



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** William A. Gilchrist  
Director, Planning &  
Building

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**SUBJECT:** Housing Element Annual Progress  
Report for Calendar Year 2020

**DATE:** May 17, 2021

City Administrator Approval

Date: Jun 3, 2021

## **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 2020.**

## **EXECUTIVE SUMMARY**

Pursuant to Section 65400 of the California Government Code, the City of Oakland has prepared an Annual Progress Report (APR) for calendar year 2020 on implementation of housing-related programs and policies contained in the 2015-2023 Oakland Housing Element. This is the sixth year of reporting on the 2015-2023 Housing Element, which was adopted by the City Council via 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 calendar year 2020.

The complete 2020 Oakland 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 suitable for printing and are best viewed electronically. The pertinent content of these tables is stated in this report and attachments.)*

In 2020, the City made important progress towards enabling the construction of new housing across all income categories, including units for extremely low-income households, such as:

City Council  
June 15, 2021

- A total of 2,589 new housing units were proposed in application submittals deemed complete in 2020. This total includes 149 units affordable to very low-income (VLI) households, 351 units affordable to low-income (LI) households, and 39 units affordable to moderate-income households.
- Issuing entitlements, i.e., Planning and Zoning approvals, for 2,897 new housing units, including 303 units affordable to VLI households, 236 units affordable to LI households, and five (5) units affordable to moderate-income households.
- Issuing building permits for 1,107 new housing units; this is approximately half of the number of units issued building permits in calendar year 2019. The 2020 total number of permitted units includes 193 new housing units affordable to VLI households, 40 units affordable to LI households, and nine (9) units affordable to moderate-income units.
- A total of 3,068 new housing units were completed in 2020, meaning they passed a final building inspection and are now ready for people to move in. The total includes 163 new housing units affordable to VLI households, and 20 units affordable to LI households.
- A total of 159 units affordable to extremely low-income (ELI) households were entitled, issued building permits, or completed.
- Two (2) affordable housing projects submitted under California Senate Bill (SB) 35 were issued entitlements. Together, these two entitlements represent a total of 138 new housing units deed-restricted to VLI households, 17 new LI housing units, and 2 market-rate units set aside for property managers.<sup>1</sup>

## **BACKGROUND / LEGISLATIVE HISTORY**

Section 65400 of the California Government Code requires the City of Oakland to prepare and submit an annual report to the California 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. This annual report must describe progress made by the City to implement policies adopted in the City's Housing Element and to meet the City's share of Regional Housing Needs Allocation (RHNA). The 2020 Housing Element Annual Progress Report (APR), submitted to OPR and HCD on April 1, 2021, reflects the sixth (6th) year of reporting on progress to meet the production targets and policies within the 2015-2023 Oakland Housing Element.

In accordance with Policy 6.5 of the 2015-2023 Housing Element, the City conducted a public hearing before the City's Planning Commission on May 19<sup>th</sup> and is conducting an additional hearing on June 15, 2021 before the City Council to review and consider the APR. This Agenda Report includes necessary clarifications and reconciliations noted at the May 19, 2021 meeting of the Planning Commission.

## **ANALYSIS AND POLICY ALTERNATIVES**

The 2020 Housing Element APR provides a comprehensive accounting on housing production,

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<sup>1</sup> SB 35 was signed into law to streamline the construction of affordable housing. SB 35 applies to any city or county that has not made sufficient progress toward meeting their Regional Housing Needs Allocation (RHNA) goal for above-moderate income units or units affordable to LI and VLI households (i.e., households earning below 80 percent of the Area Median Income).

preservation, and protection, including:

- The number of new housing units proposed within applications determined complete in 2020.
- The number of new housing units that received a planning and zoning approval (“entitlement”), building permit, or certificate of occupancy (or other evidence of readiness for occupancy) identified by location, tenure, and income category.
- The number of new housing units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition and preserved.
- Continued increase in production of new housing but far short of meeting the City’s RHNA goals for affordable housing.
- Sites identified or rezoned to accommodate shortfall housing need.
- Progress on implementing housing-related programs and policies contained in the 2015-2023 housing element.
- Locally-owned lands included in the housing element sites inventory that have been sold, leased, or otherwise disposed of; and locally owned lands declared surplus sites or identified as excess.
- Proposed use of funds awarded through the Local Early Action Planning (LEAP) grant.

#### **Definition of Income Levels and Area Median Income**

This APR provides a summary of housing production by household affordability level. The income levels used in the APR are defined by HCD based on Area Media Income (AMI). The AMI is the midpoint of an area's income distribution. This means half of families in an area earn more than the median and half earn less than the median. Each income level is defined below:

- A Very Low-Income (VLI) household earns between zero and 50 percent of AMI.
- A Low-Income (LI) household earns between 51 and 80 percent of AMI.
- A Moderate-Income household earns between 81 and 120 percent of AMI.
- An Above-Moderate household earns more than 120 percent of AMI. Housing units affordable to this income level are known as “Market-Rate” units.

An Extremely Low-Income (ELI) household earns less than 30 percent of AMI. The APR counts ELI units as a subset of new housing units affordable to Very Low-Income (VLI) households. This is because the APR defines VLI as households earning between zero (0) and 50 percent of AMI. Thus, the number of new VLI units provided in this report also includes ELI units. Please see page eight (8) of this report for a more detailed accounting of ELI units.

#### ***HOUSING PRODUCTION & PRESERVATION***

The APR quantifies the number of net new housing units deemed complete, approved, permitted, or completed— by household affordability level—during the reporting year (January 1<sup>st</sup>, 2020 to December 31<sup>st</sup>, 2020). For new housing units reported as affordable, the APR also provides information on the financial assistance program or deed-restriction type used to subsidize the unit. In addition, the APR includes a summary of the housing units that were substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved during the reporting year.

As this report shows, the largest number of new affordable units are being produced within housing projects that have five (5) or more units. This is due to several factors. The production

of housing affordable to lower-income households requires significant subsidies and financial assistance. While financial assistance is key, density (or the number of units within a project) can also play a big role in determining whether it is feasible for an affordable housing project to be built on any given site. In Alameda County, the standard density to demonstrate a site's capacity to be developed into affordable housing is at least 30 dwelling units per acre.<sup>2</sup> In addition, State law on Density Bonuses may only be applied to projects with five (5) or more units.<sup>3</sup> For some of the above reasons, the City of Oakland Housing and Community Development Department has targeted its Notice of Funding Availability to produce affordable units within multifamily housing projects. In addition, the City is currently creating a program to support the production of deed-restricted Accessory Dwelling Units (ADUs) affordable to lower-income households.

**New Housing Units Proposed in Application Submittals Deemed Complete**

Section 65943 of the California Government Code requires a determination in writing as to the completeness of an application for a development project. This does not constitute either an approval or denial of an application. Rather, applicants are issued a "Notification of Completeness" letter, which includes a determination of completeness (i.e., complete or incomplete). If incomplete, staff must notify the applicant within 30 days of the City receiving the application and inform them how the application can be made complete.

Table A of the APR (**Figure 1** below) provides a list of application submittals for new housing development, by affordability level. These applications were deemed complete between January 1, 2020 and December 31, 2020.

**Figure 1. Number of New Housing Units Proposed in Application Submittals Deemed Complete in 2020, by Household Affordability Level.**

Unit Category	Deed-Restricted			Above Moderate Income (Market Rate)	Total # of Units
	Very Low-Income*	Low- Income	Moderate-Income		
Single-Family Units				41	41
2 to 4 Units				32	32
5+ Units	149	351	39	1,604	2,143
Accessory Dwelling Units**				373	373
<b>Totals</b>	<b>149</b>	<b>351</b>	<b>39</b>	<b>2,050</b>	<b>2,589</b>

\* The APR does not require municipalities to report the number of new ELI units proposed in application submittals deemed complete. More information on ELI units can be found on page 10

<sup>2</sup> "Analysis of Sites and Zoning." California Department of Housing and Community Development Department. <https://hcd.ca.gov/community-development/building-blocks/site-inventory-analysis/analysis-of-sites-and-zoning.shtml>

<sup>3</sup> Government Code 65915 "Density Bonuses and Other Incentives." [https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=65915&lawCode=GOV](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65915&lawCode=GOV)

of this report.

\*\* Count of Accessory Dwelling Units (ADUs) also includes Junior ADUs.

A total of 422 applications for new housing development were determined complete during calendar year 2020. In all applications deemed complete, 2,589 new housing units were proposed, of which 1,490 were approved. The remainder were undergoing planning and zoning review at the time the APR was published.

In the 5+ unit category, there were 539 affordable units out of a total of 2,143 units that were deemed complete. This constitutes 25 percent of the units in this category as affordable. The largest number of units that are produced in the City fall within the 5+ unit category.

### New Housing Units Entitled or Approved by Zoning

Entitlements are planning and zoning approvals to develop a property. A project that has been entitled means the housing development has received all the required land use approvals necessary for the issuance of a building permit. This means that there is no additional discretionary action required to be eligible to apply for and obtain a building permit. Entitlement typically involves a formal planning review process which focuses on whether the new residential facility will:

- Conform to development standards established by Zoning.
- Relate to the surrounding setting (in terms of bulk, height, materials, and textures).
- Protect, preserve, or enhance desirable neighborhood characteristics.
- Consider the existing topography and surrounding landscape.
- Conform to the Oakland General Plan, as well as to any applicable Specific Plans, or design review criteria adopted by the Planning Commission and City Council.

As shown in **Figure 2**, approximately 2,897 new housing units received an entitlement in 2020. These projects have all the necessary land use approvals to apply for a building permit. However, external factors – such as financing, the real estate market, and complying with applicable pre-construction conditions of approval – will impact the timing for when an application for a building permit is submitted.

**Figure 2. Number of New Housing Units Entitled in 2020, by Household Affordability Level**

Unit Type	Deed-Restricted			Above Moderate Income (Market Rate)	Total # of Units
	Very Low-Income*	Low-Income	Moderate-Income		
Single-Family Units				47	47
2 to 4 Units				41	41
5+ Units	303	236	5	1,891	2,435
ADUs**				374	374
<b>Totals</b>	<b>303</b>	<b>236</b>	<b>5</b>	<b>2,353</b>	<b>2,897</b>

\* The APR counts ELI units as a subset of new housing units affordable to VLI households. Of the 303 VLI units, 18 are affordable to ELI households (see **Figure 8** below).

**\*\* Count of ADUs also includes Junior ADU.**

In the 5+ unit category, there were 544 affordable units out of a total of 2,435 units that were entitled. This constitutes 22 percent of the units in this category as affordable. As stated earlier, the largest number of units that are produced in the City fall within the 5+ unit category.

**Figure 3** shows 100 percent affordable housing projects that received entitlements in 2020.

**Figure 3. Affordable Housing Projects that Received Entitlements in 2020.**

<b>Project Name and Address</b>	<b># of Units issued Entitlements</b>	<b>Notes</b>
<b>West Oakland Station</b> at 1451 7TH ST	<b>240</b>	An affordable housing project with 240 affordable residential units. Includes a Density Bonus.
2116 BRUSH ST	<b>95</b>	An affordable housing project with 95 residential units. Includes supportive housing for emancipated youth. Includes a Density Bonus.
<b>Shadetree</b> at 48 5TH AVE	<b>21</b>	An affordable housing project with 21 Joint Live Work Quarters (JLWQ).
<b>The Eliza</b> at 2125 TELEGRAPH AVE	<b>97</b>	Construction of a 97-unit 100 percent affordable residential senior housing project. This project was submitted under SB 35. Includes a Density Bonus.
<b>Agnes Memorial</b> at 2372 INTERNATIONAL BLVD	<b>60</b>	Regular Design Review for a new 60-unit, 100 percent affordable senior housing facility. This project was submitted under SB 35.

**Residential Units Issued a Building Permit**

Building permits ensure that any new construction complies with all health, safety, and building code standards. The issuance of a building permit signals that construction on a project may begin. By unit type in 2020, the City issued new building permits for 872 multifamily-housing units, 41 single family homes, 174 Secondary Units (also known as Accessory Dwelling Units or “ADUs”), and 20 units in duplexes, triplexes or fourplexes (see **Figure 4**).

**Figure 4. Number of New Housing Units Issued a Building Permit in 2020, by Household Affordability Level**

Unit Category	Deed-Restricted			Above Moderate Income (Market Rate)	Total # of Units
	Very Low-Income*	Low-Income	Moderate-Income		
Single-Family Units				41	41
2 to 4 Units				20	20
5+ Units	193	40	9	630	872
ADUs**				174	174
<b>Totals</b>	<b>193</b>	<b>40</b>	<b>9</b>	<b>865</b>	<b>1,107</b>

\* The APR counts ELI units as a subset of new housing units affordable to VLI households. Of the 193 VLI units, 109 are affordable to ELI households (see **Figure 8** below).

\*\* Count of ADUs also includes Junior ADUs.

In the 5+ unit category, there were 242 affordable units out of a total of 872 units that were issued a building permit. This constitutes almost 28 percent of the units in this category as affordable. As stated earlier, the largest number of units that are produced in the City fall within the 5+ unit category.

**Figure 5** shows 100 percent affordable housing projects issued a building permit in 2020.

**Figure 5. Affordable Housing Projects Issued a Building Permit in 2020.**

Project Name and Address	# of Units Issued Building Permits	Notes
<b>Foon Lok West</b> at 311 9TH AVE, #A1	<b>130</b>	Affordable housing project with 130 units.
<b>Coliseum Place</b> at 3300 HAWLEY ST	<b>59</b>	Affordable housing project with 59 units.
<b>Aurora Apartments</b> at 657 W MACARTHUR BLVD	<b>44</b>	Affordable housing project with 44 residential units.

### Residential Units Completed

A completed unit is one where the project has passed its final building inspection and is now ready for occupancy. Inspections are required to ensure that the construction is proceeding according to the approved plans and project conditions-of-approval, and that all current code standards are being met.

As shown in **Figure 6** below, a total of 3,068 new residential units were completed in 2020. Of these completed units, 2,759 are in multifamily-housing projects, 37 are in housing projects with two to four units, 78 are single-family homes, and 194 are ADUs.

**Figure 6. Number of New Housing Units Completed in 2020, by Household Affordability Level**

Unit Category	Deed-Restricted			Above Moderate Income (Market Rate)	Total # of Units
	Very Low-Income*	Low-Income	Moderate-Income		
Single-Family Units				78	78
2 to 4 Units				37	37
5+ Units	163	20		2,576	2,759
ADUs**				194	194
<b>Totals</b>	<b>163</b>	<b>20</b>	<b>0</b>	<b>2,885</b>	<b>3,068</b>

\* The APR counts ELI units as a subset of new housing units affordable to VLI households. Of the 163 VLI units, 32 are affordable to ELI households (see **Figure 8** below).

\*\* Count of ADUs also includes Junior ADU.

In the 5+ unit category, there were 183 affordable units out of a total of 2,759 units that were completed. This constitutes about seven (7) percent of the units in this category as affordable. This percentage of affordable units is less than the percentage at other stages of the development process (as shown in previous sections of this report.) However, if affordable housing projects in the development pipeline continue to move forward in the process, the future number of affordable units completed will increase over the next several years.

**Figure 7** shows 100 percent affordable housing projects completed in 2020.

**Figure 7. Affordable Housing Projects Completed in 2020**

Project Name and Address	# of Completed Units	Notes
Casa Arabella at 3611 E 12TH ST	94	Affordable housing project with 94 units.
Camino 23 at 1233 23RD AVE	37	Affordable housing project with 37 units.

### Extremely Low-Income Units

The APR does not require municipalities to report on the production of new housing units affordable to ELI households. However, the APR allows for reporting ELI units as a subset of new housing units affordable to VLI households. This is because the APR defines VLI as households earning between zero (0) and 50 percent of AMI. Thus, the number of new VLI units provided in previous sections of this report also includes ELI units, further details are provided in **Figure 8** below.

In 2020, the City of Oakland entitled, permitted, or completed a total of 159 units affordable to ELI households. The City of Oakland defines ELI as households earning between zero (0) and 30 percent of AMI.



**Figure 8.** Number of New Housing Units Affordable to Extremely Low-Income Households, by Development Phase, 2020.

	<b>Extremely Low-Income Units</b>
<b>Entitled</b>	18
<b>Issued a Building Permit</b>	109
<b>Completed</b>	32
<b>Total</b>	<b>159</b>

### **Preservation of Residential Units**

The City of Oakland typically issues funding for the construction, acquisition, and preservation of affordable housing via competitive Notice of Funding Availability (NOFA) processes.

In January 2020, the City funded three loans totaling \$10,970,000 under the City's Affordable Housing Acquisition, Rehabilitation and Preservation program to Fruitvale Studios, Frank G. Mar Apartments, and Hamilton Apartments (Resolution No. 87995 C.M.S.).

In April 2020, the City released a NOFA that solicited applications for funding for new construction of affordable housing development projects. The three top scoring projects were awarded a total of \$13,050,000 in July 2020: The Phoenix, Friendship Senior Housing, and Fruitvale Transit Village IIB (Resolution No. 88249 C.M.S.).

In December 2020, the City released a NOFA for the acquisition and conversion of existing properties to affordable housing under the innovative Acquisition and Conversion to Affordable Housing (ACAH) program (2020 ACAH NOFA), which awards funding for affordable housing providers to acquire market rate housing units and convert them to deed-restricted affordable housing. The ACAH NOFA also provides funds to perform rehabilitation work to address deferred maintenance issues at the acquired properties. For the 2020 ACAH NOFA, approximately \$5,700,000 in Bond Measure KK funds were made available with \$4,200,000 set-aside specifically for Community Land Trusts and Limited Equity Housing Cooperatives. An additional \$2,500,000 in Community Development Block Grant - Coronavirus Aid, Relief, and Economic Security (CARES) Act (CDBG-CV) funds were also made available for eligible projects. The funds are in the process of being awarded and distributed in 2021. The NOFAs and associated documents are available at the following website:

<https://www.oaklandca.gov/documents/2020-21-acquisition-and-conversion-to-affordable-housing-acah-program-notice-of-funding-availability-nofa-1>.

In response to both the City's homeless crisis, and the COVID-19 pandemic, in July 2020, the State of California issued a \$600 million NOFA under Project Homekey, a new grant program for local public entities to rapidly purchase and rehabilitate housing into interim or permanent housing for people experiencing homelessness who are at high risk of COVID-19.

The City and its developer partners secured Homekey awards for three projects, with two projects closing City and Homekey financing in 2020, and one project closing its financing with the City in early 2021. First, the City directly acquired Clifton Hall, the 63-unit former California College of the Arts dormitory building in Rockridge, in December 2020. Clifton Hall will provide

61 total homeless Single Room Occupancy units over three residential floors: one floor for a family shelter run by East Oakland Community Project, and two floors for permanent housing for people experiencing homelessness operated by Satellite Affordable Housing Associates, with priority for people exiting Alameda County Roomkey hotels. Also in December 2020, the City secured Homekey funding and granted local funds towards the acquisition of the Inn at Temescal, a 22-room hotel, which will provide 21 units of permanent supportive housing for homeless veterans. Third, the City secured Homekey funding towards the acquisition of 15 scattered site properties with 80 rooms dedicated for unhoused residents; because this project closed its financing with the City in early 2021, these units are counted towards acquisition-conversion units in 2021.

***PROGRESS TOWARDS MEETING REGIONAL HOUSING NEEDS ALLOCATION (RHNA) & REPORTING SHORTFALL HOUSING NEED***

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). Oakland's current 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 VLI households, 2,075 to LI households, 2,815 to moderate-income households, and 7,816 to above moderate-income households.<sup>4</sup> Oakland's progress toward meeting the RHNA is presented in Table B of the APR. As shown below in **Figure 9**, while the City has exceeded its allocation of above-moderate (market rate) units, only 22 percent of the City's allocation of affordable housing units (VLI, LI, and moderate-income) has been met. The main constraint to meeting RHNA allocations of affordable housing is the lack of funding resources to develop and operate these units.

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<sup>4</sup> City of Oakland, 2015-2023 General Plan Housing Element (p. 223).

**Figure 9. Oakland Regional Housing Needs Allocation (RHNA) Progress, 2015-2020**

Income Level	RHNA 2015-2023	Permitted Units by Year							Total Units	RHNA Due	% of RHNA met by total units
		2015	2016	2017	2018	2019 <sup>5</sup>	2020				
Very low-	2,059	98	26	247	204	120	193	888	1,171	43%	
Low-	2,075	30	13	66	85	307	40	541	1,534	26%	
Moderate-	2,815	0	0	11	48	9	9	77	2,738	3%	
<b>Sub-total Affordable</b>	<b>6,949</b>	<b>128</b>	<b>39</b>	<b>324</b>	<b>337</b>	<b>436</b>	<b>242</b>	<b>1,506</b>	<b>5,443</b>	<b>22%</b>	
Above Moderate	7,816	643	2,082	4,019	4,280	1,727	865	13,616	0	174%	
<b>TOTAL</b>	<b>14,765</b>	<b>771</b>	<b>2,121</b>	<b>4,343</b>	<b>4,617</b>	<b>2,163</b>	<b>1,107</b>	<b>15,122</b>			

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. In 2019, the City experienced a downturn in the number of applications and building permits issued for new housing units. Overall, the City issued building permits for a total of 2,163 new housing units in 2019. This is a 53 percent decrease from the number of new units permitted in calendar year 2018. According to the Final Report of the Incentive Program Feasibility Study prepared for the Downtown Oakland Specific Plan, “new construction starts are waning due to mounting competition among recently-delivered residential projects and challenges associated with the financial feasibility of development.”<sup>6</sup>

On March 16, 2020, the Alameda County Health Officer announced a legal order directing all residents to shelter at home beginning March 17<sup>th</sup>, 2020 in response to the COVID-19 pandemic. The order limited business functions to only the most essential needs.<sup>7</sup> The Shelter-in-Place (SIP) Order was updated and extended on March 31<sup>st</sup>, 2020.

<sup>5</sup> In the Summer of 2020, HCD and PBD conducted a review of the 2019 APR. Staff found that an affordable housing project at 1428 105<sup>th</sup> Avenue had been erroneously reported as market rate units. These units were initially missed because the project did not receive funding from the City. In addition, the project at 344 13<sup>th</sup> Street involved conversion of Single-Room-Occupancy (SRO) units to 65 affordable units. This project was removed from the Above-Moderate Income category because only the new construction of housing is counted towards meeting RHNA. The numbers reported in this Figure reflect the corrected totals.

<sup>6</sup> "Incentive Program Feasibility Study Final Report. " July 10, 2020. [https://cao-94612.s3.amazonaws.com/documents/191033\\_DOSP\\_CB\\_Final-Report-2020-07-10.pdf](https://cao-94612.s3.amazonaws.com/documents/191033_DOSP_CB_Final-Report-2020-07-10.pdf)

<sup>7</sup> March 16, 2020 Press Release: “Seven Bay Area Jurisdictions Order Residents to Stay Home.” Alameda County Public Health Department. <https://covid-19.acgov.org/covid19-assets/docs/press/press-release-2020.03.16.pdf>

The updated Order added some clarifying language around the definition of essential businesses and activities. Under this new Order, most construction – residential and commercial – was prohibited.<sup>8</sup> However, the new Order allowed for the approval and permitting of housing development projects where at least ten (10) percent of the units were affordable.<sup>9</sup> On April 29<sup>th</sup>, 2020, the Alameda County Health Officer announced an updated SIP Order that eased some of the restrictions put into place to slow the spread of COVID-19.<sup>10</sup> Under this updated SIP Order, all construction activities were allowed to resume provided that each project site comply with the protocols for operations that the County’s Order cited under its Appendices A, B-1 and B-2.<sup>11</sup> Therefore, there was a temporary direct impact on the production of housing as a result of these orders. The Planning & Building Department’s (PBD) onsite Permit Center at 250 Frank H. Ogawa Plaza is not currently providing in-person permitting services but has implemented online permitting for residential and commercial construction. In-person inspections and code enforcement services have resumed in accordance with Alameda County Health Officer orders.

As shown in **Figure 10**, the City experienced a decline from 2019 to 2020 in the number of new housing units issued a building permit. The decrease was due to the SIP Order prohibiting construction activity early during the reporting period. As noted above, the updated order in April of 2020 eased some of the restrictions allowing for affordable units to commence with renewed construction activity. Overall, the City permitted a total of 1,107 units in 2020, which represents a negative 49 percent change from 2019. **Attachment A** includes a table of all Major Projects<sup>12</sup> issued a building permit in 2020.

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<sup>8</sup> March 31, 2020 Press Release: “Bay Area Health Officers Issue Updated Stay-at-Home Order with New Restrictions to Last Through May 3” Alameda County Public Health Department. <https://covid-19.acgov.org/covid19-assets/docs/press/press-release-2020.03.31.pdf>

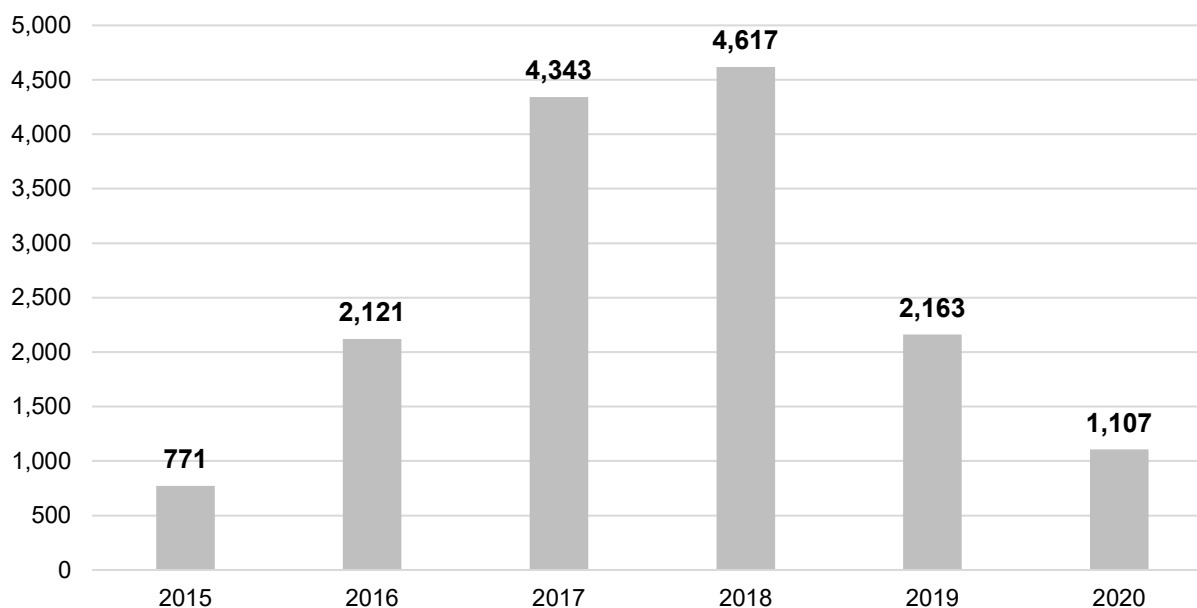
<sup>9</sup> “Order of the Alameda County Health Officer to Shelter in Place No. 20-04.” Date of Order: March 31<sup>st</sup>, 2020. Alameda County Public Health Department.

<sup>10</sup> April 29, 2020 Press Release: “Regional Shelter-in-Place Orders Extended as Some Rules Ease.” Alameda County Public Health Department. <https://covid-19.acgov.org/covid19-assets/docs/press/press-release-2020.04.29.pdf>

<sup>11</sup> “Order of the Alameda County Health Officer to Shelter in Place No. 20-10.” Date of Order: April 29<sup>th</sup>, 2020. Alameda County Public Health Department.

<sup>12</sup> The City of Oakland defines “Major Projects” as a project that is either: A) Managed by the Development Planning Division or B) Includes at least 25 total housing units or a minimum of 10,000 sq. ft. of total residential floor area.

**Figure 10. Trends in the Total Number of New Housing Units Issued a Building Permit, 2015-2020.**



#### **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>13</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 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. 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 land capacity to accommodate the land for very low-, low- and moderate-income units to meet its RHNA. However, the main constraint to creating these affordable units is the lack of funding resources to develop and operate them.

<sup>13</sup> City of Oakland, 2015-2023 General Plan Housing Element (p. 223).

Therefore, because the housing potential on land identified as suitable for residential development is more than adequate to accommodate Oakland's remaining housing allocation under RHNA, the City was not required to complete Table C of the APR. Please see **Attachment B** for a map showing the status of existing Opportunity Sites as of March 2021.

### **LOCALLY OWNED LANDS**

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 2020.

In addition, AB 1255 now requires cities and counties to create an inventory of surplus lands. This inventory can be found on Table H of the 2020 APR.

### **HOUSING-RELATED ACTIVITIES & POLICY**

The City made progress on its housing activities in 2020. Highlights, in order of Action number, include:

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

In 2020, progress continued on the development of 465 units of affordable housing serving households between 0-60 percent of AMI in the Brooklyn Basin development, which will include 3,100 total units, as well as commercial uses and open space. The affordable units in the Brooklyn Basin development include 258 Project-Based Section 8 vouchers for all phases from the Oakland Housing Authority (OHA), which jointly owns the land with the City. The Brooklyn Basin master developer has proposed adding another 600 units of market rate housing to the overall project (as well as marina space), and this request was under review by the City during 2020.

Construction of the 211 affordable units on Brooklyn Basin Parcel F began in December 2018 and completed in December 2020. The Brooklyn Basin Parcel F projects included 101 units of family housing (Paseo Estero) and 110 units of senior housing (Vista Estero).

MidPen Housing Corporation, Oakland Housing Authority, and the City entered into a Lease Disposition and Development Agreement on Project 3 (Foon Lok West) on Brooklyn Basin Parcel A in 2019, and closed their loan for the 130-unit Project 3 and started construction in July 2020. MidPen is assembling its financing for Project 4's (Foon Lok East) remaining 124 units of family housing, and pending award of tax credits, is projected to commence construction in 2021.

To date, 241 units of market-rate housing have been completed on Brooklyn Basin Parcel B (Orion). Parcel C also consists of 241 units of market-rate housing, and started construction in 2019, and continued to be under construction in 2020.

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### **Secondary Units (also known as Accessory Dwelling Units or “ADUs”) (Policy 1.4)**

As of January 1, 2020, state and local laws surrounding ADUs and Junior Accessory Dwelling Units (JADUs) have changed to allow for their construction within single- and multi-family dwellings. 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, including eliminating parking requirements in areas where public transit is accessible. As shown in Table A2 of the APR, building permits for a total of 174 ADUs and JADUs were issued in 2020.

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

As discussed above, the City released two NOFAs in 2020. One was for New Construction of Multifamily Affordable Housing and was limited to "Pipeline" projects – these are projects that had applied for funding in a previous NOFA round. The second NOFA was for the Acquisition and Conversion to Affordable Housing (ACAH) of existing non-deed restricted projects. The City also made funding commitments to projects that applied for NOFA funds in 2019.

More information about City’s NOFAs is available here:

<https://www.oaklandca.gov/resources/nofa-opportunities>

Last year’s report on the 2019 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.

### **Expand Local Resources for Affordable Housing (Policy 2.7)**

After conducting an *Impact Fee Nexus Study and Economic Feasibility Analysis*<sup>14</sup>, 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.

Oakland Municipal Code (OMC) Chapter 15.68 (Ordinance No. 12442 C.M.S.) establishes a Jobs/Housing Impact Fee in the City of Oakland to ensure that certain commercial development projects compensate and mitigate for the increased demand for affordable housing generated by such development projects within the City of Oakland. Any new office or warehouse/distribution development project in a new or existing building over 25,000 square feet must pay to the City the Jobs/Housing Impact Fee or may elect to construct affordable housing as per OMC Section 15.68.080.

The Affordable Housing Trust Fund established under OMC Chapter 15.62 receives all Affordable Housing Impact Fees and Jobs/Housing Impact Fees collected.

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<sup>14</sup> The "Impact Fee Nexus Studies & Economic Feasibility Study" can be found on the City's website here: <https://www.oaklandca.gov/documents/impact-fee-nexus-studies-economic-feasibility-study>



On December 27<sup>th</sup>, 2020 the City completed the Annual Report for Fiscal Year Ending on June 30, 2020. See this link for the report: <https://cao-94612.s3.amazonaws.com/documents/Annual-Impact-Fee-Report-FY-19-20-FINAL-2-21-21v2.pdf>

For Fiscal Year 2019-2020, \$9,806,779 has been paid and collected for the Affordable Housing Impact Fee (AHIF) and Jobs/Housing Impact Fee (JHIF); and \$15,377,258 has been assessed. Since the AHIF and JHIF went into effect on September 1, 2016, \$20,436,074 has been paid and collected and \$55,750,694 has been assessed.<sup>15</sup>

### **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 MLK Jr. Way. In 2020, predevelopment activities were initiated at these sites.

The City is following Surplus Land Act requirements for City-owned sites to be offered for affordable housing development. In December 2020, the City issued Notices of Availability for four sites, with proposals currently under review. The City has identified 12 additional City-owned sites to issue over the next year.

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

In 2020, the City of Oakland committed \$10,970,000 in funds to projects that applied to the 2019-2020 NOFA for the Acquisition, Rehabilitation, and Preservation of Multifamily Affordable Housing. The City's funding will extend and deepen the affordability restrictions. Three projects, representing 232 affordable units, were awarded funds:

- Fruitvale Studios
- Frank G Mar Apartments
- Hamilton Apartments

### **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 applying for Low Income Housing Tax Credits in Oakland. In 2020, the City performed local reviews for two such projects (West Grand and Brush Street, Phase 1 and Metro Square).

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.

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<sup>15</sup> This statement has been revised and corrected from the Director's Report presented to the Planning Commission on May 19, 2021 due to changes made in how 'total revenue assessed' and 'revenue assessed but not due yet' are presented within the Impact Fee Annual Report for Fiscal Year Ending June 30, 2020.



### **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. Rehabilitation activities have begun at both Fruitvale Studios and Frank G Mar Apartments.

### **Housing Assistance Center (Action 6.1.4)**

In 2020, the Housing Resource Center in the Housing & Community Development Department directly assisted 1,972 visitors with service, including:

- 590 Referrals to Affordable Housing Resources
- 51 Referrals to Emergency Shelter
- 153 Referrals to Financial Assistance
- 196 Referrals to Relocation Assistance
- 290 Referrals to Municipal Identification (Muni ID) for residents who need a form of identification to apply for housing
- 323 Referrals to the City's Rent Adjustment Program housing counselors
- 422 Referrals to Other City Departments and External Agencies

### **LOCAL EARLY ACTION PLANNING (LEAP) REPORTING**

In 2020, PBD received a Local Early Action Planning (LEAP) grant in the amount of \$750,000. These funds are designated for the General Plan Update of the Housing and Safety Elements, and the creation of a new Environmental Justice Element, which are all required to be adopted concurrently, per State Law, by January 2023. PBD is currently working on hiring a consulting team for this task, as part of a comprehensive multi-phase and multi-year General Plan Update process. The Request for Proposals (RFP) was released on April 30, 2021. City Council approval of the consulting team is expected by July 2021. Other funding for the General Plan Update includes Senate Bill (SB) 2 grant funds (\$275,000), and General Plan surcharge funds.

### **KEY ISSUES AND EXPECTATIONS FOR 2021**

#### **New Housing Element**

Oakland's current Housing Element was adopted in 2014. As noted earlier, the 2023-2030 Housing Element is required by State Law to be adopted by the end of January 2023. The Housing Element update will be part of the first phase of a comprehensive General Plan Update process that will also include update of the Safety Element and creation of a new Environmental Justice Element. Phase II of the General Plan Update process will update the Land Use and Transportation Element (LUTE); the Open Space, Conservation and Recreation Element (OSCAR); the Noise Element; and potentially, if additional funding is secured, update of the Historic Preservation Element, and a new Infrastructure and Facilities Element.

The Housing Element Update process will allow Oakland to comprehensively plan for the development of housing by stipulating programs and policies to reduce regulatory, physical, and environmental constraints to the production of housing. The Housing Element must also identify

sufficient developable land (known as Opportunity Sites) to accommodate its share of the region's projected housing need, known as its RHNA.

The Housing Element must demonstrate Oakland's ability to meet existing and anticipated housing needs. The City's RHNA for this Housing Element is expected to be significant, requiring substantial land-use reclassifications. The current draft allocation from ABAG, which will be finalized in mid-2021, shows a total of 26,251 units,<sup>16</sup> as compared to 14,765 units in the previous RHNA cycle.

The Housing Element update is an opportunity for the City to review policies and zoning-related issues such as homelessness and supportive services, as well as innovative housing solutions such as cooperative housing, small and shared units, land trusts, non-profit or public acquisition of existing housing, and transitional housing, among others. Public engagement will be required to obtain input, allay concerns, and identify solutions from the community. This process will allow residents to participate in the planning effort and contribute ideas for new housing projects.

### **New Housing Strategic Action Plan**

The City of Oakland's Housing and Community Development Department (HCDD) presented its Strategic Action Plan to the Community & Economic Development Committee on May 17, 2021, providing an updated departmental strategic framework and targeted actions to meet the affordable housing challenges of Oakland for 2021-2023. The Strategic Action Plan was then received informationally by City Council on July 1, 2021. The Strategic Action Plan presents many strategies to support the City's Protection, Production, and Preservation priorities. These strategies are based on the needs informed by data and stakeholder input, and implementation will be centered on race and equity. The Strategic Action Plan also identifies the funding needed to pursue affordable housing production goals.

### **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 2020 is the staff time dedicated to produce the APR submitted to OPR and HCD, the production of a staff report that was presented to the Planning Commission, and this agenda report presented to the City Council. The State 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.

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<sup>16</sup> "Regional Housing Needs Allocation Draft Methodology: San Francisco Bay Area, 2023-2031." February 2021. Association of Bay Area Governments.  
[https://abag.ca.gov/sites/default/files/documents/2021-02/ABAG\\_Draft\\_RHNA\\_Methodology\\_Report\\_2023-2031.pdf](https://abag.ca.gov/sites/default/files/documents/2021-02/ABAG_Draft_RHNA_Methodology_Report_2023-2031.pdf)

## **PUBLIC OUTREACH / INTEREST**

As noted earlier in this report, the 2020 APR submitted to OPR and HCD on April 1<sup>st</sup>, 2021, reflects the sixth 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. The 2020 APR was presented at a public meeting of the Planning Commission on May 19<sup>th</sup>, 2021.

## **COORDINATION**

Staff from the HCDD, the Economic & Workforce Development Department, and PBD coordinated to complete the 2020 APR. Additionally, staff from HCDD and the Bureau of Planning within PBD worked closely to prepare this agenda report and attachments.

## **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:** According to the most recent estimates of the U.S. Census American Community Survey, the majority (59.3 percent) of housing units in Oakland are occupied by renters.<sup>17</sup> One key measure of housing affordability is the share of a household's total income consumed by monthly rent or mortgage payments. Households are considered "rent burdened" if their housing costs consumes more than 30 percent of their annual income. In Oakland, approximately 51.2 percent of renters are considered rent burdened.<sup>18</sup> While rent burden affects individuals across all income categories, people with lower incomes will be most heavily impacted. Further, an analysis of the National Equity Atlas found that Black and Latinx women renters are most likely to be rent burdened among all other race and gender groups.<sup>19</sup> Oakland is experiencing similar trends. Citywide, the majority of Black and Latinx households who rent are considered rent burdened (58.4 percent and 52.7 percent respectively).<sup>20</sup> A significant percentage of Asian households (49.2 percent) are also rent burdened, while only one in three

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<sup>17</sup> U.S. Census Bureau; American Community Survey, 2019 American Community Survey 5-Year Estimates, Table DP04. [data.census.gov/cedsci/](https://data.census.gov/cedsci/) (Accessed: April 26, 2021).

<sup>18</sup> Ibid.

<sup>19</sup> PolicyLink and the USC Equity Research Institute; National Equity Atlas, [www.nationalequityatlas.org](https://www.nationalequityatlas.org), 2020.

<sup>20</sup> City of Oakland. Oakland Equity Indicators. <https://cao-94612.s3.amazonaws.com/documents/2018FullReport-12021edit.pdf>

White households (34.9 percent) paid more than 30 percent of their annual income on rent.<sup>21</sup> Therefore, there are significant racial equity opportunities associated with the City's continued implementation of the policies contained in the Housing Element, and from the City's production of housing for residents at all income levels.

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

Consideration of the 2020 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.

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<sup>21</sup> Ibid.

**ACTION REQUESTED OF THE CITY COUNCIL**

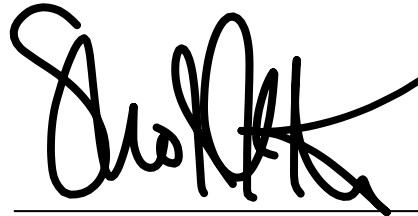
Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Receive An Informational Report On The City Of Oakland's Housing Element Annual Progress Report For Calendar Year 2020.

For questions regarding this report, please contact Diana Perez-Domencich, Planner II, at 510-238-3550, or Arlecia Durades, Housing Development Coordinator III, at (510) 238-6992.

Respectfully submitted,



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Attachments (3):

- A. Building Permits Issued for New Housing Units in Major Projects, 2020.
- B. Current Status of Opportunity Sites Map, as of March 2021.
- C. Oakland Affordable Housing Funds Issued/Available, 2014-2021.