

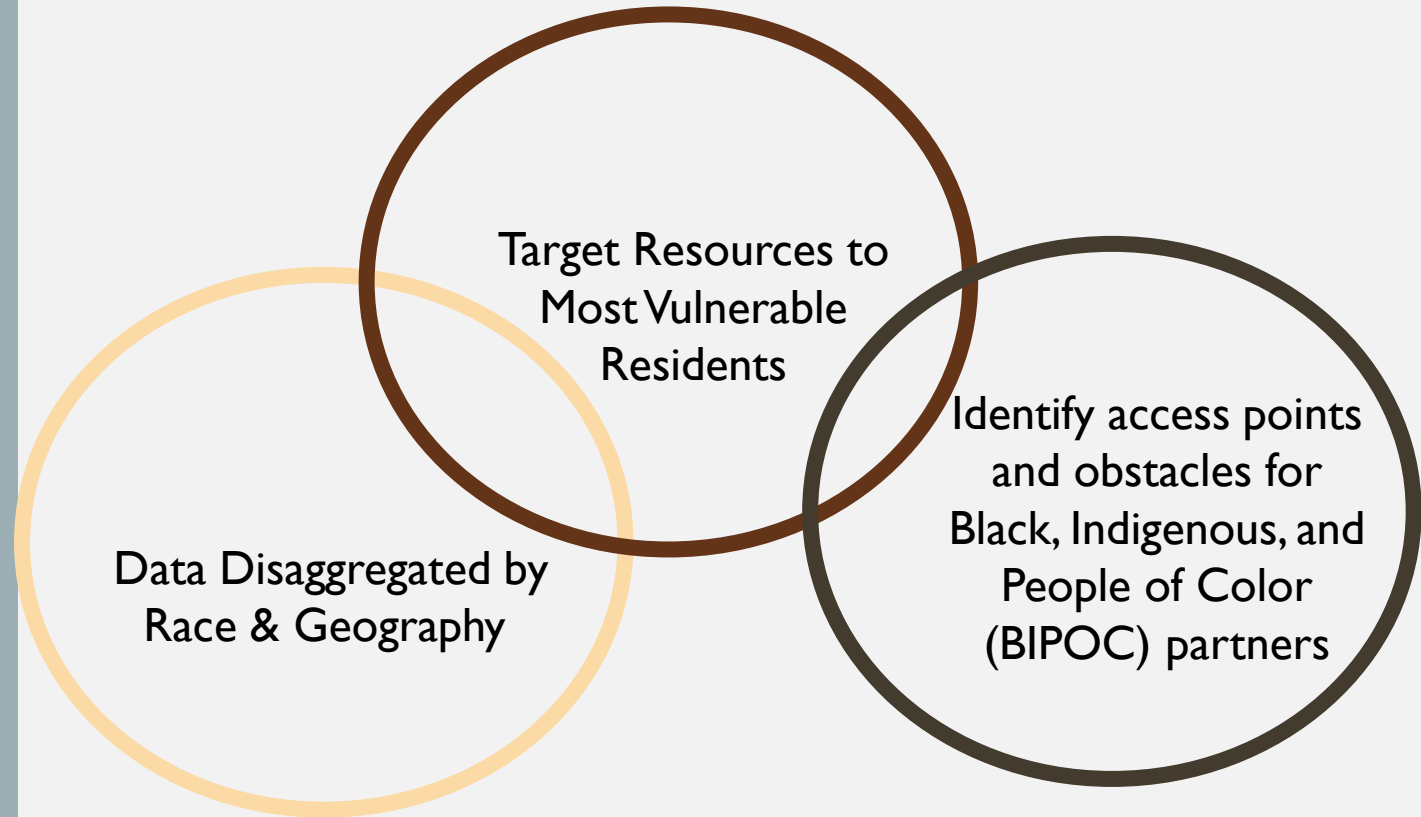
HOUSING STRATEGIC ACTION PLAN 2021-2023



CITY OF OAKLAND

Housing and Community Development Department
May 2021

EQUITY LENS



NEEDS ANALYSIS STANFORD INNOVATION LAB

HCD partnered with the Changing Cities Research Lab at Stanford University and the Federal Reserve Bank of San Francisco to study neighborhood shifts and displacement impacts.

Their research uses credit score data as a proxy for financial stability and socio-economic status (SES).

Initial Findings:

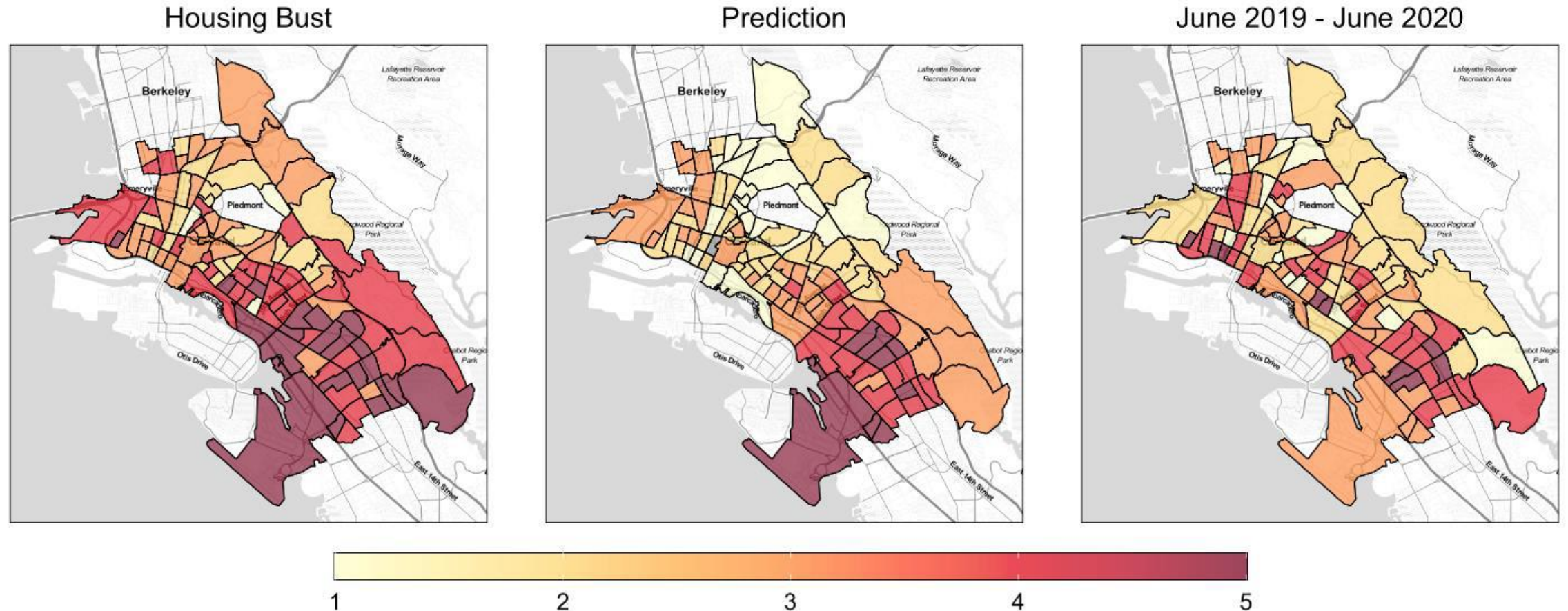
- Over the last 20 years, the Black population declined by over one-third and the share of high socio-economic status (SES) residents increased dramatically.
- East Oaklanders experienced greater financial insecurity in the post recession period
- Lower-SES residents from historically Black neighborhoods tend to move to neighborhoods with lower housing values and health scores. Over time, less lower-SES movers stayed within Oakland or moved into Oakland as affordable options declined.
- Moderate-SES residents may be most vulnerable to displacement, as they moved at increasingly higher rates and increasingly experienced financial insecurity over time.

NEEDS ANALYSIS STANFORD INNOVATION LAB

Maps of Financial Instability Index:

2020 COVID-19 effects on residential instability are already distinct from the Great Recession.

Although indicators predicted the most financial instability in deep East Oakland, results were scattered across Oakland.



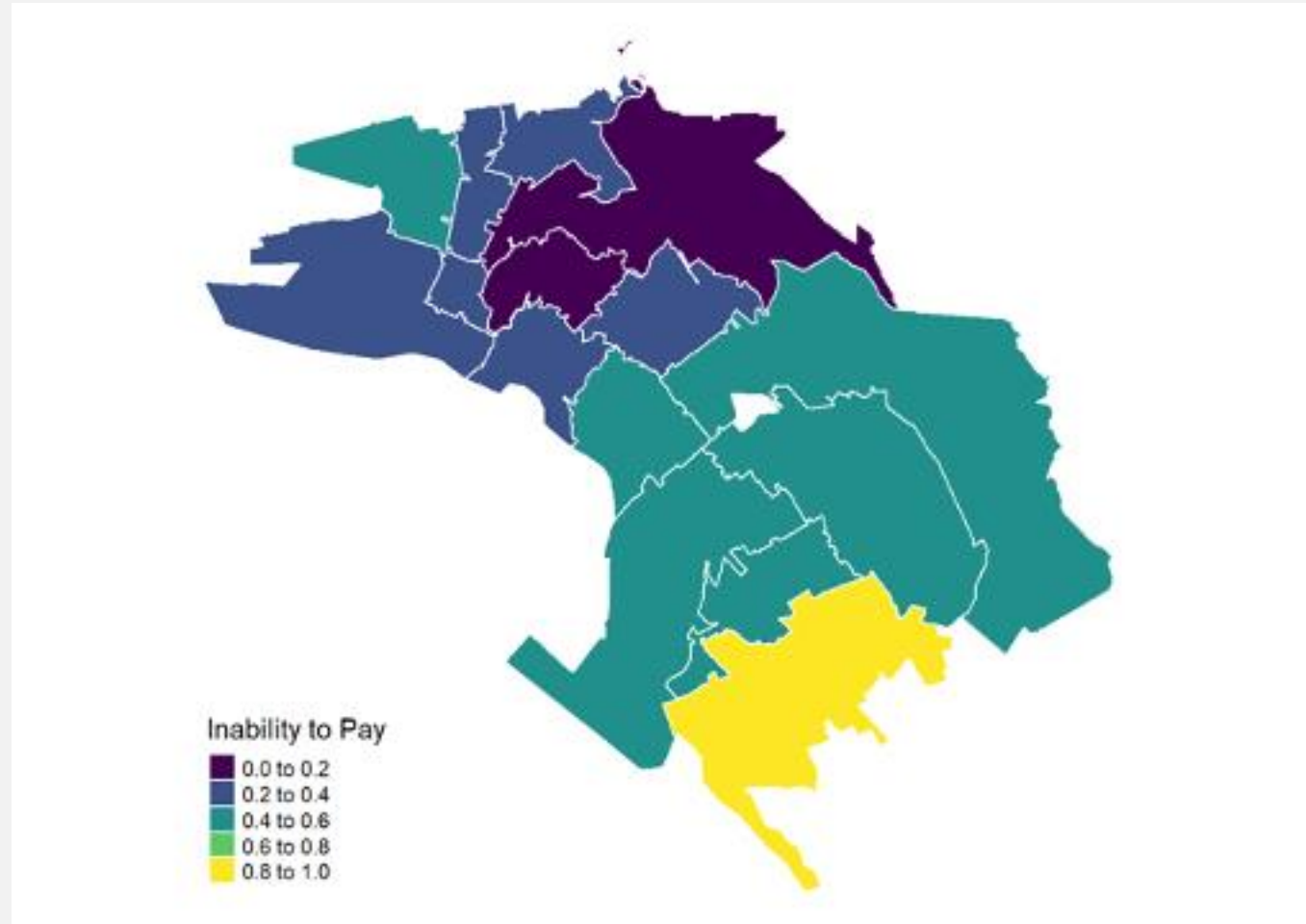
Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax Data, 2009 ACS, 2018 ACS, HMDA loan data, and USPS HUD Vacancy Data

SES Ranges by Equifax Risk Scores: Low = missing or <580, Moderate = 580-649, Middle = 650-749, High = 750+.

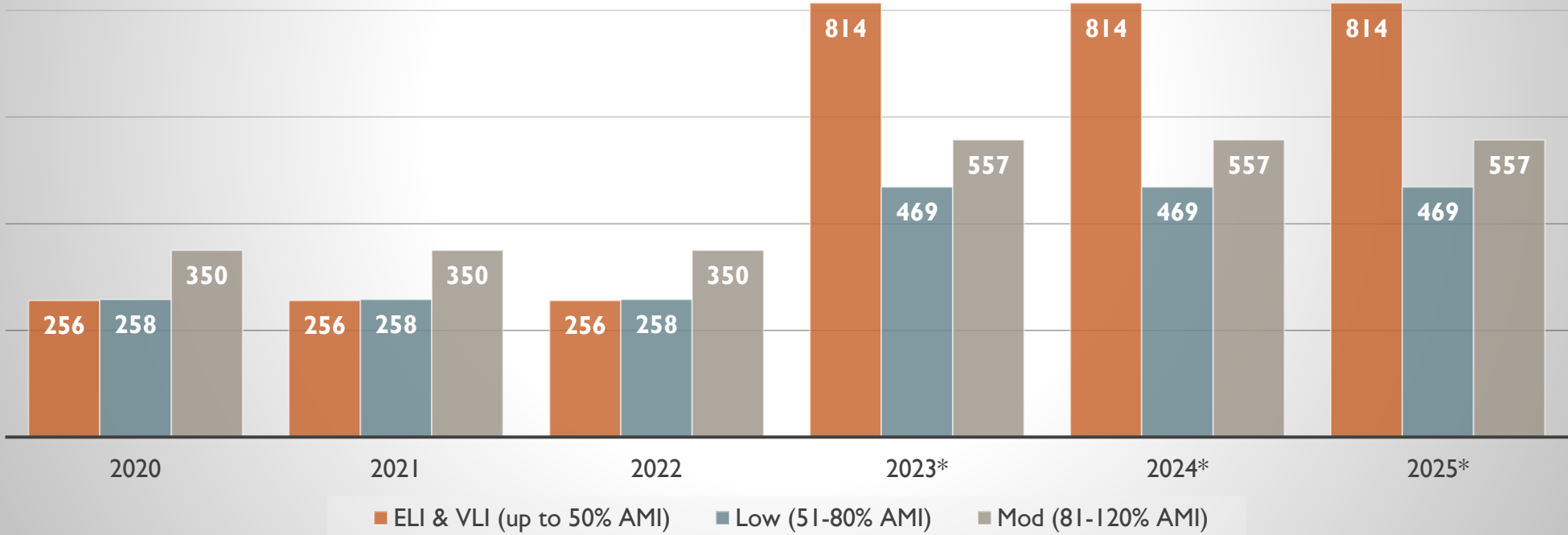
Housing Period Ranges: Boom = 2002-2006, Bust = 2007-2009, Recovery = 2010-2014, Post-Recovery = 2015-2017.

Renter Inability to Pay by Zip Code, July-September 2020

RENTER & LANDLORD
PULSE SURVEY
(UPENN ANALYSIS)



City of Oakland Regional Housing Needs Allocation (RHNA) Targets by Area Median Income (AMI)

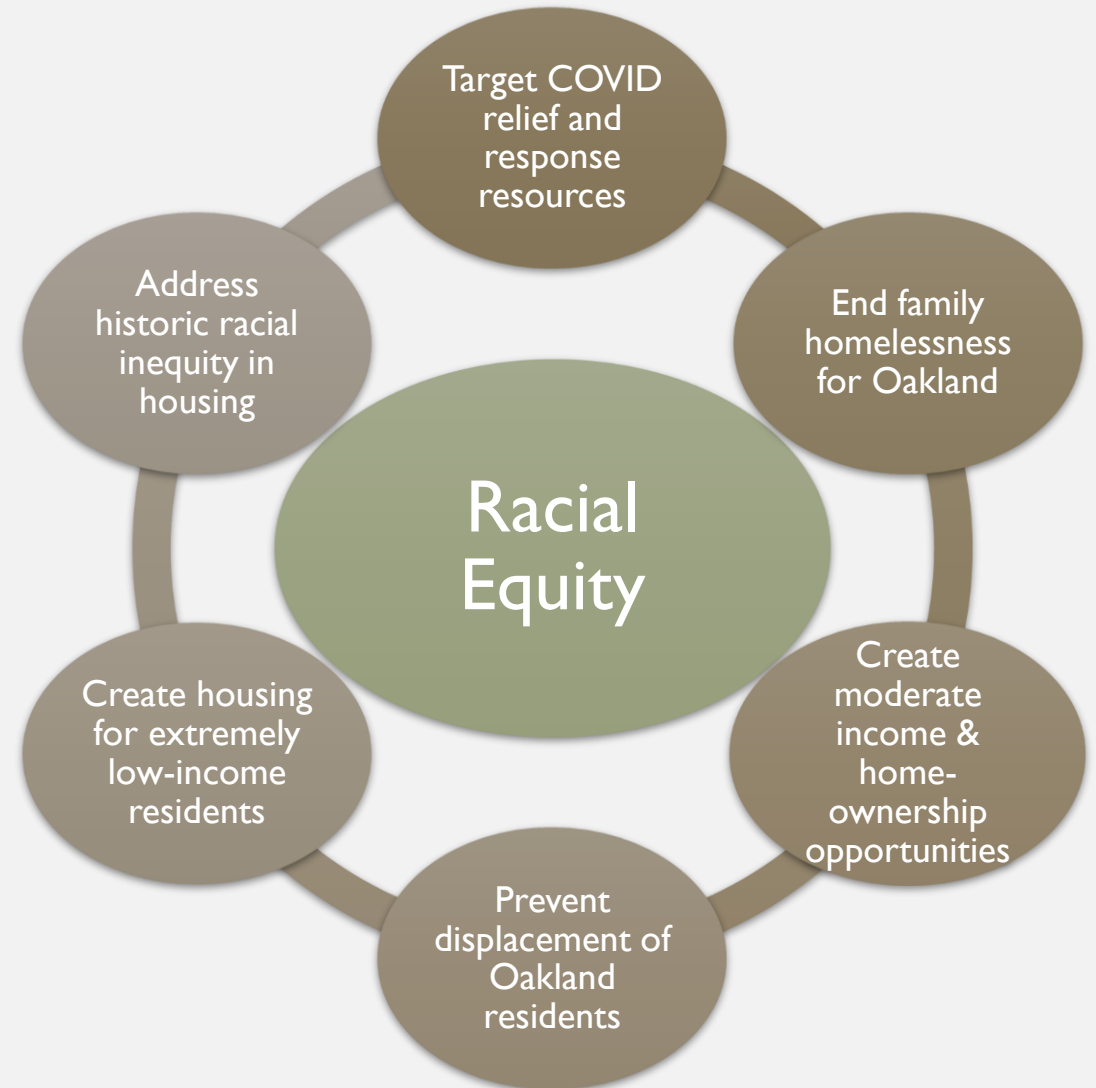


ELI: Extremely Low Income (up to 30% AMI)
 VLI: Very Low Income (31-50% AMI)
 Low: Low Income (51-80% AMI)
 Mod: Moderate Income (81-120% AMI)

**Draft 2023-2031 RHNA methodology and allocations are scheduled to be finalized and adopted in December 2021.*

NEEDS ANALYSIS

The City of Oakland's housing interventions must:



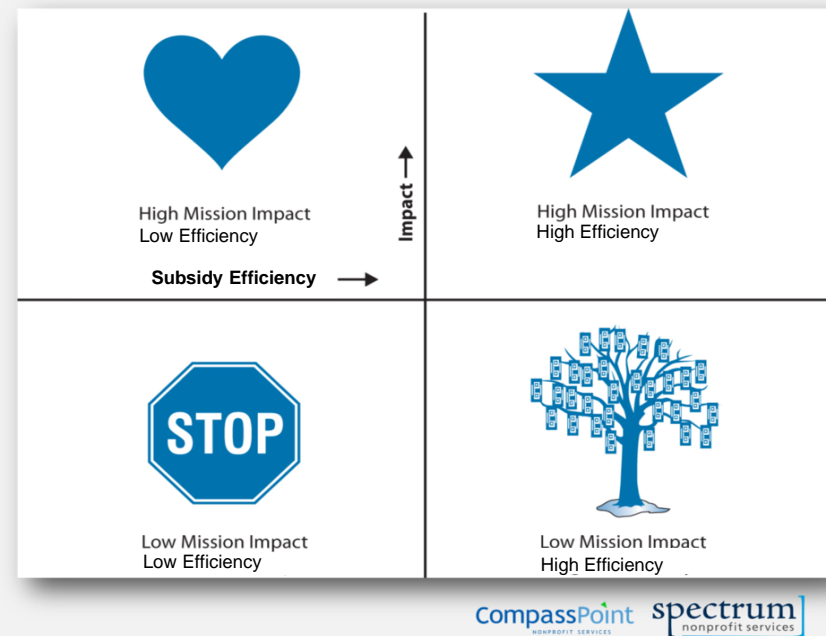
THREE P APPROACH

Protection

Preservation

Production

THREE P APPROACH



Defining Impact:

- **Protection:** alignment with HCD's mission of creating housing stability and security for low to moderate income tenants and homeowners
- **Production and Preservation:** alignment with HCD's mission of creating new affordable units, deepening affordability, and targeting the City's subsidy by leveraging other sources.
 - Impact level is based on # of restricted affordable units created, # of extremely low income (ELI) units created, and efficiency of subsidy spent per unit.

PROTECTION

| Strategies | Needs Being Met | Impact |
|--|--|--------|
| Align, consolidate and invest in citywide anti-displacement and homelessness prevention activities | Anti-Displacement COVID Response ELI Households Racial Equity | High |
| Conduct robust community engagement to ensure residents and property owners are aware of their rights and obligations under Oakland’s tenant/property owner laws. Launch bi-annual Resident Mini Pulse Survey. | Racial Equity Anti-Displacement | High |
| Actively enforce Oakland’s rent laws and regulations using tools such as public education, mediation and dispute resolution, hearings, and responding to violations. Evaluate implementation of a rent registry. | Racial Equity Anti-Displacement | High |
| Evaluate and strengthen Oakland’s neighborhood preference policy to mitigate and address displacement impacts on Oaklanders, especially its African American residents. | Racial Equity Anti-Displacement | Medium |

PRESERVATION

| Strategies | Needs Being Met | Impact |
|--|---|--------|
| Develop a public-private preservation financial product to increase # and pace of acquisitions for ELI and homeless | Racial Equity ELI - Mod Households Anti-Displacement | High |
| Award remaining KK bond funds for resident-led and community land trust supported preservation projects. | Racial Equity ELI Households Anti-Displacement | High |
| Target and preserve owner-occupied housing in areas experiencing high levels of gentrification. | Racial Equity Anti-Displacement ELI-Mod Households | High |
| Identify place-keeping preservation strategies and partners in areas most significantly impacted by COVID and reflecting high levels of housing vulnerability. | Racial Equity ELI Households Anti-Displacement | Medium |
| Evaluate and support acquisition vehicle for single-family homes and/or investor-owned properties. | Anti-Displacement Homelessness | Medium |
| Design and implement a program to acquire tax-defaulted properties from Alameda County to convert to or build affordable housing. | Anti-Displacement | Medium |
| Evaluate resident-led model for ownership solutions. | Racial Equity Anti-Displacement ELI-Mod Households | Medium |
| Ensure preserved units have access to high speed, broadband access. | Racial Equity | Low |
| Evaluate JPA/other models for moderate/middle income households. | Anti-Displacement | Low |

PRODUCTION

| Strategies | Needs Being Met | Impact |
|---|--|--------|
| Identify new capital sources to produce new affordable housing | ELI Households Homelessness Racial Equity | High |
| Evaluate creation of debt and equity funds for small sites. | ELI Households Homelessness Racial Equity Anti-Displacement | High |
| Assess impact of on-site versus off-site inclusionary affordable unit creation. | ELI Households Homelessness Racial Equity | High |
| Pursue strategic acquisition of hotel/motel/dorm facilities to house unsheltered residents. | Homelessness COVID Response Racial Equity | High |
| Develop a project-based rental or operating subsidy program for extremely low income residents. | ELI Households Homelessness | High |
| Dispose of publicly-owned sites for immediate and innovative housing, including modular/manufactured solutions. | ELI-Mod Households Homelessness | High |
| Support the Planning and Building Department’s review and assessment of City’s affordable housing impact fees to evaluate fees’ impact. Explore alternative approaches e.g. inclusionary zoning, IFDs | Racial Equity | High |
| Pursue strategies to create and ensure long term affordable housing units at a variety of income levels, including 80%-120% of AMI. Access CalHFA bond recycling facility for mixed-income projects | Racial Equity Low Mod Households Middle Income Households | Medium |

PRODUCTION

| Strategies | Needs Being Met | Impact |
|---|--|--------|
| Evaluate JPA/other models for moderate/middle income households. | Anti-Displacement | Low |
| Identify and align private capital sources for predevelopment lending to support affordable housing projects (target BIPOC and small nonprofit developers). | Homelessness COVID Response Racial Equity ELI-Mod Households | Medium |
| Develop policy and program to support adding regulatory agreements to affordable housing projects without city investments that will provide affordable rents | Low-Mod Households | Medium |
| Evaluate potential vacant commercial buildings for conversion to affordable rental housing. | ELI-Mod Households | Medium |
| Evaluate and increase capacity of existing first-time homebuyer, ownership/asset and wealth building initiatives. | Racial equity Low to Mod Households | Medium |
| Design and launch accessory dwelling unit (ADU) program for low-income homeowners in Oakland, expanding upon existing City ADU efforts. | Racial Equity Low to Mod Households | Low |
| Develop citywide funded emerging developer pilot to support new and existing Black-led affordable housing organizations. | Racial Equity | Low |
| Evaluate strategies to increase accessible units and adoption of universal design in new construction projects. | ELI-Mod Households Homelessness | Low |

PRODUCTION: FUNDING

Allocated and Projected HCD Sources by Fiscal Year

| Source | Actual Allocations | | | Projected Allocations | | | |
|-----------------------------------|----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | FY 2017 - FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| Affordable Housing Impact Fee | \$4,894,717 | \$5,000,000 | \$4,137,063 | \$2,933,944 | \$2,933,944 | \$2,993,000 | \$3,053,000 |
| Jobs Housing Impact Fee | \$2,463,804 | \$0 | \$5,273,519 | \$2,660,710 | \$2,660,710 | \$2,714,000 | \$2,768,000 |
| Boomerang | \$92,225 | \$0 | \$8,963,429 | \$0 | \$2,587,596 | \$2,243,086 | \$2,288,000 |
| HOME | \$440,253 | \$0 | \$8,127,746 | \$2,642,594 | \$2,642,594 | \$2,695,000 | \$2,749,000 |
| Low-Mod Income Housing Asset Fund | \$1,939,482 | \$2,353,500 | \$3,074,957 | \$1,357,637 | \$1,357,637 | \$1,385,000 | \$1,413,000 |
| Excess Redevelopment Bond | \$13,000,000 | \$0 | \$0 | \$8,200,000 | \$0 | \$0 | \$0 |
| Measure KK | \$55,000,000 | \$45,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CDBG-CV | \$0 | \$0 | \$0 | \$4,700,000 | \$0 | \$0 | \$0 |
| Local Housing Trust Fund | \$0 | \$0 | \$0 | \$5,000,000 | \$0 | \$0 | \$0 |
| Total Sources | \$77,830,481 | \$52,353,500 | \$29,576,714 | \$27,494,885 | \$12,182,481 | \$12,030,086 | \$12,271,000 |

Notes: FY 2021 & 2022 are from HCD's 2/3/21 Biennial Budget Proposal. Sources are escalated by 2% annually starting in FY 2023.

PRODUCTION: FUNDING

Affordable Unit Production by Calendar Year

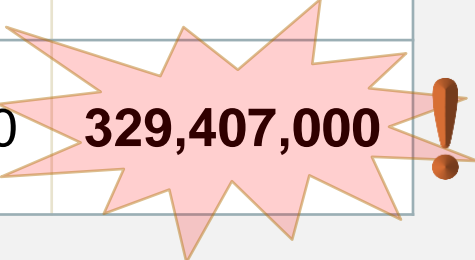
| Project Type | Actual Production (a) | | | | | Projected Production | | | Total |
|-----------------------------------|-----------------------|------------|------------|------------|------------|----------------------|------------|--------------|--------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* | |
| New Construction Units | 39 | 324 | 335 | 436 | 242 | 92 | 39 | 38 | 1,545 |
| Acquisition-Conversion Units | 0 | 0 | 63 | 74 | 246 | 64 | 28 | 26 | 501 |
| Preservation Units | 0 | 0 | 0 | 81 | 117 | 31 | 13 | 13 | 255 |
| <u>Missing Middle Units</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>19</u> | <u>92</u> | <u>39</u> | <u>38</u> | <u>188</u> |
| Total Units | 39 | 324 | 398 | 591 | 624 | 278 | 120 | 115 | 2,489 |
| RHNA Production Target (b) | 865 | 865 | 865 | 865 | 865 | 865 | 865 | 1,840 | 7,894 |
| 17k/17k Production Target | 595 | 595 | 595 | 595 | 595 | 595 | 595 | 595 | 4,760 |
| Adjusted 17k/17k Target | 39 | 324 | 398 | 591 | 624 | 928 | 928 | 928 | 4,760 |
| Unit Production Surplus/-Deficit | -556 | -271 | -197 | -4 | 29 | -650 | -808 | -813 | -2,271 |

(a) Production counts include affordable units from Density Bonus projects that do not have City subsidy.

(b) Draft 2023-2031 RHNA methodology and allocations are scheduled to be finalized and adopted in December 2021.

PRODUCTION: FUNDING

Additional Subsidy Needed to Meet Adjusted 17k/17k Target

| | FY 2021 | FY 2022 | FY 2023 | Total |
|--|------------|-------------|-------------|---|
| Projected Sources Available | 27,494,885 | 12,182,481 | 12,030,086 | 51,707,453 |
| Additional Subsidy Needed to Meet Adjusted 17k/17k Target | 94,233,000 | 117,228,000 | 117,945,000 | 329,407,000  |



PUNCHLINE

- City will shift its two-year focus to invest (50%) of its available resources in acquisition and conversion and preservation opportunities and 50% into new construction, as funding allows.
- Need new capital and operating dollars