

Property managers at individual senior housing developments report long waiting lists and long waiting times for assisted housing units reserved for seniors.

Many seniors have limited financial resources resulting in a great demand for affordable housing. In Oakland this is particularly acute due to the high cost of housing. For those able to live independently, housing facilities need to be affordable and safe. Independent living can be sustained through services which update existing housing units with safety equipment such as hand rails. Other services which can be incorporated into senior housing or can operate autonomously include: advocates assisting with legal and financial concerns; assistance with daily activities such as chores and meal preparation; respite care; escort services, and transportation assistance. In addition, mental health counseling including grief and support groups, telecare, and visiting counselors offer seniors emotional support. Senior centers with recreational activities, social events and educational classes offer mental and social stimulation. Finally, intergenerational programs with children and seniors and senior volunteer programs benefit the community and the participating seniors. Oakland provides a number of services directed at the elderly; however, large demand and limited resources make continuation and expansion of these programs increasingly difficult.

#### **c. Special Needs of Persons with Disabilities**

Oakland has a greater than average population of persons with disabilities. Affordable housing and services currently available do not adequately support those in need. Both physically and mentally disabled persons require housing and support services that are designed to encourage independent living and accommodate their special needs. Market rate housing is not an option for many people in special needs categories, thus, demand for low-income special needs housing with and without support services is very great.

An estimated 40 percent of people with disabilities have special architectural needs with regard to their housing. In addition to the problem of providing an adequate number of rental units that are physically (wheelchair) accessible, there is the barrier of high unemployment among people with profound physical and mental disabilities. Many persons in this category have low or moderate incomes and are either homeless or at risk of becoming homeless. Fifty percent of households with a member who has mobility and/or self care limitations are extremely low income.

Accessible housing that includes support services is needed by some people with physical disabilities in Oakland. Support services should include counseling, support groups, and employment training and assistance. Additional services that should be made available to residents with physical disabilities include independent living skills education, transportation, and legal assistance related to non-discrimination laws. Persons with physical disabilities often require attendant referral services and attendant management training. Other services such as empowerment and self-advocacy training further enhance independent living skills for the disabled. Also needed are affordable, accessible child care and support groups for parents with physical disabilities.

People with severe mental disabilities have a great need for combined affordable housing and support services because they face very limited employment opportunities and great barriers to living independently. Support services should include counseling and support groups, employment training and placement, and day centers with social and recreational activities. Additional services that should be offered include independent living skills education and advocacy for benefits and legal issues.

In recent years, there has been an increased awareness of the particular problems faced by persons with environmental illness and/or multiple chemical sensitivity. This population is not currently served by existing housing programs, and requires access to housing that is constructed with materials that are demonstrated to be free of the kinds of chemicals that can cause serious reactions for those who have this condition.

Persons with the AIDS/HIV virus often live on fixed incomes and face high medical bills. Affordable housing and housing offering special services for the AIDS/HIV+ population should recognize the special needs of this population. Vital services for the AIDS/HIV+ population include a significant amount of advocacy for legal issues such as housing and employment discrimination, obtaining benefits, paying bills, and covering medical costs not covered by MediCal. As the virus progresses, daily activities such as cooking and cleaning become increasingly difficult. Consequently, services such as food programs, chore providers, transportation, child care and respite care assist with these tasks. Finally, due to the misunderstandings related to the AIDS/HIV+ population and because of the nature of the disease, mental health counseling, support groups, and daily activity centers offer persons with AIDS a place to avoid isolation. Many of these services should be combined with housing facilities, particularly for those in the later stages of the disease. Oakland has a significant

demand for these services with very limited programs offering this type of targeted assistance.

People living with HIV/AIDS fall into two categories vis-a-vis housing needs. The first group are those who have had stable lives prior to their HIV infection (jobs, homes, support structures, etc.). At the point where they are no longer able to work due to their illness, their incomes fall dramatically (usually to SSI level), which forces them to radically alter their living conditions. The greatest need for this group is affordable housing which supports their ability to access health care and social services, and support/counseling which helps them adjust to the transitions in their lives.

The second group of HIV+ people with housing needs are those who have been in housing and social service crisis before becoming HIV. This group, which is growing at a tremendous rate, often have multiple diagnoses, including chronic substance abuse, severe mental illness (potentially exacerbated by HIV-related dementia), and/or other physical disabilities. Most have been through the matrix of housing and homeless services, and have not been able to break their cycle of homelessness. The stress of homelessness accelerates the advances of HIV-infection, and the lack of stable housing acts as a barrier to people receiving adequate health care and social services. This sub-group of HIV+ people need intensive supportive affordable housing, which includes substance abuse recovery services and mental health services which factor in the effects of HIV as it relates to other pre-existing conditions.

## **5. Housing Problems of Large Families**

The U.S. Department of Housing (HUD) defines a large household or family as one with five or more members. Large households typically require units with more bedrooms. In general, housing for these households should provide safe outdoor play areas for children and have convenient access to schools and child-care facilities. These types of needs can pose problems, particularly for large families that cannot afford to buy or rent single-family houses, because apartments and condominium units are most often developed for smaller households and may not provide adequate outdoor spaces for children. When housing prices rise faster than incomes and when the number of larger housing units with three or more bedrooms is limited, large families are often forced to live in overcrowded conditions.

The Consolidated Plan acknowledged the difficulty that large families face when trying to find suitable accommodations, particularly if they are low-income renters. According to the Plan, there is a correlation between the number of large, low-income families, the shortage of low-cost rental housing with three or more bedrooms, and the incidence of overcrowding and overpayment. Large, low-income renter families at all income levels face a higher percentage of housing problems than other households of similar income.

At the time of the 2000 Census, Oakland was home to 11,365 renter and 8,526 owner households with five or more persons, or 19,891 large family households. In comparison to 1990, there has been an increase in the number of large households among both renters and owner-occupants.



Table 19 compares the number of large families in 1990 and 2000.

**Table 19**  
**Number of Large Households in Oakland (1990 and 2000)**

Large Households	1990		2000	
	Number	Percent Total Households	Number	Percent Total Households
Owner-Occupied 5-or-More Person Households	7,163	11.9%	8,526	13.6%
Renter-Occupied 5-or-More Person Households	9,966	11.8%	11,365	12.9%
Total 5-or-More Person Households	17,129	11.9%	19,891	13.2%

Sources: 1990 and 2000 Census.

As noted earlier, overcrowding rates are especially severe for large families, regardless of income. This is due to an acute shortage of housing units with four or more bedrooms, especially rental units. The 2000 Census identified 11,365 renter households with five or more persons, but only 2,341 rental units with four or more bedrooms. Despite the fact that there is a much better relationship between the number of large homeowner families and large owner-occupied units, overcrowding rates are still very high for lower income large families, which suggests that more affluent families are able to occupy homes larger than they might need, while low and moderate income large families can achieve homeownership only by buying units smaller than what they might need. Table 20 compares the number of housing units by tenure and number of bedrooms in 2000.

**Table 20**  
**Housing Units by Tenure and Number of Bedrooms (2000)**

Number of Bedrooms	Tenure		Total
	Owner-Occupied	Renter-Occupied	
Studios	1,426	16,972	18,398
One-bedroom	6,015	34,842	40,857
Two-bedrooms	21,140	24,887	46,027
Three-bedrooms	22,785	9,263	32,048
Four-bedrooms	8,647	1,763	10,410
Five-or-more-bedrooms	2,469	578	3,047
Total Units	62,482	88,305	150,787
Number of units with four or more bedrooms	11,116	2,341	13,457
Percent of total units with four or more bedrooms	17%	3%	9%

Source: 2000 Census.

## **D. Assisted Housing Resources**

There is a substantial amount of subsidized housing in the City of Oakland. Most of this housing is privately owned and was developed under various federal, state and City of Oakland funding programs. There are 6,990 privately owned, publicly subsidized rental housing units in over 110 developments in Oakland. Of these 150 are designated for persons with disabilities and/or HIV/AIDS, 2,274 for families and 3,747 for seniors. Another 742 privately owned subsidized units are in residential hotels and 96 are transitional housing units for homeless individuals and families.

In addition to private units, the Oakland Housing Authority (OHA) owns and operates public housing and administers the Section 8 Certificate and Voucher Programs. OHA owns and operates 3,308 units of public housing at 267 sites throughout the City. OHA provides 11,563 Section 8 Certificates and Vouchers. Thus the total number of households that receive rental assistance or lived in apartments with subsidized rents is 21,258. Some Section 8 certificate holders live in assisted housing and therefore because of double counting, the number of households may be slightly lower.

**Table 21**  
**Assisted Housing in the City of Oakland**

	SRO/Studio	1 bdrm.	2 bdrm.	3 bdrm.	4+ bdrm.	Total
Section 8 Voucher/Certificates		3,214	4,086	3,409	854	11,563
Public Housing		830	928	889	158	2,805
Assisted Housing	2,551	2,978	770	563	128	6990
Total	2,551	7,022	5,784	4,861	1,140	21,358

Source: Oakland Housing Element and OHA Making Transitions Work.

## **E. Fair Housing Resources**

### **1. Recent Studies**

- *Consolidated Plan for Housing and Community Development*, City of Oakland, Community and Economic Agency, May 3, 2005.
- *City of Oakland, Housing Element, January 1, 1999 – June 30, 2006*, City of Oakland, Community and Economic Development Agency, June 15, 2004.
- *Discrimination in Metropolitan Housing Markets: National Results from Phase 1, Phase 2, and Phase 3 of the Housing Discrimination Study (HDS)*, Margery Turner et al, September 2003.
- *Making Transitions Work (MTW) Annual Report FY 2004/05*, Oakland Housing Authority,
- *Impediments to Fair Housing for People with Disabilities*, Center for Independent Living, No date
- *Who Really Gets Home Loans? Year Ten, Mortgage Lending to African-American and Latino Borrowers in 5 California Communities in 2002*, California Reinvestment Committee, November 2003.
- *High Priority Barriers to Fair Housing in the City of Oakland and a Summary of the Agency's Fair Housing Activities*, Sentinel Fair Housing, February 2003

### **2. Fair Housing Organizations**

- Bay Area Legal Aid: provides legal assistance related to Public, subsidized and Private Housing, Residential Hotels, Housing Conditions, Rent Control, Eviction Defense,

Lock-outs and Utility Shut-offs, Fair Housing, Housing Discrimination and Training  
Advocates and Community Organizations

- Center for Independent Living: provides assistance to consumers in finding and keeping affordable and accessible housing as well as assistance regarding disability rights related to housing by giving information about local, state and federal fair housing laws, referrals to legal agencies, help with writing letters to landlords and agencies, negotiating with property owners and other steps related to housing needs.
- East Bay Community Law Center: provides community workshops for low-income tenants and staffs the Low Income Eviction Project (LIEP), providing free legal help to low-income tenants at the Alameda County Courthouse.
- Housing Rights: provides comprehensive fair housing services and housing information and referral including tenant/landlord conflict resolution and eviction prevention, education and organizing of tenants of subsidized housing, information and analysis of issue related to housing rights of immigrants.
- Sentinel Fair Housing: provides investigation of complaints of housing discrimination, referrals to attorneys or State and Federal agencies for further action, mediation service, education and training for those in the Real Estate industry and to prospective tenants or buyers, informational brochures about fair housing laws are available in English and Spanish as well as landlord tenant counseling.

### **III. EVALUATION OF JURISDICTION'S CURRENT FAIR HOUSING PROFILE**

#### **A. Existence of Fair Housing Complaints or Compliance Reviews Where the Secretary Has Issued a Charge of or Made a Finding of Discrimination**

##### **1. Summary of Fair Housing Agency complaints**

The City of Oakland contracts with three nonprofit agencies to offer fair housing counseling and to advocate for and to address all issues related to fair housing. Sentinel Fair Housing, Housing Rights and Center for Independent Living. Sentinel Fair Housing conducts Fair Housing testing every year and the Center for Independent Living conducts testing as needed. In addition to testing, both organizations provide discrimination analysis and counseling for tenants amongst other housing services.

During the 2003-2004 Fiscal Year, Housing Rights handled 72 discrimination cases, Sentinel Housing handled 69 fair housing cases and the Center for Independent Living (CIL) handled 621 disability rights and referral “cases”.

From October 2003 to September 2004 thirteen Oakland-based Fair Housing cases were filed with the HUD Fair Housing and Equal Opportunity Division and the State of California Department of Fair Employment and Housing. The alleged discrimination in the cases included four for race, two for sex, seven for disability, one for familial status and two for retaliation (some cases have multiple complaints). During that time 14 cases were closed by the two agencies. The alleged discrimination in those cases included four for race, four for sex, six for disability, one for familial status and two for retaliation (some cases have multiple complaints). The outcomes of those cases were one administrative conclusion, seven conciliated resolutions and six were found to have no cause.

#### **B. Existence of Fair Housing Discrimination Suits Filed by the Department of Justice or Private Plaintiffs**

##### **1. Fair Housing Agency Audits or Reported Suits**

All three of the fair housing agencies described above have reported referring some percentage of their clients to private agencies or attorneys. The conclusions of these cases are not itemized in the reports provided by those agencies.

## **C. Identification of Other Fair Housing Concerns or Problems**

### **1. Section 504 of the Rehabilitation act of 1973**

Section 504 prohibits discrimination based on disability in any program receiving federal financial assistance. This includes provisions for providing reasonable modifications in all rules, policies and procedures. Programs must be readily accessible to and useable by individuals with disabilities. Major alterations or construction of dwelling units must provide five percent of units accessible to people with mobility impairments and two percent of units accessible to people with visual or hearing impairments.

In April of 1997 the City was named in a complaint filed against the developer of Jingtown Homes with the HUD Office of Fair Housing and Equal Opportunity. The complaint alleged discrimination and lack of compliance with federal accessibility requirements. The discrimination complaint was found to be unwarranted but the accessible units were found to be out of compliance. In September of 2000, a settlement agreement was reached between all of the parties. The settlement agreement was for a term of 36 months and is now completed. Implementation of the actions required by the settlement agreement is complete.

In June of 2001 the Redevelopment Agency was named in a complaint by the same complainant against the developer of Bayporte Village. The complaint alleged discrimination and lack of compliance with federal accessibility requirements. The complaint has been investigated and dismissed by HUD.

## **IV. IDENTIFICATION OF IMPEDIMENTS TO FAIR HOUSING CHOICE**

The previous sections of this report have identified the demographic and housing characteristics of the City, including information regarding disparate housing outcomes for racial and ethnic minorities, seniors, the disabled, and others. The report has also described specific fair housing complaints, audit reports, and other concerns.

This section of the report discusses a number of areas that could constitute impediments to fair housing choice. It should be noted that the City's analysis indicates that some of the areas that were examined in accordance with HUD's guidelines were found not to constitute impediments. Each of these issue areas is discussed below.

### **A. Lack of Affordable Housing**

As noted elsewhere in this report, as well as in the City's Consolidated Plan, the City of Oakland continues to face a severe shortage of decent housing available and affordable to low income persons. The vast majority of Oakland's low income renters experience one or more housing problems, particularly overpayment, overcrowding, and/or substandard conditions. Because minorities are far more likely than non-minorities to be low income, the lack of decent affordable housing serves to restrict the housing choices of minorities to a far greater degree than non-minorities. As a result, the lack of affordable housing must be seen as a significant impediment to fair housing choice.

### **B. Community Opposition to the Siting of Affordable Rental Housing**

Neighborhood opposition to the development of affordable rental housing is a serious impediment to protected classes in Oakland. Because minorities are disproportionately represented among Oakland's low and moderate income population, impediments to the provision of affordable housing have a disparate impact on minority households, effectively limiting housing choices for those households. Similar kinds of opposition have been raised against housing serving the disabled, particularly those with mental or developmental disabilities.

The most recent example of community opposition was the Eastmont Court project. The nineteen unit rental project for the disabled was proposed for development on a vacant lot in a low income neighborhood with some existing affordable housing. While ultimately the project was approved and funded, implementation was delayed for months at a considerable expense to the developer.

The Eastmont Court project is only one of a number of proposed rental housing projects that have been delayed or not pursued because of such neighborhood opposition. To the extent that the low income population is made up predominately of minority households, barriers to the expansion of the affordable housing supply becomes an impediment to fair housing, even where no overt racial discrimination is displayed.

## **C. Sale or Rental of Housing**

### **1. Fair Housing Audits**

No systematic Fair Housing Audits have been conducted recently in the City of Oakland recently.

### **2. Other Reports of Discrimination in Rental Housing**

Sentinel Fair Housing provided the following breakdown of the incidence of housing discrimination. Its June 2004 report showed 28 cases from Blacks, 10 from Hispanics, 50 cases from persons whose income was 50% below the median, 13 from persons whose income was 80% below the median and only one from a person whose income was above 80% of the median. There were also 8 cases from female-headed households and 34 from disabled or handicapped persons

The Center for Independent Living researched impediments to fair housing for people with disabilities. It found that there are four major impediments for the disabled: 1) housing affordability; 2) accessibility; 3) the general practice of housing development for the disabled and; 4) segregation and discrimination of people with disabilities in housing.

## **D. Lending**

### **1. Discrimination in Mortgage Lending - HMDA Data**

The Federal Financial Institutions Examination Council (FFIEC) oversees the compilation of data from mortgage lenders as required under the Home Mortgage Disclosure Act (HMDA). The table below shows the approval and denial rates for mortgages on conventional home purchase loans for applications made in 2002 in the Oakland MSA (Alameda and Contra Costa Counties combined), as a percentage of the total applications received. These figures are broken out by race and income.

Analysis of this report reveals that there are relatively minor differences in origination and denial rates among Whites, Asians and Hispanics, with slightly higher origination rates for Whites. However, for Blacks and Native Americans, denial rates are significantly higher and approval rates are significantly lower. For example, while origination rates generally range between 65 percent and 75 percent, and denial rates range between 10 percent and 15 percent, for Blacks the rates are 57 percent and 21 percent respectively. This difference can be seen at every income level, which means that differences among racial groups are not simply due to different income distributions between groups, and suggests that racial discrimination in lending, particularly against Black, Hispanic and Native American borrowers, continues to be a serious barrier to fair housing. Reasons for denial are similar across race and gender but predictably debt-to-income ratios are the most common reasons cited for low income applicants.



Income and Race	Apps. Received	Loans Originated		Apps. Approved But Not Accepted	Apps. Denied		Apps. Withdrawn	Files Closed as Incomplete.
<b>Less Than 50% Of MSA Median</b>								
Am. Ind./Alaskan Native	11	5	45%	2	2	18%	1	1
Asian/Pacific Islander	165	81	49%	9	38	23%	32	5
Black	164	44	27%	11	41	25%	55	13
Hispanic	293	135	46%	22	76	26%	36	24
White	488	288	59%	40	87	18%	60	13
Other	30	13	43%	3	10	33%	4	0
Joint (White/Minority)	26	13	50%	1	7	27%	4	1
Race Not Available	289	86	30%	32	89	31%	64	18
<b>50-79% Of MSA Median</b>								
Am. Ind./Alaskan Native	32	19	59%	4	6	19%	2	1
Asian/Pacific Islander	1117	756	68%	113	132	12%	78	38
Black	645	346	54%	68	142	22%	70	19
Hispanic	1685	1068	63%	139	285	17%	125	68
White	2398	1712	71%	186	255	11%	187	58
Other	151	92	61%	14	28	19%	13	4
Joint (White/Minority) 5	108	74	69%	2	13	12%	12	7
Race Not Available 6	974	554	57%	93	187	19%	116	24
<b>80-99% Of MSA Median</b>								
Am. Ind./Alaskan Native	43	23	53%	4	8	19%	8	0
Asian/Pacific Islander	1565	1111	71%	151	159	10%	97	47
Black	705	393	56%	68	171	24%	56	17
Hispanic	1859	1301	70%	174	221	12%	99	64
White	3012	2239	74%	241	267	9%	196	69
Other	186	118	63%	18	28	15%	14	8
Joint (White/Minority) 5	278	197	71%	28	22	8%	26	5
Race Not Available 6	1361	815	60%	147	197	14%	142	60
<b>100-119% Of MSA Median</b>								
Am. Ind./Alaskan Native	53	23	43%	4	15	28%	8	3
Asian/Pacific Islander	2001	1380	69%	243	190	9%	129	59
Black	702	403	57%	69	140	20%	65	25
Hispanic	1852	1241	67%	163	266	14%	127	55
White	3668	2771	76%	281	294	8%	236	86
Other	237	153	65%	21	37	16%	19	7
Joint (White/Minority) 5	402	304	76%	37	30	7%	23	8
Race Not Available 6	1477	969	66%	160	170	12%	132	46
<b>120% Or More Of MSA Median</b>								
Am. Ind./Alaskan Native	136	97	71%	10	8	6%	13	8
Asian/Pacific Islander	8878	6129	69%	948	856	10%	672	273
Black	1997	1227	61%	173	385	19%	153	59
Hispanic	3480	2328	67%	306	513	15%	242	91
White	18737	14160	76%	1594	1245	7%	1295	443
Other	1146	764	67%	113	125	11%	101	43
Joint (White/Minority) 5	2313	1728	75%	200	149	6%	190	46
Race Not Available 6	6936	4500	65%	673	735	11%	787	241

## **2. Predatory Lending and Other Information Regarding Home Mortgage Lending Practices throughout California**

The following is information excerpted from *Who Really Gets Home Loans?*, a report on home mortgage lending practices of California's largest lenders, completed by the California Reinvestment Committee (CRC). The CRC surveyed lending practices of the thirteen largest lenders and their records for traditionally underserved homebuyers and homeowners. Much of the information pertains to California as a whole, but it is likely that the findings apply to lending practices in Oakland. In addition, CRC looked at lending patterns to African American and Hispanic households in five cities including Oakland.

In analyzing home lending patterns for the state's top lenders, CRC found four key trends:

- There is Unequal Access to Home Purchase Loans
- People of Color Pay More for Home Loans
- A Two-Tier System of Credit Exists Within Large Financial Corporations
- The Cost to Borrowers of Subprime Lending is High

### **a. Unequal Access to Home Purchase Loans**

African American and Latino households are not receiving their fair share of home purchase loans. Lender performance was reviewed based on CRC's Equality Benchmark, which compares home loan activity to the proportion of African American and Latino households in each of the five cities analyzed. Lenders earned Equality Benchmark points for taking applications from, or originating home purchase loans to, African American and Latino households in proportion to the representation of these groups in each city. Lenders consistently failed to serve African Americans. In all five cities combined, the thirteen banks met the Equality Benchmark a mere 2.3% of the time. No lender met the Equality Benchmark for outreach or lending to African Americans in Oakland.

### **b. African American and Latino Borrowers Pay More for Home Loans**

African American and Latino borrowers are more likely than White borrowers to have an expensive home loan. For years, communities of color struggled to access loans to buy homes. Now, traditionally underserved communities are being flooded with loan opportunities, but it is for high cost, subprime credit that they can ill afford and often do not deserve. Subprime loans can come with Annual Percentage Rates (APR) of 20%, or higher. Prime lending refers to lending for borrowers with good credit profiles. Subprime lending refers to lending that is targeted to credit-impaired borrowers and which often includes higher interest rates, up front loan costs, and fees. California has witnessed an explosion in subprime lending, from an estimated \$18 billion in 1998, to over \$62 billion in 2002. Subprime lending disproportionately impacts borrowers and communities of color. Subprime lenders were much more likely than bank lenders to accept home loan applications from, and make home loans to, African Americans and Latinos. These large disparities suggest that banks are far less successful in reaching out and lending to underserved households.

In Oakland, the thirteen sub-prime lenders took in 44% of their home loan applications from African Americans, compared to 23.2% of home loan applications of the thirteen bank lenders. In addition, sub-prime lenders took a greater percentage of applications from, and made a greater percentage of loans to, Latino borrowers than did their prime counterparts.

**Table 22**  
**Prime and Sub-prime Loans by Race/Ethnicity**

	African American		Latinos	
	Applications	Originations	Applications	Originations
Prime Bank	23.2%	22.7%	15.0%	17.0%
Subprime Banks	44.0%	42.0%	18.0%	20.6%

**c. A Two-Tier System of Credit Exists Within Financial Corporations**

Companies that own both a bank and a higher cost subprime lender are not lending equally to borrowers of color. CRC examined the lending records of 6 large financial corporations that own BOTH a low cost prime lender AND a high cost subprime lender. In analyzing the lending patterns of these companies, CRC found a two-tier system of credit exists within large financial services corporations, with subprime mortgage companies focusing more on African Americans and Latinos than their bank affiliates.

In Oakland, African American and Latino loan seekers were twice as likely to seek subprime loans over prime loans and three times as likely to receive such loans.

**Table 23**  
**Prime and Sub-prime Loans by Race/Ethnicity for Institutions with Both Types of Lenders**

	African American		Latinos	
	Applications	Originations	Applications	Originations
Prime Bank	20.3%	16.8%	11.8%	9.7%
Subprime Affiliate	43.8%	41.1%	22.9%	27.1%

**d. The Cost of Subprime Lending is High**

The cost difference between a prime and subprime loan can be substantial. Subprime borrowers may have loans with extremely high interest rates and excessive fees. In 2002, some subprime home loans carried Annual Percentage Rates (APR) over 20%, while most bank customers received loans with APRs at 7% or lower. In 2002, the average interest rate on a 30-year fixed mortgage was 6.54% and average points paid by the consumer were 0.6%, according to Freddie Mac, one of the Government Sponsored Enterprises (GSEs).

**e. Predatory Lending Legislation.**

Legitimate subprime lending can enable credit-impaired households to purchase a house or access home equity. Yet subprime lending is also ripe for abuse. Subprime lenders generally charge borrowers more money in the form of higher interest rates, higher up front points and fees, or all of the above. Subprime loans are also more likely to include additional terms, such as prepayment penalty provisions or credit insurance products, which are not in the borrower's interest. CRC and others have estimated that up to half of all subprime borrowers could qualify for a lower cost prime loan. Even for borrowers with impaired credit, it is unclear that their credit risk warrants the often much higher rates and fees that they pay.

**E. Land Use and Zoning Practices**

The current Zoning Ordinance definition for Residential Care Facilities subjects housing for persons with disabilities that have any services provided to a CUP process that allows neighbors to mount opposition. Those residential facilities with no services provided are permitted without a CUP unless they are within 300 feet of another residential care facility.

Oakland has adopted a new ordinance regarding second units that prohibits building second units in a number of areas with low concentrations of minorities. While this may be a legitimate public safety concern, it adversely affects minorities seeking affordable housing and limits the creation of housing opportunities outside areas of minority concentration.

**F. Policies Regarding Public Housing and Section 8**

The Oakland Housing Authority (OHA), which operates as a separate and independent agency from the City of Oakland, owns and manages 3,308 units of public housing serving very low income households. The Housing Authority also manages the Section 8 Housing Choice Voucher programs, which provide tenant based rental assistance to, the policies and practices governing these programs have particular implications for fair housing choice. The Authority's Annual Plan FY 2004/05 has extensive information on the tenants in, and distribution of, housing units managed and assisted by the Housing Authority.

OHA owns and manages a total of 3,308 units through the Conventional Low Income Public Housing program. Of those, 1,810 units are in minority concentrated census tracts (see Map 11 Public Housing).

As of June 2003, the Section 8 Housing Choice Voucher programs provided 10,899 low income households with subsidy to assist them to secure privately owned rental housing. Of those, 3,740 units are in minority concentrated census tracts (see Map 12 Section 8 )

At the time the Authority's Annual Plan was published, 2,965 of OHA's units were occupied (most of the vacant units are in developments being reconstructed under the HOPE VI program). The racial/ethnic breakdown of the occupied units was as follows:

**Table 24**  
**Oakland Housing Authority Race/Ethnicity of Head of Household**

	Public Housing		Section 8	
White	132	4.5%	571	4.9%
Black	2,287	77.1%	8,580	73.4%
Hispanic	95	3.2%	282	2.4%
Asian	408	13.8%	2,025	17.3%
Native Am	6	0.2%	63	0.5%
Other	37	1.2%	164	1.4%
Total	2,965	100.0%	11,685	100.0%

The average income for households living in public housing is \$8,576. Occupancy is not reflective of the percentage of people living below the poverty level in the City of Oakland. Whites, Hispanics and Asians are underrepresented as compared to their distribution in the very low-income population. African Americans make up 47 % of the very low-income people in Oakland but 77 percent of public housing residents. Asians make up 17 percent of the very low-income people in Oakland but only 13.8 percent of public housing residents. Whites make up 18 percent of the very low-income people in Oakland but only 4.5 percent of public housing residents. Hispanics make up 16 percent of low-income people in Oakland but only 3.2 percent of public housing residents. The Authority continues to conduct extensive outreach to all communities by creating a partnership with community-based organizations that serve the populations identified.

The Authority's Annual Plan indicates diverse population in 1088 West Grand Ave (a 45 unit development), 1086 26<sup>th</sup> (a 38 unit development) and 1621 Harrison Street (a 101 unit senior

development). Asians, Hispanics, and Whites are not well represented at 1657 10<sup>th</sup> Street, (a 146 unit development) and 1110 64<sup>th</sup> Avenue (a 100 unit development). African Americans are well represented 1657 10<sup>th</sup> Street, (a 146 unit development). Under the Admission and Continued Occupancy Policy, new public housing residents, have the ability to decline two offers. Most families reject the first and wait for an area where they would like to reside. This is a contributing factor to some of the areas that have a concentration of a certain race and/or ethnicity.

**Table 25**  
**Characteristics of Oakland Housing Authority Tenants**

	Public Housing		Section 8		Total OHA		Citywide	
<b>Child</b>	3,467	41.5%	14,831	41.2%	18,298	41.3%	87,217	21.8%
<b>Elderly</b>	682	8.2%	1,924	5.4%	2,606	5.9%	18,208	4.6%
<b>Adult</b>	4211	50.3%	19,203	53.4%	23414	52.8%	206,194	51.6%
<b>Total</b>	8,360	100.0%	35,958	100.0%	44,318	100.0%	399,477	100.0%
<b>Disabled (all ages)</b>	1,239	15%	5426	15%	6765	15%	87,858	22.0%

In general, the classes of people listed in Table 25 are representative of the population of people in Oakland who live below the poverty level. The representation of elderly tenants is similar to the 7 percent of elderly people who live below the poverty level in the City. Children make up 36% of the people in Oakland living under the poverty level in Oakland and 41.5 percent of the tenants in public housing.

At the time the report was published, there were 3,554 applicants on the OHA waiting list for family public housing and 473 applicants on the waiting list for senior public housing. The waiting list for Section 8 contained 1,125 applicants. In general, racial/ethnic groups were represented in equal proportions for all kinds of housing except that the senior list has a low number of African American applicants and a high number of Asian applicants.

**Table 26**  
**Oakland Housing Authority Wait Lists by Race Ethnicity**

Race/ethnicity	Public Housing Waiting List (Family)		Public Housing Waiting List (Senior)		Section 8 Waiting List		Total	
White	166	4.7%	30	6.3%	101	9.0%	297	5.8%
Black	2,079	58.5%	114	24.1%	627	55.7%	2,820	54.7%
Hispanic	212	6.0%	9	1.9%	0	0.0%	221	4.3%
Asian	769	21.6%	297	62.8%	210	18.7%	1,276	24.8%
Native Am.	0	0.0%	0	0.0%	9	0.8%	9	0.2%
Other	324	9.1%	19	4.0%	74	6.6%	417	8.1%
Unknown	4	0.1%	4	0.8%	104	9.2%	112	2.2%
Total	3,554	100.0%	473	100.0%	1,125	100.0%	5,152	100.0%

The distribution of applicants by household types indicates that families that include persons with disabilities favor public housing over Section 8. However, the opposite is true. The current distribution can be explained by the fact that the Authority opened its Public Housing Waiting list in April of 2003 thus, it contains new applicants. While the 2000 Section 8 waitlist has served the majority of disabled population that has applied during that opening, thus the number disabled left represent non-Oakland residents. Other than, the disabled in the Section 8, household types were represented in equal proportions for the two housing types. The tables only represent people that have been selected through the lottery system. The waiting lists do not represent the demand for affordable housing. The Authority's 2000 Section 8 waiting list has 4,445 families remaining on this five-year-old list. Another indicator of the need is the 13,250 applicants who remain on the Section 8 Moderate Rehabilitation list or the 13,882 applicants who remain on the Public Housing waiting list..

**Table 27**  
**Oakland Housing Authority Wait Lists by Household Type**

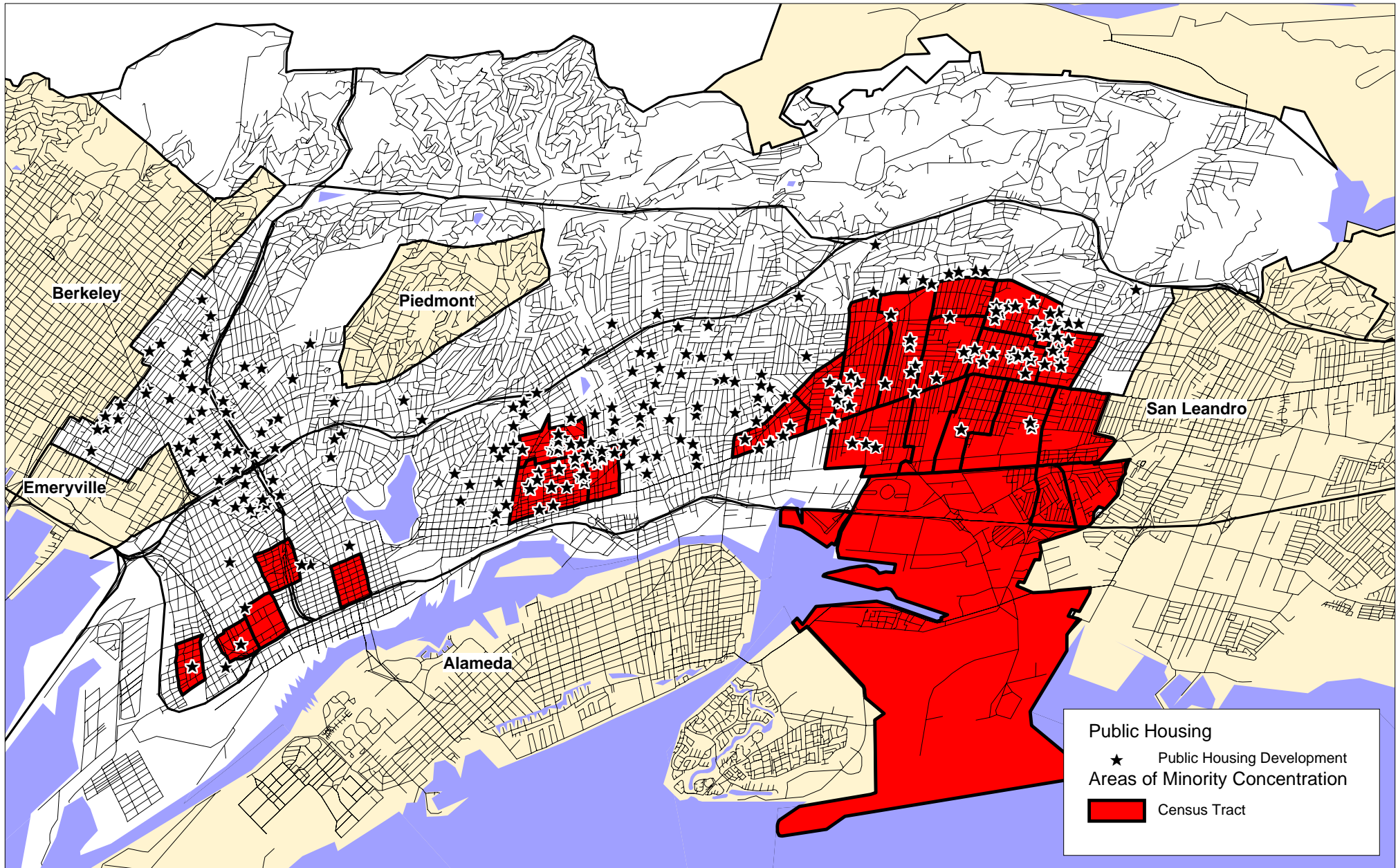
	Section 8		Public Housing		Total	
Family	676	60.1%	2,230	58.5%	2,906	58.8%
Single	243	21.6%	554	14.5%	797	16.1%
Elderly	125	11.1%	466	12.2%	591	12.0%
Disabled	81	7.2%	565	14.8%	646	13.1%
Total	1,125	100.0%	3,815	100.0%	4,940	100.0%



# Map 11

## Public Housing and Areas of Minority Concentration

May 2005

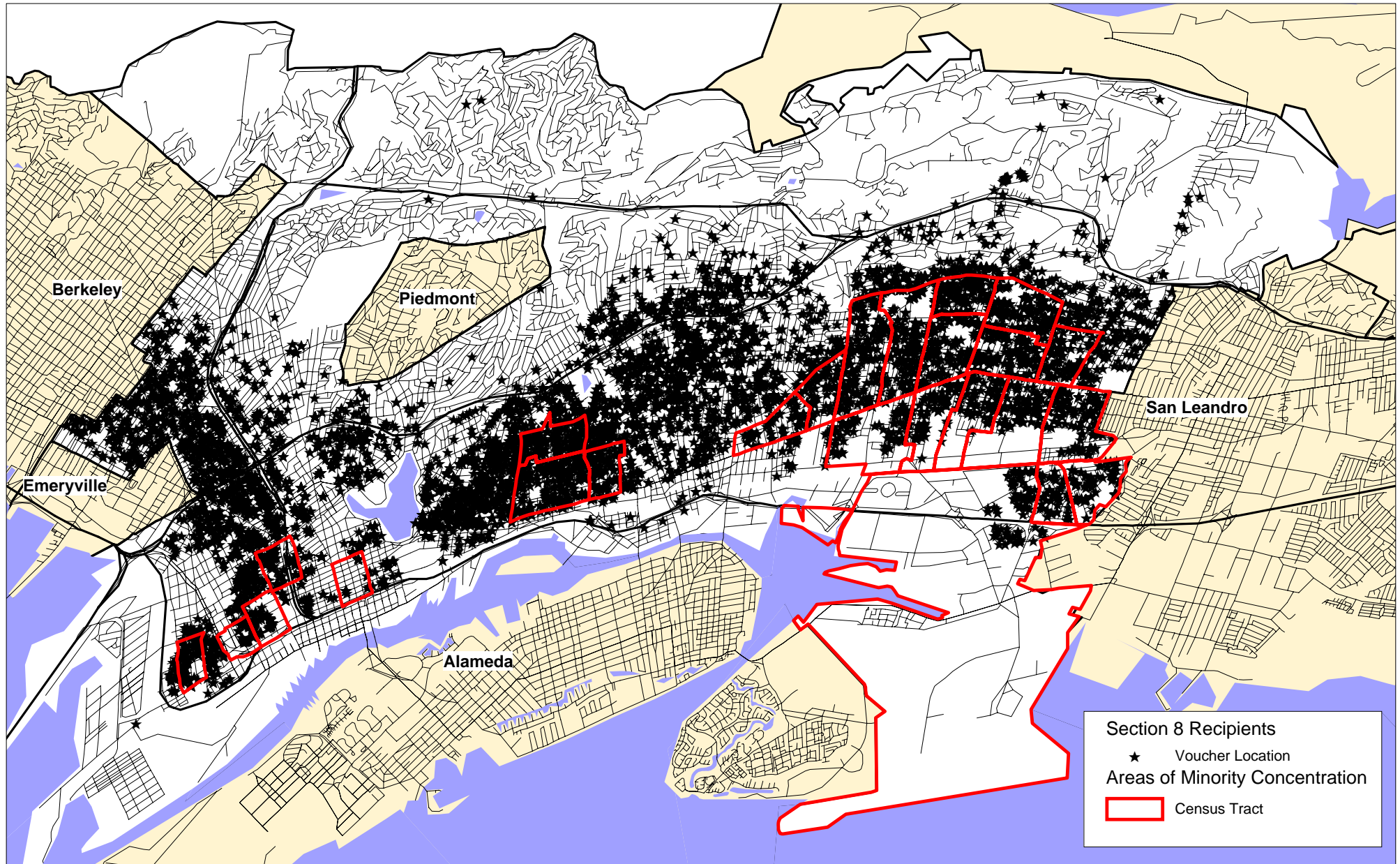


Source: Census 2000; City of Oakland/CEDA-HCD

Prepared by Jeffrey Levin, City of Oakland/CEDA-HCD

# Map 12

## Section 8 Vouchers and Areas of Minority Concentration as of June 2003



## **G. Policies Regarding Other Assisted Housing**

In addition to Public Housing and Section 8 assisted households, there are 103 privately owned (for profit and nonprofit) developments containing 6,998 rental units that have been affordable to low income household with assistance from HUD, the City, the Oakland Redevelopment Agency, or other public sources. These developments include units for families, seniors, and the disabled, as well as single room occupancy and transitional housing developments.

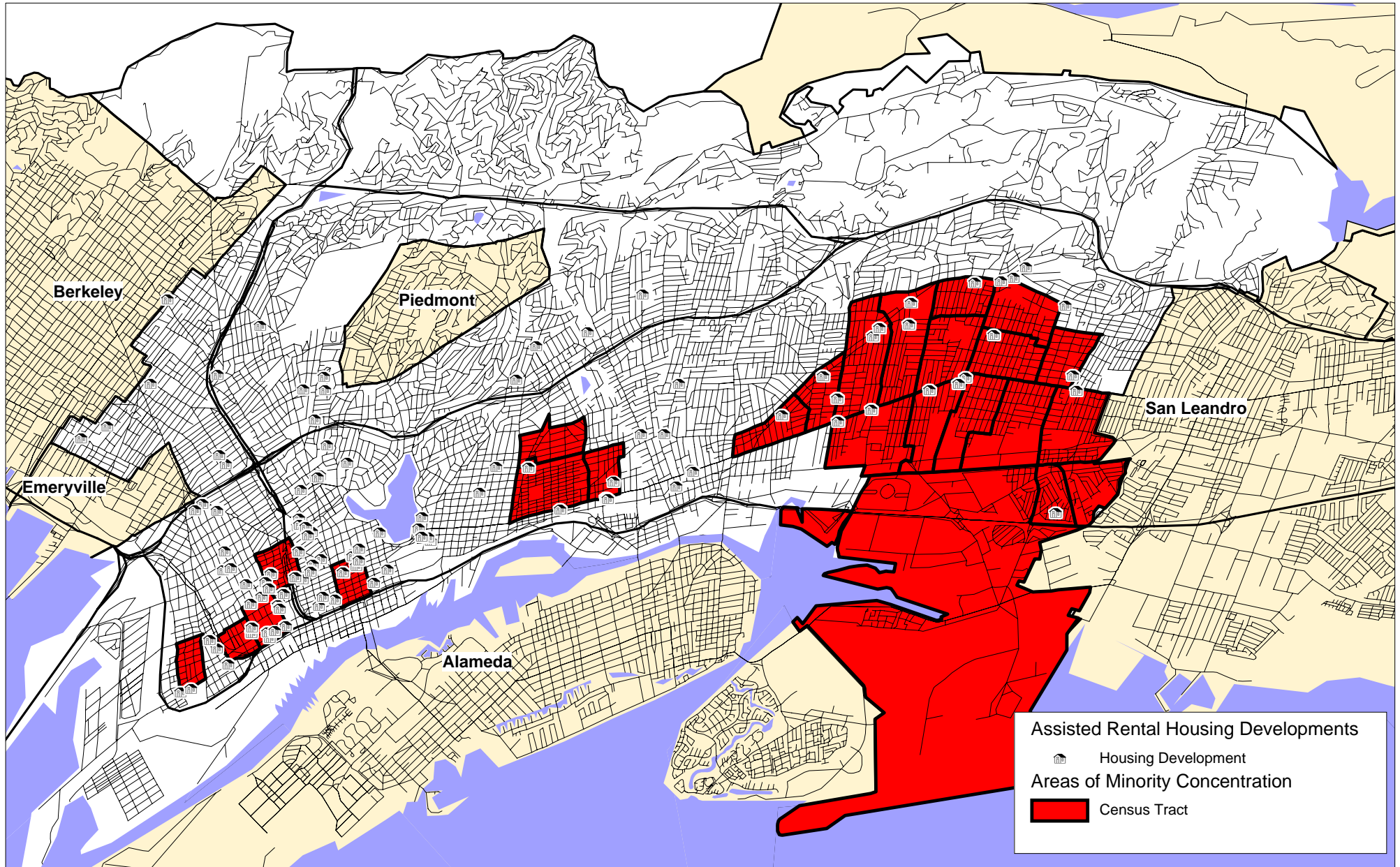
The map on the following page shows the distribution of these developments in relation to the City's areas of minority concentration. For the most part, assisted housing is dispersed throughout the flatland areas of the City, both inside and outside of areas of minority concentration. However, there is a high concentration of assisted family housing in the West Oakland area, which is an area of minority concentration. As can be seen from the map, there is little or no assisted housing in the hill areas, which are areas of low concentration of low income and minority persons.



# Map 13

## Assisted Rental Housing and Areas of Minority Concentration

May 2005



## **H. Policies Regarding Location of Housing and Community Development Activities**

Most of the City's housing programs are not targeted to specific areas, but are available citywide. Given the limited number of sites available for housing developments, the City has chosen not to restrict development to particular areas of the City.

The Home Maintenance and Improvement Program (HMIP), which is funded from Community Development Block Grant funds, is restricted to owner households who reside within one of the City's seven Community Development Districts.

This program is aimed at improving the condition of housing currently occupied by low income households, most of whom are racial and ethnic minorities. The program is also aimed at revitalization of low income neighborhoods. In this particular case, targeting of revitalization resources to areas of low income and minority concentration can be viewed as another mechanism for increasing housing choices for minorities and low income families.

In contrast, the First-Time Home Buyers Program, which provides ownership opportunities for households who currently are renters, is not limited to the Community Development Districts. Those persons who qualify for the program can purchase a home in any part of the City of Oakland. By not restricting housing choice, Oakland allows its residents the freedom to choose homes for purchase anywhere in the City, eliminating policies which create minority exclusion or concentration. Although the program is intended to provide maximum choice in housing, and seeks to reduce minority exclusion or concentration, because of the generally low-income levels of most of Oakland's residents, persons qualifying for the first-time home buyers programs, tend to have financial limitations which prevent purchasing the more expensive homes of the hill areas, which are predominately White.

Public services and neighborhood improvement activities funded under the Community Development Block Grant Program are restricted to the seven Community Development Districts in an effort to improve conditions in areas of low income and minority concentration.

The City provides funding for development of affordable housing throughout the City and gives additional points to housing located outside of areas of concentrations of poverty. However, areas with low concentrations of minorities are predominately in the hills, which for the most part are zoned single family and also are not in close proximity to public transit and services. As a result, in practice, little City-assisted housing is built in areas with low concentrations of minorities.

## **V. ASSESSMENT OF CURRENT FAIR HOUSING PROGRAMS**

As part of an effort to affirmatively further fair housing, the City of Oakland engages in a number of fair housing related activities, as well as providing funding to private nonprofit fair housing agencies. Overcoming discrimination in housing is cited as one of eight housing priority areas in the City's Consolidated Plan.

### **A. Funding of Fair Housing Organizations**

For many years, the City has provided funding to nonprofit groups that engage in counseling, education, investigation and advocacy related to tenant and fair housing issues. In recent years, funding has been made available from the City's Community Development Block Grant (CDBG) funds.

Sentinel Fair Housing conducts landlord/tenant mediation services, and investigates complaints of discrimination in housing. For FY 2005-2006, this group has been awarded \$150,000 in CDBG funds.

The Center for Independent Living provides housing search services and housing rights counseling to Oakland's physically and mentally disabled residents. For FY 2005-2006, this group has been awarded \$100,000 in CDBG funds.

Housing Rights provides housing audit services as well as housing rights workshops throughout the City. For FY 2005-2006, this group has been awarded \$30,000 in CDBG funds.

### **B. Fair Housing Marketing Procedures**

Under the federally funded HOME Program, all housing assisted with HOME funds must be marketed in accordance with Affirmative Fair Marketing Procedures adopted by the City and approved by HUD's Fair Housing and Equal Opportunity division. In practice, these procedures are required by the City and the Redevelopment Agency on all assisted projects, regardless of the source of funds used to assist the project. The marketing procedures describe requirements for advertising and outreach to encourage applications from groups least likely to apply for occupancy in a particular development. For example, in the absence of affirmative marketing, Black residents might not be aware of housing opportunities in a neighborhood in which few Blacks reside. As part of the settlement agreement for Jingtowntown Homes, the Affirmative Fair Marketing Procedures were updated to provide more guidance in marketing and selection procedures for disabled households.

### **C. Monitoring Existing Assisted Housing**

Housing developments assisted by the City and/or Redevelopment Agency are monitored after initial occupancy for the entire term of the low income use restrictions, often 30 years or more. This monitoring includes responding to and investigating complaints of discrimination.

Monitoring functions are the responsibility of the Housing Development Section in the Community and Economic Development Agency, located at 250 Frank H. Ogawa Plaza, 5th Floor, Oakland, CA 94612. Inquiries and complaints should be directed to this unit at (510) 238-3502.

#### **D. Section 504 Compliance**

Under the provisions of its grant agreements with HUD, the City is required to comply with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended. The Section 504 Regulations prohibit exclusion from participation, denial of benefits, or discrimination under any program receiving Federal financial assistance, on the basis of disability. These requirements also require that a portion of the units in any Federally-assisted housing be accessible to and usable by persons with disabilities. Although these requirements overlap with other requirements in State and Federal law, those other requirements do not replace the 504 requirements.

The City is required to designate at least one person to coordinate its Section 504 responsibilities. In the City of Oakland, the Section 504 coordination is the responsibility of the Housing and Community Development Division of the Community and Economic Development Agency

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

This Analysis of Impediments to Fair Housing (AI) has provided information on the population and housing needs of Oakland, with a special emphasis on the needs of racial and ethnic minorities, families with children, persons with disabilities, and other members of protected classes under federal non-discrimination laws and regulations. Oakland is a city of great racial and ethnic diversity, in which groups which are racial and ethnic minorities at the national level are in fact in the majority in the City. The City also has significant number of seniors and people with disabilities, for whom there may be a need for housing with supportive services. There are also a significant number of families with five or more persons, who find it extremely difficult to secure adequate and affordable housing.

Analysis of the data available to the City indicates that the difference in the rate of housing problems for some minorities is significant--particularly for Hispanic renters and owners at all income levels, Asian renters at very low and moderate levels, and Asian owners at low and moderate income levels. In addition, because minorities are far more likely to be low income, rates of housing problems for minorities are higher. Because of the nexus between race, income and housing choice, promotion of fair housing requires specific actions to expand the availability of decent affordable housing for persons of low and moderate income.

Because many low income Hispanics and Asians are recent immigrants, part of the reason for these differences may be language barriers that limit these groups access to housing and housing-related services.

Complaints received on an ongoing basis by fair housing organizations indicate that discrimination in the sale and rental of housing continues to be a problem for minorities, families, and persons with disabilities. Investigation of fair housing complaints and enforcement of fair housing laws will continue to be required as part of the effort to expand fair housing choices. There is also a need for education and outreach to property owners and managers to make them more aware of fair housing issues, and a need to promote greater awareness among housing consumers of their rights and remedies under the law.

The annual reports compiled under the Home Mortgage Disclosure Act also point to a continuing pattern of disparate treatment of racial minorities in mortgage lending practices. Efforts to enforce requirements under fair housing laws and the Community Reinvestment Act need to be pursued to ensure that housing opportunities are not denied to minority households because of possible discriminatory treatment in mortgage lending.

Analysis of policies and practices in the administration of public housing, Section 8, and publicly-assisted housing and community development programs indicate that most programs are successfully expanding fair housing choices, although specific improvements can be made in some areas.

The City's Consolidated Plan includes as one of its priority goals the promotion of fair housing. Toward that end, the following actions are recommended to address impediments and affirmatively further fair housing:



## **A. Lack of Affordable Housing**

The City has identified the lack of affordable housing as one of the most significant barriers to fair housing choice. In fact, as noted in this report, among low income people, the rate of housing problems is not significantly higher for minorities than it is for non-minorities, although minorities are more likely to be low income.

### **Recommendations:**

- Continue to work with developers to identify and pursue all available funding for assisted housing.
- On a case by case basis, encourage developers of market rate housing developments to include units for low and moderate households.

## **B. Community Opposition to the Siting of Affordable Rental Housing**

Community opposition to the siting of affordable rental housing has been on the increase in Oakland and throughout the Bay Area. In Oakland, several proposed developments were stopped in whole or in part by neighborhood opposition based on often mistaken preconceptions about the characteristics and behavior of the intended occupants or the belief that such housing would reduce property values and lead to neighborhood decline.

### **Recommendations:**

- Continue to work with and encourage housing developers to include a community outreach program as part of their predevelopment process. Actions could include informational meetings in the neighborhood, door-to-door outreach, contact with existing neighborhood organizations, sponsoring tours of existing affordable housing, and dissemination of information regarding the need for and benefits of affordable housing developments.
- The City should increase its public information and education activities to highlight its affordable housing accomplishments, and to publicize research on the positive impact of affordable housing.
- Conduct briefings and work sessions with the City Council to provide decision makers with more information on the City's low income housing needs and the impact of past and current affordable housing developments.
- Provide technical and financial support to organizations that are engaged in education and information campaigns to promote affordable housing.

- Encourage developers to assist in the formation of resident councils in each affordable housing development in order to foster a greater sense of commitment to and participation in neighborhood activities and organizations.
- Monitor existing affordable housing to ensure that management and maintenance are of the highest quality, and that neighborhood concerns are addressed early and completely.

## **C. Discrimination in the Sale and Rental of Housing**

Fair housing complaints received by Fair Housing and Housing Counseling agencies continue to reveal instances of discrimination against racial and ethnic minorities and other protected groups, including families and persons with disabilities.

### **Recommendations:**

- Continue to provide funding to nonprofit agencies to provide fair housing counseling, investigate complaints, provide information and referrals, conduct workshops and other public education efforts, and provide mediation services.
- Provide support for periodic fair housing audits, either by providing financial support directly, or supporting efforts to secure fair housing funds from HUD and other sources.
- The City should cosponsor, with the Oakland Board of Realtors, the Oakland Apartment Association, and other real estate organizations, workshops on fair housing issues in the sale and rental of housing.
- Continue to provide funding to nonprofit agencies to provide outreach and counseling to minority homebuyers.
- Expand efforts to provide outreach and information materials in other languages in order to reach out to underserved populations

## **D. Discrimination in Mortgage Lending**

The HMDA data on mortgage loan approval and denial rates reveals a pattern of disparate treatment for minority loan applicants, particularly for Black applicants. This pattern existing regardless of income, suggesting that mortgage lending discrimination continues to be a problem. Additional data compiled by the California Reinvestment Committee, which surveyed the performance of the 20 largest lenders in California, also shows disparate treatment of minorities and generally inadequate level of outreach to minority households.

### **Recommendations:**

- Continue to monitor and assess HMDA data and Community Reinvestment Act lender evaluations.

- Consider modifications to the implementation of the City's linked-deposit ordinance to make fair housing lending performance one of the criteria for evaluating lenders with whom the City is considering doing business.
- Attempt to overcome housing discrimination by encouraging financial institution participation in mortgage lending to low and moderate income individuals and in low and moderate income communities, largely through joint City, Freddie Mac and Fannie Mae efforts to promote existing lending programs and create new programs.

## **E. Increase Minority Homeownership**

Minorities make up 76% of the population in Oakland but make up only 59 percent of the homeowners.

- Initiate a faith-based initiative to provide services that educate, advocate and build bridges to increase homeownership opportunities for minorities and low to moderate income households
- Work with non-profit counseling agencies, national real estate professional organizations, national community organizations and lenders to educate minority households and to remove barriers unique to buyers from different races and ethnicities.
- Sponsor annual homeownership fair to publicize homeownership programs and educate potential homebuyers about opportunities for affordable homeownership.

## **F. Land Use and Zoning Practices**

In general, the Cities Land Use and Zoning requirements support residential development, and give advantages to affordable residential development in particular. However in certain instances, practices that protect one class adversely effects another.

### **Recommendations:**

- Re-examine the City's current requirements for second units to encourage the expansion of legal second units where appropriate. This action might also serve to provide more housing opportunities in areas with low concentrations of low income and minority persons.
- Review and revise the Zoning Ordinance definition and treatment of Residential Care Facilities and group homes.
- Provide more training to staff to make them aware of zoning requirements for housing for the disabled, and to ensure that they are cognizant of fair housing issues associated with zoning policies and practices.

- Continue development of specific rezoning actions consistent with the recently revised Comprehensive Land Use and Transportation Plan. Rezoning will facilitate the development of housing at appropriate densities to meet the City's housing needs.
- Continue to streamline processes for the issuance of zoning and building permits, including development of new automated systems and internet-based information and application systems.

## **G. Public Housing and Section 8 Policies and Practices**

As shown earlier, the Oakland Housing Authority's tenant population and waiting list do not reflect the percentage of people living below the poverty level.

### **Recommendations:**

- Encourage the Oakland Housing Authority to expand its outreach efforts to residents and owners.
- Encourage the Oakland Housing Authority to revise its tenant selection, record keeping, and other practices as necessary.

## **H. Other Assisted Housing**

While assisted housing is generally dispersed throughout the flatland areas of the City, there is a high concentration of assisted housing for families in the West Oakland area, which is an area of minority concentration. In addition, the non-minority areas of the City contain a very low percentage of the City's total assisted housing supply.

### **Recommendations:**

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- Develop policies and practices in the award of City and Redevelopment Agency housing funds that provide encouragement and preference for projects that are located outside areas of minority and low income concentration.
- Explore possibilities for locating assisted housing in areas that historically have not provided their "fair share" of assisted housing. As noted above, this might be achieved by expanding possibilities for legal second units, which could provide additional housing opportunities without disturbing the zoning of existing single-family neighborhoods.

## **VII. SIGNATURE PAGE**

The City of Oakland has completed this Analysis of Impediments to Fair Housing as part of its overall dedication to fair housing planning, as affirmed in the City of Oakland Consolidated Plan, adopted by the City of Oakland on May 3, 2005.

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**Sean Rogan, Deputy Director**  
**Housing and Community Development**