

**June 17<sup>th</sup>, 2020**

<b>Proposal:</b>	Present an informational report to the Planning Commission describing the progress the City made in 2019 to implement policies adopted in the City's 2015-2023 Housing Element and on meeting the City's share of Regional Housing Needs Allocation.
<b>Environmental Determination:</b>	This Housing Element Annual Progress Report is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15306 (Information Collection) and 15061(b)(3) (General Rule)
<b>Action to be Taken:</b>	Request for Planning Commission and public comment.
<b>For Further Information:</b>	Contact case planner Diana Perez-Domencich at (510) 238-3550 or by email: <a href="mailto:DPerez-Domencich@oaklandca.gov">DPerez-Domencich@oaklandca.gov</a>

**SUMMARY**

California Government Code Section 65400 requires the City of Oakland to prepare and submit an annual report to the Office of Planning and Research (OPR) and to the California Department of Housing and Community Development (HCD) by April 1 of each year, using forms and definitions adopted by HCD. The 2019 APR, submitted to OPR and HCD on April 1, 2020, reflects the fifth year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element, which the City Council adopted by Resolution No. 85315 C.M.S. on December 9, 2014.

In accordance with Policy 6.5 of the 2015-2023 Housing Element, the City conducted a public hearing before City Council on May 19<sup>th</sup>, 2020 to review and consider the 2019 APR and is now bringing this report for public comment before the Planning Commission. This Director's Report highlights the major accomplishments, both in terms of production of housing and progress on City programs and policies, for the calendar year 2019.

Please find attached a PowerPoint Presentation that will be presented at the Planning Commission hearing (*Attachment A*) and an Informational Report to the Oakland City Council presented on May 19<sup>th</sup>, 2020 (*Attachment B*).

The complete 2019 Housing Element Annual Progress Report can be found on the City's webpage: <https://www.oaklandca.gov/documents/housing-element-annual-progress-reports>

*Note: This year's Annual Progress Report contains very large tables that are not suitable for printing and are best viewed electronically.)*

**RECOMMENDATIONS:**

Staff recommends that the Planning Commission receive comments from members of the public, and provide input on the 2019 Housing Element Annual Progress Report.

Prepared by:

*Diana Perez-Domencich*

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DIANA PEREZ-DOMENCICH  
Planner I

Reviewed by:

*Laura Kaminski*

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LAURA KAMINSKI  
Acting Strategic Planning Manager

Approved for forwarding to the  
City Planning Commission:

*Ed Manasse*

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ED MANASSE  
Deputy Director/City Planner

**ATTACHMENTS (2):**

- A. PowerPoint Presentation – Summary of Major Accomplishments
- B. Informational Report to the Oakland City Council for May 19<sup>th</sup>, 2020.

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HOUSING ELEMENT  
ANNUAL PROGRESS REPORT  
FOR CALENDAR YEAR 2019

HIGHLIGHTS AND MAJOR ACCOMPLISHMENTS



# SNAPSHOT OF 2019: ENABLING NEW HOUSING CONSTRUCTION



Planning and zoning approvals, or “entitlements,” for **5,352** new housing units



Building permits for **2,228** new housing units



Building permits for **106** extremely low-, very low-, and low-income units, and **11** moderate-income units



Planning and zoning approvals, or “entitlements,” for **723** extremely low-, very low-, and low-income units.



Building permits for **289** Secondary Units also known as “Accessory Dwelling Units” and **54** single-family homes.



Building permits for **1,816** units in multi-family buildings.

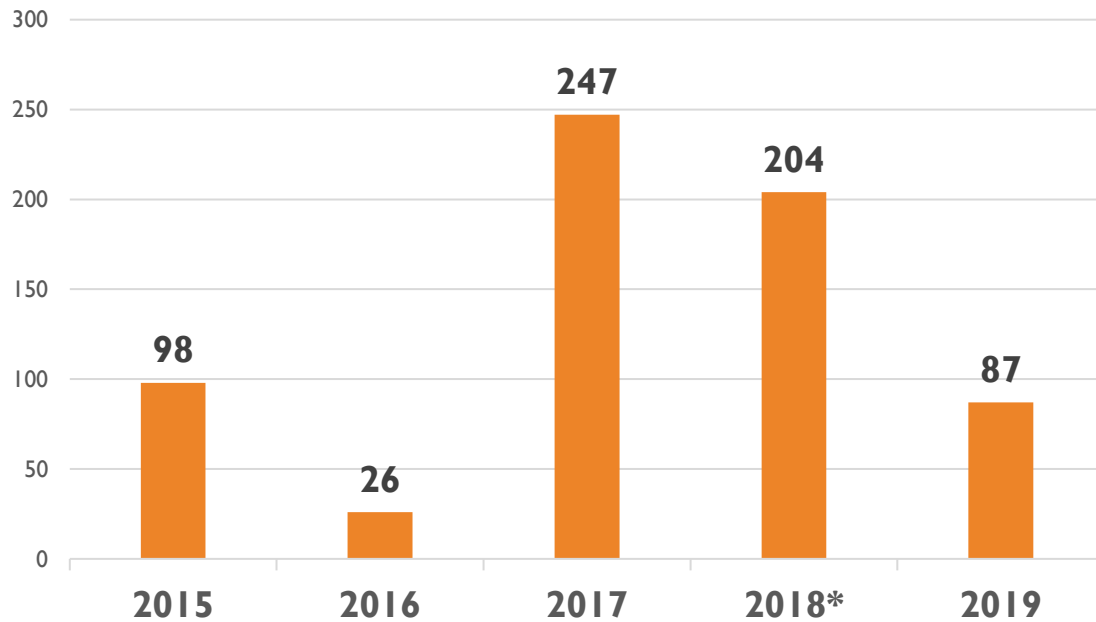
# PROGRESS ON MEETING OAKLAND'S REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

Income Level	RHNA 2015-2023	Permitted Units by Year					Total units 2015-2019	Total Remaining Units by Income Level	% of RHNA met by total permitted units
		2015	2016	2017	2018*	2019			
Very low-	2,059	98	26	247	204	87	662	1,397	32%
Low-	2,075	30	13	66	85	19	213	1,862	10%
Moderate-	2,815	0	0	11	48	11	70	2,745	2%
<b>Sub-total Affordable</b>	<b>6,949</b>	<b>128</b>	<b>39</b>	<b>324</b>	<b>337</b>	<b>117</b>	<b>945</b>	<b>6,004</b>	<b>14%</b>
<b>Above Moderate</b>	<b>7,816</b>	<b>643</b>	<b>2,082</b>	<b>4,019</b>	<b>4,280</b>	<b>2,111</b>	<b>13,135</b>	<b>0</b>	<b>168%</b>
<b>TOTAL</b>	<b>14,765</b>	<b>771</b>	<b>2,121</b>	<b>4,343</b>	<b>4,617</b>	<b>2,228</b>	<b>14,080</b>	<b>685</b>	<b>95%</b>

\* These numbers reflect a correction to last year's APR.

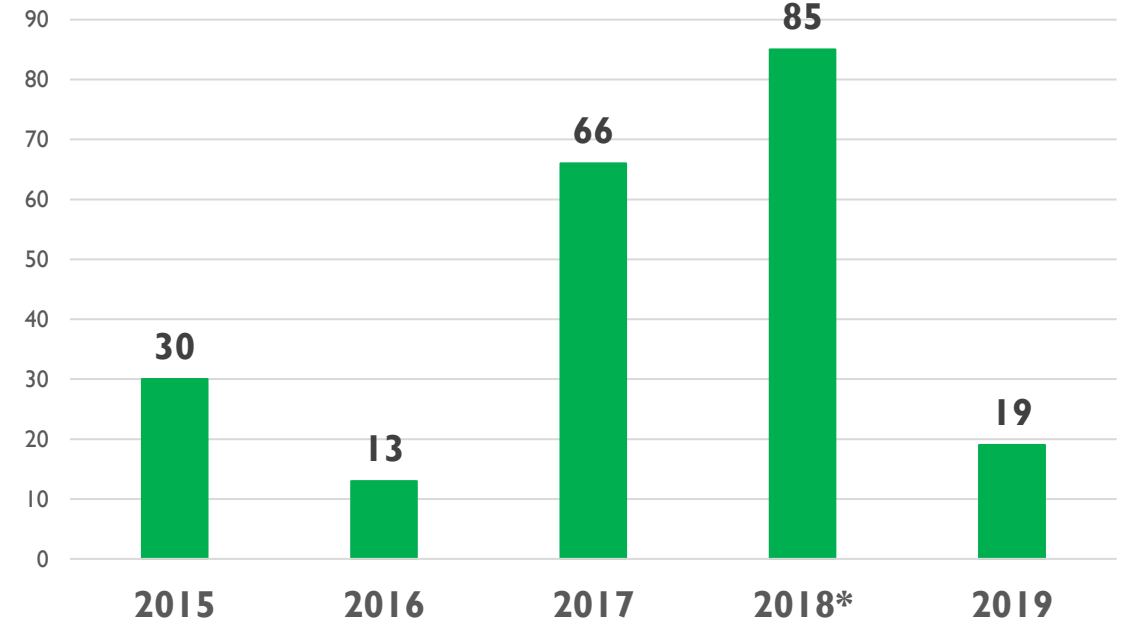
# PROGRESS ON MEETING OAKLAND'S RHNA VERY LOW- AND LOW-INCOME HOUSEHOLDS

Very Low-Income Housing Units  
Issued Building Permits By Year, 2015-2019



Very Low-Income

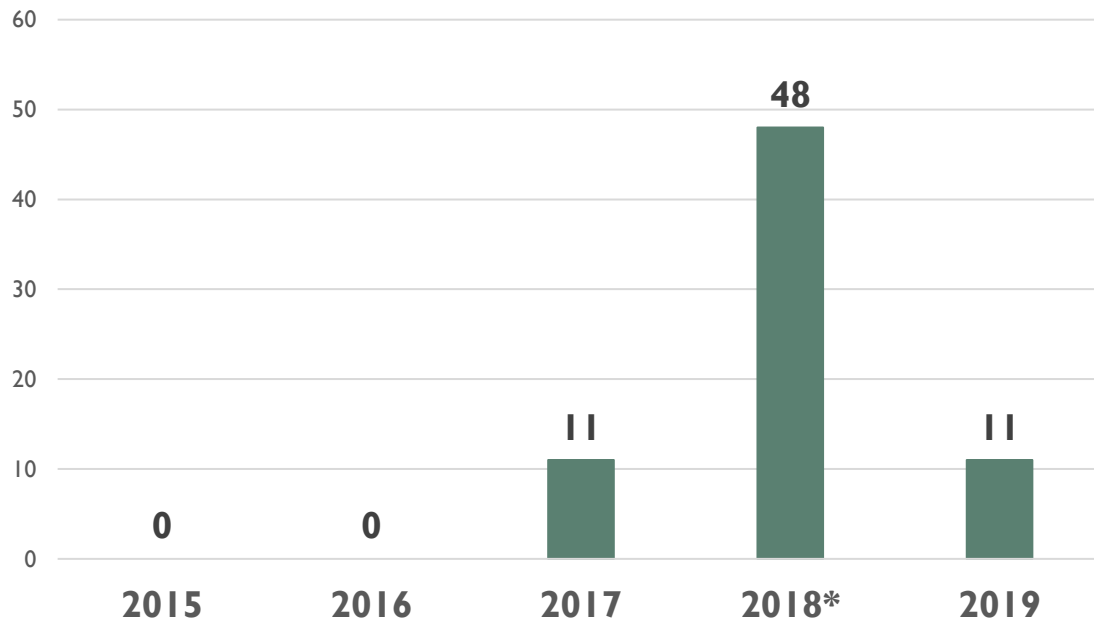
Low-Income Housing Units  
Issued Building Permits By Year, 2015-2019



Low-Income

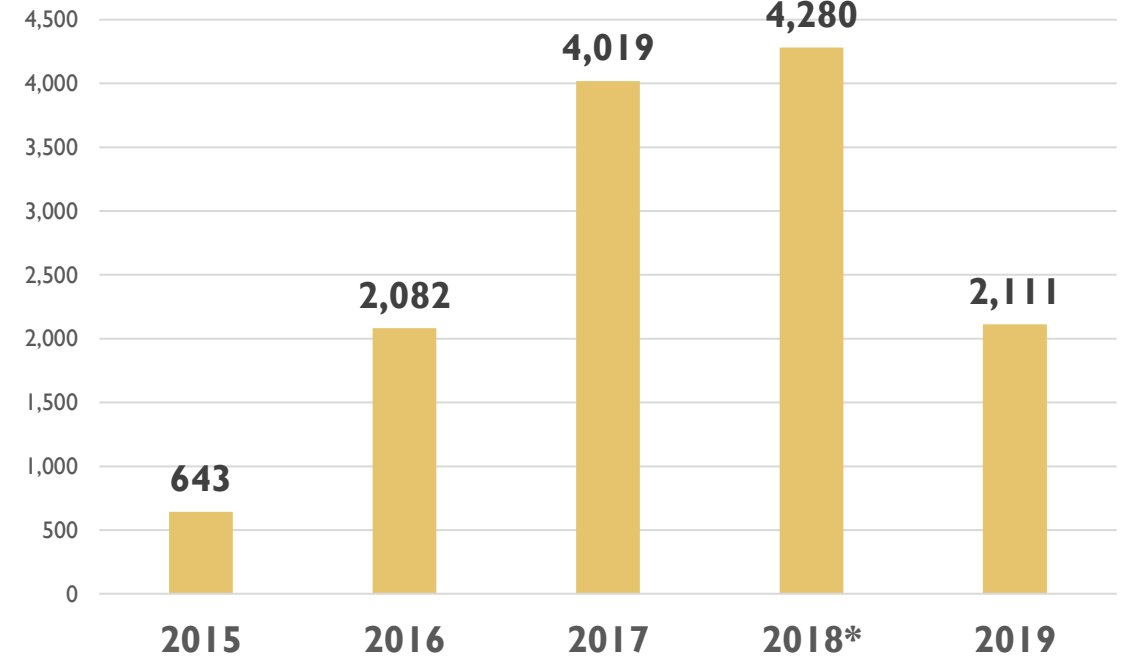
# PROGRESS ON MEETING OAKLAND'S RHNA MODERATE- AND ABOVE MODERATE-INCOME HOUSEHOLDS

Moderate Income Housing Units  
Issued Building Permits By Year, 2015-2019



Moderate Income

Above-Moderate Income Housing Units  
Issued Building Permits By Year, 2015-2019



Above-Moderate Income

# RESIDENTIAL UNITS ISSUED BUILDING PERMITS BY BUILDING TYPE, 2019

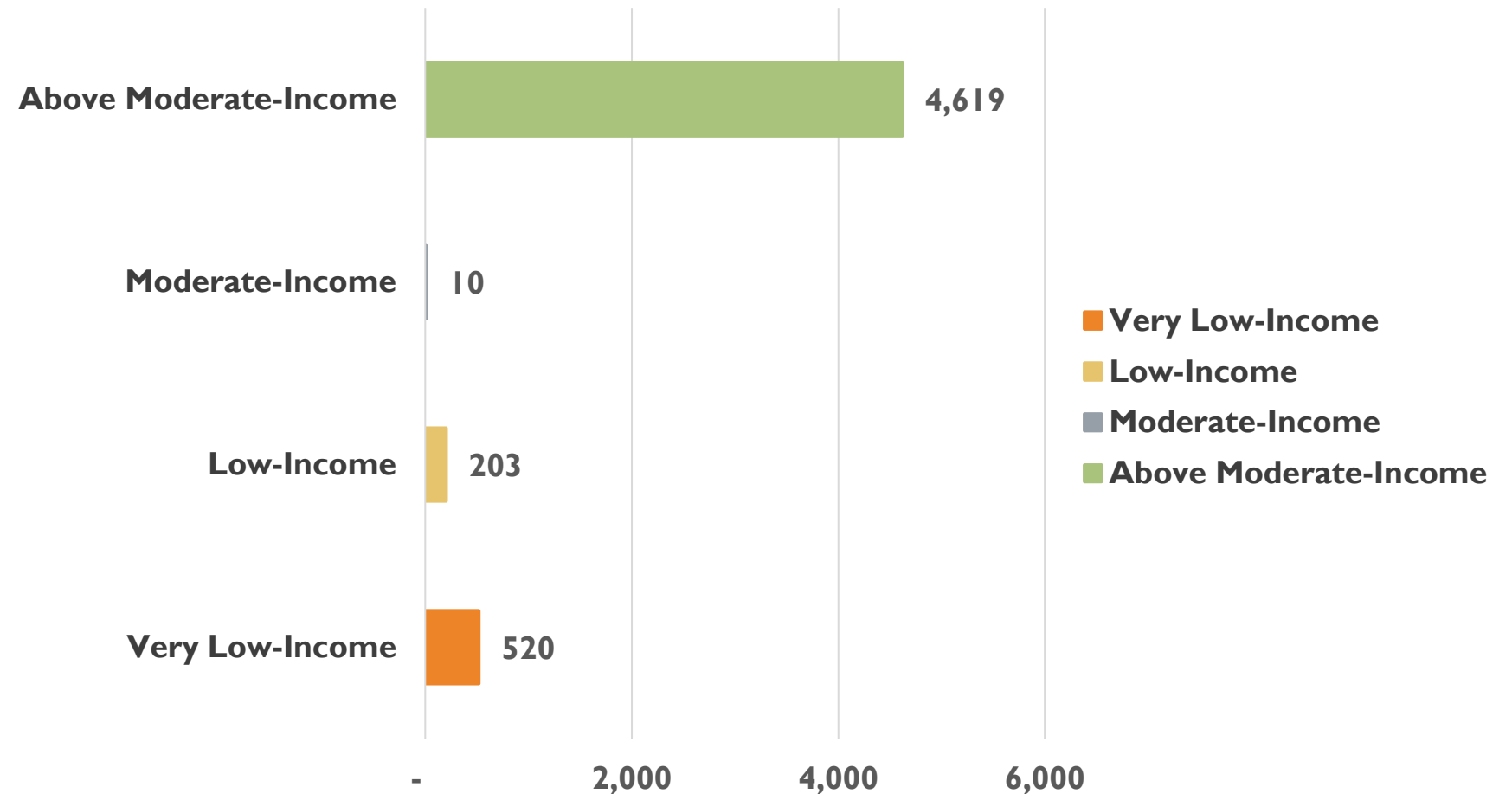
Building Type	Permitted Units
2 to 4	69
5+	1,816
ADU	289
SFA	2
SFD	52
<b>Grand Total</b>	<b>2,228</b>

Legend and Definitions	
2 to 4	<b>Duplexes, Triplexes, Fourplexes</b> - a structure containing two, three, or four units and not classified as single-unit attached structure.
5+	A structure containing five or more housing units.
ADU	<b>Secondary Units or "Accessory Dwelling Units"</b> - A unit that is attached, detached or located within the living area of the existing dwelling or residential dwelling unit which provides complete independent living facilities for one or more persons. It
MH	<b>Mobile Home Unit/Manufactured Home</b> – a one-unit structure that was originally constructed to be towed on its own chassis
SFA	<b>Single Family-Attached Unit</b> - a one-unit structure attached to another unit by a common wall, commonly referred to as a townhouse, half-plex, or row house. The shared wall or walls extend from the foundation to the roof with adjoining units to form a property line. Each unit has individual heating and plumbing systems.
SFD	<b>Single Family-Detached Unit</b> - a one-unit structure with open space on all four sides. The unit often possesses an attached garage.
"Permitted Units"	A residential units for which building permits for new housing construction have been issued.



# NUMBER OF ENTITLED UNITS BY INCOME CATEGORY, 2019

- A total of **5,352** housing units received a planning and zoning approval, or “entitlement,” in 2019.



# SUMMARY OF APPLICATIONS SUBMITTED FOR PLANNING AND ZONING APPROVAL IN CALENDAR YEAR 2019

## Housing Applications Summary

<b>Total Housing Applications Submitted:</b>	<b>353</b>
<b>Number of Proposed Units in All Applications Received:</b>	<b>1,411</b>
<b>Total Housing Units Approved:</b>	<b>303</b>
<b>Total Housing Units Disapproved:</b>	<b>0</b>
<b>Total Housing Units Under Review:</b>	<b>1,108</b>

- “Application submitted” means an application for new housing units that was submitted (and deemed complete) in 2019.

# REPORTING REQUIREMENTS NEW THIS YEAR

## Senate Bill (SB) 35 Streamlining

- PBD did not receive any applications for review under Government Code Section 65913.4, SB 35 Streamlining, in 2019.
- The City issued entitlements for one application submitted the previous year to develop four (4) units under SB 35.

## Units Constructed Under a Commercial Development Bonus Agreement

- Recent changes to state law additionally require the City to report in this year's APR any housing units constructed as part of a commercial development bonus agreement approved under Government Code section 65915.7.
- The City of Oakland did not have any units to report under this new requirement in 2019.

## 2020 HCD STRATEGIC FOCUS AREAS

- **Bring Affordable Projects to Completion** Seven City-assisted affordable developments, comprising 549 units, are currently under construction. In addition, Oakland HCD released four Notices of Funding Availability (NOFAs) in 2019, for new construction, rehabilitation and preservation, and acquisition and conversion to affordable housing of existing multifamily homes.
- **Fund Additional Projects** On April 30, 2020, Oakland HCD released a NOFA for new construction of multifamily affordable housing. This NOFA is limited to projects that applied for funding in a previous NOFA. This NOFA prioritizes projects that meet the following goals:
  - Readiness – prepared to begin construction quickly
  - Equity – located in high-opportunity neighborhoods with access to jobs, high-quality schools, and services
  - Deep Affordability – includes units for Extremely Low-Income households
- **Adopt a Strategic Plan** for the Housing and Community Development Department, to move forward with a unified vision for the department focused on ***preservation, production, protection and policy and planning***



# AGENDA REPORT

**TO:** Steven Falk  
Interim City Administrator

**FROM:** Shola Olatoye  
Director, Housing &  
Community Development

William A. Gilchrist  
Director, Planning &  
Building

**SUBJECT:** Housing Element Annual Progress  
Report for Calendar Year 2019

**DATE:** April 27, 2020

City Administrator Approval

Date: 5-12-2020

## **RECOMMENDATION**

**Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Receive An Informational Report On The City Of Oakland's Housing Element Annual Progress Report For Calendar Year 2019.**

## **EXECUTIVE SUMMARY**

Pursuant to State law, the City of Oakland has prepared an Annual Progress Report (APR) on implementation of housing-related programs and policies contained in the 2015-2023 Housing Element for the calendar year 2019. This is the fifth year of reporting on the 2015-2023 Housing Element, which was adopted by the City Council by Resolution No. 85315 C.M.S. on December 9, 2014. This Agenda Report highlights the major accomplishments, both in terms of production of housing and progress on City programs and policies, for the calendar year 2019.

The City is required to present the findings of its APR at a public meeting of the City Council in a timely manner after submission of the Report to the State Housing and Community Development.

## **BACKGROUND / LEGISLATIVE HISTORY**

California Government Code Section 65400 requires the City of Oakland to prepare and submit an annual report to the Office of Planning and Research (OPR), and the California Department of Housing and Community Development (HCD) by April 1 of each year, using forms and definitions adopted by HCD. This annual report must describe progress made by the City to implement policies adopted in the City's General Plan Housing Element, and to meet the City's share of regional housing needs allocation. In addition, Assembly Bill (AB) 879 (2017), Senate

City Council  
May 19, 2020

Bill (SB) 35 (2017) and AB 1486 (2019) added new data requirements to the annual report, which include:

- The number of housing development applications received in 2019.
- The number of new housing units that received a planning and zoning approval (“entitlement”), building permit, or certificate of occupancy.
- Tracking housing development projects submitted, approved, permitted, or constructed under SB 35 streamlining for eligible infill affordable housing projects.
- A listing of sites owned by the locality that were included in the housing element sites inventory and were sold, leased, or otherwise disposed of during the reporting year.

The Housing Element APR for Calendar Year 2019, submitted to OPR and HCD on April 1, 2020, reflects the fifth year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element. Government Code 65400 section (b) allows municipalities to consider the APR at a public meeting before the legislative body within 60 days of the April 1<sup>st</sup> deadline. Although delayed due to the Shelter in Place Order, this report is now being presented to the City Council and will also be presented to the Planning Commission once the Commission resumes public meetings.

The complete 2019 Housing Element APR can be found on the City’s webpage:  
<https://www.oaklandca.gov/documents/housing-element-annual-progress-reports>

*(Note: This year’s APR contains very large tables that are not formatted for printing so are best viewed electronically.)*

## **ANALYSIS AND POLICY ALTERNATIVES**

The Housing Element APR for Calendar Year 2019 accounts for new housing production during the year (including affordable units), quantified by building permits issued (i.e., building starts) as well as progress on implementing housing-related programs and policies contained in the 2015-2023 Housing Element.

In 2019, the City made important progress towards enabling the construction of new housing, affordable to all incomes, including units for extremely low-income households. A summary of the notable progress made by the City during 2019 follows:

- Issued entitlements, i.e., planning and zoning approvals, for **5,352** new housing units, including **520** units deed-restricted to Very Low-Income<sup>1</sup> households, **203** units deed-restricted to Low-Income<sup>2</sup> households, and **10** non-deed restricted Moderate-Income units.<sup>3</sup>

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<sup>1</sup> “Very low-income” means households earning less than 50 percent of area median income pursuant to Health and Safety Code, section 50105.

<sup>2</sup> “Lower-income or Low-Income” means a household earning less than 80 percent of area median income pursuant to Health and Safety Code, section 50079.5.

<sup>3</sup> Manager’s units are considered “non-deed restricted Moderate-Income” because they are typically offered at no cost to property management staff, whose salary is within the moderate-income range.

- Issued building permits for **2,228** new housing units, including **87** units deed-restricted to Very Low-income households, **19** units deed-restricted to Low-Income households, **9** units deed-restricted to Moderate-Income<sup>4</sup> households, and **2** non-deed-restricted Moderate-Income units. **69** of the 87 units restricted to Very Low-Income households provided deep affordability, serving Extremely Low-Income<sup>5</sup> households.
- Issued building permits for **289** Secondary Units (also known as “Accessory Dwelling Units”) and **69** units in duplexes, triplexes, and fourplexes; and
- Issued building permits for **1,699** units affordable to Above Moderate-Income<sup>6</sup> households in multifamily-housing<sup>7</sup> projects (also known as “market-rate units”) and **54** single-family homes.

## Housing Production

### *Issued Building Permits – New Housing Units*

The yearly housing production totals in Oakland increased from 2015 to 2017 while it remained at its highest rates in 2017 and 2018. In 2015, the number of housing units permitted was 771. In 2016, the number of housing units permitted almost tripled to a total of 2,121. In 2017, housing production more than doubled to 4,343 units. At 4,617 units, housing production in 2018 remained relatively unchanged from 2017. These numbers include revisions to the number of new housing units permitted in 2018, which were updated by the Planning and Building Department (PBD) after identifying an error in last year’s APR.

In 2019, the City experienced a downturn in the number of building permits issued for new housing units. Overall, the City issued building permits for a total of **2,228** new housing units in the calendar year. This is a 52 percent decrease from the number of new units permitted in calendar year 2018, while the number of housing units that received an entitlement in 2019 (**5,352**) remained relatively unchanged from 2018 (5,673).

By unit type in 2019, the City issued new building permits for **1,816** multifamily-housing units, **54** single family homes, **289** Secondary Units (“Accessory Dwelling Units”), and **69** units in duplexes, triplexes or four-plexes. The multifamily units include **117** housing units affordable to very low-, low-, and moderate-income households; **69** units in these developments are reserved for extremely low-income households.

As mentioned earlier in this section, PBD has issued a correction to the number of new housing units permitted in 2018. The 2018 APR submitted on April 1<sup>st</sup>, 2019 reported issuing building permits for 9,706 new housing units. The 2018 report used a data field from the Accela software that counted *every transaction* associated with a permit and, therefore, included activity across 2017, 2018, and 2019. The project count is now being culled from a permit record that relates

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<sup>4</sup> “Moderate income” means households whose income does not exceed 120 percent of area median income pursuant to Health and Safety Code, section 50093.

<sup>5</sup> “Extremely low-income” means a household earning less than 30 percent of area median income pursuant to Health and Safety Code, section 50105.

<sup>6</sup> “Above moderate income” means households earning more than 120 percent of area median income.

<sup>7</sup> “Multifamily-housing” is defined as structures containing five or more housing units.

project count exclusively within a specific year. This will be the practice going forward, which will prevent such overcounting in the future.

*Progress on Meeting Oakland’s Regional Housing Needs Allocation (RHNA)*

Every jurisdiction in California is required to zone for enough land for private development to meet that jurisdiction’s Regional Housing Needs Allocation (RHNA). The RHNA is determined through a state-mandated process carried out by regional planning entities—in the case of Oakland’s RHNA, the corresponding entity is the Association of Bay Area Governments (ABAG). The RHNA requires the City to plan for 14,765 housing units between January 2015 and June 2023, of which 2,059 should be affordable to very low-income households, 2,075 to low-income households, 2,815 to moderate-income households, and 7,816 to above-moderate-income households.<sup>8</sup> Oakland’s progress toward meeting the RHNA is presented in Table B of the APR and is shown below in **Table 1**.

**Table 1. Oakland Regional Housing Needs Allocation (RHNA) Progress, 2015-2019**

Income Level	RHNA 2015-2023	Permitted Units by Year					Total units 2015-2019	Total Remaining Units by Income Level	% of RHNA met by total permitted units
		2015	2016	2017	2018	2019			
Very low-	2,059	98	26	247	204	87	662	1,397	32%
Low-	2,075	30	13	66	85	19	213	1,862	10%
Moderate-	2,815	0	0	11	48	11	70	2,745	2%
<b>Sub-total Affordable</b>	<b>6,949</b>	<b>128</b>	<b>39</b>	<b>324</b>	<b>337</b>	<b>117</b>	<b>945</b>	<b>6,004</b>	<b>14%</b>
Above Moderate	7,816	643	2,082	4,019	4,280	2,111	13,135	0	168%
<b>TOTAL</b>	<b>14,765</b>	<b>771</b>	<b>2,121</b>	<b>4,343</b>	<b>4,617</b>	<b>2,228</b>	<b>14,080</b>	<b>685</b>	<b>95%</b>

Source: City of Oakland, Building Permits Issued, Accela, February 2020.

*Sites Identified or Rezoned to Accommodate Shortfall Housing Need*

Chapter four of the City’s General Plan Housing Element includes an inventory of sites suitable for residential development within the planning period of the Housing Element (2015-2023). This inventory demonstrates that the City has identified a sufficient number of sites suitable for residential development with the capacity to accommodate the City’s housing allocation under RHNA.<sup>9</sup> The inventory of sites consists of two tiers. In the first tier, the City identified three distinct groups of sites where there was a specific housing development project already proposed for that site—projects already constructed, projects with planning approvals in place, and projects in predevelopment where a specific number of units has been proposed but had

<sup>8</sup> City of Oakland, 2015-2023 General Plan Housing Element (p. 223).

<sup>9</sup> City of Oakland, 2015-2023 General Plan Housing Element (p. 223).



not yet been approved. These three groups have the capacity to accommodate more than half of the units required to meet the City’s RHNA. In order to meet the remaining RHNA balance, and because many of these sites were developed or were proposed as market rate projects, the City also identified “opportunity sites.” Opportunity sites are vacant and underutilized sites suitable for development of multifamily-housing projects with the capacity to accommodate very low-, low- and moderate-income housing as well as additional market-rate units. The City has identified enough opportunity sites to accommodate approximately 10,032 units. This group of opportunity sites demonstrates that Oakland has more than adequate capacity to accommodate the need for very low-, low- and moderate-income units to meet its RHNA.

Therefore, because the housing potential on land identified as suitable for residential development is more than adequate to accommodate Oakland’s housing allocation under RHNA, the City was not required to complete Table C of the APR.

*Issued Building Permits – New Units in Multifamily-Housing Projects*

The majority (1,816 out of 2,228) of the units that received building permits in 2019 were produced as part of multifamily-housing projects with five (5) or more units. **Table 2**, shown below, identifies 100 percent affordable multifamily-housing projects for which the City issued building permits in 2019.

**Table 2. 100% Affordable Multifamily Housing Projects Issued Building Permits in 2019**

Project	Date Issued Building Permit	Deed-Restricted Units				Total # of Units
		Extremely Low-Income	Very Low-Income	Low-Income	Moderate-Income	
3268 SAN PABLO AVE	6/11/2019	13	18	19	1	51
445 30TH ST, "Nova"	12/6/2019	56	0	0	1	57
<b>Totals</b>		<b>69</b>	<b>18</b>	<b>19</b>	<b>2</b>	<b>108</b>

Source: City of Oakland, Building Permits Issued, Accela, February 2020.

**Attachment A** to this report is a table showing all multifamily-housing projects with five or more units that received building permits in 2019. This table also includes projects with affordable units subsidized through the use of the Oakland Density Bonus Ordinance and State Density Bonus Law.

*Acquisitions to Preserve Housing Affordability*

In addition to the new units identified in Table C of the APR, one existing project was acquired by local nonprofit developer East Bay Asian Local Development Corporation and converted to regulated affordable housing. This project consists of two properties, located at 2601 East 20th Street and 1900 26th Avenue. Ten of the project units became deed-restricted affordable housing. The developer intends to preserve and deepen the affordability over time as funds become available.

The City of Oakland also released two Notices of Funding Availability (NOFAs) in December 2019 for the acquisition and conversion of existing properties to affordable housing. This innovative program provides funding for affordable housing providers to acquire “naturally occurring affordable housing”—older buildings at the middle and lower end of the housing market—and convert them to deed-restricted affordable housing. The NOFAs also provide funds to perform rehabilitation work to address deferred maintenance issues at the acquired properties. A total of approximately \$30,000,000 was made available through these NOFAs, with \$12,000,000 restricted to Community Land Trusts and Limited Equity Housing Cooperatives. The funds are in the process of being awarded and distributed in 2020. The NOFAs and associated documents are available at the following website:  
<https://www.oaklandca.gov/documents/acquisition-conversion-to-affordable-housing-nofa-2019-2020>

*Residential Units Completed*

A total of **887** new residential units received Certificates of Occupancy in 2019. Of these completed units, **718** are in multifamily-housing projects, **14** are in housing projects with two to four units, **41** are single-family homes, and **114** are in Secondary Units (also known as “Accessory Dwelling Units”). Multifamily housing projects with five-units or more are shown in **Table 3** below.

**Table 3. Residential Units Completed in Projects with Five or More Units, 2019**

Street Address	Certificates of Occupancy Date Issued	# of Units issued Certificates of Occupancy	Notes*
325 27th ST	5/20/2019	255	New mixed-use project containing 255 units.
2450 VALDEZ ST	11/1/2019	225	Construction of new housing project with two (2) below-grade parking levels, a two (2) level podium above grade, and five (5) levels of wood framing above the podium.
4901 BROADWAY	9/25/2019	126	Construction of 126 dwelling units in a new five story building on Broadway with ground floor commercial.
459 23RD ST	10/7/2019	65	Construction of a new mixed use residential and retail complex, 65 units.
4045 BROADWAY	12/24/2019	47	Construct new five (5) story building consisting of 47 residential condominium units.

Source: City of Oakland, Accela, February 2020.

*Residential Units that Received Zoning Approvals*

In 2019, Zoning approvals were issued for a total of **5,352** new dwelling units, including **294** Secondary Units. **Attachment B** shows multifamily-housing projects that received entitlements, i.e., planning and zoning approvals, in 2019. After projects receive entitlements, they can apply

for building permits. Building permit applications for the year 2019 are captured in Table A2 of the APR.

#### *Applications for New Housing Development*

Assembly Bill 879 (Grayson) amended APR reporting requirements to include the number of housing development applications received and deemed complete during the reporting year, including the proposed number of units. **Table 4** below summarizes those results.

**Table 4. Submitted Applications Summary, 2019**

<b>Housing Applications Summary</b>	
Total Housing Applications Submitted:	<b>353</b>
Number of Proposed Units in All Applications Received:	<b>1,411</b>
Total Housing Units Approved:	<b>303</b>
Total Housing Units Disapproved:	<b>0</b>
Total Housing Units Under Review:	<b>1,108</b>

Source: City of Oakland, Accela, February 2020.

#### *Tracking SB 35 Streamlining*

PBD did not receive any applications for review under Government Code Section 65913.4, SB 35 Streamlining, in 2019. However, the City issued entitlements for one application submitted the previous year to develop four (4) units.

#### *Units Constructed Under a Commercial Development Bonus Agreement*

Recent changes to state law additionally require the City to report in this year's APR any housing units constructed as part of a commercial development bonus agreement approved under Government Code section 65915.7. The City of Oakland did not have any units to report under this new requirement in 2019.

#### *Locally-Owned Lands Included in the Housing Element Sites Inventory*

In 2019, Governor Gavin Newsom signed into law Assembly Bill (AB) 1486. The new law requires jurisdictions to include in this year's APR a listing of sites owned by the locality that were included in the Housing Element sites inventory and were sold, leased, or otherwise disposed of during the reporting year. The City of Oakland did not have any units to report under this new requirement in 2019.

#### **Housing-Related Activities and Policy**

The City made progress on its housing activities in 2019. Highlights, in order of Action number, include:

- *Promote new housing opportunities in the Estuary Area (Action 1.3.6)*

In 2019, progress continued on the development of 465 units of affordable housing serving households between 0-60 percent of Area Median Income (AMI) in the Brooklyn Basin development, which will include 3,100 total units as well as commercial and open space. The affordable units include 258 Project-Based Section 8 vouchers for all phases from the Oakland Housing Authority (OHA), which jointly owns the land with the City. Construction of the affordable units on Parcel F began in December 2018 and continued throughout 2019. Construction is expected to be completed in late 2020.

MidPen Housing Corporation, Oakland Housing Authority, and the City entered into a Lease Disposition and Development Agreement for Project 3 on Parcel A in 2019, and was working to secure financing for the 130-unit Project 3, and the 124-unit Project 4. Should funding applications be successful, MidPen plans to start construction on Parcel 3 in mid-2020.

Parcel B consists of 241 units of market-rate housing. Construction on this parcel proceeded in 2018 and completed in 2019. Parcel C also consists of 241 units of market-rate housing and started construction in 2019.

- *Secondary Units (Policy 1.4)*

In May 2017, following an initial revision in 2016, the City of Oakland adopted revised Secondary Unit regulations to further reduce the regulatory barriers to the development of Secondary Units (also known as “Accessory Dwelling Units”), including eliminating parking requirements in areas where public transit is accessible and reducing setback requirements. As shown in Table A2 of the APR, a total of 289 building permits for secondary units were issued in 2019.

- *New Construction and Substantial Rehabilitation Housing Development (Policy 2.1)*

The City released four NOFAs in 2019, for various housing types: (1) New Construction of Affordable Multifamily Housing; (2) the Acquisition, Rehabilitation, and Preservation of Existing Multifamily Affordable Housing; (3) Acquisition and Conversion to Affordable Housing, restricted to Land Trusts and Limited Equity Housing Cooperatives; and (4) Acquisition and Conversion to Affordable Housing, available to all developers. Altogether, \$58 Million was made available through these NOFAs. In January 2020, seven projects representing 520 units were recommended for funding commitments, with additional commitments expected later in 2020. Last year’s report on the 2018 Housing Element APR provided a useful summary of the history of past NOFA awards that included an average cost/unit of those awards and the amount that those funds leveraged. This table has been updated and included as **Attachment C** to this report.

- *Jobs/Housing Impact Fee (Action 2.7.1)*

Data on the Jobs Housing Impact fee was reported in the Impact Fees Annual Report. The most recent report, from December 27, 2019, is available here:

<https://cao-94612.s3.amazonaws.com/documents/Annual-Impact-Fee-Report-FY-18-19-FINAL-DRAFT.pdf>

For Fiscal Year 2018-2019 (ending on 6/30/19), \$627,936 was collected in Jobs / Housing Impact Fees. An additional \$5,755,695 was assessed but not due yet, bringing the total assessed amount to \$6,383,631. Since the Jobs / Housing Impact Fees went into effect on September 1, 2016, \$3,091,740 has been paid so far and \$7,986,574 in revenue has been assessed but is not yet due, for a total assessed amount of \$11,078,314.

- *Development Impact Fees (Action 2.7.2)*

After conducting an Impact Fee Nexus Study and Economic Feasibility Analysis, an Affordable Housing Impact Fee was adopted by the Oakland City Council in May 2016 (Ordinance No. 13365 C.M.S.) to mitigate the impact of new market-rate housing development on the need for additional housing affordable to residents with low and moderate incomes. As recommended in the Housing Element 2015-2023 and noted in the Mayor's Housing Cabinet Report, *Oakland at Home*, developers have the choice of producing affordable units in new projects as an alternative to paying the impact fee.

On December 27<sup>th</sup>, 2019 the City completed the Impact Fee Annual Report for Fiscal Year Ended June 30, 2019.

For Fiscal Year 2018 - 2019 (ending on 6/30/19), \$3,461,063 has been paid for the Affordable Housing Impact Fee; and \$5,299,203 was revenue assessed, but not yet due (due to the program's schedule for payments); this sum totals \$8,760,266. Since the Affordable Housing Impact Fees went into effect on September 1, 2016, \$7,144,923 has been paid so far and \$19,195,206 in revenue has been assessed but not yet due, for a total of assessed amount of \$26,340,128.

- *City of Oakland-owned Properties for Residential Development (Action 2.7.3)*

In 2018, Requests for Proposals (RFPs) were issued for two City-owned sites, 1707 Wood Street and 3823-3829 Martin Luther King Jr. Way. In 2019, pre-development activities continued at these sites. No additional City-owned sites were offered for affordable housing development in 2019, but the Economic and Workforce Development Department will be proposing a number of sites to the City Council in 2020.

- *Financial Assistance for Preservation Projects (Action 5.1.3)*

In 2019 the City of Oakland released its 2019 NOFA for the Acquisition, Rehabilitation, and Preservation of Multifamily Housing. Three (3) projects—Fruitvale Studios, Frank G Mar Apartments, and Hamilton Apartments—amount to 232 affordable units. The City's funding will extend and deepen the affordability restrictions.

- *Advocacy for State and Federal Financing (Action 5.2.1)*

The City regularly consults with affordable housing developers to ensure that the timing and dollar amount of City funding is aligned with County, State, and Federal funding program

requirements. This helps ensure that City funds are leveraged maximally against other funding sources.

The City of Oakland acts as the Local Reviewing Agency for any affordable housing project applying for Low Income Housing Tax Credits in Oakland. In 2019, the City performed local reviews for two such projects, including one project that consisted of three separate buildings.

The City of Oakland also acts as a co-applicant with developers seeking funds through California's Affordable Housing and Sustainable Communities (AHSC) program, Infill Infrastructure Grant (IIG) program, and Transformative Climate Communities (TCC) program. These programs are generally oriented towards new construction. Whenever possible, the City advocates for increased funding at the State and Federal level for affordable housing.

- *Funding for Capital Needs – Preservation and Rehabilitation Programs for Rental Housing (Action 5.2.2)*

The City's 2019-2020 NOFA for the Acquisition, Rehabilitation, & Preservation of Multifamily Affordable Housing enables buildings with existing City regulatory agreements to apply for funding. In 2019, three projects were awarded funding. Of these, two projects (Frank G Mar Apartments and Hamilton Apartments) have existing City regulatory agreements.

- *Housing Assistance Center (Action 6.1.4)*

The City of Oakland's Department of Housing and Community Development's Housing Resource Center implemented the new customer service tracking system in 2019. For 2019, the Housing Resource Center directly assisted 2,504 visitors with service, including:

- 828 Affordable Housing referrals
- 46 Referrals to Emergency Shelter for Individuals
- 294 Family Front Door Referrals
- 190 Referrals for Utilities Assistance or Financial Housing Support
- 224 Code Enforcement and/or Relocation Assistance
- 310 Referrals to Muni ID for residents who need a form of identification to apply for housing
- 524 Other City Department Referrals
- 88 External Agency Referrals

## **FISCAL IMPACT**

This item is for informational purposes only and does not have a direct fiscal impact or cost. The only fiscal impact of the Housing Element APR for Calendar Year 2019 (APR) is the staff time dedicated to produce the APR submitted to OPR and HCD, the production of a staff report that will be presented to the Planning Commission, and this agenda report presented to the City Council. Please note that the state's HCD incentivizes and rewards local governments that have adopted compliant and effective housing elements. There are a number of housing and community development and infrastructure funding programs that include housing element compliance as a rating and ranking or threshold requirement. In addition, AB 879 and SB 35 created new consequences for failing to submit an APR to HCD and OPR by April 1st. These

new consequences include court sanctions and requiring municipalities to use a streamlined and ministerial process for approving affordable multifamily housing developments that satisfy the jurisdiction's planning standards and requirements. Given this, it is important to prioritize staff time to submit this document annually.

### **PUBLIC OUTREACH / INTEREST**

As noted earlier in this report, the 2019 APR submitted to OPR and HCD on April 1<sup>st</sup>, 2020, reflects the fifth year of reporting on progress to meet the production targets and policies within the 2015-2023 Housing Element. Government Code 65400 section (b) allows municipalities to consider the APR at a public meeting before the legislative body within 60 days of the April 1st deadline. Although delayed due to the Shelter in Place Order, this report is now being presented to the City Council and will be presented to the Planning Commission once the Commission resumes public meetings.

### **COORDINATION**

Staff from the City's Housing and Community Development Department, Economic & Workforce Development Department, Public Works, and PBD coordinated to complete the 2019 APR. Additionally, staff from the City's Housing and Community Development Department and the Bureau of Planning within PBD worked closely to write this agenda report.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** There are no economic opportunities associated with this report. However, HCD incentivizes and rewards local governments that have adopted compliant and effective housing elements. There are a number of housing and community development and infrastructure funding programs that include housing element compliance as a rating and ranking or threshold requirement.

***Environmental:*** There are no environmental opportunities associated with this report. There are significant environmental opportunities associated with the City's continued implementation of policies contained in the Housing Element.

***Race & Equity:*** There are significant race and equity opportunities associated with the City's continued implementation of the policies contained in the Housing Element, and from the City's funding of housing for residents at all income levels.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**


Consideration of the 2019 Housing Element APR does not constitute a project under the California Environmental Quality Act (CEQA). For the adoption of the 2015-2023 Housing Element, the City adopted a CEQA Addendum to evaluate the potential impacts and found that no further or additional CEQA review was required.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Receive An Informational Report On The City Of Oakland's Housing Element Annual Progress Report For Calendar Year 2019.

For questions regarding this report, please contact Diana Perez-Domencich, Planner I, at 510-238-3550, or Brian Warwick, Housing Development Coordinator III, at 510-238-6984.

Respectfully submitted,



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Attachments (3):

- A. Building Permits Issued for Units in Multifamily-Housing Projects, 2019
- B. Entitlements Approved for Units in Multifamily-Housing Projects, 2019
- C. Oakland Affordable Housing Funds Issued/Available, 2014-2020

**Building Permits Issued for Units in Multifamily-Housing<sup>1</sup> Projects, 2019**

Street Address	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	# of Units Issued Building Permits
1428 105TH AVE				324	324
219 9TH AVE #lot C				241	241
2016 TELEGRAPH AVE				223	223
1940 WEBSTER ST				173	173
532 UNION ST				110	110
295 29TH ST				91	91
2415 VALDEZ ST, "Nook Valdez II"			9	80	89
1411 ALICE ST				79	79
2401 BROADWAY				72	72
215 COVINGTON ST				65	65
445 30TH ST, "Nova"	56		1		57
3268 SAN PABLO AVE	31	19	1		51
5932 FOOTHILL BLVD				17	17
1688 17TH ST				11	11
1653 18TH ST				11	11
2221 MYRTLE ST #BLDG 2				11	11
1712 17TH ST				11	11
1709 18TH ST				11	11
113 UPTOWN CIR #BLDG 12				9	9
164 UPTOWN CIR #BLDG 11				9	9
2260 FILBERT ST #BLDG 4				9	9
3416 PIEDMONT AVE				9	9
1662 17TH ST				8	8
3947 WATTLING ST				8	8
1708 17TH ST				8	8
1726 WOOD ST				8	8
3801 WATTLING ST				8	8
1721 CAMPBELL ST				7	7

<sup>1</sup> "Multifamily-housing" is defined as structures containing five or more housing units.

Street Address	Very Low- Income	Low- Income	Moderate- Income	Above Moderate- Income	# of Units Issued Building Permits
1668 17TH ST				7	7
181 UPTOWN CIR #BLDG 3				7	7
3933 WATTLING ST				7	7
1711 18TH ST				7	7
1706 WOOD ST				7	7
5614 M L KING JR WY				6	6
1054 18TH ST				6	6
2325 VALLEY ST				6	6
2241 MYRTLE ST #BLDG 1				6	6
3921 WATTLING ST				6	6
700 FRUITVALE AVE				6	6
669 24TH ST				5	5
3901 WATTLING ST				5	5
3911 WATTLING ST				5	5
<b>Totals</b>	<b>87</b>	<b>19</b>	<b>11</b>	<b>1,699</b>	<b>1,816</b>

Entitlements Approved for Units in Multifamily-Housing<sup>1</sup> Projects, 2019

Street Address	Deed Restricted		Moderate- Income Non-Deed Restricted	Above Moderate- Income	# of Units issued Entitlements
	Very Low- Income	Low- Income			
500 KIRKHAM ST	85			947	1,032
1900 BROADWAY				451	451
8th AVE Lot J				378	378
101 E 12TH ST	43	47	1	269	360
845 EMBARCADERO Lot G				356	356
1750 BROADWAY				307	307
101 10TH AVE				254	254
2270 BROADWAY				223	223
0 WEBSTER ST				108	108
0 VALDEZ ST				89	89
2400 FILBERT ST				87	87
0 7TH ST	59	19	1		79
2227 INTERNATIONAL BLVD	54	22	1		77
3829 M L King Jr WY	38	38	1		77
3050 INTERNATIONAL BLVD	47	28	1		76
905 72nd AVE	58		1		59
2201 BRUSH ST	50	8	1		59
230 W MACARTHUR BLVD	6			51	57
3268 SAN PABLO AVE	31	19	1		51
1842 ADELINE ST	49		1		50
500 LAKE PARK AVE				50	50
1414 M L KING JR WY				45	45
5701 INTERNATIONAL BLVD				43	43
500 GRAND AVE		4		37	41
1242 35TH AVE				41	41
451 28TH ST				40	40
4690 TOMPKINS AVE				40	40
1414 M L KING JR WY				39	39
424 28TH ST				36	36
3129 ELMWOOD AVE				30	30
1240 1ST AVE				24	24
4127 M L KING JR WY				22	22

<sup>1</sup> "Multifamily-housing" is defined as structures containing five or more housing units.

Street Address	Deed Restricted		Moderate- Income Non-Deed Restricted	Above Moderate- Income	# of Units issued Entitlements
	Very Low- Income	Low- Income			
2443 HUMBOLDT AVE				22	22
11880 SKYLINE BLVD				20	20
2805 PARK BLVD				20	20
7525 MACARTHUR BLVD		18	1		19
6125 FOOTHILL BLVD				16	16
1007 W GRAND AVE				15	15
3651 FOOTHILL BLVD				15	15
5630 SAN PABLO AVE				15	15
7540 MACARTHUR BLVD				15	15
6518 SAN PABLO AVE				13	13
4255 MACARTHUR BLVD				11	11
0 PARK BLVD				10	10
623 15TH ST				10	10
3416 PIEDMONT AVE				9	9
7964 HILLSIDE ST				8	8
2618 M L KING JR WY				8	8
1150 MARKET ST				8	8
5900 SHATTUCK AVE				8	8
5346 COLLEGE AVE				7	7
<b>Total</b>	<b>520</b>	<b>203</b>	<b>10</b>	<b>4,197</b>	<b>4,930</b>

## Oakland Affordable Housing Funds Issued/Available, 2014-2020

	NOFAs			
	2014-15	2015-17	2017-2019	2019-2020 <sup>1</sup>
<b>Total NOFA Allocation</b>	\$7,850,000	\$8,235,732	\$23,262,000	\$35,376,334
<b>Total NOFA Allocation for Acquisition / Rehabilitation or New Construction</b>	\$7,000,000	\$5,007,000	\$23,096,000	\$25,653,000
<b>Total Allocation to Other Activities<sup>2</sup></b>	\$850,000	\$3,228,732 <sup>3</sup>	\$166,000	\$ 0 <sup>4</sup>
<b># of New Construction Projects Awarded Funds</b>	3	2	8	4
<b># of Acquisition/Rehab Projects Awarded Funds</b>	1	0	0	3
<b># of New Construction Units</b>	87 <sup>5</sup>	94 <sup>6</sup>	542	288
<b>Average NOFA Allocation Per Unit (New Construction)</b>	\$22,989	\$95,745	\$59,702	\$50,983
<b>NOFA Allocation as a % of Total Development Cost</b>	4.70%	11.20% <sup>7</sup>	4.20% <sup>8</sup>	6.00% <sup>9</sup>

<sup>1</sup> Does not include NOFAs for Acquisition and Conversion to Affordable Housing, for which an additional \$30 Million has been made available.

<sup>2</sup> Other Activities may include allocations through the City's Predevelopment Loan Program, Mortgage Assistance Program, emergency repairs, and other programs.

<sup>3</sup> See NOFA Housing Policy Recommendations Agenda Report dated 3/2/16 and Supplemental Report dated 3/30/16. These items were considered by the Community and Economic Development Committee on 4/12/16.

<sup>4</sup> Remaining balance to be allocated at a later date.

<sup>5</sup> In this NOFA award year, 1 of the 3 annual allocations were used for new construction and developments that had been funded in prior years and were returning to request additional funds to cover funding gaps (Civic Center 14 TOD).

<sup>6</sup> In this NOFA award year, 1 of the 2 annual allocations were used for new construction developments that had been funding in prior years and was returning to request additional funds to cover a funding gap (Redwood Hill Townhomes).

<sup>7</sup> This percentage was based on the Fruitvale Transit Village Phase II-A development, which received \$4million of Prop 1C funds (allocated to the City for this project) and \$2,250,000 in NOFA funds with a total development cost of \$52,552,589.

<sup>8</sup> Due to the County bond issuance approved in 2016, which has a set-aside for developments identified by Oakland, the City was able to achieve much greater leveraging than has been typical on its funding in 2017 and 2019.

<sup>9</sup> In this NOFA award year, all four projects had previously received City funds. Two projects received funds through a prior NOFA round and returned to cover a funding gap (West Grand & Brush, Phase 1, and 7th & Campbell).