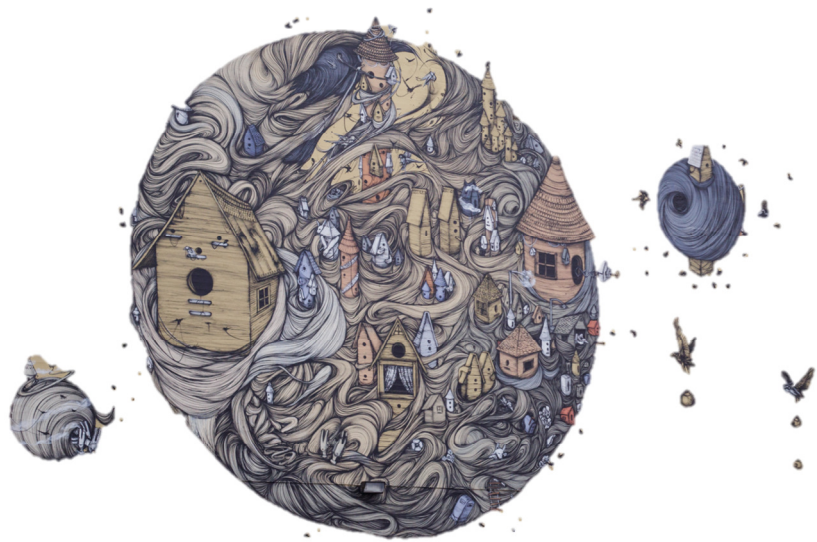


Oakland At Home:

Recommendations for Implementing *A Roadmap Toward Equity*
From the Oakland Housing Cabinet





The Executive Summary and Full Report will be available at:
<https://oakland-home.squarespace.com/>

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Image is a portion of Strings Attached, a mural by Cannon Dill at 530 18th Street



Letter from Mayor Libby Schaaf

2016

People are finally discovering what we, as Oaklanders, have always known. Oakland is an amazing place to live, work and play. Our sunnier side of the bay has long been a beacon of inclusive diversity and culture, and boasts everything from an array of incredible natural settings to a handsome downtown.

Our working-class roots and gritty authenticity have fostered a pride and resilience in Oaklanders that's hard to match. And yet, unless we take action now, far too many in our community will face a harsh reality from which they and the rest of our city might not recover.

That threat is the affordability crisis facing Oakland.

As Oakland begins enjoying this region's economic boom, we must also tackle the challenges it brings. The movement of new businesses and people to Oakland adds to the growing prosperity of our city, but it also puts pressure on our housing market. There is not enough housing to meet the demand. As a result, housing prices have risen quickly leading to destabilizing changes in neighborhoods as well as the displacement and insecurity of too many—particularly among our most vulnerable populations.

Oakland is fast becoming unaffordable to those who have called our city home for generations and who give our city its rich diversity. This is unacceptable.

Our challenge is to turn this tide. To make sure that the prosperity coming to Oakland doesn't push out or price out our long-term residents, but instead lifts them up. Making sure job growth benefits all Oaklanders is an important piece of this puzzle, and so is ensuring that those same Oaklanders have safe homes they can afford.

I want to thank the Cabinet Co-chairs—Assistant City Administrator Claudia Cappio and Heather Hood from Enterprise Community Partners, my colleagues on the City Council, as well as the Cabinet members, Work Group Volunteers, and staff—110 participants in all—who have crafted this action plan that shows how we can utilize our limited resources for the greatest and most immediate impacts.

This is the ongoing work we have to do as the people who love this city, believe in its future and are committed to preserving its essence, while allowing it to grow in a way that benefits us all.

A handwritten signature in black ink, reading "Libby Schaaf". The signature is fluid and cursive, with a large, stylized "L" and "S".

Housing Implementation Cabinet

Cabinet Co-chairs

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Heather Hood, Enterprise Community Partners

Participating Councilmembers

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Annie Campbell Washington, Vice Mayor, District 4

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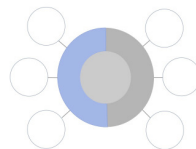
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Rob Stoker, Alameda County Labor Council and Building Trades Council

Other friends of the City

Fred Blackwell, The San Francisco Foundation

Work Group Volunteers



DETERMINE NUMBER OF HOMES TO PROTECT & BUILD

Chair: Tabitha Tapia, The San Francisco Foundation

Sarah Karlinsky, SPUR

James Pappas, California Housing Partnership Corporation

Gloria Bruce, East Bay Housing Organizations

Michele Byrd, Housing & Community Development

Dawn Philips, Causa Justa::Just Cause

Darin Ranelletti, Planning & Building

PROTECT AFFORDABILITY

Protect Renters & Provide Great Services

Chair: Michele Byrd, Housing and Community Development

Olga Bolotina, Office of Councilmember Kalb

Robbie Clark, Causa Justa::Just Cause

Ubaldo Fernandez, East Bay Community Law Center

Dan Kalb, Councilmember

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Tomiquia Moss, Mayors' Office

Kalima Rose, PolicyLink

Bill Rosetti, Jobs and Housing Coalition

James Vann, Oakland Tenants Union

Research on best practices by Frances Wang, Enterprise Community Partners

Prevent foreclosures

Chair: Claudia Cappio, City of Oakland

Carol Galante, Turner Center for Housing Innovation, University of California, Berkeley

Acquire/rehab currently 'naturally' occurring affordable housing

Co-chairs: Matt Schwartz, California Housing Partnerships Corp. and Josh Simon, EBALDC

Gloria Bruce, East Bay Housing Organizations

Susan Friedland, Satellite Affordable Housing Associates

Ethan Guy, Planning & Building

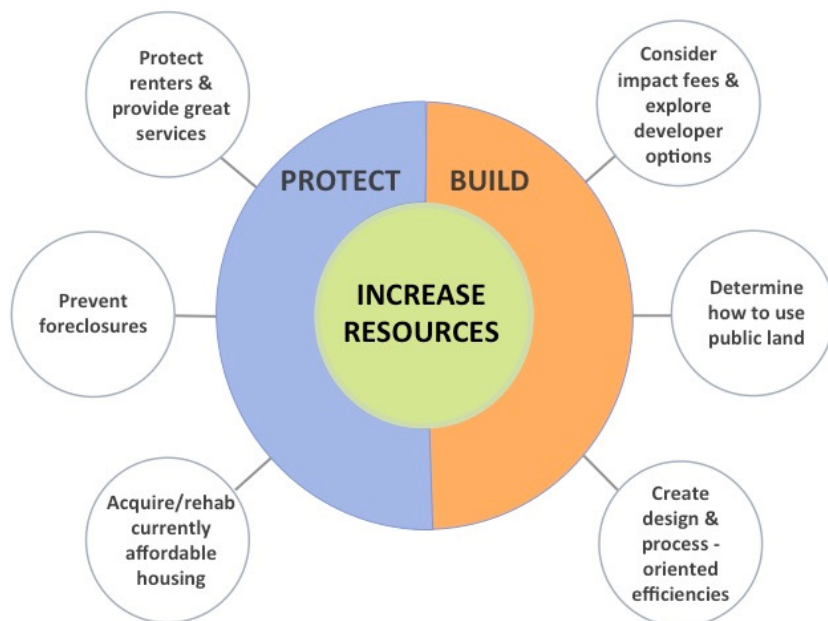
Eric Johnson, Oakland Housing Authority

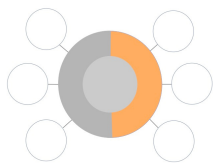
Peggy Jen, LISC

Noni Ramos, Enterprise

Bill Rosetti, CRC Development

Jason Vargas, EBALDC





BUILD NEW HOMES

Determine impact fees & explore developer options

Chairs: Darin Ranelletti, Planning & Building Department –impact fees; Claudia Cappio and Heather Hood –inclusionary zoning

Regina Davis, Strategic Urban Development Alliance

Gloria Bruce, East Bay Housing Organizations

Barbara Kautz, Goldfarb and Lipman, LLC

John Protopappas, Madison Park Financial

Bill Rosetti, CRC Development

Determine how to use public land

Chair: Mark Sawicki, Economic & Workforce Development

Gloria Bruce, East Bay Housing Organizations

Regina Davis, Consultant

Elissa Dennis, Community Economics

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Abel Guillén, Councilmember

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Create design and process oriented efficiencies

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Claudia Cappio, City Administrator's Office

Will Goodman, Strada Investment Group

Patrick Kennedy, Panoramic Interests

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Mike Pyatok, Pyatok Architects

Darin Ranelletti, Planning and Building Department

Chek Tang, Studio T Square

Jeffrey Till, Perkins and Will

Steve Winkel, Preview

Process efficiencies:

Claudia Cappio, City Administrator's Office

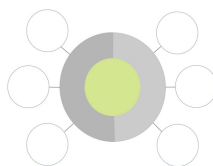
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Seth Hamalian, Mission Bay Development

Darin Ranelletti, Planning & Building

John Protopappas, Madison Financial

Marie Taylor, Planning & Building



INCREASE FINANCIAL RESOURCES

Chairs: Matt Schwartz, California Housing Partnerships Corporation and Josh Simon, EBALDC

Gloria Bruce, East Bay Housing Organizations

Amie Fishman, Nonprofit Housing Association of Northern Calif.

Susan Friedland, Satellite Affordable Housing Associates

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Report Compiled by

Ethan Guy, Planning & Building and Heather Hood, Enterprise Community Partners

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Table of Contents

8	Introduction
10	How Many Homes Do We Need?
11	How Are These Goals Calculated?
13	How Are We Going to Hit These Bold Goals by 2024?
14	What is the Timeframe for Meeting Oakland’s Goals to Protect and Build Homes?
15	How Do the Strategies Work Together to Address Oakland’s Housing Needs?
16	Top Strategies to Protect Affordability for Oakland Residents
18	1) Improve Renters’ Services
18	2) Strengthen the Enforcement of Renters’ Protections
19	3) Strengthen Renter Protections
20	4) Acquire Naturally Occurring Affordable Housing
21	5) Secure Single Family Homes in Financial Distress
22	<u>Strategies to Increase Resources to Protect the Affordability of Existing Homes</u>
24	Comparison of Recommended Ways to Increase Resources to Protect Homes’ Affordability
27	Top Strategies to Create New Homes
29	6) Build & Expand Pipeline of Affordable Homes
32	7) Build & Expand Pipeline of Market Rate Homes
34	<u>Strategies to Increase Resources for New Homes</u>
38	Comparison of Recommended Ways to Increase Resources to Build New Affordable Homes
41	Ensure Steady Progress for Oaklanders
42	8) Set up an Internal Working Group to Ensure Steady Progress
42	9) Ensure Oaklanders have Preference in New Affordable Housing
43	10) Raise Funds from Philanthropy and Others to Support the Work
44	APPENDIX A: Work Plan

“Housing production is not keeping pace with the escalated demands, nor is sufficient housing affordable to many existing residents and the expanding lower-income workforce. A growing number of Oakland residents cannot afford to buy or rent a home or move within their own neighborhood. This housing affordability crisis threatens to undermine the economic recovery for longstanding community members, especially for those in lower-paying work—teachers, service workers, artists; and for the growing population of seniors with fixed incomes. Facing a rising loss of families with children, and a dramatic loss of African American households, Oakland risks following in San Francisco’s footsteps, and losing the intergenerational treasures of our community.” —Roadmap Toward Equity

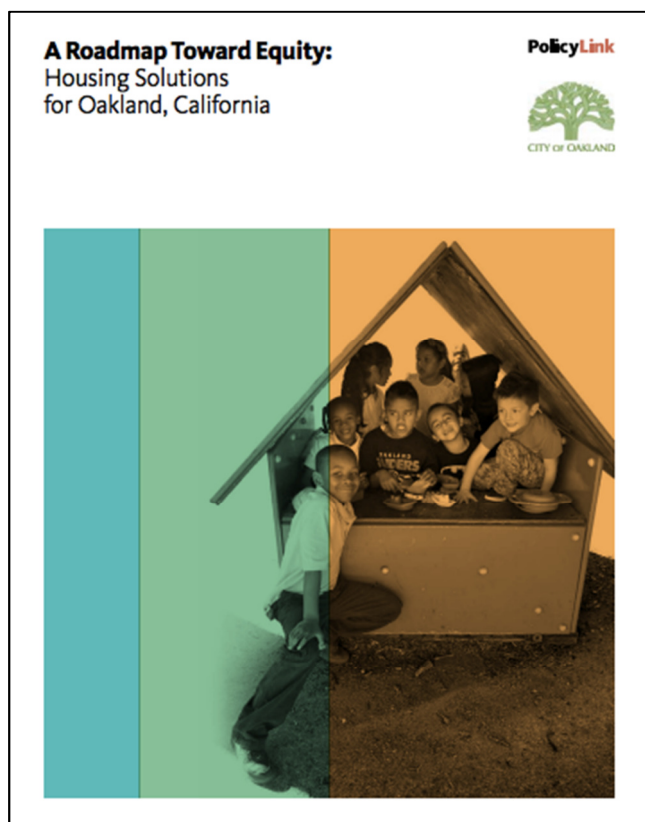
Introduction

Oakland’s Housing Cabinet worked quickly and thoughtfully to develop practical, actionable solutions to address the affordability crisis. As in other major coastal U.S. regions, there is not enough housing supply in Oakland to meet the growing demand, and many current tenants are increasingly vulnerable to displacement. Diversity is a core foundation of the city’s identity and sense of community, and we are working to keep Oakland a home to a vibrant blend of cultures, household types and income groups. While Oakland’s housing crisis is part of a larger regional dynamic, the City must focus on elements that it can readily influence while maintaining a keen focus on equity, race and income.

The Oakland City Council adopted the *A Roadmap Toward Equity: Housing Solutions for Oakland, California (Roadmap)* in September 2015 as a framework for addressing the housing crisis. Developed by PolicyLink and the City’s Housing and Community Development, the *Roadmap* provided specific policy objectives the City of Oakland could implement in order to address the housing crisis. Mayor Schaaf viewed this framework as a call to action and established a Housing Cabinet to craft a practical implementation plan.

The Housing Cabinet used the *Roadmap* as a framework and built on the suggestions to develop a strategic sequence of actions to maximize impact. The *Roadmap* had been drafted after extensive outreach and focus on providing housing solutions for low-income households. In a complementary manner, the Cabinet’s work entailed significant ‘in reach’ to work with the three City departments that will be responsible for implementation as well as outreach to more people with finance and policy expertise. While focused on low-income households, the Cabinet also considered housing solutions that would address a wide spectrum of income groups.

This City never rests. Concurrent to the Cabinet’s work, progress has been made on several other important housing actions. For example, the City and Alameda County are already working diligently on a rapid rehousing program. The City is also working on a seismic retrofit program to address serious safety issues in soft-story apartment buildings.



What did the Cabinet do?

The Cabinet took these steps to do its work:

- 1) Identified the number of homes to protect and build over eight years to create a quantitative goal allowing us to gauge impact.
- 2) Established a set of shared values.
- 3) Established criteria to consider feasibility and impact.
- 4) Created nine working groups that were open to additional volunteers and enlisted Councilmembers and staff from various departments to incorporate their talents and interests. These Work Groups dug deeper into the issues. They looked at best practices in other jurisdictions and recommended policy and/or other practical actions. Concurrent with this work, the Mayor also convened a Task Force to identify strategies for creating affordable workspaces and housing for artists – to help protect artists and arts organizations against displacement. A memorandum outlining specific recommendations is available at <https://oakland-home.squarespace.com>.
- 5) Reached out to select stakeholder groups to gauge interests, concerns and new opportunities.
- 6) Debated and eventually recommended the top actions the City could take to protect and build homes over eight years – including how it could pay for those that need resources.
- 7) Considered all of the strategies and action steps as a set, recognized the interplay between them, outlined any policy implications, and created a realistic timeline and work plan to advance them.
- 8) Identified lead departments or organizations, partners and action steps to advance the strategies and ways to increase resources.
- 9) Affirmed that some of the partners who leaned into the Work Groups are committed to implement solutions in the years to come.

How were the strategies vetted?

Each working group considered potential barriers, ways to mitigate those barriers; practical time frames and how to resource strategies. The Cabinet used the following four criteria to determine feasibility:

- **Impact:** How many units would be affected? In addition to volume, it was important to be mindful of how many homes could be preserved, the levels of affordability that could be protected and who would be impacted.
- **Financial:** What are the estimated costs and sources for each recommendation? Which strategies and activities will optimize the use of limited resources?
- **Operational:** What capacity would be required –and by whom exactly– to implement each recommendation?

Would additional resource be needed to meet capacity requirements?

- **Political:** Is there enough support and if not, how can it be expanded?

What are the final recommendations?

In addition to building as much of the pipeline as possible and adding new units to it, Cabinet members unanimously agreed that we need to protect the affordability of current homes as an immediate top priority. The strategies designed to protect affordability are especially efficient.

All of the strategies are essential to meet our goals:

- 1) Improve renters' services
- 2) Strengthen renters' protections
- 3) Strengthen enforcement of renters' protections
- 4) Acquire naturally occurring affordable housing
- 5) Secure single family homes in financial distress
- 6) Build the existing pipeline of affordable homes and add new ones
- 7) Build the existing pipeline of market rate homes and add new ones

Onward

Addressing the housing affordability and displacement crisis is a shared responsibility among the public and private sector, for-profit and non-profit developers. All Oakland residents need to contribute to the solutions. Our belief in shared responsibility is reflected in the strategies we proposed in this section.

The following pages detail the Housing Cabinet's strategies for addressing housing affordability.

Let's get to work!

“In the next eight years, how many homes do we need to create and how many existing market rate homes do we need to keep affordable to meet demand and provide a choice for Oakland's long-term residents to stay? Furthermore, which strategies will keep Oakland as diverse as it's historically been? And how can we really make it happen?”

-Mayor Libby Schaaf

FIGURE 1 & FIGURE 2: SEVERELY COST BURDENED HOUSEHOLDS (2008-2012 EST.)

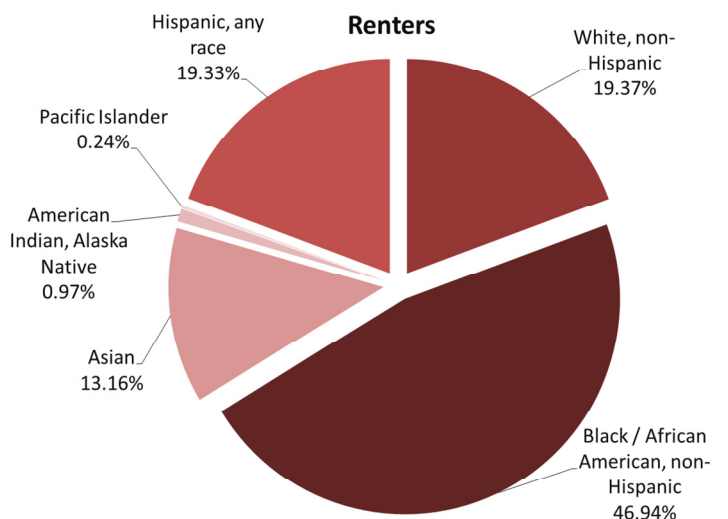
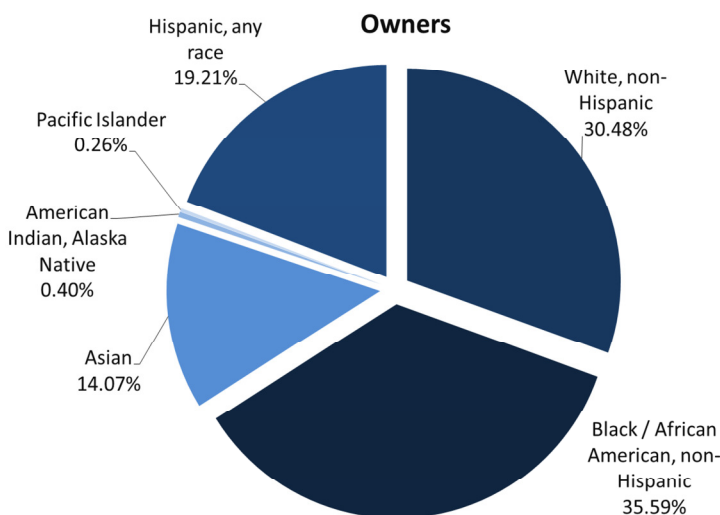
AFRICAN AMERICANS REPRESENT 26%—OR 17,125 HOUSEHOLDS—OF ALL HOMEOWNERS IN OAKLAND, YET COMPRISES 35%—OR 4,845 HOUSEHOLDS—OF HOMEOWNERS WITH SEVERE COST BURDEN. THE SITUATION FOR AFRICAN AMERICAN RENTERS IS EVEN STARKER: AFRICAN AMERICAN RENTERS ARE 35%—OR 31,720 HOUSEHOLDS—OF OAKLAND'S TOTAL RENTAL POPULATION BUT MAKE UP 45%—OR 11,645 HOUSEHOLDS—OF SEVERELY RENT-BURDENED HOUSEHOLDS. THEY ARE THE FACE OF THE HOUSING CRISIS.

SOURCE: OAKLAND CONSOLIDATED HOUSING NEEDS ASSESSMENT 2015 ANALYSIS OF HUD CHAS DATA

How Many Homes Do We Need?

Oakland's housing crisis is most severely impacting our communities of color and our low-income families. If the City is to maintain its current racial and economic diversity it must find a way to preserve housing affordable for low income and working class families and communities of color. It must also build enough new housing to accommodate all kinds of new residents so that existing residents are not displaced.

We believe that at least 17,000 affordable homes will need to be protected and 17,000 new homes will need to be created in order to preserve Oakland's economic and racial diversity. This is an ambitious goal, but one that is achievable if the strategies are followed.



How are these goals calculated?

1. Protecting affordability

- a) **Shortfall Analysis:** The difference between total households in an income group and the affordable units they occupy, indicates that from the 2000 Census to the 2008–2012 American Community Survey 5-year estimate, the shortfall of homes affordable to Extremely Low, Very Low, and Low Income renters in Oakland grew by an average of 1,035 homes per year. This is in addition to the shortfall pre-existing from the last century. In order to prevent the shortfall from increasing further, Oakland would need to produce, preserve, or stabilize 1,035 affordable homes per year or 8,280 over the eight-year period.
- b) **Disproportionate impact analysis:** African Americans represent 26%—17,125 households— of all homeowners in Oakland, yet comprise 35%—4,845 households—of homeowners with severe cost burden. The situation for African American renters is even starker: African American renters are 35%—31,720 households—of Oakland’s total rental population but make up 45%—11,645 households— of severely rent-burdened households.
- c) **Severe Cost Burden Analysis:** It is generally understood, renters and owners should not be spending more than 30% of household income on housing in order to afford the rest of life’s necessities. This analysis indicates how many households are paying more than 50% of their income in rent and are therefore, are at particularly high risk of losing their housing due to rent hikes or loss of income. There are over 26,000 severely cost burdened low-income renters in Oakland and nearly 9,000 severely cost-burdened low-income owners. From 2000 to 2008–2012, there was an increase of 7,798 severely cost burdened low-income renters in Oakland and an increase of 1,518 severely cost-burdened low-income owners.

2. Building new homes

- a) **Population and household growth projections:** The Association of Bay Area Governments (ABAG) projects that the total population of Oakland will rise by approximately 5,350 people per year in the 2010–40 period. Plan Bay Area estimates that Oakland needs to add 51,450 housing units between 2010 and 2040 or roughly **1,700 units a year**. As reported in Oakland’s Housing Element, to meet its Regional Housing Needs Allocation (RHNA) target Oakland would need to add 14,765 units between 2014–22, or **1,845 units a year**. This number includes both market rate and affordable units.
- b) **Extraordinary regional pressure on Oakland’s housing market:** Between 2010 and 2014 the Bay Area has added

roughly 446,000 private-sector jobs and only 54,000 housing units, which has greatly impacted housing prices throughout the region. San Francisco’s housing market is particularly hot, placing pressure on nearby communities, including Oakland.

Much more information about the methodology used to determine the numbers can be found in Appendix B. The following list of assumptions and chart provide a sense of the complexity.

Assumptions

- 1) The Methodology Work Group provided an eight-year target because it aligns with the timeframe for and the tracking of the State’s goal for Oakland as part of the Regional Housing Needs Allocation (RHNA).
- 2) The market rate production number also includes targets for households of all income levels.
- 3) The overall production number ranges from the RHNA allocation number (roughly 1800 total per year) to the RHNA allocation plus an adjuster for the additional demand placed on Oakland’s housing stock due to housing pressure from regional employment growth (roughly 600 units per year).
- 4) The affordable housing number ranges from the City’s RHNA allocation to an amount proportional to the higher end of the RHNA allocation for range.
- 5) Preservation targets are based on the number of households that are highly vulnerable to displacement as well as trends in loss of affordability.

Back of the Envelope Calculations: Housing Targets

Preservation (Protect) Goal

Help Extremely Low-Income (ELI), Very Low-Income (VLI) & Low Income households losing access to affordable rental homes and/or becoming severely rent burdened who are at maximum risk of displacement

Annual

1,000 rental households

Total (8 Years)

8,000 households preserved or otherwise stabilized

+

Help ELI, VLI & Low Income households who are already severely rent burdened

1,000 rental households

8,000 households with rents stabilized

Households living in rent-restricted properties at risk of loss of affordability in next 10 years

+

600 households in 11 properties (400 households in 3 properties)

Help ELI, VLI & Low Income homeowners who will otherwise become severely rent burdened and at risk of displacement

~50 households

400 households stabilized through counseling, assistance, or refinancing

Preservation Subtotal

=

2,125 households per year

17,000 households

Production (Build) Goal

Market Rate (included moderate and above moderate income housing)

Annual

1,300-1,800 households

Total (8 Years)

10,400-14,400 households

+

Affordable (includes low income, very low income and extremely low income)

500-700 households

4,000-5,600 households

Production Subtotal

=

1,800-2,500 households per year

14,400 -20,000 households

How are we going to hit these bold goals by 2024?

A combination of strategies can work together to reach our goals of keeping Oakland diverse, meeting the demand for housing brought about by population and job growth. We are confident that with focus and careful coordination, Oakland can do this!

Cabinet members stand at the ready to help. More information about each strategy is provided in the following pages. A full report will be available soon with even more detail from each of the Work Groups to serve as reference as the work continues in 2016 and beyond.

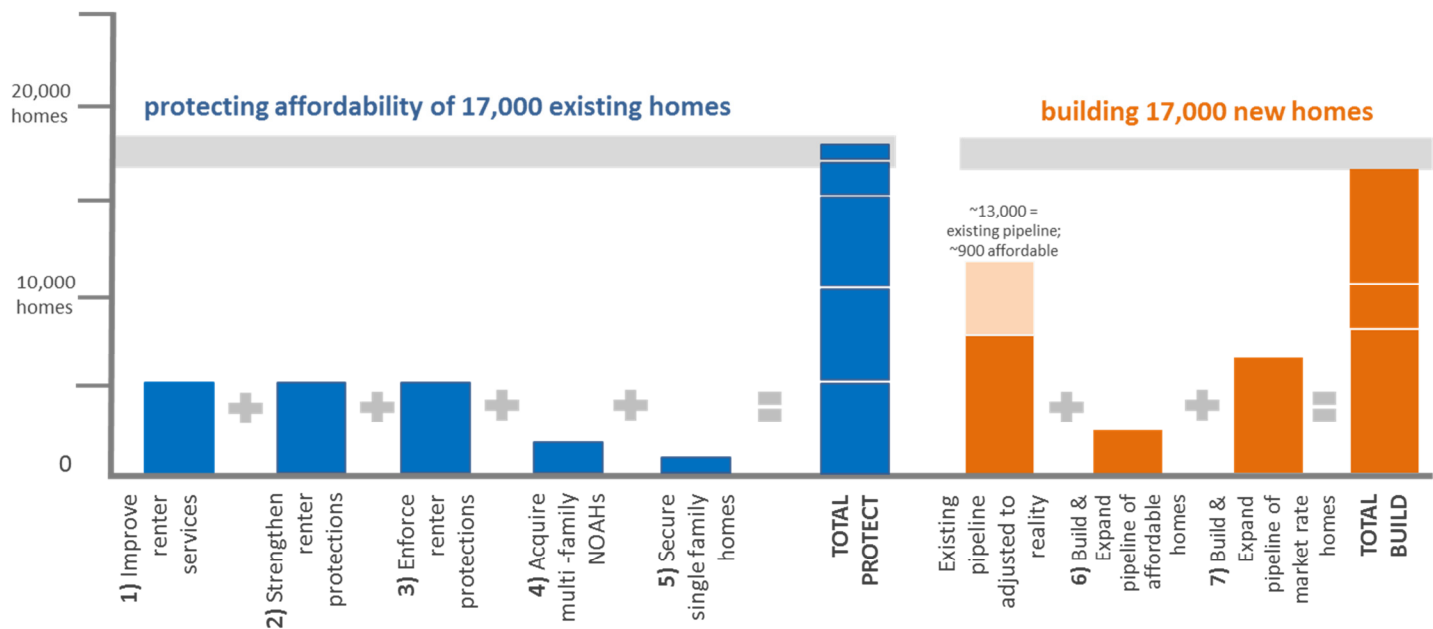
PROTECT AFFORDABILITY

- 1) Improve renter services = approximately 5,000 homes
- 2) Strengthen renter protections = approximately 5,000 homes
- 3) Enforce renter protections = approximately 5,000 homes
- 4) Acquire and rehab Naturally Occurring Affordable Housing (NOAHs) = approximately 2,000 homes
- 5) Secure single family homes with fragile financing = approximately 500 homes.

BUILD NEW HOMES

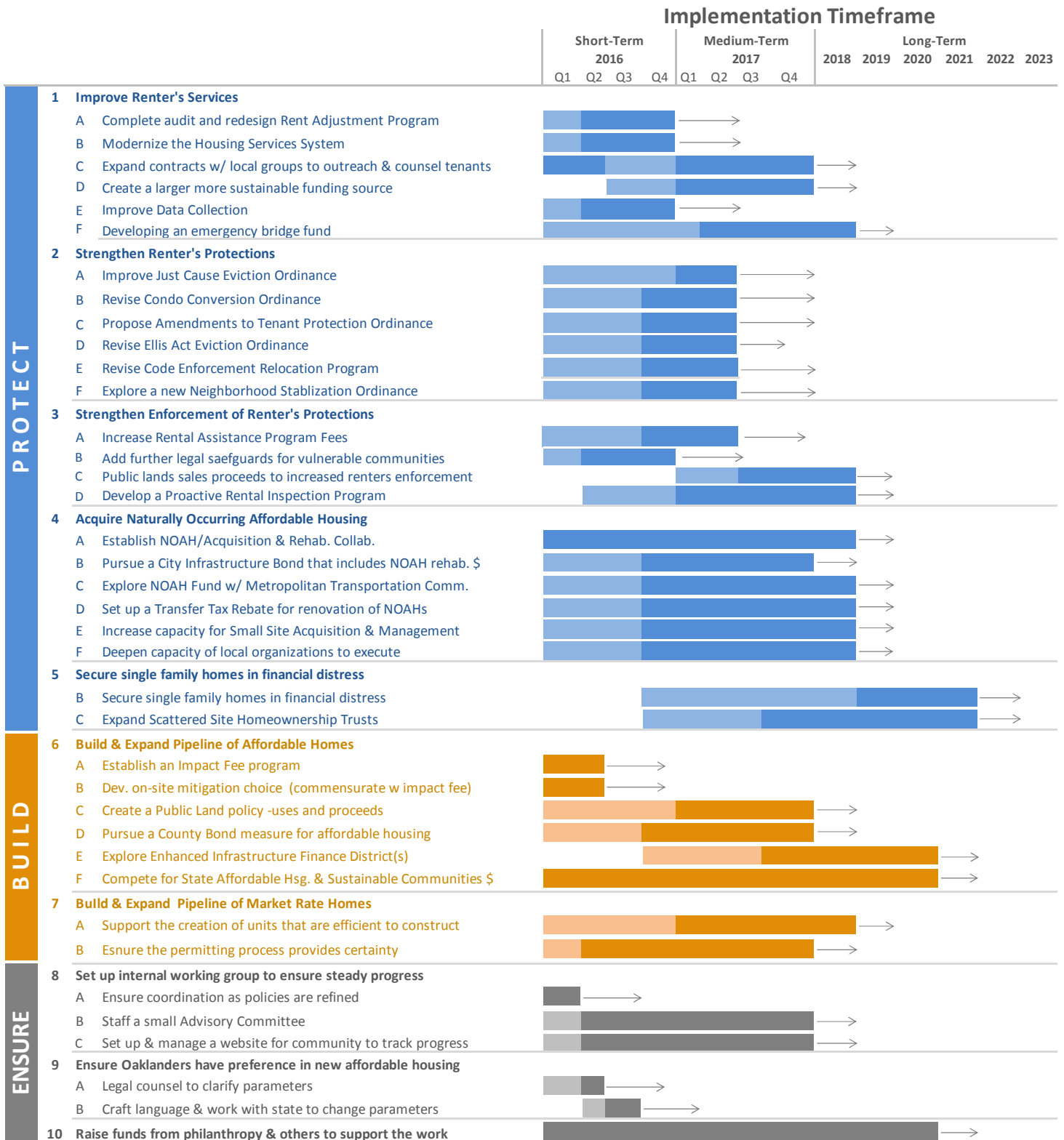
- (Focus on getting at least 66% of the current pipeline built, including the 900 affordable homes in today's pipeline that still need 'gap financing')*
- 6) Build existing pipeline of affordable homes and add new ones = approximately 2200 (including at least 500 homes on City's public land);
 - 7) Build existing pipeline of market rate homes and add new ones = approximately 14,800 (including 1,500 new backyard rental homes).

FIGURE 3. IMPACT PROJECTIONS FOR HOUSING STRATEGIES



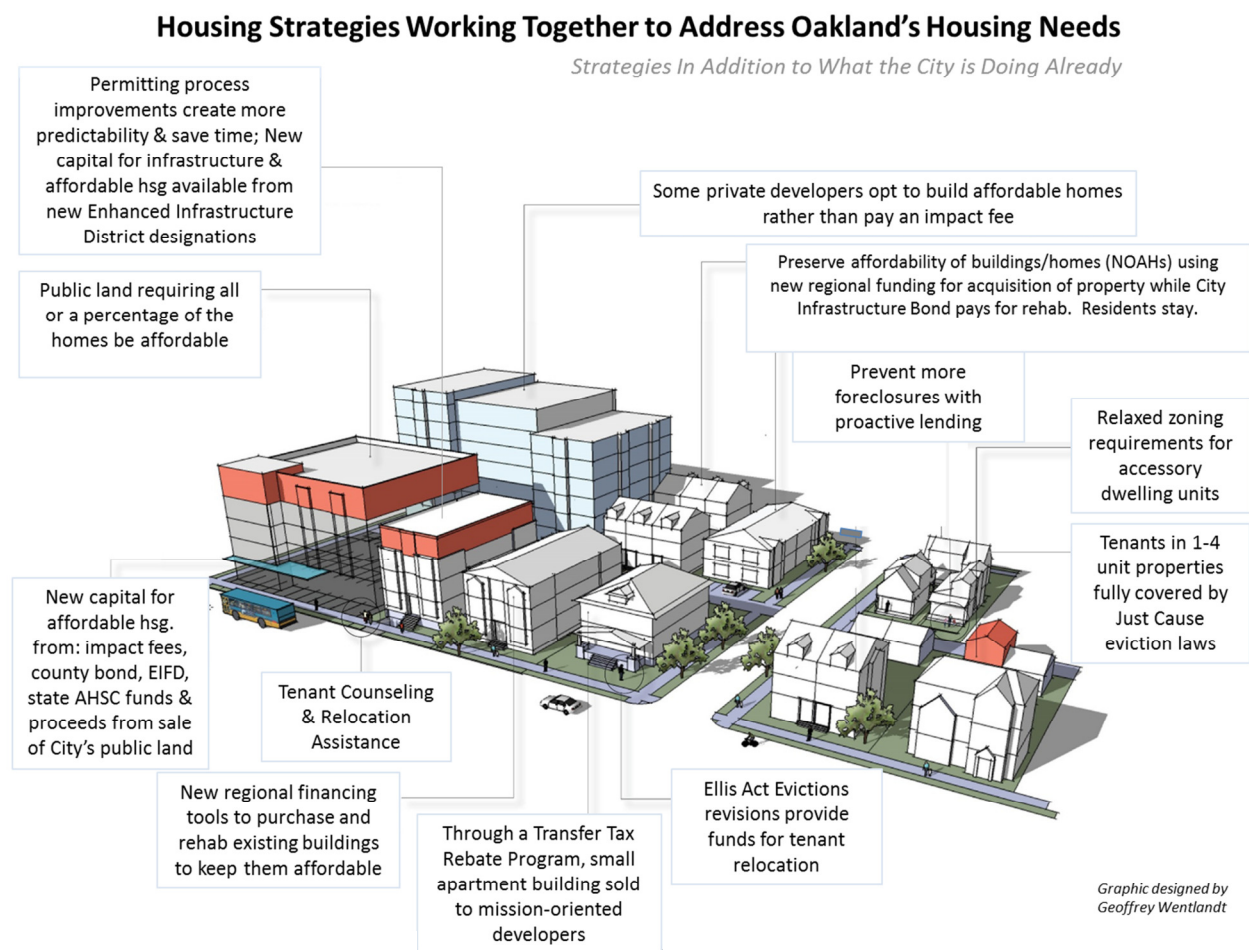
What is the timeframe for meeting Oakland's goals to protect and build homes?

Timeline to Address Oakland's Housing Crisis



How do the strategies work together to address Oakland's housing needs?

There are a variety of ways the recommended strategies work together. Some are dependent on one another for funding. Some create more opportunity for a mix of housing types and income groups to be integrated into neighborhoods in such a way that affordability endures while many people can take advantage of the opportunity and revitalization new investment brings. The diagram below helps bring this vision to life:



Top Strategies to Protect Affordability for Oakland Residents

“This means that my son’s teacher has to work two jobs to afford a two-bedroom apartment for her family. When is she supposed to be a parent?”



Source: California Hotel, East Bay Asian Local Development Corporation

How can we keep people from being pushed out of their homes?

Oakland is now the fourth most expensive rental market in the United States, according to a report released at the end of last year by real estate website, Zumper. By the end of 2015, median rents for a one bedroom home increased 19% over 2015 to \$2,190 per month, while two bedroom homes increased 13.3% to \$2,550 per month or \$30,600 per year. Renters comprise 59 percent of Oakland households, with a median income of \$34,195.

Clearly, there is a disparity between Oakland's median income and median rent prices. This mismatch and the region's lag in housing production creates unprecedented pressures for existing renters. Oakland has some strong protections, yet, there are significant lags in managing them and loopholes that, coupled together, create significant insecurity for renters. This problem is especially acute in the flatlands and near transit hubs where there are significant numbers of properties of fewer than 4 units that are not subject to rent stabilization.

Relative to other cities, Oakland tenants have a variety of protections that seem fair to tenants and landlords. Yet the loopholes in Oakland's tenant protection laws allow for some tenants to be unfairly pushed out – either via economic evictions or otherwise.

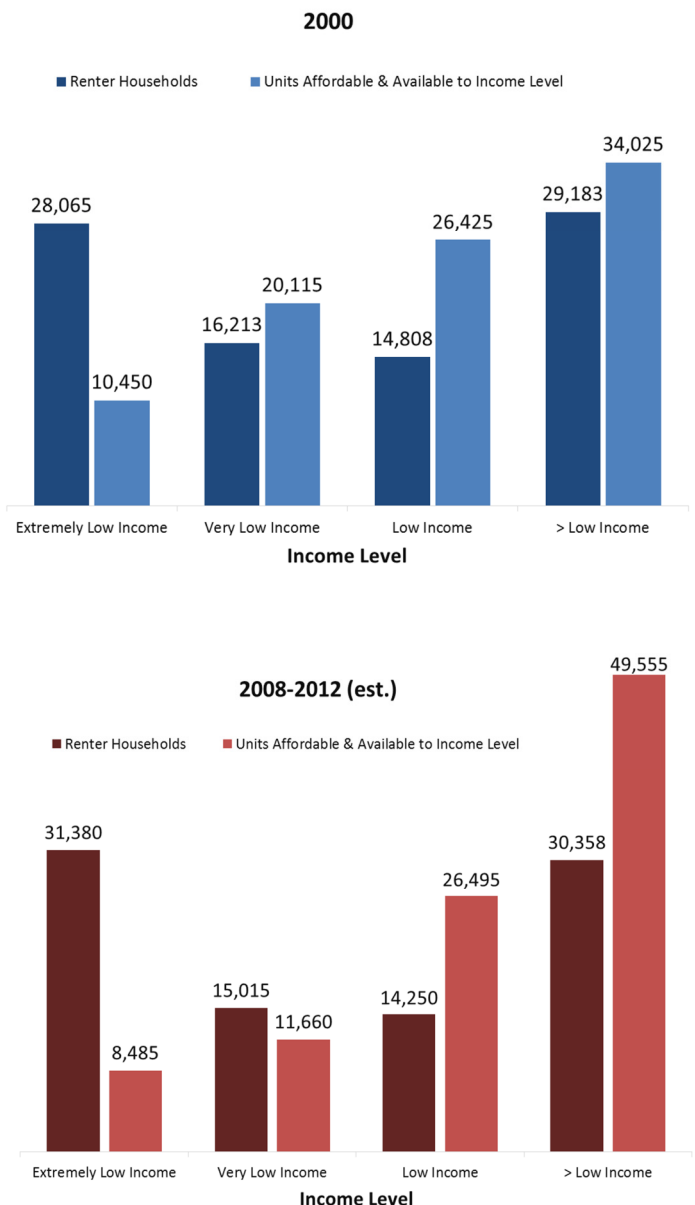
Housing insecure households—defined as households facing high housing costs in proportion to income, poor housing quality, unstable neighborhoods, overcrowding, or homelessness—represent 22.5% of Oakland's households. These households are the most vulnerable to displacement and in need of excellent services and greater protections. While there is not enough data to fully analyze the trends, it is clear that the housing market is failing Oakland residents, particularly African American and low-income households. The Housing Assistance Center, and the Rent Adjustment Program, the Rent Board and the housing related service providers that assist and represent tenants are all overwhelmed with caseloads. Almost everyone has been impacted by the housing crisis, and there are plenty of anecdotal displacement stories documented by the media and told by tenants' rights and legal aid organizations.

The following pages summarize the recommended solutions to protect affordability reviewed and recommended by the Cabinet:

FIGURES 3 & 4: RENTAL HOUSING AFFORDABILITY SHORTFALL ANALYSIS COMPARING 2000 TO 2008-2012

THE DIFFERENCE BETWEEN TOTAL HOUSEHOLDS IN AN INCOME GROUP AND THE AFFORDABLE UNITS THEY OCCUPY, INDICATES THAT FROM THE 2000 CENSUS TO THE 2008- 2012 AMERICAN COMMUNITY SURVEY 5-YEAR ESTIMATE, THE SHORTFALL OF HOMES AFFORDABLE TO EXTREMELY LOW, VERY LOW, AND LOW INCOME RENTERS IN OAKLAND GREW BY AN AVERAGE OF 1,035 HOMES PER YEAR. IN ORDER TO PREVENT THE SHORTFALL FROM INCREASING FURTHER, OAKLAND WOULD NEED TO PRODUCE, PRESERVE, OR STABILIZE 1,035 AFFORDABLE HOMES PER YEAR OR 8,280 OVER THE EIGHT-YEAR PERIOD.

SOURCE: CHPC ANALYSIS OF HUD CHAS DATA FROM 2000 AND 2008-2012



1) Improve Renters' Services

Background: The City is not able to adequately respond to the growing caseload of tenants and landlords seeking resolutions to their challenges. While the City's professional staff is passionate and knowledgeable, and the City has contracted with high-functioning service providers to extend its reach, the current design and resources do not match the demand. With a chronic backlog in these service systems, tenants and landlords cannot find a predictable way to navigate the neighborhood stabilization policies and resources already in place. Oakland tenants have a variety of protections to help protect the affordability of their tenancies. However, many people are unaware of these protections, or where to go to for information or have questions answered, or the process to resolve disputes with landlords. If a tenant does not know their rights, and does not appeal a rent increase or notice of eviction within 60 days, the action becomes legitimate.

As the primary source of funding, federal funds have severely dropped to provide housing subsidies, and therefore, these services have become woefully underfunded (\$425,685 to fund housing-related services in 2015). Yet demand has increased. Since the FY 2011-2012, the Oakland Rent Adjustment Program (RAP) has seen over 2,086 petitions from tenants over the condition of housing units, rent increases or other filings as well as an additional 239 appeals. The Housing Assistance Center, operated through the City's Housing and Community Development Department, has provided services to 1,317 individuals in the past eight months. Yet, these numbers do not take into account the tenants deterred by the length of time to obtain an appeal hearing.

Action Steps: We recommend reviewing and changing the services to more efficiently prevent unlawful evictions and other displacement events by:

- 1.A) Completing an audit and redesign the Rent Adjustment Program to serve more clients well.**
- 1.B) Modernizing the housing services system** to emphasize a user-friendly human and web-based interface accessible to all in Oakland, mindful of barriers including language, work hours, disabilities, and other limitations residents face.
- 1.C) Expanding contracts with local groups to extend the City's ability to outreach to and assist tenants with issues, including more legal assistance and increasing education programs to promote knowledge of existing housing rights and codes.**
- 1.D) Creating a larger, more sustainable funding source and align staffing structure to meet needs for programs providing services**—including meeting the growing demand for low-income renter and homeowner services.
- 1.E) Improving Data Collection.** Expand tenant outreach database so that tracking and analyzing the issues can lead to better targeted solutions for tenants and property owners; and

- 1.F) Developing an emergency bridge fund** for managing rent increases for the most vulnerable households in need. CDBG and philanthropic funds should be identified to the necessary financial support for fund.

2) Strengthen Renters' Protections

Background: Providing services and enforcement go hand in hand. Since the overall system is overwhelmed, it has been challenging to effectively communicate and enforce laws, let alone manage disputes about evictions, rent increases, fair housing and/or habitability in a timely manner. There is a lot of work to do to further assess what the City should be doing internally and externally to maximize its effectiveness. Meanwhile, there is an urgent need to advance these strategies immediately as more and more families face displacement with each passing day.

Action Steps: The Renter's Rights and Service Work Group will continue into 2016 to develop the following strategies to clarify, strengthen, and enforce renters' rights—exploring for example:

- 2.A) Improvements to Just Cause for Eviction Ordinance (requires a ballot initiative)**
- 2.B) Revisions to the Condo Conversion Ordinance**
- 2.C) Proposed amendments to strengthen the Tenant Protection Ordinance and its' administrative and enforcement mechanisms**
- 2.D) Revisions to Ellis Act Ordinance to impose higher payouts to tenants (currently underway)**
- 2.E) Revisions to Code Enforcement Relocation Program**
- 2.F) Explore a new Neighborhood Stabilization Ordinance to replace the current Rent Adjustment Ordinance**

Additionally, a Property Owners Work Group needs to be convened to ascertain and begin to address property owners' issues with existing services and laws. The Cabinet recommends identifying leadership from the City and/or a paid facilitator to facilitate between these two stakeholder groups to develop a comprehensive and fair set of ordinances, fees, services, and mediation and communications systems. These actions can advance a set of policies and services that would be sensible, fair and complete.



3) Strengthen the Enforcement of Renters' Protections

Background: Oakland has a variety of protections now that are meant to preserve affordable tenancy. For example, every July the city announces the annual percentage limit by which rents on eligible units are allowed to be increased. Many buildings built before 1983 are covered by the Rent Adjustment Program, and have limits on their landlords passing through additional capital improvement cost to tenants.

However, there are significant loopholes in Oakland's tenant protection laws that allow for some tenants to be pushed out easily through either economic evictions or illegal rent hikes. These loopholes are well described in the *Roadmap*. For example, by State law, rental homes built after 1983 are not covered by the Rent Adjustment Program. In rent-controlled units, displacement can occur when a landlord converts the property for personal use or goes through the process of a condo conversion. For tenants unaware of their rights in rent-controlled units, an illegal rent increase can push them out if they do not know where to seek recourse. For non-rent controlled units, landlords can match the rent to current market rates, which are skyrocketing, forcing the tenant to either pay the increased rent or move out.

As described in the *Roadmap*, the most visible impact from the current housing crisis is the dramatic data showing displacement of long-time Oakland residents from their homes and

communities. Displacement is disproportionately affecting low-income households.

Involuntary displacement has a traumatic and disruptive impact on households and communities. Across Oakland residents are being forced out of their homes with those at the lowest-income levels having no market-rate housing options in any neighborhood across the City. For residents seeking to remain in Oakland, there is a tradeoff between housing affordability and housing quality. This tradeoff disproportionately impacts low-income households and households of color. Citywide, 82% of all units reporting one or more housing problems are in households under 100% of the HUD Area Median Family Income (HAMFI). For Renter Occupied, 95.5% of units with one or more housing problem are below 100% of HAMFI.

This is not just Oakland's problem. It is a regional problem. Every day that the Oakland's displacement issues are not addressed extends the outmigration of people to places with limited transportation options and limited services, added burdens to low income families' household budgets, increased greenhouse gas emissions, and a mismatch between where services are and where people live.

Action Steps: The following goals were identified by the Work Group focused on Renters' Services and Rights as being key to any strategy aimed at providing better renter protections:

3.A) Increase Rent Adjustment Program Fees (*discussed further in section "Strategies to Increase Resources to Protect the Affordability of Existing Homes"*)

OUR MATH: Since a renter may be assisted by one or more of these strategies, the most conservative estimates have been used.

Strategy 1: Improving renters' services & Strategy 2: Enforcing renters' protections – We estimate that these two strategies will help serve approximately 10,000 Oakland renters over the next 8 years – 5,000 homes preserved by improved renter services and 5,000 by stronger program enforcement. To reach this figure the following assumptions were made:

- 1) For FY2014/15, RAP received 739 RAP petitions, other filings and appeals. However this number represents only individuals that have utilized the RAP. This figure does not include individuals who were deterred because of excessive wait times or that may be unaware of RAP's services.
- 2) A better indicator to gauge future demand for the RAP would be the number of requests for RAP related services at Oakland's Housing Assistance Center (HAC). HAC services are often the first point of assistance for renters in need. While not all requests for RAP related services are valid cases, they do reflect individuals who engage with RAP as well as those who may be deterred due to various factors. While not directly correlated, we feel it can reasonably be assumed that any increase in RAP funding for expanding services and increased tenant resources and education would also lead to higher RAP utilization. HAC started collecting data on number of individuals requesting services in May of last year and received 783 individuals seeking RAP related services by year end. This averages to 112 individuals per month. Using this 112 individuals per month figure, we assumed 1,344 individuals annually—or 10,752 individuals over 8-years—would seek RAP services, all other things being equal.

Strategy 3: Strengthening renter protections- Revisions to the Condo Conversion Ordinance and the Just Cause for Eviction Ordinance will help strengthen renter protections helping to preserve roughly 4,500 homes. According to the *Roadmap Toward Equity*, reforms in the Condo Conversion Ordinance can amount to 2,000 homes saved over the next 7 years. Taking the annual average from that figure, we estimate that 2,285 homes can be protected from condo conversions over the next 8 years. An additional 2,200 rental units can be protected through reforms in the Just Cause of Eviction Ordinance, which currently exempts renters that live in 2 or 3-unit buildings with one owner-occupied unit. According to Alameda County Assessors Data, there are roughly 7,935 units in 3,662 2 or 3 unit owner-occupied buildings. Conservatively assuming one owner-occupied unit per building and half of the remaining units remaining ineligible for various reasons, we estimate expansion of the Just Cause Ordinance could protect a minimum of additional 2,200 rental units.

3.B) Add further legal safeguards for vulnerable community members threatened by growing displacement forces and inadequate housing security.

Every effort must be made to protect our most vulnerable populations, specifically: households of color, people with language or ability challenges, longtime residents, and people with housing vouchers. Including:

- a) Right of return clause in regulatory agreements—
Change the City’s affordable housing regulatory agreements to give households an ability to return to Oakland if they have been recently dislocated. This could only be implemented to the extent allowed by State and Federal fair housing laws and if the properties do not have State or Federal subsidies. More information can be found in the section “Ensure Steady Progress for Oaklanders.”

3.C) Implement the sale of public land with proceeds designated for increased enforcement of renter protections.

3.D) Expand and enhance the existing Safe Housing Inspection Program into a city-wide proactive rental inspection policy. Partner with Alameda County Public Health Department and other entities to ensure healthy housing through consideration of a new ordinance to develop a proactive rental inspection program covering all rental units.

4) Acquire Naturally Occurring Affordable Housing

Background: The majority of Oakland’s housing stock is in older, pre-World War II buildings. Analysis by the California Housing Partnership show that apartment buildings near public transit are generally the most vulnerable to rent increases. This working group explored how the City can play a role in supporting nonprofit organizations to buy and rehabilitate existing buildings housing lower income Oaklanders—called Naturally Occurring Affordable Housing (NOAH)—and making them permanently affordable to current and future residents.

The NOAH strategy requires little direct City effort, but can be led by others. Developers such as EBALDC and Mid-Pen have already created funds for acquisition and rent stabilization of existing NOAH apartment buildings. Per the request of Mayor Schaaf, the Metropolitan Transportation Commission (MTC) is exploring the creation of a regional preservation fund with potential seed funding of \$10 million pending commission approval in early 2016.

It is clear that the acquisition price and size of properties are critical determinants to the success of a NOAH effort. Fortunately, Oakland has limited housing stock left that meets these criteria. It is estimated that there are 500 eligible properties that will yield approximately 2,000 units by purchasing 10% of the eligible buildings. A preservation

strategy here is particularly promising because it requires relatively little public subsidy. However, a public subsidy ranging from \$10,000-\$50,000 per unit will be needed for rehabilitating and addressing seismic issues for this existing housing stock. The proposed City Infrastructure Bond could be once source of this critical subsidy. The City or County could also provide property tax reductions as well relief from outstanding fees and fines—such as fines associated with code violations—to make acquisition of these properties more financially viable.

Though each property and solution is distinct, the City’s partners have the collective willpower, track record and know-how to do it as long as new regional resources and sufficient rehab funds materialize. Three property types would be the focus of this effort:

- 1) **Owner Occupied:** Provide financial assistance for owners/homebuyers from vulnerable communities to acquire and rehabilitate property.
- 2) **Renter Occupied:** To the extent that nonprofit organizations can purchase existing properties occupied by lower income renters with incomes below 80% of median, these newly rent-regulated affordable apartments will serve both existing occupants as well as lower income renters displaced due to being priced out of other Oakland properties.
- 3) **Vacant:** Basic rehabilitation and improvements can be made on formerly vacant properties to address health and safety concerns, correct code violations and provide energy efficiency upgrades. These properties can then be sold or rented as permanently-affordable Below Market Rate homes.

Action Steps:

4.A) Establish an independent Workforce Housing

Preservation Taskforce — (Former NOAH Work Group)

This taskforce grew from the Cabinet’s NOAH Workgroup and will be led by the East Bay Asian Local Development Corporation. We expect it to have active participation of interested nonprofit and for-profit developers, tenant organizations, Enterprise, LISC, City Code Compliance and Housing and Community development staff.

4.B) Pursue a City Infrastructure Bond that includes NOAH

rehabilitation funds—Include rental rehabilitation funding for NOAH acquisitions in a City infrastructure bond leading to:

- Revenue: \$105 million (21% of from a \$500 county bond) for Oakland plus \$50 million for rental rehab in a \$250 million city infrastructure bond
- Homes: If used for production only, the funds could produce approximately 3,000 affordable homes county wide, of which we estimate 600 for Oakland. A rental rehabilitation program funded by \$50 million from a City Bond would help secure approximately 2,000 units.

4.C) Work with Metropolitan Transportation Commission (MTC) to explore and develop a regional NOAH Fund.

This would allow transfer taxes collected by the City on transactions for affordable housing with long term regulatory agreements to receive a rebate to partially offset costs of required renovation and seismic work.

4.D) Set up a Transfer Tax Rebate for renovation of NOAHs by nonprofit organizations. This would be a tax rebate program for private developers willing to sell their properties to nonprofit developers.

4.E) Increase capacity for small site acquisition and management: Nonprofit organizations have found it difficult and inefficient to purchase and manage small scattered site apartments. These buildings are more costly to manage and maintain than larger buildings that have economies of scale. However, several successful models have been able to overcome this hurdle. Further research is necessary to identify best practices in this area. The Workforce Housing Preservation Taskforce will seek out ways to forge innovative solutions.

4.F) Develop best management practices and build capacity of local organizations to acquire, rehab & manage small & medium scaled scattered site homes. Including the following:

- a) Convert Alameda County Tax Default properties to affordable housing— Nonprofit developers have been working to purchase tax defaulted properties from the county to create long-term affordability. These programs work optimally when the County is paid in the form of a deferred note that does not become due unless the affordability restrictions are removed in the future. Work with the County to streamline this process and to give nonprofit organizations a First Right of Refusal for such properties. This work also builds the capacity of participating organizations to expand foreclosure prevention efforts.
- b) Support the creation of leveraged funds for Preservation— such as the Metropolitan Transportation Commission fund currently being explored and a City Infrastructure bond that includes acquisition and rehab funding.

Please see section “Strategies to Increase Resources to protect the Affordability of Existing Homes” for additional details on action steps 4.D to 4.F.

5) Secure Single Family Homes In Financial Distress

Background:

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

Beginning in 2012, the city organized a public-private partnership to implement coordinated foreclosure prevention strategies that reached more than 800 owner-occupant or tenant households. While some major lenders are now providing principal reduction, significant numbers of Oakland’s long-time homeowners are still disproportionately affected. Contributing factors include complicated circumstances that disqualify them from traditional loan modifications or that they cannot afford to keep their homes at the escalated market value, which is the valuation used for principal reduction. In addition, many Oakland homeowners have not fully recovered from the economic recession and do not have sufficient income to sustain homeownership even with the new financial assistance that the city is currently providing (\$50,000 affordability gap loans).

Action Steps:

5.A) Secure single family homes(SFH) in financial distress

- a) Work with University of California, Berkeley’s Turner Center for Housing and Innovation to identify which homes and owners are in financial distress.
- b) Identify which City staff and/or potential City and State partners are best suited to reach out to the homeowners.
- c) Direct the homeowners interested in assistance to high quality programs and resources that can be helpful. For example, Keep Your Home, California is a program based at the California Housing Finance Agency which helps with mortgage reinstatement, principal reduction, reverse mortgage assistance for seniors, and one time transition assistance for relocation after a short sale or deed-in-lieu of foreclosure.

5.B) Expand existing organizations’ capacity to operate scattered site homeownership land trusts. More detail about this aspiration will be developed in 2016.

Strategies to Increase Resources to Protect the Affordability of Existing Homes

To be successful with the strategies to protect the affordability of existing homes and build new affordable housing in Oakland, the City needs to generate new sources of revenue. No single source of funding can adequately address the preservation need; however, a combination of funding strategies can make a significant impact on the affordable housing crisis and maintain Oakland's diversity and affordability. The strategies listed below can generate approximately \$60 million in new funding during the next eight years which will result in protecting the affordability of approximately 3,000 homes in Oakland, funding to assist over 10,000 renters, and other infrastructure to stabilize communities.

Funding strategies that incentivize both the preservation of the remaining stock of affordable rental housing and the production of new affordable housing are essential to address the affordable housing and displacement crisis in Oakland.

Proposed Strategies

Oakland has a range of housing needs but the market failure is particularly acute for lower income households. Preservation and productions strategies serving these households typically earning from 0-80% of Area Median Income require varying degrees of public subsidy. To calculate an estimate of the potential number of households served by each funding source, we made assumptions about the subsidies required for the programs that we are aware of based on the decades of experience of the Work Group's members. (These assumptions must be refined as the implementation process proceeds.)

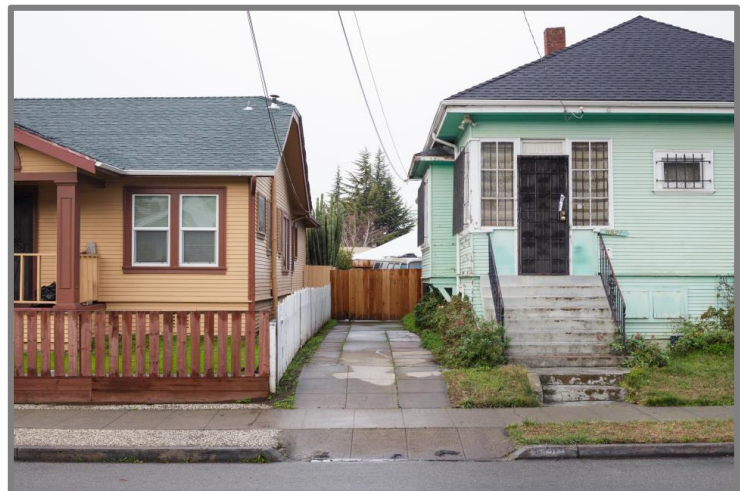
We made the following funding assumptions related to specific preservation and production strategies:

1. \$5,000 per home for homeownership counseling to help low—and moderate-income homeowners avoid displacement, especially seniors with fixed incomes.
2. Rental Rehabilitation loans of \$10,000-\$50,000 per unit to rehabilitate naturally-occurring affordable homes with rents restricted to be affordable for households with incomes below 80% of median for some period of time.

These proposed new resources are sufficient on their own and will take significant time, energy and focus to secure. Based on these assumptions, the Cabinet proposes that the City of Oakland focus on pursuing the following funding strategies to protect homes currently affordable to Oaklanders:

Rent Adjustment Program Service Fee

For decades, the Rent Adjustment Program (RAP) service fee (the rent fee) has been capped at \$30 per unit annually. The fee provides funding for the operations of renter services including programming and staff time. However, the fee is inadequate and renter services have been severely underfunded. Renter services are the first line of defense against displacement. This service is one means of identifying landlords who are carrying out illegal evictions, rent increases, and other illegal landlord actions. We recognize the controversy in any increase in the RAP fee since it is predicted that part of the fee increase will get passed onto tenants, many already struggling with rent. We encourage the City to explore ways to ensure the majority of the cost will be borne by landlords. We also encourage the City to explore other potential funding sources in the City budget that could help to fund this crucial need. The Renter Services working group has explored this issue, and related issues of capacity and programming, in greater depth.



City Infrastructure Bond Measure

While a priority for the City of Oakland is to focus on streets, paving and other critical infrastructure needs, City leadership recognizes that affordable housing and displacement is a top priority among Oakland voters. Also, a County Bond cannot, per bond guidelines, pay for rehabilitation. A rental rehabilitation housing program complements the infrastructure component of the bond: streets, sidewalks, apartments—all the building blocks of Oakland—are in significant need of upgrading in order to maintain the Oakland's quality of life. For successful adoption, the infrastructure bond would require 100% support from the City Council and Mayor. It would also require a two-thirds voter approval. Given Alameda County's Measure BB's overwhelming support among Oakland voters in 2014, two-thirds threshold may be feasible.

The Cabinet recommends that the city develop infrastructure bond for approximately \$250 million with a set aside of \$50 million for housing, specifically for a rental rehabilitation program to address seismic retrofitting and renovation of long-term affordable housing. A rental rehabilitation program provides loans from \$10,000-50,000 with an average of \$25,000 to upgrade properties in exchange for affordability restrictions therefore increasing the stock of affordable homes and stabilizing communities. A set aside of \$50 million would yield approximately 2,000 homes.

Oakland also has a significant and active network of base-building and community organizations that could mobilize voters in support of an infrastructure bond, including an emerging citywide coalition of CBOs, housing and labor groups. This coalition must be enlisted in support to make a bond successful. This support could be based on the City also committing to housing strategies that address renter concerns and incorporate labor standards. In transit-oriented locations, these funds could be leveraged with State Affordable Housing and Sustainable Communities ('AHSC/Cap and Trade') funds for greater community benefits. Hence, there are some promising synergies if handled carefully.

Comparison of Recommended Ways to Increase Resources to Protect Homes' Affordability

Potential Funding Source	Amount generated over 8 Years or Cost to City	Number of units or households created or preserved over 8 years	Within City Control? (yes/no)	Difficulty (High, Low, Med)
Rent Adjustment Program Service Fee	TBD	10,752 households	Yes	Low
Naturally-Occurring Affordable Housing (NOAH) Acquisition Fund	No City role beyond providing regulatory agreement and convening funders, building owners and other concerned parties.	2,000 units	N/A	Medium
City Infrastructure Bond with rental rehabilitation program for affordable housing included.	\$50 million out of a potential \$250 million	2,000 units	Yes	High
City Transfer Tax Rebate for renovation of NOAH properties by nonprofit organizations.	\$500,000/ year or \$4 million over 8 years	2,000 units	N/A	Medium
Scattered Site Homeownership preservation (SFH) / Land Trust (2-10 units)	Continued work with the County on Tax Default properties (Costs are based on estimates for permanent affordability of Single Family Home units. Buildings with 3+ units have more variable acquisition costs that are still being determined)		N/A	Medium

DISCLAIMER:

- ALL AMOUNTS ARE ROUGH ESTIMATES FOR DISCUSSION PURPOSES ONLY AND DO NOT REFLECT ON-GOING NEGOTIATIONS BY OTHER COMMITTEES.
- FOR COMPARISON PURPOSES, ESTIMATES OF POTENTIAL UNITS CREATED ASSUME THAT ALL FUNDS ARE USED FOR NEW CONSTRUCTION OF HOUSING, WHICH WILL NOT BE THE CASE.
- ACTUAL HOUSING PRODUCTION WILL BE LESS AFTER FUNDS FOR OTHER ELIGIBLE HOUSING, SERVICES OR INFRASTRUCTURE ARE AGREED ON.
- ALL HOUSING PRODUCTION ESTIMATES ARE FOR COMPARISON OF RELATIVE IMPACT ONLY AND DO NOT REFLECT CHANGES IN MARKET FORCES.

Relative Impact (High, Low, Med)	Recommended priority level	For Housing Trust Fund (yes/no)	Income Targets*	Notes (definition and/or assumptions)
				*Extremely low-income=ELI Very low-income=VLI Low-income=LVI Moderate-income=MI
Medium	1	No	ELI, VLI, LI, MI	<ul style="list-style-type: none"> Current proposal to amend master fee schedule to increase rent adjustment service fee to \$30/unit annually to \$110/unit. To gauge future demand for the RAP used the number of <i>requests</i> for RAP related services at Oakland's Housing Assistance Center (HAC) since HAC is the first point of assistance for renters in need. The number of individuals requesting services is on average 112 individuals per month. Assumed the RAP would serve 1,344 individuals annually if RAP's current budget was tripled, which extrapolated over 8 years equates to 10,752 individuals served.
Medium	1	No	LI, MI	<ul style="list-style-type: none"> Acquisition of naturally-occurring affordable housing: 2,000 units for existing residents and new residents with incomes 60-80% AMI + Section 8 residents \$15MM LOC + \$31MM Equity + \$66MM mezz debt + \$191MM bank debt Request tech companies to provide equity or mezz. Assumes leverage of \$300MM to create a fund of \$304.5MM Ability to purchase properties will depend on market rates for acquisition and access to a rental rehabilitation program
High (Impact can start soon after approval by voters)	1	Yes	ELI, VLI, LI	<ul style="list-style-type: none"> Increased feasibility after the strong win of San Francisco's Bond. Assumes \$25,000/unit for NOAH preservation and rental rehab. Bond size and timing of bond sales should be adjusted to coincide with ending other taxes and increases in Assessed Value so that tax payer burdens do not increase. Income target: below 80% of median for preservation on the workforce.
Medium	1	No	LI, MI	<ul style="list-style-type: none"> Will assist programs for Land Trust, NOAH Acquisition and other conversion of existing housing.
Medium	1	No	LI, MI	<ul style="list-style-type: none"> Partner with organizations specializing in scattered site property development and management Partner with City Code Enforcement to identify potential properties Three Property Types <ul style="list-style-type: none"> Owner Occupied: Provide financial assistance to owner/homebuyer to acquire and rehabilitate property and maintain affordable mortgage or BMR rent. Renter Occupied: Maintain or lower existing rent, at tenancy turnover determine if suitable for ownership conversion. Vacant: Acquire, perform rehab, resell as permanently affordable BMR home.

What are some actions the City has taken the past year to protect affordability for Oaklanders?

- ✓ Begun an audit of the Rent Adjustment Program to catalogue what is and is not working.
- ✓ Declared a State of Shelter Emergency. Thus far some buildings have been donated to the City for shelter and code compliance has been relaxed to allow for some buildings to be shelters.
- ✓ Introduced increase in rental fees from \$30/unit to ~\$100/unit (60,000 homes under the rental ordinance) for the Rent Adjustment Program in order to provide better services to residents and landlords needing information and help working out issues.
- ✓ Assisted Hello Housing acquired 34 single family homes in East and West Oakland from Alameda County.
- ✓ Councilmember Gibson McElhaney, Oakland Housing Authority and Mayor Schaaf successfully lobbied and overturned HUD's devaluing of Section 8 vouchers for people to have a better chance finding rental homes in Oakland's increasingly tight rental market.
- ✓ Councilmember Kalb began crafting a new soft story policy and a condo conversation update.
- ✓ City Housing and Community Development Department is studying what would be entailed in increasing Ellis Act fees.
- ✓ The City Council recently dedicated some of the Transient Occupancy Tax (TOT) collected from Airbnb and other short-term rental platforms for the Affordable Housing Trust Fund and is exploring further regulations.

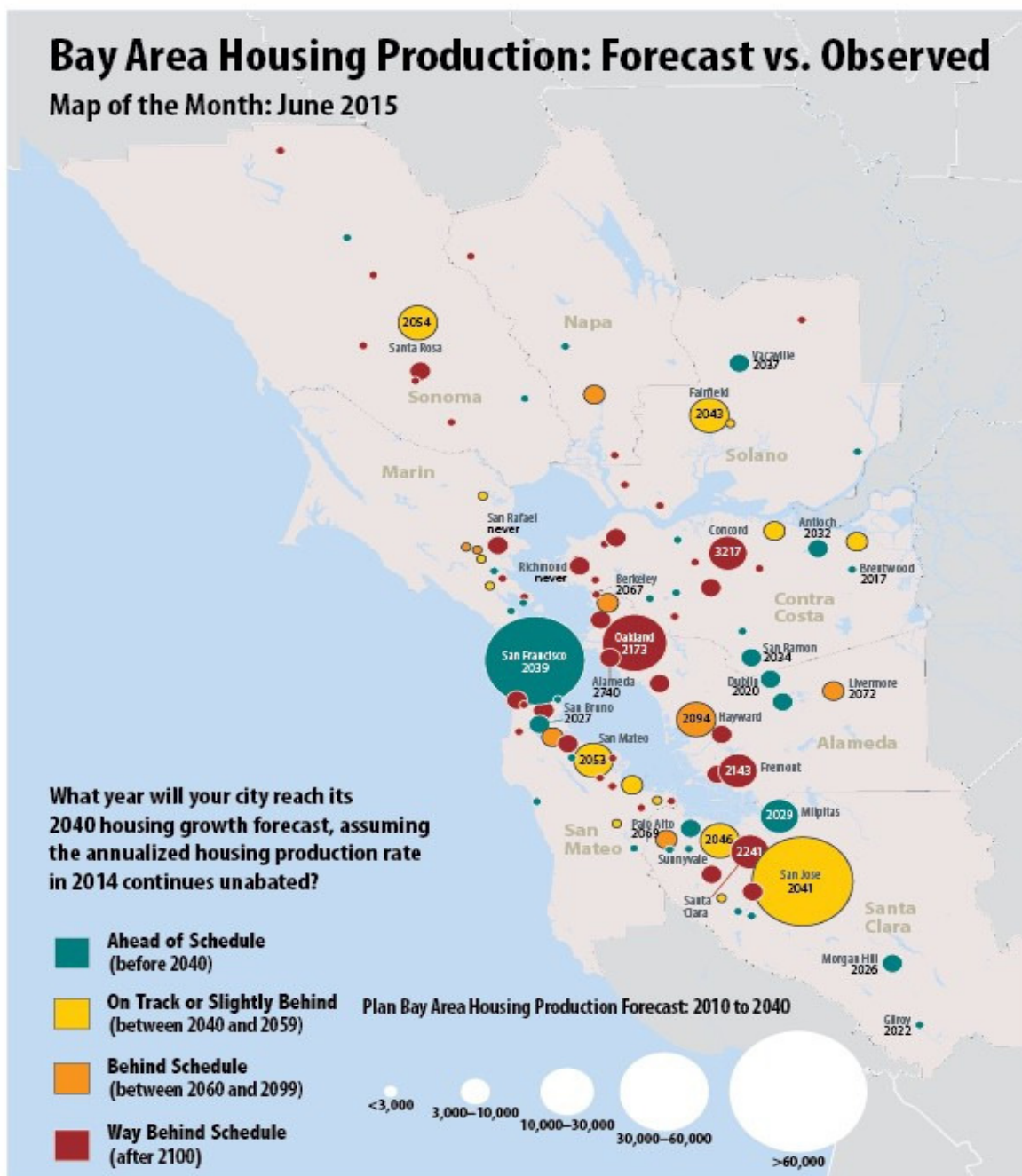
Top Strategies to Create New Homes

“New people are coming here to work in the new jobs. My children want to move back and I need to help my father find senior housing. How can we keep up with Oakland’s growth and have homes for everyone?”



We need more homes of all types and for all incomes to keep up with population growth and housing demand. Yet Oakland is not building affordable or market rate homes quickly enough. As you can see in the Metropolitan Transportation Commission's graphic below, Oakland is not alone in its housing production problems. There has been a lag in the supply of homes in the entire Bay Area that affects every city and neighborhood, and at every income level. For example, in Oakland between 2000 and 2014 only 543 homes were built on average a year, of which 40 percent were affordable.

While supply-side ('build') solutions cannot alone solve Oakland's housing crisis, building a balance of new affordable and market rate homes will make a tremendous difference in market dynamics as well as help revitalize parts of the City where there are vacant or underutilized properties. Increases in the tax base generated by new residents of market rate homes will fund needed City services. Continuing to build quality affordable homes will mean permanent affordability is anchored in neighborhoods for existing and new low-income residents. The Cabinet recommends the strategies on the following pages to accelerate the building of these new homes.



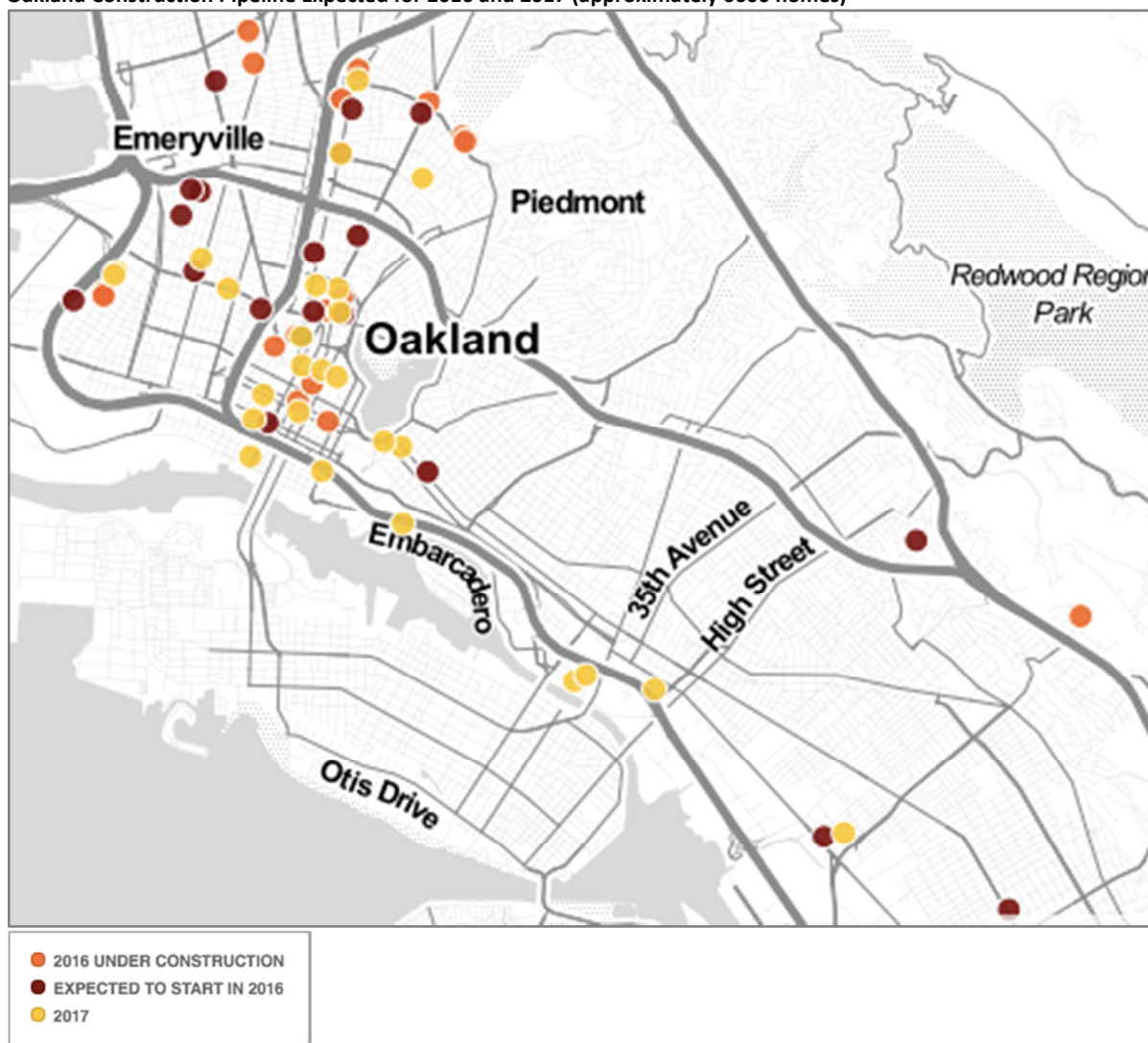
Source: Metropolitan Transportation Commission

6) Build & Expand Pipeline of Affordable Homes

Resources available for affordable housing have substantially decreased during the past decade, particularly with the loss of Redevelopment funding. There are, however, some things the City can do to create and leverage new resources, and to create efficiencies for the permitting process and design of homes. These are described in the following pages.

For Action Steps 6.D to 6.F please see section “Strategies to Increase Resources for New Homes.”

Oakland Construction Pipeline Expected for 2016 and 2017 (approximately 6600 homes)



Offer private developers the choice of including affordable homes in new projects as an alternative to paying an impact fee

Background: Development impact fees are a commonly used method of collecting a proportional share of funds from new development for infrastructure improvements and/or public facilities—including affordable housing. A Nexus Study determines what is a legally defensible fee amount that could be charged. The City has nearly completed such a Nexus Study and an external Stakeholder Working Group has completed review and consideration of the major issues and choices involved in development of an impact fee ordinance. The Cabinet helped City leaders get clarity about the importance of developing new resources which in turn will help the City meet the affordable housing production goals (determined by the region and increased by the Cabinet). It also called out the relevance and importance of offering private developers an option to include affordable homes on site in new developments instead of paying a fee.

The Oakland General Plan *Housing Element* calls for the geographic distribution of affordable housing throughout the city in order to encourage mixed-income neighborhoods. In Oakland much of the new market-rate development is occurring in geographic areas with the strongest real estate market supporting the highest rents and sales prices. An on-site mitigation option could be structured to incentivize on-site units in certain geographic locations to provide affordable housing opportunities in more expensive markets and encourage mixed-income neighborhoods.

The Cabinet recommends that the City adopt a financially feasible affordable housing impact fee for new private market-rate residential development that specifies how developers can mitigate their impact by providing on-site affordable housing. We think this can and should be accomplished by mid-2016. While it is important to adopt a fee program quickly so as not to miss the current strength in the real estate market and to start generating much-needed funding for affordable housing, the program should be considered a long-term strategy since it may take many years for the funds or homes in the program to accumulate and result in new affordable housing. It is also important to monitor the effectiveness of the program overtime and make periodic adjustments as needed.

Action Steps to create resources and/or include affordable homes in new projects:

6. A & B) Adopt a financially feasible affordable housing impact fee on new private market-rate residential development that requires either fees or actual affordable units within the project. Monitor the production of affordable housing in the city and adjust

the program as necessary so that it meets housing production goals by income category and is consistent with City policy to distribute affordable housing throughout all of Oakland. This will generate approximately \$60 million for affordable housing over eight years that can be used to produce up to approximately 600 affordable units.

- a) **Financial Feasibility:** The new impact fee should be set at a level that is financially feasible with consideration for how to phase in the fee so that markets can adjust to the fee and consideration for different geographic markets in the city.
- b) **On-Site Mitigation Option:** Specify in the impact fee program how developers can mitigate impact by providing affordable units within the project.
- c) **Incentives:** Consider how the impact fee program can be structured to provide incentives to meet city housing goals. At the initial adoption of the program, calibrate the on-site mitigation option so that it has the same cost impact on the project as the impact fee and allows mitigation by the provision of moderate-income and/or lower-income units in the project. Monitor the production of affordable housing in the city during the first five years of the impact fee program to understand what levels of affordability are generated. Compare this information to the city's housing goals by income category. Furthermore, assess the geographic locations of the housing produced and compare to neighborhood housing costs. If developers in high-cost neighborhoods are choosing to pay the impact fee rather than mitigating their impacts by providing housing on-site, or the on-site option does not result in housing in certain income categories, recalibrate the on-site mitigation option to incentivize affordable housing that meets these goals.



Source: Merritt Crossing Senior Apartments, Satellite Affordable Housing Associates

Use some of the City's public land to create affordable housing

Background: The City of Oakland is itself a major property owner within the City —owning parking lots, parking structures, under-used buildings and other underutilized sites. Yet it does not have, as most cities do, a comprehensive Asset Management Plan for City-owned real estate, nor does it establish specific goals and targets for using City owned land to build or subsidize affordable housing. Next to financing, the availability and cost of land is the second most difficult barrier to the construction of more affordable housing. A comprehensive public lands strategy will be an important tool for the City —presumably creating more resources for affordable housing and other community needs as well as certainly more predictability in the City's processes.

Through an initial review of the public land owned by the City, we know that there are many small parcels scattered throughout the City as well as many parcels of all sizes zoned for commercial or industrial use. There are parcels suitable for all kinds of uses that would directly or indirectly benefit the community. Generally, we observed that there are select few parcels suitable for multifamily housing development or that would compete successfully for the typical sources available for affordable housing development —making the parcels that are appropriate quite important. This acknowledgment sharpened our recognition that in order to yield housing units, it is important to use the few sites well, require affordable housing in projects on public land zoned for housing or mixed use, and simultaneously perhaps designate at least a portion of the proceeds of any type of City owned land sale for affordable housing.

The use of public lands in general is attracting more attention statewide as local jurisdictions and agencies try to create affordable homes in a resource-constrained environment. Making the creation of affordable housing an explicit goal for the development or sale of City-owned land would also be an important precedent for the many other agencies (Oakland Unified School District, AC Transit, CalTrans, EBMUD, etc.) that own land within Oakland. BART's recent adoption of a goal that 20% of affordable housing development on its land will be affordable is an example of how a public agency can take a strong stance to advance this important public purpose.

Action Steps: Amend the City of Oakland's public lands policy to establish principles for the use of public land, balance the opportunity to use this resource to provide affordable housing with other City needs and goals, identify properties suitable for affordable housing and/or mixed-income housing, establish targets, a process and criteria for evaluating such opportunities, and provide for a reasonable percentage of the

proceeds from the ongoing sale of public land to support the City's Affordable Housing Trust Fund (AHTF). In addition, identify strategies for capturing value derived from City action such as rezoning and potentially use that value to generate affordable housing production. We estimate that these actions will result in hundreds of homes affordable to low and moderate income households and at least \$10 million for the City's AHTF.

Given that the city-owned lands available for housing development or for quick sale are limited, members of the work group have also encouraged examining other tools that the City could use. For example:

1. Certain city actions can add tremendous value to landowners without the City establishing policies that might capture any of that increased value for the community. This can occur through the crafting of Specific Plans, rezoning multiple large parcels for specific developments, or relaxing development standards and requirements. The Working Group is considering how a land value recapture strategy could link "up zonings", additional permitted uses, or increased densities to a requirement for affordable housing production as a community benefit.
2. Another concern related to the City purchases and sales of property is a perceived inconsistency among the appraisals for various properties. Greater transparency on the appraisal methods, assumptions, and comparable sales that were used would help alleviate confusion about the true value of parcels the City is buying or selling.

Action Steps: (Further details will be available in the Cabinet's Full Report.)

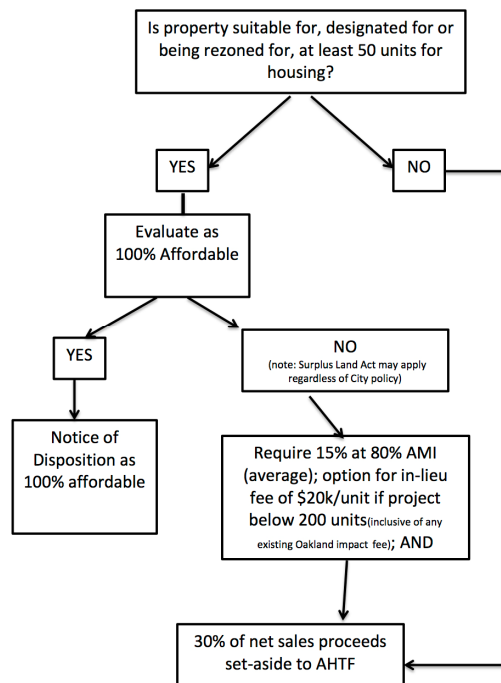
6.C) Create a Public Land Policy

- a) **Develop an Asset Management Plan for City-Owned Real Estate (Potential Surplus/Development Properties/Properties for Lease) through a Request for Proposals process.** Cost: approximately \$90,000. Once funds and a consultant are identified by Council, it can be completed in six months.
 - 1) Identify City properties with surplus potential and target properties with potential capacity to build 50 units or more. Develop a strategy that assesses the maximum development potential and the value of a site, as well as the value with varying levels of affordable housing production.
 - 2) Ascertain potential to partner with agencies owning properties nearby.
 - 3) Issue RFPs for potential affordable housing sites within a year after completion of the AMP.
- b) **Dispose of City Properties and Include an Affordable Housing Benefit**
 - 1) Analyze land owned by the City for suitability as affordable housing (i.e., appropriate for

multi-family residential use, close to transit and amenities, and large enough to compete for State and Federal funding sources). For suitable sites, those sites will be evaluated as 100% affordable housing sites, or as mixed-income sites with a minimum threshold of 15% of the units affordable. Evaluate the potential subsidy required under each scenario to produce affordable housing units. For sites to be disposed of for market-rate housing that are not suitable for 100% affordable housing, those sites will have an inclusionary target of 15% BMR units at an average of 80% of AMI, or pay a fee of \$20,000 per market rate unit, whichever provides greater benefit to the City.

- 2) For any site that is disposed of that generates net sales proceeds to the City, 30% of the net sales proceeds shall be deposited in the AHTF.
- 3) Analyze the potential for smaller sites zoned for housing to be developed and financed by alternative public or private resources.

City of Oakland Owned Real Estate Disposition



- c) **Public action should include an Affordable Housing Benefit.** While the particulars of this tactic are under discussion, the notion is that for city action on publicly owned land (such as rezoning or significant infrastructure investment), an appraisal would be required at the time of the action, determining the property value both *before* and *after* the action. For

example, the sales price would be based on the fair market value *after* the public action. At the time of sale, a portion or all of incremental value would be transferred to the AHTF in addition to the standard (as described above) 30% of the value.

- d) **Ensure consistency in valuation of property sold or purchased by City.** All appraisals of property purchased or sold by the City shall include a special section with a rationale of the subject property's value compared to other recent City land sales or purchases, in addition to the standard sales comparable section. Staff reports to City Council must include that rationale from the appraiser.

7) Build & Expand Pipeline of Market Rate Homes

Background: Between 2010 and 2014 the Bay Area added roughly 446,000 private-sector jobs and only 54,000 housing units, which has greatly impacted housing prices throughout the region, and particularly in Oakland, where rents increased by over 68 percent between 2007 and 2015.

There are actions the City can take to help encourage both affordable and market rate housing production. The City can create rules that help encourage the construction of units that are designed to be more efficient and less costly to build so they can be brought to market at more affordable prices. The City can also make sure its own permitting processes use resources efficiently while working to focus public input on larger, complex projects, letting smaller, more typical projects move forward more quickly. The City can also foster a climate that engenders investor confidence, which will support the construction of housing at all income levels both in Oakland and throughout the region. This will enable the City's affordable and market rate developers to build at least 12,250 market rate homes and approximately 4000 affordable homes over the next eight years in order to meet our production goal of 17,000 units.

Action Steps:

7.A) Support the creation of units that are efficient to construct. Finding ways to encourage more efficient units can help to add to Oakland's housing supply, particularly for middle-income households.

- a) The City is working on new zoning regulations to encourage the construction of secondary units. The City can encourage property owners to create secondary units by engaging in marketing and education efforts for property owners, creating pre-approved building plans, and waiving permit fees.
- b) Encourage modular or pre-fab construction to reduce cost and construction time by up to 20 percent.

- c) Support parking reforms. These include exploring the idea of replacing parking minimums with parking maximums based on the proximity to transit. State Assembly Bill AB744 supports the idea of parking maximums by stipulating that both affordable housing and market rate housing projects with affordable housing within 1/2 mile of transit shall not be required to contain more than 1/2 parking spaces per unit. The cost of a parking space could also be decoupled from the cost of a unit. This enables households who don't wish to pay for parking to rent their home without it, thereby reducing their housing costs and reducing project construction costs.
- d) Consider replacing density controls with form-based controls. Development intensity could be regulated by building envelope and form instead of by the maximum number of units.



7.B) Ensure that the permitting process provides certainty and makes the best use of city resources and public input.

- a) Consider defining a class of projects that can be built “by right.” Establishing guidance as to which projects could be approved ministerially (i.e., automatically approved if they comply with applicable standards) would help speed up the process for smaller projects while making better use of staff resources.
- b) Create more neighborhood plans with programmatic Environmental Impact Reports (EIRs). Neighborhood plans help create the rules that neighbors, developers and other stakeholders can agree upon for new growth. Buildings that conform to the rules of the plan could have more limited review.
- c) Make the best use of staff resources. Some ideas include:
 - Improve the submittal intake process to ensure that submittals are complete;
 - Ensure there is sufficient staff to make decisions on building code issues efficiently;
 - Consider implementing a permitting approach which allows for early project submittals and for review and approval by discipline (e.g., foundation, structural, mechanical, electrical and plumbing); with each successive permit approved as an addendum to the original site permit. This could cut development timelines by 6-10 months;
 - Hire more plan checkers and hire on-call plan check firms to handle high work volumes;
 - Make the most efficient use of existing expertise (e.g., non-structural plan checkers to check non-structural items);
 - Hire or train staff with specialized expertise who can make consistent code decisions/interpretations on specialized topics.

Strategies to Increase Resources for New Homes

To be successful with the strategies to protect the affordability of existing homes and build new affordable housing in Oakland, the City needs to generate new sources of revenue and leverage additional public, nonprofit and private funds if when possible. No single source of funding can adequately address the preservation and production need; however, a combination of funding strategies can make a significant impact on the affordable housing crisis while maintaining Oakland's affordability and diversity. The five new strategies listed below can generate approximately \$710 million in new funding which will result in the production of approximately 2200 affordable homes in Oakland (and another 2,400 in the county) and other infrastructure to stabilize communities.

Funding strategies that incentivize *both* the preservation of the remaining stock of affordable rental housing *and* the production of new affordable housing are essential to address the affordable housing and displacement crisis in Oakland.

Proposed Strategies

Productions strategies serving low-income households typically earning from 0-80% (and sometimes up to 120%) of Area Median Income require varying degrees of public subsidy. To calculate an estimate of the potential number of households served by each funding source, we made assumptions about the subsidies required for the programs that we are aware of based on the decades of experience of the Work Group's members. (These assumptions must be refined as the implementation process proceeds.)

We assumed approximately \$165,000 per unit in local funding will be required to leverage the private funding required to produce new affordable rental homes serving renter households with incomes below 60% of median.

None of the proposed new resources is sufficient on its own and most of them will take significant time, energy and focus to secure. They are all important solutions and together, responsibility is distributed broadly. Based on these assumptions, the Cabinet proposes that the City of Oakland focus on pursuing the following funding strategies and corresponding action steps, which are projected to raise revenue over eight (8) years:

6.A) Impact Fee—Adopt an affordable housing impact fee on new private market-rate residential development.

- Revenue: \$61 million
- New Affordable Homes: 300-600 units

6.C) Proceeds from the sale of Public Land:

- Revenue and number of homes can be best determined after a Property Asset Management Plan is completed.

6.D) Pursue a County Bond measure for affordable housing funds—Support a campaign for a \$500 million county housing bond leading to:

- Revenue: \$105 million (21% of from a \$500 county bond) for Oakland plus \$50 million for rental rehab in a \$250 million city infrastructure bond
- Homes: If used for production only, the funds could produce approximately 3,000 affordable homes county wide, of which we estimate 600 for Oakland. A rental rehabilitation program funded by \$50 million from a City Bond would help secure approximately 2,000 units.

6.E) Explore establishment of an Enhanced Infrastructure Finance District focused on affordable housing—This is a funding tool that allows a portion of future taxes from new buildings to be reserved to pay for infrastructure, community facilities and affordable housing. If the largest planned development sites in the city are placed in an EIFD, the taxes generated when they are built can be bonded for these uses.

- Revenue: \$100 million from Oakland's increment (\$50 million for affordable housing and \$50 million for infrastructure) and \$57 million additional if the county participates.
- Units: 300 units and funding for infrastructure projects. Additional housing, infrastructure and community facilities are possible if the County participates.

6.F) Pursue State Affordable Housing and Sustainable Communities funds for affordable housing, transit & public works—Build the staff capacity and coordination needed to secure state-level Cap-and-Trade funded AHSC awards to support transit-infrastructure and affordable housing.

- Revenue: \$90 million
- Units: 800 units

Impact Fees

For over a year, the City of Oakland has been exploring the creation of an impact fee. A separate Stakeholder Group charged with reviewing and considering issues and figuring out a draft proposal met in Fall, 2015. Such a tool not only creates resources to meet the impacts but creates predictability in the development process for the investment, development, labor and housing advocacy communities alike.

We recommend that the following three principles be applied to consideration of the impact fee ordinance:

- 1) In acknowledgment of the challenging economics that have prevented the construction of significant market rate housing until now, the fee should be scaled up from a lower initial fee to a higher fee over a period of a few years;
- 2) The timing of the fee adoption should be such that developers have reasonable advance notice of the fee; and
- 3) To capture the value of development that moves forward in advance of the fee's adoption, the City should harness agreement amongst developers to participate in one or more Enhanced Infrastructure Financing Districts (EIFDs) so that increases in the values of properties constructed prior to the imposition of the full fee can be captured to help fund a variety of infrastructure needs described in more detail below.



There certainly is a lot to be done to ensure Oakland remains a mixed income, mixed race city. The details of the impact fee, as in any program, are very important and will be settled soon. Then, we must turn such close attention to other solutions if we are going to stay on track with schedule for all of the strategies we have outlined.

County Housing Bond Measure

Currently, two bond measures are under consideration relevant to Oakland: one at the Alameda County level exclusively for housing and the other is a City of Oakland bond for infrastructure that includes a housing component. The Housing Cabinet's conversations have sparked and influenced these two bond initiatives. Both the amount and programming priorities of the potential county and city bonds will be tested by several public surveys in early 2016.

The county measure will require 100% support among leadership including county supervisors and all city councils. We learned from the San Francisco bond measure that voters like to see a range of programs including supporting the production of affordable housing, opportunities for homeowners, and support services for the most vulnerable populations such as the homeless and veterans. A voter threshold of two thirds is required for both measures. Like all presidential years, the 2016 the ballot will be crowded, including with potential measures from BART and AC Transit. For successful passage of both the county and city bond measures, a coordinated campaign is imperative. We saw the success of a coordinated campaign in 2008 with state bond measures A-F that included transportation, housing, open space.

County Bond: After the successful passage in November of Prop A, the \$310 million affordable housing bond in San Francisco, bond measures in the Bay Area are emerging as a key source for funding the preservation and creation of affordable housing. These measures have been particularly important as they have the potential to partially backfill the loss of Redevelopment funds at the local level. An Alameda County bond would finance the construction, acquisition, improvement, rehabilitation, preservation and repair of affordable housing. It can only be used for capital projects and not services and programs. Planning for development and acquisition of affordable housing can begin in anticipation of future bond sales. This will speed up affordable housing production to address the current crisis – making it easier for hard working people, seniors, veterans, people with disabilities and the homeless to afford a place to live.

We researched a county bond measure of \$500 million. We are recommending that the county consider at least a \$500 million bond in order to make an impact. If the bond were used primarily for affordable housing production, it would generate over 3,000 apartments. To the extent that it is used for capital projects that also help facilitate rapid re-housing of homeless and other special needs populations and funding to address foreclosure prevention for seniors, the actual number of households served could be greater. If Oakland assumes 21.8% of assessed value, approximately 600 of the 3,000 homes created would be in Oakland. The property tax rate for home would be approximately \$12 per \$100,000 of assessed value.

Enhanced Infrastructure Finance Districts (EIFDs)

Enhanced Infrastructure Finance Districts (EIFDs) and Community Revitalization Improvement Areas (CRIA) can be used for infrastructure, affordable housing and community facilities. These cannot be used for direct services or operating expenses. Unlike Redevelopment, they can only be used to pledge the taxes of taxing agencies that agree. For example, Oakland receives approximately 28% of the property taxes collected, not including special assessments. The county receives approximately 16%. The remaining amounts are divided among BART, OUSD, AC Transit and a variety of small assessment districts. If the County was willing to contribute their 16% of the tax on new properties, the amount raised would increase by 57%, approximately \$57 million. In addition to apartments, these funds can be used for community facilities such as childcare facilities, parks as well as street infrastructure such as street trees and lighting, storm drains. We encourage the City to seek opportunities to work with the County on using these funds for such purposes.

For the EIFD to be successful in Oakland, the creation of the EIFDs needs to be linked with the adoption and roll out of the impact fee—at least downtown. We anticipate that there will be a rush of projects that apply for building permits in order to avoid paying the housing impact fee. The idea behind the EIFD is to capture the tax increment on the uptick in development projects.

While no voter approval is required to establish an EIFD, a vote of 55% for those in the district is required to issue bonds. The Work Group estimates that \$100 million in one-time tax increment and bonds could be generated which would yield the creation of 300 units of affordable housing as well as infrastructure (assumes equal split between affordable housing and infrastructure). This assumption is based on development of 5,000 market rate

apartments with an average sales price of \$600,000 or a combination of office, retail and apartments with an equivalent value. For an EIFD to be created and successful staff needs intense focus to:

- 1) **Determine the district** — Unlike redevelopment districts, parcels in an EIFD do not need to be contiguous. In order to capture the increased tax assessment, staff should identify a pipeline projects that are of significant size.
- 2) **Develop infrastructure plan** — A requirement of an EIFD is a plan for infrastructure improvements. Staff needs to prioritize the creation of a plan in order to take advantage of the uptick in housing production.



Source: Rendering of proposed development at 1100 Clay Street, Strada Development

Affordable Housing and Sustainable Communities

Last year the State of California launched its \$2 billion Greenhouse Gas Reduction Fund (GGRF), which includes the Affordable Housing and Sustainable Communities (AHSC) program that support the preservation and creation of affordable housing and transportation infrastructure. In its first year, AHSC funding totaled \$129 million, this year \$330 million, and will continue to grow as the GGRF grows upwards of \$5 billion.

The WG estimates that in the next 8 years, Oakland can successfully leverage the proposed new funding sources to secure approximately \$90 million in additional State “Cap & Trade” funds. The additional resources will extend the proposed funding to build approximately 800 additional affordable housing units. These funds prioritize projects that enhance community connectivity such as pedestrian and bicycle networks and improved access to BART and AC Transit stations. However, to successfully compete for the funds, the City of Oakland will need to execute on two components:

- 1) **Deepen staff capacity**—In order to submit competitive applications, the public works department, the housing department and transit operators will need to build and coordinate an integrated pipeline. At a minimum, the public works and housing departments need to allocate staff time to coordinate across departments for identifying projects and building a pipeline. The planning department should be assisting and prioritizing projects with an affordable housing component to advance readiness—permits and environmental clearance should be in place before the AHSC due dates. The City should consider creating a position, Cross-Department Coordinator for AHSC, so that they are positioning themselves to submit the most competitive projects to secure significant state funding.
- 2) **Demonstrate local commitment**—The City should also revamp its NOFA process to prioritize AHSC applications. We know that staff is currently considering this request.

This year, Oakland plans to submit at least seven applications for a combined total ask which could result in the allocation of \$50-70 million for Oakland.

Comparison of Recommended Ways to Increase Resources to Build New Affordable Homes

Potential Funding Source	Amount generated over 8 Years or Cost to City	Number of units or households created or preserved over 8 years	Within City Control? (yes/no)	Difficulty (High, Low, Med)
Impact Fee	\$61 million	300-600 units	Yes	Medium
Public Lands Revenue	\$10 million	60 units	Yes	Low
County Affordable Housing Bond	\$500 million	600 units for Oakland based on 21.8% AV 3,000 units for the county	No	High
Enhanced Infrastructure Financing District (EIFD) or Community Revitalization Investment Authority (AB 2)	\$100 million (\$50 million for affordable housing and \$50 for infrastructure)	300 units + infrastructure Assumes half of funds used for infrastructure.	Yes, if Oakland only.	Unknown. Vote of 55% required for those in district prior to bonding for EIFD.
Affordable Housing and Sustainable Communities (AHSC)	\$90 million	800 units	Yes – requires City Staff to prioritize.	Low

DISCLAIMER:

- ALL AMOUNTS ARE ROUGH ESTIMATES FOR DISCUSSION PURPOSES ONLY AND DO NOT REFLECT ON-GOING NEGOTIATIONS BY OTHER COMMITTEES.
- FOR COMPARISON PURPOSES, ESTIMATES OF POTENTIAL UNITS CREATED ASSUME THAT ALL FUNDS ARE USED FOR NEW CONSTRUCTION OF HOUSING, WHICH WILL NOT BE THE CASE.
- ACTUAL HOUSING PRODUCTION WILL BE LESS AFTER FUNDS FOR OTHER ELIGIBLE HOUSING, SERVICES OR INFRASTRUCTURE ARE AGREED ON.
- ALL HOUSING PRODUCTION ESTIMATES ARE FOR COMPARISON OF RELATIVE IMPACT ONLY AND DO NOT REFLECT CHANGES IN MARKET FORCES.

Relative Impact (High, Low, Med)	Recommended priority level	For Housing Trust Fund (yes/no)	Income Targets*	Notes (definition and/or assumptions) *Extremely low-income=ELI Very low-income=VLI Low-income=LVI Moderate-income=MI
Medium (Impact depends on market rate production)	1	Yes	ELI, VLI, LI	<ul style="list-style-type: none"> Fee on new residential development with an exemption for development of affordable housing on site. Fee could start small and increase annually up to a limited level. Based on concerns expressed at December 17th, 2015 meeting, annual production per year reduced from assumption of 1,000 market-rate homes annually to 500. Actual amounts could be higher or lower. May include affordable homes built in new developments as an alternative to the fee.
Medium	1	Yes	ELI, VLI, LI	<ul style="list-style-type: none"> Through a public lands policy, set aside a percentage of sales proceeds from disposition of City land towards the Affordable Housing Trust Fund.
High (Impact can start soon after approval by voters)	1	Yes	ELI, VLI, LI	<ul style="list-style-type: none"> Assumes approximately \$12/per \$100,000 of assessed value – reduces as AV goes up. Final amount depends on responses to current polling. Bond size and timing of bond sales should be adjusted to coincide with ending other taxes and increases in Assessed Value so that tax payer burdens do not increase. Total development cost \$485,000 with subsidy of \$165,000. Income target: Extremely low, very low and low income. Must be done in coordination with EBHO and NPH.
Medium (High impact possible after 5,000 market rate units completed. Sooner if affordable units are inclusionary.)	1	No	ELI, VLI, LI	<ul style="list-style-type: none"> Commits portion of future taxes on increased property tax assessments to bond payments for infrastructure and affordable housing. (Additional bonding can be available depending on new development in Oakland). These estimates assume onetime tax Increment bond against future increases in property taxes on 5,000 units. Synergy with expedited permit processing and Impact fee structure that provides incentive for production. Over 50% more valuable if combined with County. No voter approval to establish fund, 55% approval is required to issue bonds. Total development cost \$485,000 with subsidy of \$165,000. Funds available after units completed; half of funds raised go to other public infrastructure projects. Requires additional investigation with City Staff and intense focus. Requires plan for use of funds.
High	2	No	ELI, VLI, LI	<ul style="list-style-type: none"> Requires staff time to coordinate pipeline. Must be matched by local funds, but AHSC has the potential to stretch local funds to build an additional 800 units, possibly more if used for NOAH Acquisition.

What are some actions the City has taken in the past year to build more homes?

- ✓ Reissued a RFP for East 12th Street -public land to become new multifamily housing.
- ✓ Zoning code amendments were approved by the City Council to make it easier for private owners to create new or make existing additional/accessory dwelling units (i.e. backyard granny flats) allowable.
- ✓ The City approved the hiring of 14 new Planning and Building Department staff to enhance the permitting process.
- ✓ Issued the annual Affordable Housing NOFA for \$11m. Decisions about awardees will be occur in early 2016.
- ✓ Council recently approved an LDDA with a developer for 94 housing units at Fruitvale Transit Village, including 81 units (86%) affordable to households from 30% to 60% AMI. The City is providing a \$7M subsidy to the project.
- ✓ Council recently approved a participation agreement with BART to build 110 housing units at the Coliseum Transit Village, including 55 affordable units (50%). The City will provide \$11.6M of subsidy to the project.
- ✓ The City of Oakland and Assembly member Rob Bonta (D-Oakland) introduced AB 2031 to speed up the process for California cities to construct desperately needed affordable housing by allowing a city to issue bonds serviced by “boomerang funds” (funds returned to the city through the dissolution of redevelopment agencies).
- ✓ Mayor Libby Schaaf, along with other city, school, and county leaders called on Governor Jerry Brown’s administration to release \$45 million in affordable housing funds that were set aside by Oakland’s redevelopment agency ten years ago to complete affordable housing at the Brooklyn Basin project on the Oakland’s waterfront.
- ✓ Council recently approved a DDA with a developer to build approx. 225 housing units at Clay and 12th Streets and deposit \$1.8M into the Affordable Housing Trust Fund.
- ✓ Council approved an exclusive negotiating agreement with a developer to build 250 or more housing units at 2100 Telegraph Ave. including 15% affordable to low and moderate income households.
- ✓ Council will consider in Jan. approval of a DDA with a developer to build 234 housing units at 23rd, Valdez and Webster Streets, including 36 units (15%) affordable to households from 50% to 100% AMI.
- ✓ Council will consider in early 2016 selecting a developer to build housing at 1911 Telegraph Ave. including onsite affordable units.
- ✓ The City re-circulated an offer to sell or lease City property at 12th Street and 2nd Ave and is currently evaluating five proposals for development of multifamily housing with onsite affordable units.
- ✓ The City re-circulated an offer to sell or lease City property at 12th Street and 2nd Ave and is currently evaluating five proposals for development of multifamily housing with onsite affordable units.
- ✓ Embarked on a Nexus Study and a Feasibility Study to establish the groundwork for adopting an impact fee in early 2016. The City Council is currently considering recommendations.
- ✓ Secured State Greenhouse Gas Reduction Funds (‘AHSC’) ~\$6m for two projects. Working now to prepare at least 9 applications to the State for the 2016 AHSC round (due in April with as much as \$20m/project).
- ✓ Worked with The San Francisco Foundation on \$34m in grants to local orgs –including EBALDC, Unity Council and Oakland Land Trust to create new housing opportunities.
- ✓ Jobs and Housing linkage fee obtained from Uber for ~\$1.7m (330,000 SF retail to office at \$5.24).

Ensure Steady Progress for Oaklanders

*How will this all happen and how will
we know things are on track?*



8) Set up an internal working group to ensure steady progress

Advancing these strategies is a complicated undertaking and to be done successfully and inclusively will require significant coordination between city departments, decision makers, partners and stakeholders. The Mayor's Office is currently setting up a Working Group with 5-10 people, mostly from within City government, to meet regularly to ensure strategies are on track, issues are addressed expeditiously, obstacles are addressed, the network of talent and resources to help execute continues expands, and new opportunities are folded into the work strategically. Ideally, this Work Group will have a dedicated staff person.

Action Steps: Integral to the work of advancing the strategies, this Work Group will:

8.A) Ensure coordination as policies are refined and strategies are implemented.

8.B) Staff a small Advisory Committee (a 'Kitchen Cabinet') coordinating, troubleshooting, communicating successes and ensuring implementation. Steps will include:

- Assemble an Advisory Group to meet twice a year to advise on the work.
- Publish a full report in spring 2016 with the materials the Working Group's referenced in their work.
- Publish a quarterly newsletter about the work and share it broadly with interested stakeholders.
- Be proactive about outreach and be available to respond to the community.

8.C) Set up and manage a website for community to track progress This should be a place to find materials that are relevant to the strategies and for the public to track progress.

Some Work Groups formed for the Cabinet will continue such as the Renters' Services and Rights Work Group, a Workforce Housing Preservation Taskforce (former NOAH Work Group) and the Public Lands Work Group as long as they are productive.

9) Ensure Oaklanders have preference in new affordable housing

Background: Despite the severe housing problems experienced by Oakland residents, residents do not receive a special preference when new affordable housing becomes available.

Most affordable housing in the City is funded in part by federal or state funds. These grant, loan, and tax credit programs in general allow preferences first to persons who are displaced by governmental action. A second preference is given to persons who either live or work in Oakland. However, without a waiver of usual requirements, these programs will not allow a preference for Oakland residents exclusively.

In addition, even if affordable housing receives no federal or state funds, federal and state fair housing laws do not allow the City to adopt preferences if they would create a 'disparate impact' by either creating segregated communities or to disadvantage a racial or ethnic group. For instance, a preference to local residents in a community that is comprised almost entirely of members of one ethnic group would prevent members of other ethnic groups from obtaining affordable housing in that city.

It is possible to complete a statistical analysis to demonstrate that a preference to Oakland residents would not create a disparate impact. San Francisco completed a detailed statistical analysis of each of its supervisorial districts to demonstrate that a district preference for 40 percent of the affordable units would not create a disparate impact. Currently, it is seeking a waiver to apply this preference to certain projects partially funded by the federal and state government. However, given federal law, the preference would not apply to Housing Authority projects and would not apply if prohibited by state or federal funding.

San Francisco additionally is attempting to obtain waivers to expand the definition of displaces to those displaced by Ellis Act evictions and move-in evictions.

Action steps: The City should complete the required statistical analysis to seek to demonstrate that a preference to Oakland residents would not create a disparate impact. If the analysis shows that this preference would not create a disparate impact, the City should:

9.A) Receive clarification on appropriate and legal language to build into project approvals where City funds are used that would ensure that Oaklanders have preference in new affordable housing developments. The City may immediately apply it to affordable housing that is created without the use of state or federal funds, such as inclusionary housing provided by market-rate developers. The City should then seek to obtain permission from the state and federal governments to apply this preference in affordable housing funded with state or federal funds.

Additionally, if San Francisco is successful in obtaining waivers to expand the definition of displaced to those displaced by Ellis Act and owner move-in evictions, the City of Oakland should seek similar waivers.

9.B) Craft language and work directly with San Francisco and other cities to make more changes at state level to make it easier to do.

10) Raise funds from philanthropy and others to support the work

There are opportunities for the City to create new funds for programs, its Affordable Housing Trust Fund and physical infrastructure. Some of those funds can be used to leverage additional resources, as is the case with state cap and trade funds and structured, patient, low-interest loan funds managed by Community Development Finance Institutions. However, there are some costs associated with the Cabinet's recommendations that do not have a clear source yet. Investing in these discrete gaps is one of the best and boldest roles for philanthropy—to fill in and complete the picture at critical times.

Action Steps: There is a role for philanthropy and fresh partnerships in each of our strategies in the form of:

- Grants,
- Recoverable loans,
- Program related investments,
- Loan guarantees, and
- Being a champion, facilitator, wise counsel and strategic partner.

10.A) Raise funds from philanthropy, the business community and individuals to support some of the activity or capital needs.

One example of a simple, immediate investment for philanthropic organizations to support is in the City and its partners delivering more effective renters' services. Eventually, if an increase in the Rent Adjustment Program (RAP) fee is active, services that include fresh communication materials, outreach, counseling, mediation and legal representation will be resourced. In the interim, a source needs to be identified for the staffing and nonprofit groups who are on contract with the City to deliver such services. Other examples of roles for philanthropic entities would be supporting the bond campaigns and providing program related investment funds for structured loans needed to acquire and rehabilitate naturally occurring affordable housing. There are many other examples to be supportive in soft and hard costs for advocacy, services and 'bricks and mortar.

Jose Corona is the Mayor's Director of Equity and Strategic Partnerships. He is well situated to be a conduit to Oakland's business and nonprofit community, and local and national philanthropic interests to garner support.

Let's raise the funds and let's get to work!



APPENDIX A: Work Plan

Protect the Affordability of Existing Homes

Action Steps	Who is served & Where	What will it take?	City Actions			Lead & Key Partners
			Legis- lative	Adminis- trative	Non- City Action	
1. Provide Excellent Renters' Services						
A. Complete audit and redesign Rent Adjustment Program to serve more clients	All Renters—Focus on 20-80% AMI and properties near Transit	City and/or philanthropic funds needed to redesign and deploy services –including hiring temps and expanding partners’ contracts		●		• Housing and Community Devt. Department • Office of the City Administrator • Tenants’ rights advocacy, outreach and legal services organizations • East Bay Rental Housing Association
B. Modernize the housing services system by obtaining a grant or commit funding to overhaul HCD website to streamline how people assess their rights, answer their questions, assess next steps and/or pursue direct help	All Renters—Focus on 20-80% AMI and properties near Transit	City and/or philanthropic funds needed		●		
C. Expand contracts with local groups to extend the City’s ability to outreach to and assist tenants with issues, including more legal assistance	All Renters—Focus on 20-80% AMI and properties near Transit		●	●		
D. Create a larger, more sustainable funding source and align staffing structure to meet needs	All Renters—Focus on 20-80% AMI and properties near Transit	City and/or philanthropic funds needed	●	●		
E. Improve Data Collection. Expand tenant outreach database so that tracking and analyzing the issues can lead to better targeted solutions for tenants and property owners	All Renters—Focus on 20-80% AMI and properties near Transit			●		
F. Develop an emergency bridge fund	All Renters—Focus on 20-80% AMI and properties near Transit	City and/or philanthropic funds needed				

2. Strengthen Renters' Protections						
A. Improve Just Cause Eviction Ordinance to cover all building types	All Renters	New/Updated ordinance(s) required	●			<ul style="list-style-type: none"> • Housing and Community Devt. Department • Office of the City Administrator • Tenants' rights advocacy, outreach and legal services organizations • East Bay Rental Housing Association
B. Revise Condo Conversion Ordinance	All Renters	New/Updated ordinance(s) required	●			
C. Proposed amendments to strengthen the Tenant Protection Ordinance and its' administrative and enforcement mechanisms	All Renters	New/Updated ordinance(s) required	●			
D. Revise Ellis Act Eviction Ordinance to impose higher payouts to tenants	All Renters	New/Updated ordinance(s) required	●			
E. Revise the Code Enforcement Relocation Program	All Renters	New/Updated ordinance(s) required	●			
F. A new Neighborhood Stabilization Ordinance to replace the current Rent Adjustment Ordinance	All Renters	New/Updated ordinance(s) required	●			
3. Strengthen Enforcement of Renters' Protections						
A. Increase Rent Adjustment Program Fees	All Renters—Focus on 20-80% AMI and properties near Transit	City and/or philanthropic funds needed for: <ul style="list-style-type: none"> • Due diligence • Facilitated negotiations process • Eventually increased staffing 	●			<ul style="list-style-type: none"> • Housing and Community Devt. Department • Office of the City Administrator • Planning & Building Dept. • Tenants' rights advocacy, outreach and legal services organizations • East Bay Rental Housing Association
B. Add further legal safeguards for vulnerable community members threatened by growing displacement forces and inadequate housing security.	All Renters—Focus on 20-80% AMI	New/Updated ordinance(s) required	●			
C. Implement the sale of public land with proceeds designated for increased enforcement of renter protections	All Renters—Focus on 20-80% AMI and properties near Transit	New public land policy and Asset Management Plan				
D. Expand and enhance existing Safe Housing Inspection Program into a city-wide Proactive Rental Inspection policy	All Renters	New/Updated ordinance(s) required	●			

4. Acquire Naturally Occurring Affordable Housing (NOAHs)

A. Establish independent Workforce Housing Preservation Taskforce (formerly a NOAH Working Group) to actively pursue a pilot projects to identify properties, acquire, rehab & make homes permanently affordable	<ul style="list-style-type: none"> • Owner-occupied with 30-120% AMI, and/or • Renter occupied: portfolio-owned SFH properties – likely 60-120% AMI • Vacant 	For a regional acquisition fund: <ul style="list-style-type: none"> • Metropolitan Transportation Commission (MTC) • Community Dev't Finance Inst. (CDFI) such as Enterprise, LIIF & LISC • Program related Investment (typically philanthropy) funders • Philanthropy 			<ul style="list-style-type: none"> • EBALDC • Housing and Community Devt. Department • Planning and Building Dept. —Bureau of Building • CRC Development • Community Dev't Finance Inst. such as Enterprise & LISC
B. Pursue a City Infrastructure Bond that includes NOAH rehabilitation funds	Current renters making 50-100% AMI. Focusing on renters making 60-80% AMI – especially in the flatlands		●	●	Mayor's Office City Council City Attorney's Office
Conduct polling and based on results, assess the size & uses of this bond		Council legislation to place on ballot			
Garner support		Funding needed to run campaign to win			
Fundraise for campaign					
Refine the bond measure and establish an election date					
Campaign to win					
C. Work with Metropolitan Transportation Commission (MTC) to explore and develop a regional NOAH Fund	Current renters making 50-100% AMI. Focusing on renters making 60-80% AMI – especially in the flatlands				<ul style="list-style-type: none"> • Metropolitan Transportation Commission (MTC) • Community Dev't. Finance Inst. (CDFI) such as Enterprise, LIIF & LISC
Continued discussions with Metropolitan Transportation Commission, CDFIs, 3 cities and select developers to develop a regional NOAH Fund		Philanthropy needed to cover start-up and legal costs for a new fund			<ul style="list-style-type: none"> • Great Communities Collaborative • Program related Investment (typically philanthropy) funders
Help to enlist philanthropic partners to invest in the start-up and PRI funds needed to build a very low interest, patient loan fund					<ul style="list-style-type: none"> • Philanthropy

D. Set up a Transfer Tax Rebate for renovation of NOAHs by nonprofit organizations	Current renters making 50-100% AMI. Focusing on renters making 60-80% AMI – especially in the flatlands					
E. Increase capacity of local organizations to acquire, rehab & manage small & medium scaled scattered site homes	Current renters making 50-100% AMI. Focusing on renters making 60-80% AMI – especially in the flatlands					
F. Develop best management practices and build capacity of local organizations to acquire, rehab & manage small & medium scaled scattered site homes	Current renters making 50-100% AMI. Focusing on renters making 60-80% AMI – especially in the flatlands					
5. Secure Single Family Homes In Distress						
A. Secure single family homes (SFH) in financial distress	Owner-occupied with 30-120% AMI	<i>Details forthcoming</i>		●	●	<ul style="list-style-type: none"> • Office of the City Administrator • UC Berkeley Turner Ctr. for Housing Innovation • Housing and Community Devt Dept. • Organizations specializing in scattered site property development and management • City Code Enforcement
Identify City staff to work on the program design and outreach		<i>Details forthcoming</i>				
Set up financial and human resources to work with medium term actions in 2017						
B. Expand existing organizations' capacity to operate scattered site homeownership land trusts						

Build New Homes

Action Steps	Who is served & Where	What will it take?	City Actions			Lead & Key Partners
			Legis- lative	Adminis- trative	Non-City Action	
6. Build the Existing Pipeline of Affordable Homes and Add New Ones To Pipeline						
A. Establish an Impact Fee program	All income levels	All income levels				• Planning and Building Dept. • City Council
Complete the review and consideration of the impact fee recommendations			●	●		
Draft ordinance for City Council and implement the program			●	●		
Establish the internal administrative and monitoring capacity to communicate and manage the program					●	
B. Establish an on-site mitigation option for developments as part of the impact fee ordinance.	Households with 50-120% AMI who want to live in new buildings	Households with 50-120% AMI who want to live in new buildings				• Planning and Building Dept. • Office of City Administrator • Alameda Cty. Labor Council • East Bay Housing Organizations (EBHO) • Jobs Housing Coalition • Goldfarb and Lipman
Complete the view and consideration of the impact fee recommendations			●	●		
Calculate the appropriate number of homes as an alternative choice to fees				●		
Draft a resolution for City Council to amend policies, process and criteria for evaluating how City-owned lands are disposed, developed or leased			●	●		
Establish the internal administrative and monitoring capacity to communicate and manage the program				●		
C. Create a public land policy	All household income levels with emphasis on inclusionary homes for households with 15-100% AMI	All household income levels with emphasis on inclusionary homes for households with 15-100% AMI				• Economic & Workforce Devt Dept. City Council offices • Redevelopment Successor Agency • Office of the City Attorney • EBHO • Causa Justa:: Just Cause • Goldfarb and Lipman • Potentially: Oakland Unified School District, BART, CalTrans, Port & other agencies
Fund, Inventory and develop an asset management plan for City-owned real estate				●		
Review and refine straw man policy created by Working Group				●		
Draft a resolution for City Council to establish policies, process and criteria for evaluating how public lands should be used.			●			
Begin conversations with other public agencies (such as OUSD and BART) to seek ways to partner on the development of potentially synergistic interests with proximate parcels				●	●	

D. Pursue a County Bond measure for affordable housing funds	Households with 15-120% AMIs - likely lower incomes in Oakland	Households with 15-120% AMIs - likely lower incomes in Oakland				<ul style="list-style-type: none"> • EBHO • Nonprofit Housing Association of Northern California • Mayor's Office • Council supporters • Many other key supporters
Conduct polling and based on results, assess the size & uses of this bond						
Garner County's and Cities' elected officials', stakeholders' and key groups' support						
Fundraise for campaign						
Refine the bond measure and establish an election date						
Campaign to win						
E. Explore establishment of an Enhanced Infrastructure Finance District focused on affordable housing						
F. Pursue State Affordable Housing and Sustainable Communities funds for affordable housing, transit & public works	Sustainable Communities funds ("Cap and Trade") Households in new homes with 30-60 (maybe up to 80%) AMI	Sustainable Communities funds ("Cap and Trade") Households in new homes with 30-60 (maybe up to 80%) AMI				<ul style="list-style-type: none"> • Housing & Community Development Dept. • Enterprise • Affordable housing developers • Public Works Dept. • Director of Infrastructure and & Transportation • Planning and Building Dept. • BART • ACTransit
Craft 7-9 proposals for state cap & trade funds with afford. housing developers, transit agencies, planning dept. & public works dept.						

7. Build the Existing Pipeline of Market Homes & Add New Ones

A. Support the creation of units that are efficient to construct	All income levels in all parts of the City					<ul style="list-style-type: none"> • Planning and Building Department • SPUR • Jobs Housing Coalition • EBHO • Mayor's Director of Infrastructure and Transportation • Planning and Zoning Dept. • New Transportation Dept. • East Bay Realtors Association.
Encourage property owners to construct secondary units by engaging in marketing and education efforts for property owners, creating pre-approved building plans, and providing fee waivers		Funding to cover costs of the program.	●	●		
Encourage pre-fab or modular construction		Administrative guidelines to clarify roles of City and State in permitting process.		●		
Support parking reforms such as replace parking minimums with parking maximums—especially where there is proximity to transit.		Amendments to the Planning Code.	●			
Consider replacing density controls with form-based controls (This can be done through regulations that govern height, bulk and setbacks or through regulations that govern Floor Area Ratio—or FAR).		Funding to hire consultant to study and prepare potential amendments to Planning Code.	●	●		
B. Ensure that the permitting process provides certainty and makes the best use of city resources and public input	All income levels in all parts of the City					<ul style="list-style-type: none"> • Planning and Building Department
Consider defining a class of projects that can be built “by right” Smaller projects could be subject to ministerial review, saving staff time and public scrutiny for larger projects.			●	●		
Create more Neighborhood Plans		Funding to prepare Neighborhood Plans.	●			
Make the best use of current staff resources. This includes activities such as improving the submittal intake process and training or hiring staff with special expertise to make consistent code decisions		Ordinance amendment needed by Planning Commission and City Council		●		

Noting: Efforts to BUILD HOMES already underway:

C. Proceeding with Exclusive Negotiating Agreements (ENA) and Disposition and Development Agreements (DDA) leading to public/private development of Redevelopment Successor Agency properties.	All income levels			●		<ul style="list-style-type: none"> • Economic & Workforce Development Department Planning and Building Department • Housing and Community Development Department
Monitor progress on approved DDAs at Valdez/Webster/23rd, 1100 Clay Street, Fruitvale Transit Village IIB, Coliseum Transit Village, and MacArthur BART Transit Village.		Funding to cover costs of the program.		●		
Negotiate DDAs for 1911 Telegraph, 2100 Telegraph, 12th St/2nd Ave., 1800 San Pablo, 500 Kirkham.		Administrative guidelines to clarify roles of City and State in permitting process.		●		
Approve funding commitments to affordable housing developers under the Notice of Funding Availability process currently underway.		Amendments to the Planning Code.	●	●		
Continue to implement and process development projects under approved Specific Plans (Broadway/Valdez, Lake Merritt, West Oakland, Coliseum,		Funding to hire consultant to study and prepare potential amendments to Planning Code.		●		
Complete Downtown Specific Plan which will spur and guide new development that is appropriate and desirable.				●		

Ensure Steady Progress Advancing Strategies

Action Steps	Who is served & Where	What will it take?	City Actions			Lead & Key Partners
			Legis-lative	Adminis-trative	Non-City Action	
8. Set up internal working group to ensure policies are refined and strategies are implemented						
A. Ensure coordination as policies are refined and strategies are implemented	All income levels	Details forthcoming		●	●	Mayor's Office & City Administrator's Office Goldfarb and Lipman
B. Staff a small Advisory Committee (a 'Kitchen Cabinet') coordinating, troubleshooting, communicating successes and ensuring implementation.	All income levels	Details forthcoming		●	●	
C. Set Up & Manage a website for community to track progress	All income levels	Details forthcoming		●		
9. Ensure that Oaklanders have preference in new affordable housing developments.						
A. Receive Clarification on appropriate and legal language to build into project approvals where City funds are used that would ensure that Oaklanders have preference in new affordable housing developments.	All income levels	Details forthcoming		●	●	Mayor's Office & City Administrator's Office
B. Craft that language and work directly with San Francisco and other cities to make more changes at state level to make it easier to do	All income levels	Details forthcoming		●	●	
10. Raise fund from philanthropy and others to support the work						
A. Raise funds from philanthropy, the business community and individuals to support some of the activity or capital needs.	All income levels	Details forthcoming		●	●	Mayor's Office