

An architectural rendering of a city street scene. In the foreground, a yellow car is driving on a road with white lane markings. A street lamp stands on the left. The middle ground features several multi-story buildings with varied architectural styles, including brick and stone facades. A few pedestrians are visible on the sidewalks. The background shows a clear blue sky with light clouds.

## **WEST OAKLAND SPECIFIC PLAN Final Plan**

### **10. Social Equity**

**10.1 Affordable Housing**

**10.2 Equitable Economic  
Development**

June 2014





# 10: Social Equity

This chapter of the Specific Plan explores the broader implications of development with respect to access to affordable housing and equitable economic development; and recommends strategies for ensuring that existing residents and local workers, households and businesses can participate in and benefit from future development in West Oakland.

The recommended strategies in this chapter acknowledge that while the West Oakland area’s talented entrepreneurs, and its central location and unique building stock are fueling new market activity, and regional and local developers alike are taking an interest in West Oakland, there is the potential that new development may raise concerns around the impact of neighborhood change and displacement on longstanding residents and businesses. The strategies to follow do not assume that the influx of new development capital will simply flow outward and "lift all boats", because - as one community member commented - a number of local residents have no "boat". The recommended strategies in this chapter build upon the longstanding efforts of Community-Based Organizations (CBOs) and the City of Oakland to support the ability for longstanding residents (particularly those whose residency in West Oakland extends over several generations), as well as newer residents and businesses, to participate in and benefit from new economic activity in West Oakland.

Encouraging a mix of land uses that will generate a range of jobs—retail, medical, office and other professional service uses, as well as short term construction jobs—and a range of housing types is a key component of the Plan. The City imposes a number of employment and contracting programs and requirements on City public works projects, as well as private development projects that receive a City subsidy. These include the Local and Small Local Business Enterprise Program, the Local Employment/ Apprenticeship Program, Living Wage requirements, and prevailing wage requirements. However, the City of Oakland’s programs do not apply to private projects, including sites sold by the City for fair market value, or public works-type projects funded by private parties, including street or sidewalk improvements built as part of a new development. The City has very limited legal authority to impose its employment and contracting programs and requirements on projects that do not involve City funding and/or other City participation. As such, the Plan supports continuing to provide private developers and business owners with information about workforce development programs, including those administered by the City or other organizations, in order to encourage opportunities for the creation of high quality, local jobs and job training programs.

**Section 10.1, *Affordable Housing***, is intended to support residents’ access to housing

resources to the broadest extent possible. This would include, but not be limited to:

- Prioritizing preservation of subsidized affordable housing.
- Taking steps to reduce the vulnerability to foreclosures of existing owners and renters, and ensure that new owners of foreclosed properties become responsible stewards of the properties.
- Preserving the affordability of subsidized rental housing for lower-income households that may be at-risk of converting to market rate housing.
- Developing and promoting sustainable development and sustainable communities that in turn create more disposable income for housing.
- Supporting the creation of a variety of housing types, including those located near services and transit, affordable for the local workforce and existing residents, young and old.

### **Section 10.2, *Equitable Economic***

**Development**, addresses the critical question of how this Plan can benefit the existing West Oakland community. Economic revitalization must be inclusive to the largest extent possible and bring substantial benefits to existing residents, businesses and employees. The types of benefits that this Plan seeks to help achieve within the West Oakland community include:

- Establishing viable linkages between existing West Oakland Residents and new job opportunities that result from economic development within West Oakland and at the former Oakland Army Base; and
- Identifying strong, effective equity development strategies that minimize the pressures of potential residential and business displacement, including both a short- and long-term framework for overall equitable development in the area.

### **Vision**

West Oakland is envisioned to continue to reflect a culturally and economically thriving and diverse community. Commercial and

residential development in West Oakland will attract new businesses- both those in the “traded” sectors producing goods and services for sale outside the region and for export globally, as well as neighborhood-serving goods and services for local residential consumption. Residential development will enhance opportunities for current residents and employees to live, work, and play. While the area is bustling with activity and land uses have become more intensive, it still maintains a hometown feel. Local residents are well-trained and have access to a broad range of jobs and retail and commercial activities, as well as opportunities for relaxation, easy transit access and the enjoyment of the arts, history and culture of the community. The area also offers a variety of housing types for all incomes, including housing affordable for the local workforce and for retirees. The diversity of housing choices has allowed young people to remain in West Oakland, bringing a new vibrancy into the social fabric. Residents living in West Oakland at the time of this Specific Plan continue to call West Oakland their home, and seniors in particular are able to find convenient and attractive homes near services and transit to facilitate aging in place.

The West Oakland of the future is a community of neighborhoods where:

- Housing is varied, attractive, and affordable. Current residents can continue to call West Oakland their home, and benefit from new economic development activities, both in terms of services provided and employment opportunities.
- Overall development in the area has equitable outcomes crucial for West Oakland’s long-term success and for those with long standing roots and a deep connection to the community.
- Housing units and employment centers emphasize sustainable building practices, improve the built environment and seek to improve health outcomes of West Oakland residents by improving the quality of air, soils and water.
- Access to good schools and successful training programs prepare residents for jobs

in biotech, green industries including manufacturing, and the creative economy.

- A new sense of safety promotes access to services, schools, parks, neighborhood-serving retail, training programs, transit, and other services.
- The increase in people’s incomes and wealth will further reduce their housing cost burdens.
- Transit friendly work opportunities will reduce combined housing and transportation costs.
- Area-wide environmental concerns such as air quality, have been lessened through such measures as:
  - implementing a traffic calming program in residential neighborhoods to discourage truck traffic from entering the neighborhoods;
  - continuing, expanding and improving the Port’s Diesel Truck Replacement Program;
  - further restricting the expansion or introduction of new freight/truck terminals, truck yards and primary waste collection centers; and
  - seeking to identify new location options for those heavier industrial and truck intensive businesses inside the West Oakland “freeway ring” (defined by the 580, 880, and 980 freeways).

to create opportunities for affordable housing and equitable economic development.

This vision will ensure that the overall development in the area has equitable and environmentally sensitive and sustainable outcomes that are crucial for West Oakland’s residents and businesses’ long- term success.

**Relationship to Other Chapters of the Plan**

Strategies for affordable housing, Equitable Economic Development (EED) and improved community health require coordinating efforts related to land use, transportation, infrastructure investments, and programs. Some of the strategies discussed in this Plan section therefore overlap with other sections of the Plan, but are also listed here to show how the Plan’s various components come together

## 10.1: Affordable Housing

West Oakland currently has about 3,200 restricted affordable housing units, as well as market rate units that are more affordable than other areas of Oakland and the Bay Area. However, West Oakland remains vulnerable to fluctuating market conditions such as the foreclosure crisis that began in 2008. There are various possible options to ensure continued availability and improved quality of affordable housing options for low- to moderate-income households in West Oakland.

Affordable housing is a critical component of a sustainable neighborhood and is needed in the Plan Area. As of 2011, median household income for the average 2.90 person West Oakland household was \$27,055 compared with the citywide median income of \$83,050. The HUD-defined area median income for a four person household (for Alameda and Contra Costa Counties) was \$89,300, well above the City of Oakland and area resident incomes. It is therefore imperative that a strategy is in place to ensure affordable housing is available to all existing and future residents, especially since having affordable rents targeted to 30% of household income both stabilizes low income residents and provides these households with expendable income for other living and recreating expenses.

While many of the existing housing units within the Plan Area have affordability restrictions, due to declining federal assistance to support new affordable housing construction, the organizations listed on **Table 10.1-1** provide services that are directly related to affordable housing development and access. Many West Oakland organizations not shown here serve as advocates or provide programming for interrelated neighborhood issues. Given the recent dissolution of the City's Redevelopment Agency (which produced tax increment, the most important local source of affordable housing funding) and still recovering City revenue projections, a creative menu of

strategies is needed to provide additional affordable housing to accommodate the area's projected population growth and maintain a balanced mix of incomes in the area.



**Mandela Gateway- Before**



**Mandela Gateway-after**

**Table 10.1.1: Selected Affordable Housing Development Resources**

Affordable Housing Developers	
	Developments: <ul style="list-style-type: none"> <li>• Acorn</li> <li>• Ironhorse Apartments</li> <li>• Mandela Gateway (Rental and Ownership units)</li> <li>• Chestnut/Linden Street</li> </ul>
BRIDGE Housing	
	Developed/rehabilitated: <ul style="list-style-type: none"> <li>• California Hotel</li> <li>• Jack London Gateway Senior</li> <li>• Marcus Garvey Commons</li> <li>• Slim Jenkins</li> <li>• Scattered site units</li> <li>• Involved in the San Pablo Corridor Coalition</li> </ul>
East Bay Asian Local Development Corporation (EBALDC)	
	Developed/rehabilitated: <ul style="list-style-type: none"> <li>• St. Andrew’s Manor</li> <li>• St. Patrick’s Terrace</li> </ul>
Satellite Affordable Housing Associates (SAHA)	
Resources for Community Development (RCD)	Rehabilitated Drachma scattered site duplexes
Habitat for Humanity East Bay/Silicon Valley	Developer of Chestnut Court homeownership component
East Bay Community Recovery Project	Developed and Manages Transitional and Supportive Housing units, including Project Pride
Referral/Counseling/Fair Housing Resources	
Unity Council	1st Time Homebuyer Counseling
Eviction Defense Center	Provides counseling and legal assistance for residents facing possible eviction proceedings
211	County-wide housing referral services
Restoring Ownership Opportunity Today (ROOT) Program	Through partnerships, provides counseling for foreclosure prevention, and the ROOT program for helping to mitigate the impacts of foreclosure by purchasing defaulted loans and bringing homeowners back into compliance

**Table 10.1.1: Selected Affordable Housing Development Resources**

Oakland Community Trust	A community development credit union serving anyone seeking affordable, responsible financial services.
Government Housing Agencies	
City of Oakland – Department of Housing & Community Development (DHCD) - Housing Assistance Center (HAC)	The HAC has been designed as a one-stop center to streamline City housing services, as well as to provide a central portal to the agencies working to meet the housing needs of Oakland residents.
City of Oakland –DHCD - Housing Development & 1st Time Homebuyers Program	Provides, on a competitive basis, funding for constructing and rehabilitating restricted affordable housing, rental and homeownership Oversees restrictions on units completed through the City’s density bonus program
City of Oakland –DHCD - Residential Lending	Provides loans and limited grants on a funds available basis for rehabbing work on 1-4 units, primarily owner-occupied properties. For low to moderate income households. <ul style="list-style-type: none"> <li>• Access Improvement - Homeowner (Owner-Occupied)</li> <li>• Access Improvement - Rental Property Owner</li> <li>• Emergency Home Repair</li> <li>• Home Maintenance &amp; Improvement Loan</li> <li>• Lead Safe Housing and Paint Program</li> <li>• Minor Home Repair Program</li> <li>• Neighborhood Housing Rehabilitation Program</li> <li>• Weatherization and Energy Retrofit Loan Program</li> </ul>
City of Oakland –DHCD - Rent Adjustment	Sets allowable rent increases for properties subject to Rent Adjustment program, and arbitrates rent disputes between tenants and landlords Oversees Just Cause for Eviction program
City of Oakland – Community Housing Services	Emergency housing services, including shelters and transitional housing
Alameda County	Mortgage Credit Certificate program – Low to Moderate income homebuyers Lead Paint remediation
Oakland Housing Authority	Public Housing Units PB and voucher Section 8 Partnership for improved educational outcomes with Oakland Unified School District



**Table 10.1.1: Selected Affordable Housing Development Resources**

State of California – CalHFA	Provides 1st time homebuyer loans, as well as programs to reduce foreclosures, including the Keep Your Home California program, which provides mortgage payment assistance to low to moderate income homeowners who have lost their employment
Community Development and Environmental Health Efforts (additional info in Equitable Economic Development Section of this chapter)	
East Bay Community Recovery Project	In addition to housing resources, also provides: <ul style="list-style-type: none"> <li>• Substance abuse recovery treatment</li> <li>• Mental health counseling and treatment</li> </ul>
Operation Dignity	Counseling, treatment and housing referrals/assistance for military veterans
West Oakland Environmental Indicators Project (WOEIP)	Resident led, community-based environmental justice organization dedicated to achieving healthy homes, healthy jobs and healthy neighborhoods for all who live, work, learn and play in West Oakland. Participant in the US Environmental Protection Agency’s “Fishbone Project”, an innovative pilot program to treat, lock and cover lead-contaminated soils in the South Prescott Neighborhood.
San Pablo Avenue Corridor Coalition	Community organization dedicated to reducing blight and increasing health outcomes for San Pablo Corridor residents
West Oakland Community Collaborative (WOCC)	Partnership of various West Oakland community organizations to address a wide range of issues from youth development, substance abuse and financial literacy to job training and basic needs

**ASSESSMENT OF EXISTING HOUSING CONDITIONS**

**Renters**

Renter households comprise 78% of the households in West Oakland compared to the city’s overall share of 58%, which in turn is already much higher than state and national rates. There are several reasons for a higher proportion of renters. Some are renters by choice. Some are because of lack of jobs, lack of availability or access to well-paying jobs. Some of the higher renter percentage is also due to the intention of some San Francisco workers to live in West Oakland and commute to San Francisco. Renter units can be a strong part of

the economy but when such a high portion of the populations consist of low income renters, that population is extremely vulnerable to displacement.

**Owner Households**

As shown in **Table 10.1.2**, owner-occupied households comprise 22% of households in West Oakland, far lower than the City-wide rate of 42%, which in turn is lower than state and national ownership rates. Prospective homeowners in West Oakland face a number of challenges, including access to credit, higher paying employment opportunities, and competition from all cash buyers. Existing homeowners faced challenges in recent years

from predatory lending practices, and lack of access to capital to properly maintain their homes.

**Table 10.1.2: West Oakland Housing Units**

Year	Housing Units	% Vacant Units	Occupied Housing Units	Homeowner Occupied Units (%)	Renter Occupied Units (%)
2000 (US Census)	9,415	13.1%	8,181	1,704 (20.8%)	6,459 (79.0%)
2010 (US Census)	10,861	16.8%	9,040	2,289 (25.3%)	6,751 (74.7%)
2013 (ACS Survey)	11,001	14.4%	9,409	2,220 (23.6%)	7,189 (76.4%)

*Figures rounded – may not add up to 100%. Also, it seems doubtful that actual vacancy rates are this high, given relatively stable rents. May reflect some degree of underreporting to US Census officials.*

Although a concerted effort was made to encourage homeownership opportunities in West Oakland between the late 1990’s and now, the foreclosure crisis appears to have wiped out any gains made in the last decade in the homeownership rate in the Plan area.

In 2000, there were 9,415 units in the area, with a 13.1% vacancy rate (8,181 occupied units). Of the total number of occupied units, 18.1% (were owner-occupied (1,704, or 20.8% of occupied units), and 68.6% were renter-occupied (6,459 units, so of occupied units, 78.9% 9 were renter occupied.)

In 2010, of 10,861 housing units, 9,040 were occupied units. Assuming the ratios of renter/owner occupied units remain similar, 2,289 (25.3%) were owner-occupied.

2013 data shows 2,220 owner-occupied units in Plan Area therefore of the 9409 total “occupied” units -- a 23.6% owner/76.4 renter split, slightly down from 2010. However, since the number of total housing units also increased, there are currently more homeowners in West Oakland than there were in 2000.

**Housing Burdens**

Housing costs are considered affordable when they involve payments of 30% or below of a

family’s total income (rents or mortgage expenses and utilities).

Throughout the City, 56.6% of extremely low income households (<30% AMI) have extreme cost burdens (with >50% of household income going to housing expenses) and may have trouble affording basic necessities after paying rent, and another 17.2% are cost burdened (pay more than 30% of income towards housing costs). For very low income households (earning between 31-50% AMI), 20.9% of households face extreme housing cost burdens and 38.8% are cost-burdened.

**Cost burden** refers to a total housing cost (including utilities) in excess of 30% of household income, while severe cost burden refers to a total housing cost in excess of 50% of household income. While this is the accepted definition, many analysts have noted that for low and moderate income households, a housing payment of 30% of income may leave the household with insufficient resources for food, clothing and other necessities.

Although rents in West Oakland are somewhat less expensive than in other parts of the City, given the Specific Plan area’s higher percentage of low and extremely low households, controlling cost burdens is an important component for maintaining affordability for West Oakland residents.

Between 2000 and 2010, an increasing number of West Oakland households were burdened with housing costs.

### Affordable Housing Stock

The State of California further defines affordable housing as one which is available for the longest feasible time at prices affordable to low and moderate income households (HH) based on the local Area Median Income (AMI). AMI's are defined by the U.S. Department of Housing and Urban Development (HUD). The affordability levels and income limits for the area which includes all of Oakland are described below:

- Moderate Income:
  - AMI level: Between 81% and 120% of AMI<sup>1</sup>
  - 2013 HH Income limits (3 person HH): \$58,001 - \$96,350 <sup>2</sup>
- Low Income:
  - AMI level: Between 51% and 80% of AMI
  - 2013 HH Income limits (3 person HH): \$40,151 - \$58,000
- Very Low Income:
  - AMI level Up to 50% of AMI
  - 2013 HH Income limits (3 person HH): <\$40,151

In 2011, the HUD-defined annual median income (AMI) for a three person household in the area which includes Oakland and all of Alameda and Contra Costa Counties was \$83,050, well above the \$27,055 median household income for the average 2.90 person West Oakland households, as shown in **Figure 10.1.1**.

<sup>1</sup> AMI is determined annually by HUD by HH size

<sup>2</sup> Income limits are determined annually by the California Housing and Community Development (HCD). Limits are shown here for a three person household, which is consistent with the average household size in West Oakland of 2.90.

Citywide, renters (which comprise 52% of the Oakland households) have unaffordable rent costs. In the Plan Area, a high percentage of residents are cost burdened (paying more than 30% of their household income on rent, and in some instances paying over 50%) and may have difficulty affording necessities such as food, clothing, transportation and medical care (Of owner households in Oakland, housing payment burdens values are lower at 23%. West Oakland owner households can be expected to have higher rates of housing payment burdens.

West Oakland's currently affordable housing stock is comprised of both long-term restricted affordable housing units and market rate housing that is currently affordable, but doesn't have long term affordability restrictions:

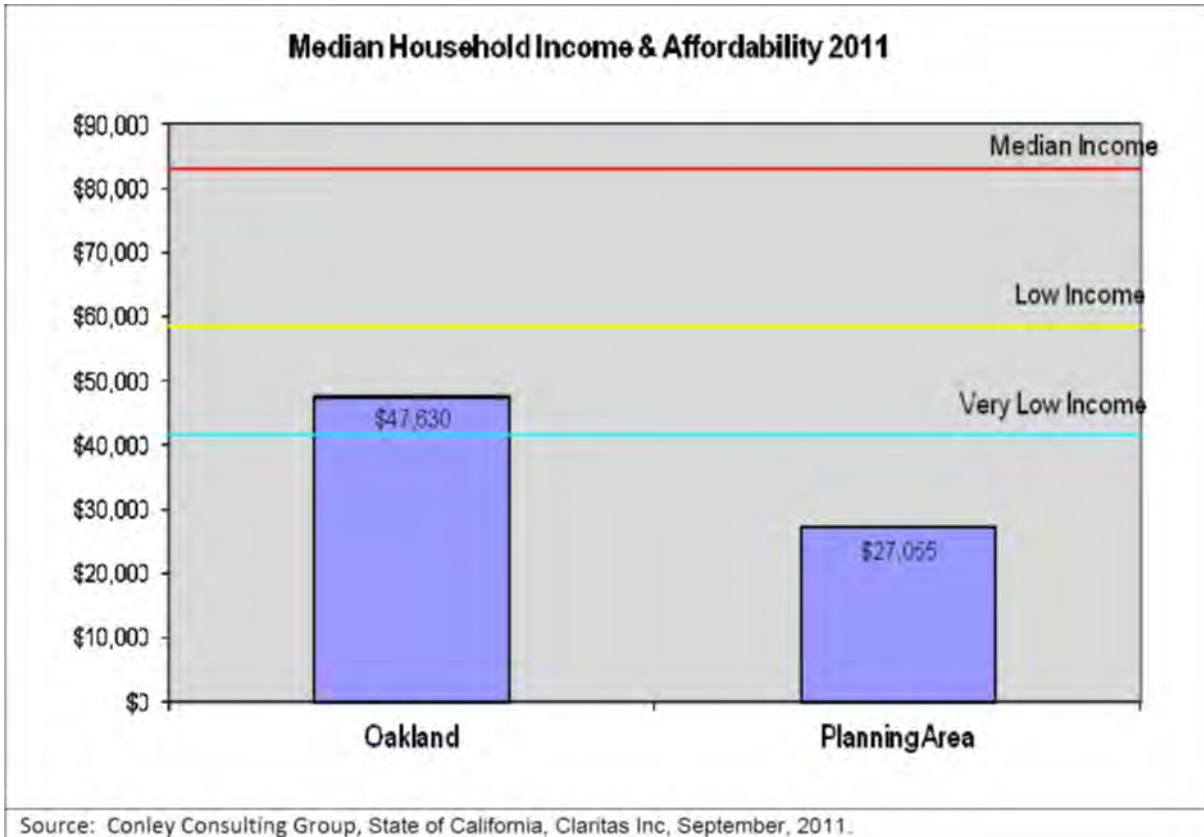
### Long-Term Restricted Affordable Housing

Long-Term Restricted Affordable Housing includes:

- Privately owned housing subsidized by the City of Oakland through local, state and federal funds. At the local level, these include restrictions placed by the City of Oakland's former Redevelopment Agency. At the State level, the California Tax Credit Allocation Committee (CTCAC) administers the federal and state Low-Income Housing Tax Credit (LIHTC) Programs that encourage private investment in affordable rental housing for households meeting certain income requirements. At the federal level, subsidies backed HUD help apartment owners offer reduced rents to low-income tenants.
- Public housing owned and administered by the Oakland Housing Authority (OHA). The Oakland Housing Authority (OHA) owns and operates 786 units within West Oakland (390 units at Peralta Villa, 154 at Campbell Village and 242 in scattered sites throughout the Plan Area) – see **Inset 10.1.1**. An additional 129 units of public housing are owned and managed by non-profit BRIDGE Housing Inc. as part of the HOPE VI projects Mandela Gateway and

Chestnut/Linden Courts and are included in the unit count in the privately owned housing count above.

**Figure 10.1.1: Planning Area Income and Affordability**



- Project Based Section 8 also administered by OHA. Project-Based Section 8 exists in the form of a Project-Based Voucher Program (formerly known as the Project-Based Certificate Program) and includes unit-based subsidies that provide assistance to eligible low-income families residing in designated rental units. The units are under contract with the OHA but are privately owned and managed. Project-Based Section 8 is included within the stock of the restricted affordable units funded by the former Oakland Redevelopment Agency.

As of 2011, OHA data listed 64 units within Project Based Section 8 in West Oakland. These units all have existing City affordability restrictions. OHA has more recently provided Project-Based Section 8 assistance to the

California Hotel as well. These subsidies have an initial contract period of 15 years. If the tenants move out before the contract expiration, they can apply for the Section 8 portable vouchers that protect the tenant. The Project-Based Section 8 subsidy contract on the unit is still valid for its full duration. Under the regulation, the contracts can be renewed up to another 15 years subject to funding from HUD. Since the current contracts are fairly recent, the related subsidies are not at a high risk in the short-term.

**Market Rate Housing**

Market rate housing that is currently affordable to residents, without long term affordability restrictions includes:

- **Market Rate housing** that does not currently have rent or income restrictions, but is available at a lower rate due to existing market conditions, thereby making it affordable. This housing would not have any future guarantees of continued affordability.
- **Rent Adjustment Covered Units.** The city’s residential rental adjustment program limits rent increases to once per year at an amount equal to the average annual percentage increase in the Consumer Price Index (CPI). This ensures stability in rental rates for existing tenants. Also, the City’s Just Cause for Eviction Ordinance helps to ensure tenants are not subject to eviction motivated by a rental property owner’s desire to increase rents. Such protection is useful, but has limits: units after 1995 are exempt, as are owners with less than three units. Also, the Ordinance doesn’t target by income, so households earning well over median income may benefit as well, while low income households with rent adjustment protections who start out paying higher portions of their income to rent will continue doing so, unless household income rises.
- **Tenant Based Section 8 vouchers administered by the Oakland Housing Authority (OHA).** Section 8 Vouchers administered through the Housing Choice Voucher Program support low income tenants in paying rent to the landlords. Section 8 participants pay the property owner a portion of the rent based upon their income (30%-40% of their income) and OHA pays the difference. Section 8 participants are free to choose where they live and to transfer their assistance when they move. Through a transfer process called portability, Voucher participants can move almost anywhere in the country. <sup>3</sup> As

of 2011, there were 1,189 Section 8 Vouchers in the Plan Area. <sup>4</sup>

In 2011, there were a total of 10,444 units in the Plan Area. As the above analysis illustrates, there were 3,217 long term affordable housing units — 3,100 with affordable rental restrictions (including 786 units owned and operated by the Oakland Housing Authority) and 117 affordable ownership housing units. In addition, the 1,189 Tenant Based Affordable vouchers provided additional affordability to households, although some of those voucher holders live in the 2500 or so non-OHA affordable units, and use the vouchers for deeper levels of affordability for their households.



**Iron Horse Development at Central Station**

A market rent of \$2.50 per square feet (\$725 for a studio in 2010) will require an annual income of \$57,600 which is significantly higher than the current median income of \$27,500 in West Oakland]. In 2011, there were 3,574 additional housing units in the pipeline, that will included 356 units with long-term affordability restrictions (137 units of which were comprised of the rehabilitation of the California Hotel, rather than new affordable units).

<sup>3</sup> [http://www.oakha.org/section8lh/voucher\\_program.shtml](http://www.oakha.org/section8lh/voucher_program.shtml)

<sup>4</sup> <http://www2.oaklandnet.com/oakca1/groups/ceda/documents/form/oak034274.pdf>

### **Inset 10.1.1: Opportunities through Oakland Housing Authority (OHA) Programs**

The OHA working with community partners and stakeholders have developed and implemented solutions to issues of access to quality affordable housing, persistent poverty and lack of opportunity in very low income neighborhoods.

This includes giving incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient. The OHA leverages resources by working with and through experienced non-profit service providers and other local government agencies to deliver access to health, education and social services, which benefits the residents and neighborhoods.

The homeownership program teaches participants financial literacy and establishes escrow accounts to be used for the purchase of homes, investment in education, or the formation of new business ventures. With greater financial independence, all members of the family then have more flexibility to pursue personal interests, many of which transcend avocation to become future vocations.

In 2012, 181 Section 8 and Public Housing residents enrolled in the OHA Self-Sufficiency programs. Eighty one (81) opened escrow accounts with one notably graduating with \$33,250 in savings, the highest disbursement ever to an Authority family. One hundred seventeen (117) OHA residents enrolled into at least one of the 11 career development/training programs, a success rate of 82%. Of those participating in OHA-sponsored employment preparation services, 14 were hired for construction projects; 26 were hired through Section 3 service contracts; nine (9) were hired directly for full-time employment with OHA; and another 20 were prepared for and received gainful employment outside of OHA.

A strong partnership with the Oakland Unified School District (OUSD) and OHA gives students and parents the chance to become actively involved in creating Full Service Community Schools where every school acts as a resource and service hub that connects with local partners to help build healthy and vibrant schools and communities. The OHA residents are working at summer jobs and learning useful skills, earning money and developing a strong work ethic. Many are also becoming more computer literate using state of the art technology and social media by accessing our computer labs and training. Additionally, youth and young adults are exposed to environments outside their own neighborhoods while building positive relationships with peers, authority figures, mentors and the police.

For school-aged children, OHA distributed 430 backpacks with school supplies, increasing the likelihood of success in the new school year. Sixty five (65) students participated in summer programs and 29 went to Camp Mendocino, a residential summer camp in the California coastal redwood area. Additionally, 16 college-bound students were afforded the opportunity to view campuses more closely by taking advantage of the Spring Break College Tours and 13 applied for the PHADA college scholarships. Many families also benefited from programs like Oakland Zoo Lights and the Mayor's Toy Give-a-Way, which help to make children feel special year-round, especially during the holidays. Overall, the shift toward expanding the experiences of traditionally underexposed children broadens their knowledge of the opportunities available and gives them the freedom to set goals that were previously inconceivable.

### Potential Risk of Displacement

As development proceeds in accordance with the West Oakland Specific Plan, there will be a renewed interest in investment in the district. As a result, property prices will be expected to rise. While existing West Oakland homeowners can benefit financially from the increase in the value of their properties, renters and prospective owners could face serious challenges, such as renters facing higher rents and potential homebuyers trying to compete with cash investors for single family homes.<sup>5</sup>

Several research and advocacy organizations as well as regional agencies have identified a potential for displacement of low income and/or minority residents following reinvestment in their communities as an unintentional outcome. This displacement is likely to be more indirect and is different from the broad scale displacement of communities that was commonly associated with the redevelopment projects in the 1960s. However, because it is likely to be more incremental and dispersed in nature, displacement associated with plan improvements may be difficult to track and counteract. Displacement might result from building owners choosing to do condominium conversions of properties that had previously been rental, or responding to increasing market values by raising rents on existing tenants. Although the City's policies provide some protections for renters, these are not absolute.

It is important to differentiate between displacement and gentrification. Displacement jeopardizes existing residents' ability to remain in their neighborhoods due to increased housing costs and insufficient access to employment opportunities. Gentrification is a shift in an urban community toward wealthier residents and/or businesses and increasing property values, sometimes at the expense of

the poorer residents of the community and in other studies<sup>6</sup> has been associated with increases in educational attainment and household incomes as well as an appreciation in housing prices. It does not, however, necessarily include any level of displacement that is triggered in the process. This section of the West Oakland Specific Plan focuses on displacement as the central issue. It has been previously studied that involuntary displacement as a result of neighborhood change is difficult to measure. This is largely because sufficient mobility data is mostly unavailable. The data can be easily under represented because it is difficult to survey people who move out of the city and their reasons for leaving or over represented because it's difficult to know if it is due to the inability to pay rent due to personal hardship as opposed to ability to deal with rent increases.

Based on an analysis of 19 diverse factors, including housing and transportation, the Center for Community Innovation's (CCI) 2009 report 'Mapping Susceptibility to Gentrification' identified West Oakland as being highly susceptible to gentrification. As discussed earlier, this does not mean that displacement will happen. In the subsequent section, the CCI study strongly associates renter occupancy and high rent burdens with displacement "since renters may not have the choice to stay in the units as rents increase."<sup>7</sup> At a minimum, West

<sup>5</sup> Denver Regional Council of Governments [http://www.drcog.org], 2001; <http://www.drcog.org/agendas/November%203,%202010%20MVIC%20Agenda%20comments%20enabled.pdf>; page 30 "Cost of Living"

<sup>6</sup> The Center for Community Innovation's (CCI) 2009 report 'Mapping Susceptibility to Gentrification' sought to "create an early warning toolkit to help communities (in the Bay Area) identify whether their neighborhood is susceptible to gentrification as reinvestment occurs." The report defined gentrification to include the following condition: "a central city neighborhood with housing price appreciation above the regional average, increase in educational attainment above the regional average, and household income at or below the 40<sup>th</sup> percentile of regional household income (roughly 80% of median income, a standard definition of low-income) in the starting year (as the process begins)"

<sup>7</sup> There are other reasons that displacement may happen besides an increase in rents. The Center for Transit Oriented Development (CTOD)'s TOD Action Guide identifies several reasons for displacement included within two broad categories. The first is the displacement that happens due to market improvements such as increase in rents, condo conversions or redevelopment of existing rental properties, sale of rental properties-triggering evictions of existing

Oakland residents can experience higher cost burdens when property prices rise. <sup>8 9</sup>

### Existing City Programs

Financing to fund affordable units and first time homebuyer programs has been seriously hampered by the elimination of the City of Oakland's Redevelopment Agency. However, the following programs provide various forms of effective (though limited by reduced funding availability) assistance:

#### *City of Oakland Housing Programs*

The City of Oakland's housing programs support and fund housing rehabilitation, provide assistance to first time home buyers, help fund housing development, and provide other miscellaneous housing services for low- and moderate-income households through:

- Housing rehabilitation programs
- First-time home buyer programs
- Housing development programs to construct or rehabilitate affordable housing
- Programs to provide assistance to Oakland's homeless
- Funds that assist non-profit service providers to support Oakland residents in a variety of housing related activities.

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tenants and owners re-occupying rental properties. The second includes displacement occurring through the expiration of existing subsidized housing. The latter may include Section 8 voucher expiration and the conclusion of affordability terms for subsidized affordable housing.

<sup>8</sup> Dukakis Center for Urban and Regional Policy in their 2010 report<sup>2</sup> studied 42 neighborhoods in 12 metropolitan areas to understand the impacts of transit investments between 1990 and 2000 in neighborhoods that have previously been lower income. Even though it could not prove that displacement occurred, the report showed how renter households who choose to remain in the neighborhood and take advantage of the new transit invariably experienced higher cost burdens.

<sup>9</sup> After a significant downturn in 2007 and 2008, property prices in West Oakland increased 46 percent between 2009 and 2010. Apartment rents nationally and in the Bay Area are expected to climb. Rental units are currently a strong preference for incoming young households. Also, the re-entry of former foreclosed properties as rental units has generated an increased supply of rental options.

Although these housing programs no longer have access to the former Redevelopment Agency's locally-generated redevelopment funds, the City also receives funding support from:

- Federal HOME funds, primarily for housing development projects, and
- Community Development Block Grant (CDBG) funds, of which roughly 40 to 50% supports programs for housing and homelessness

In 2008-09, the City was awarded \$8.25 million in supplemental CDBG funds under the Housing and Urban Development (HUD) Neighborhood Stabilization Program (NSP) to assist with acquisition, rehabilitation and resale or rental of foreclosed homes and apartments. This award allows the City to provide assistance to purchase and rehabilitate foreclosed, bank-owned properties with funding targeted to the most distressed neighborhoods in the city, particularly in selected areas in East and West Oakland.

The City of Oakland identified over 4,000 homes that were foreclosed on and taken back by lenders between January 2007 and October 2008. These foreclosures have been most heavily concentrated in West Oakland and East Oakland. Many of these foreclosed properties have become targets for vandalism and theft and, if left unchecked, these properties will become magnets for crime, causing further declines in property values that could accelerate the foreclosure problem in a downward spiral.

Under the City's Neighborhood Stabilization Program (NSP) program, these CDBG funds will be spent in designated areas within East and West Oakland.

### *Tenant Protections*

Several tenant protection ordinances currently exist in Oakland that includes Rent Adjustment and Just Cause for Eviction. However, these largely benefit current tenants, benefit eligible residents regardless of income levels, and do not guarantee rents that are affordable to the



households currently living in the units. When new tenants come in because of Costa Hawkins (California Civil Code Section 1954.50-1954.535) that re-assesses the initial rental rate for a dwelling or housing unit constructed after 1995, the unit gets exempted from rent control. The affordability of the rental unit therefore is lost. In addition, properties with 3 or fewer units are exempt from rent control. Moreover, exceptions to rent control are numerous. <sup>10</sup>

### *Residential Lending Programs*

Although West Oakland has a relatively high proportion of its housing units in large multi-family developments compared to most areas other than Downtown within the City, it also contains a high proportion of 1-4 unit residential buildings without formal rental affordability restrictions in neighborhoods throughout the Plan Area. One key component of equitable housing development and prevention of displacement of existing Oakland residents are programs to improve existing smaller residential buildings, particularly those owned by low to moderate income households, and/or seniors.

The Residential Lending Division of the City's Department of Housing provides technical and financial assistance for repairs to owner-occupied homes and grants for accessibility modifications to owner-occupied and rental properties in the 1-4 unit size categories. Residential Lending Division loans, as well as limited grants, provide valuable financing used to make accessibility improvements to allow disabled access and for the community's seniors to age in place, to conduct lead paint remediation that allows young children to grow up without the threat of lead poisoning (see Case Study "West Oakland Fishbone Project" **Inset 10.1.2**), to conduct systems repairs that

threaten the livability of homes, and to improve the outward appearances of homes.

These programs allow low to moderate income households a chance to remain in their homes, lessening instances of displacement of residents, while still improving the housing stock and feel of neighborhoods within West Oakland.

The Residential Lending section provided 288 loans/grants during FY2012-13 throughout the City, 16 of which were made within the West Oakland Plan Area.

### *First Time Homebuyer Assistance*

Who's a First-Time Homebuyer? First Time Homebuyers are defined as someone who has not owned their principal residence during the previous three years. Some exceptions may apply.

The City is engaged in a variety of efforts to provide opportunities for first-time homebuyers to purchase homes. The City's Mortgage Assistance Programs provides deferred payment second mortgages to low and very low income homebuyers. The city develops new and rehabilitates existing housing units for purchase at affordable prices to low income families through collaboration with nonprofits such as Habitat for Humanity, Oakland Community Land Trust, and East Bay Asian Local Development Corporation (EBALDC). Other programs provided by the City and by organizations, such as the Unity Council, with whom the City has developed partnerships include counseling and education for first-time homebuyers.

For low to moderate income homebuyers, Alameda County provides for participation in a Mortgage Credit Certificate Program (MCC), through which eligible home buyers increase their ability to qualify for a mortgage loan and reduce their effective mortgage interest rate approximately 1.5 percentage points. MCC recipients may take 15% of their annual mortgage interest payments as a dollar-for-dollar tax credit against their federal income taxes. The home buyer adjusts federal income tax withholdings, increasing income available to pay the mortgage.

<sup>10</sup> <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=civ&group=01001-02000&file=1954.50-1954.535>

**Inset 10.1.2: West Oakland Fishbone Project: Lead Soil Remediation**

The Fishbone Project was a free Environmental Protection Agency (EPA) program to Treat, Lock and Cover lead in soil on residential properties, with the goal of significantly reducing lead exposure in the South Prescott neighborhood. An investigation in 2009 found that lead levels in soil were especially high in West Oakland. The EPA health standard for lead is 400 parts per million, and the average level found in this area was 843 parts per million. Lead is extremely toxic to young children, and lead poisoning can lead to learning disabilities and violent behavior, causing serious problems in a child's life.

Extensive removal of lead-contaminated soils is extremely cost-prohibitive and impractical, so the Fishbone Project was developed to utilize a more cost-effective, yet still extremely effective, means for treating lead-contaminated soils to reduce health impacts on the community. Soil was first treated with ground up fish bone, which reacts with lead to form pyromorphite, which is not as readily absorbed by the body. The bioavailability of the lead in the treated soil has been reduced in the range of 20 -70%. The soil was then covered with a green cap, such as sod, clean soil with mulch, raised garden beds, or gravel. The combination of 8 inches of treated soil with 4 inches of a green cap has reduced exposure to toxic lead down to a 12 inch depth.

By November, 2012, 143 out of 151 targeted properties in the South Prescott neighborhood of West Oakland were cleaned, making for an outstanding 95% of total properties participating. The easements on all of the targeted streets were also treated. Another positive result of this cleanup was the employment of 40 West Oakland residents, including 5 South Prescott residents.

In order to help ensure that lead paint from homes did not re-contaminate the soils, referrals were made to lead paint remediation programs provided by Rebuilding Together Oakland and the City of Oakland 's Residential Lending Division (for homeowners), and the Alameda County Lead Hazard Repair fund (for renters). In addition, the EPA has produced a Do-It-Yourself information sheet that is available on their website and Facebook page.

The success of the Fishbone project was due in large part to the participation and ideas of West Oakland residents and local organizations such as the West Oakland Environmental Indicators Project and the Cypress Mandela Job Training Center (Cypress Mandela is also profiled in the Equitable Economic Development portion of this chapter).

Sources: US Environmental Protection Agency website: [http://www.epaosc.org/site/site\\_profile.aspx?site\\_id=5604](http://www.epaosc.org/site/site_profile.aspx?site_id=5604) and City Housing staff visits to the South Prescott field office.

In addition, the California Housing Finance Agency (CalHFA) has an array of loan and down payment assistance programs (through third party lenders) designed for low to moderate income households seeking to become first-time homebuyers. Within the last five years, 43 out of 295 assisted buyers City-wide closed with our assistance loans within the last 5 years. For several years, funding was held aside for \$100,000 loans for low to moderate income homebuyers at Zephyr Gate and Pine Street in conjunction with those development; however, when the Redevelopment Agency dissolved, so did the authority to use the remaining funds for these loans.

**Affordable Housing Development Programs**

This program helps implement the City of Oakland’s affordable housing development programs. City staff works with for-profit and non-profit developers to revitalize neighborhoods and increase housing opportunities through new construction, substantial rehabilitation and preservation of rental and ownership housing for very low-, low- and moderate income households.



**Example of Residential Rehab-before**



**After Residential Rehab**

Staff implements the City’s annual Notice of Funding Availability (NOFA) process to make competitive funding awards for affordable housing projects and monitors the City’s and Agency’s portfolio of more than 90 projects and roughly 8,000 units (including 18 developments and 1,437 units in the Planning Area) to ensure proper management and maintenance and compliance with rent and income limits. Except for a minor predevelopment loan program, funding awards are made on a competitive basis, with ranking criteria including development and management experience of the development sponsors, location near transit and service/retail amenities, income levels served, and environmental/sustainability measures incorporated.

As is noted in the case study “More Than Housing...” (see **Inset 10.1.3**), developers of affordable housing are encouraged to leverage significant outside funding, provide services appropriate to the needs of their residents and the surrounding community, to incorporate measures for resource sustainability and the quality of life and health of residents, and to build connections (literally and figuratively) to their surrounding communities.

### **Inset 10.1.3: More Than Housing: The California Hotel Acquisition and Rehabilitation Project and the San Pablo Corridor Coalition**

The California Hotel was constructed in the late 1920's, and is listed on the National Register of Historic Places. During its heyday as a commercial hotel and ballroom, it served as a welcoming establishment during an era of extreme racial discrimination for African American Americans in general and musicians in particular. It saw musicians such as James Brown, Ray Charles, Billie Holiday, Sly Stone, Aretha Franklin and Big Mama Thornton play before it closed in the early 1970's. In the late 1980's, the hotel saw a second life when it was renovated into 150 Single Room Occupancy units for low income tenants.



However, by the end of 2007, the California Hotel was in desperate trouble. Its owner, Oakland Community Housing Inc., was insolvent, and property management was in a downward spiral, with bed bug infestations, crime and an extreme number of vacancies.

Through a partnership between the City, the Court-appointed trustee who managed the property through the transition period and the East Bay Asian Local Development Corporation (EBALDC), ownership was transferred to EBALDC in 2012; with funding (from Oakland and other public and private lenders, as well as a tax credit equity investor) to extensively rehabilitate the property. Project-based operating assistance from the Oakland Housing Authority will help stabilize the building's operations over the long term.

The rehabilitation project, scheduled to complete in late 2013, will reduce existing 150 SRO and studio units to 137 studios, 1-bedroom, and 2-bedroom units with at least 25% of units for designated for people who are homeless and have special needs. The unit reduction enabled the creation of larger apartments to accommodate families or live/in caretakers. All remaining existing residents were given the opportunity to remain at the California, and the rehab work was conducted in stages to ensure they would not need to move off-site.

The California Hotel rehab includes low VOC paints, new plumbing, windows, and heating, a new roof, and a solar-powered water heater. Each unit will be upgraded with filtered mechanical ventilation to improve air circulation and quality, and kitchenettes will be added to units that do not currently have them. The rehabilitated historic ballroom will serve as a community room for both residents and for hosting community events.

#### **California Hotel-after rehab**

The desired retail and service mix for the building's 8,000 square feet of commercial space includes food businesses, service providers that focus on health and well-being, as well as micro-business incubation opportunities. Lifelong Medical Care will provide social services on-site to all residents. People's Grocery currently operates a community garden in the backyard, and intends to develop additional urban agriculture and participatory programming.

However, EBALDC also realized that improving this one property, however impressive and service-rich, will not be complete or viable for the long-term without connecting to efforts to improve the surrounding neighborhood as well. EBALDC is therefore a committed partner in the San Pablo Corridor Coalition, which was formed in 2009 by longtime residents, business owners, clergy and property owners to improve the everyday experience of those who live and work along Oakland's San Pablo Avenue. This group continues to stage regular meetings to build community, reduce blight and improve safety throughout the San Pablo Corridor within the Plan Area.

**Pipeline Projects**

There are several affordable housing projects both approved and in the pre-approval planning stage that will increase the number of

affordable housing units in the Plan Area in the future. **Table 10.1.3** derived from the Market Opportunity Report- Housing, Retail and Arts illustrates the numbers.

**Table 10.1.3: West Oakland Residential Development Pipeline**

	Market Rate	Affordable	Total
Approved	1,343	219	1,562
In Planning	1,875	137	2,012
Total in Pipeline	3,218	356	3,574

Source: Conley Consulting Group, City of Oakland, The Mark Company, September 2011

**Housing Element of the General Plan**

One of the City’s major tools for neighborhood stabilization and housing is the Housing Element of the General Plan. The 2007-2014 Housing Element is focused on eight goals that provide direction and guidance for meeting the City’s housing needs.

This Specific Plan is consistent with and supports these eight goals and supporting strategies as enumerated in the City’s recently adopted Housing Element, as follows:

- **Goal 1:** Provide Adequate Sites Suitable for Housing for All Income Groups
- **Goal 2:** Promote the Development of Adequate Housing for Low and Moderate-Income Households
- **Goal 3:** Remove Constraints to the Availability and Affordability of Housing for All Income Groups

- **Goal 4:** Conserve and Improve Older Housing and Neighborhoods
- **Goal 5:** Preserve Affordable Rental Housing
- **Goal 6:** Promote Equal Housing Opportunity
- **Goal 7:** Promote Sustainable Development and Sustainable Communities
- **Goal 8:** Increase Public Access to Information through Technology

West Oakland sites that were identified in the 2007-2014 Housing Element as being suitable for new housing are identified in **Table 10.1.4**, below. This table further separates those sites between those sites located in this Specific Plan’s Opportunity Areas, and those sites located outside of the opportunity Areas in the Residential areas of West Oakland.

**Table 10.1.4: Housing Element Sites Located in West Oakland**

	Specific Plan Opportunity Area Development		Residential Area
Recently Completed Affordable Projects with Public Funding (as of August '08)			
Mandela Gateway Townhomes, at 1411-1481 8th Street			14 new affordable units
Ironhorse at Central Station, 14th Street & Wood Street	99 new family-based homes		M/G
Jack London Gateway, 900 Market Street			55 new senior housing units
Completed Affordable and Private Sector Projects (as of August '08)			
Vue46, at 1012 45th Street			32 rehabilitated homes [these weren't residential units before]
1746 16th			8 new homes
Wood Street - Zephyr Gate, 700, 800 & 900 Zephyr Drive	25 new units	M/G	
Affordable Projects Under Construction, with City and/or Other Public Funds (6/30/08)			
California Hotel at 3501 San Pablo Avenue	137 rehabilitated units (net loss of 13 affordable units due to provision of kitchen+ bath in all units, and provision of some 2 BR units)	San Pablo	
Housing Projects Under Construction, Private Sector Projects (1/1/07-8/1/08)			
Wood Street - Zephyr Gate located at 1751 14th Street	11 new, market-rate townhomes	M/G	
Approved Private Sector Housing Projects (8/1/08)			
1614 Campbell Street	92 live/work conversion units, 40 new residential units	M/G	
Red Star, located at 1396 5th Street	119 affordable (tax credits, no City funding) senior housing units over commercial – currently in limbo due	7 <sup>th</sup>	

**Table 10.1.4: Housing Element Sites Located in West Oakland**

	Specific Plan Opportunity Area Development		Residential Area
	to fire in 2012		
2116 Brush Street	146 units, 63 in a 5-story building; 18 in 3-story townhomes, and 65 in a 6-story building [dev. program to be determined]	San Pablo	
2501 Chestnut Street			conversion of a 2-story warehouse to 50 live/work units
1919 Market Street			58 new townhomes
3250 Hollis			46 new live/work units and 74 other owner-occupied residential units
2321 San Pablo Avenue	20 units above commercial	San Pablo	
3268 San Pablo Avenue	25 condos above commercial		
3444 Hannah Street			10 new live/work units
2301-2311 San Pablo Avenue	17 new multi-family units	San Pablo	
2336 Magnolia Street	conversion of an industrial building into 9 live/work units	M/G	
3003-3019 Filbert Street			8 new residential condos
661 & 681 27th Street			conversion into 8 live/work units 5 new live/work units
800 Center Street			8-unit development
Wood Street HFH Apartments, Phase I	159 new apartments	M/G	
Wood Street HFH Apartments, Phase II	142 new apartments	M/G	
Wood Street – Zephyr Gate	130 new market rate units	M/G	

**Table 10.1.4: Housing Element Sites Located in West Oakland**

	<b>Specific Plan Opportunity Area Development</b>		<b>Residential Area</b>
2847 Peralta Street	100 units, 76 dwelling units and 24 live work units	M/G	
1695 15th Street			18 unit market-rate project
<b>Affordable Housing Projects in Site Acquisition (4/30/08)</b>			
7th & Peralta located at 1574-1590 7th Street	2-unit project	7th	
Faith Housing located at 1662-6 7th Street	potential 30-unit development site	7th	
<b>Private Sector Housing Projects Planned and in Predevelopment</b>			
500 Kirkham	planned 238-unit housing project	7 <sup>th</sup>	
1451 7th Street at Mandela Village	planned 132-unit project	7th	
1626 7th Street	a planned 50-unit project	7 <sup>th</sup>	
1520 7th Street	a planned 8-unit residential project	7 <sup>th</sup>	
<b>Additional Housing Opportunity Sites</b>			
2948 17th Street	permitted for between 15 and 23 units	M/G	
800 West Grand Avenue	permitted for between 160 and 210 residential units	San Pablo	
7th Street between Mandela & Kirkham	potential to develop approximately a total of 180 residential units	7 <sup>th</sup>	
7th Street between Chester & Center	potential to develop 210 residential units	7 <sup>th</sup>	
7th Street between Henry and Chester	potential to develop 150 residential units	7 <sup>th</sup>	
7th Street between	potential to develop 60	7 <sup>th</sup>	



**Table 10.1.4: Housing Element Sites Located in West Oakland**

	Specific Plan Opportunity Area Development		Residential Area
Campbell and Peralta	residential units		
5th Street at Mandela	potential to develop 131 residential units	7 <sup>th</sup>	
7th Street between Willow and Campbell	potential to develop 60 residential units Site owned by the City as an affordable housing asset of the former Redevelopment Agency	7 <sup>th</sup>	
1707 Wood Street			Site is owned by the City as an affordable housing asset of the former Redevelopment Agency

**Local, Regional & State Efforts**

**Foreclosure Crisis:**

The City of Oakland has been significantly impacted by the national foreclosure trend after the housing market collapsed in 2008. Foreclosure sales have been a downward force on housing prices in Oakland as well as nationally. The foreclosure process usually begins with a Notice of Default (NOD), which is typically sent as a letter from the lender giving the homeowner three months to repay all outstanding payments. If the repayment is not made within three months a Notice of Trustee sale (NOT) is sent to notify the homeowner of the impending foreclosure and the auction date of the property. If the property cannot be sold at auction, it becomes a Real Estate Owned (REO) property by the lender.”<sup>11</sup>

As illustrated in **Table 10.1.5** there was also an increase in foreclosure activity during the recent economic downturn in the Planning

Area. There was a rapid increase in NOD, NOT and REO activity early on in the recession. In 2008, there was a 106.1% increase in foreclosure activity in the Planning Area compared to only a 46.2% increase citywide.

However, the Planning Area had less foreclosure activity in 2009 with a 7.4% decrease in activity compared to a 3.3% increase in citywide foreclosure activity.

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<http://www2.oaklandnet.com/oakca1/groups/ceda/documents/form/oak034273.pdf>

**Table 10.1.5: Foreclosures 2007-2010: West Oakland vs. Citywide**

<b>Citywide</b>							
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
NOD	3138	4538	3885	3614	3160	2672	702
REO	1200	2839	1732	1604	1418	700	71
Sold to 3rd	-	<u>68</u>	<u>94</u>	<u>378</u>	<u>499</u>	<u>470</u>	<u>440</u>
<i>Completed FC</i>	<i>1,200</i>	<i>2,907</i>	<i>1,826</i>	<i>1,982</i>	<i>1,917</i>	<i>1,170</i>	<i>511</i>
<b>West Oakland</b>							
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
NOD	296	298	257	217	166	136	31
REO	156	207	132	113	82	36	8
Sold to 3rd	<u>5</u>	<u>1</u>	<u>21</u>	<u>47</u>	<u>32</u>	<u>22</u>	<u>5</u>
<i>Completed FC</i>	<i>161</i>	<i>208</i>	<i>153</i>	<i>160</i>	<i>114</i>	<i>58</i>	<i>13</i>

Source: ForeclosureRadar.com

A path breaking legislation was adopted by the City of Oakland earlier in late 2012 that approved a pilot study within the Restoring Ownership Opportunity Today (ROOT) program that would enable a targeted number of Oakland qualified homeowners who are facing the threat of foreclosures to remain in their homes through significant principal reductions, by resetting their mortgages to today's current market value. The pilot study is part of a wider Foreclosure Prevention/ Mitigation program that will include other proactive strategies to prevent foreclosures in Oakland, and also has as its goals to prevent displacement of existing tenant households, promote homeownership opportunities, provide rental housing opportunities of affordable to low and moderate-income households, and transform blighted and/or abandoned properties into homes for new families.<sup>12</sup>

### ***Oakland Community Land Trust***

The Oakland Community Land Trust (OakCLT) has received just over \$5 million of the Neighborhood Stabilization Program HUD funds to be dedicated to such projects. The mission of OakCLT is to help provide permanently affordable homes and to stave off blight in Oakland's neighborhoods. The Oakland Community Land Trust (OakCLT) was established through the joint efforts of Urban Strategies Council and other community partners to promote neighborhood stability and community involvement through the provision of permanently affordable homeownership and equity-sharing options. The Community Land trust works in the following generalized manner:

- The non-profit Oakland Community Land Trust (OakCLT) acquires vacant, foreclosed

<sup>12</sup> <http://www.ebho.org/news/72-foreclosure-release>

homes that can otherwise contribute to neighborhood blight and public safety concerns.

- OakCLT rehabilitates foreclosed homes, including weatherization and energy-efficient retrofitting.
- OakCLT then sells the renovated homes to new homebuyers at a price affordable to working families earning 50 to 80% of the area’s median income.
- OakCLT retains ownership of the land under the homes, while leasing the land back to the new homeowner under a 99-year, renewable term.

By retaining ownership of the land and selling the improvements, OakCLT ensures permanent affordability. Subsequent homebuyers will benefit from the same affordable home prices. However, the Land Trust has produced relatively few units, and most of these are currently located in East Oakland.

### *One Bay Area Plan*

Plan Bay Area provides a strategy for meeting 80% of the region’s future housing needs in Priority Development Areas (PDAs). These are neighborhoods within walking distance of frequent transit service, offering a wide variety of housing options, and featuring amenities such as grocery stores, community centers, and restaurants. Identified by cities and towns across the region, the PDAs in Oakland range from a “Regional Center” like downtown Oakland, to a “Transit Town Center” like the West Oakland BART Station area. Plan Bay Area helps fund mixed-income housing production and locally-led planning in PDAs.

### *Campaign Managed by Housing California*

There are ongoing efforts at the State level similar to the recent campaign for the Senate Bill 1156 that was managed by Housing California to establish new mechanism for financing affordable housing among other sustainable activities within specified California

communities. Although the Governor vetoed the Bill, he plans to reconsider this in the future. “I prefer to take a constructive look at implementing this type of program once the winding down of redevelopment is complete and general fund savings are achieved. At the time, we will be in a much better position to consider new investment authority. I am committed to working with the Legislature and interested parties on the important task of revitalizing our communities.”<sup>13</sup>

### **AFFORDABLE HOUSING OBJECTIVE AND OPPORTUNITIES**

To continue Oakland’s track record of providing affordable housing for its residents, the Plan Area should target 15% of the new units to be built in the Plan Area between now and 2035 for low and moderate income households, consistent with former state Redevelopment area requirements. The financing method for new affordable units, however, is uncertain, given the dissolution by the State of the Oakland Redevelopment Agency, previously the primary generator of affordable housing financing. The City is currently undertaking a number of initiatives to develop new funding mechanisms to produce affordable housing in the Plan Area and Citywide.

To bolster the existing diverse community in the Plan Area and to encourage continued diversity, the Plan discourages over-concentration of affordable or other special needs housing within one area or development. Instead, such housing should be distributed throughout the Plan Area and be well integrated with general market-rate housing, either as part of mixed income developments or as stand-alone affordable housing developments in mixed income neighborhoods. Given the desire to promote the use of transit and reduce vehicle trips, particular emphasis should be placed on providing workforce housing that is affordable

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[http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201120120SB1156](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201120120SB1156)

to those who work in the area's commercial businesses.

In addition, the City's programs should be used to help existing restricted affordable housing properties stay in excellent condition, and to cultivate first-time homebuyers, as well as to provide resources for existing low income residents to remain in their units by lowering cost burdens.

### Funding Outlook

Most affordable housing in the Plan Area is expected to be funded with a mix of local and non-local sources, including Low Income Housing Tax Credits (LIHTC), Federal HOME funds, mortgage revenue bonds, and HUD funds. With few exceptions, non-local subsidy sources are not adequate, even in combination, to fully subsidize the cost differential to make new housing development affordable to low and moderate income households. It is anticipated, however, that the City will continue its collaboration with the Oakland Housing Authority to provide project-based vouchers that subsidize rents to market level while sustaining affordability for residents.

Up until the dissolution of the City's Redevelopment Agency (ORA) on February 1, 2012, redevelopment-generated tax increment was the most important local source of funding for affordable housing. The City of Oakland dedicated 25% of the tax increment funds to affordable housing (5% more than required by state law). Prior to the loss of Redevelopment, the City usually had 15-25 million dollars annually for its housing Notice of Funding Availability (NOFA). With the loss of Redevelopment and cuts to Federal funds, there will be a substantial reduction of funds available per year that will create a large financing gap for affordable units.

The City is looking at several options to fill the financing gap. Recently, the City Council adopted an ordinance to dedicate 25% of the former property tax increment it receives to the production of affordable housing (see discussion under Affordable Housing Implementation Strategies). Additionally, Oakland will continue to support and advocate

for pending legislation to support affordable housing development such as SB 391, the Homes and Jobs Act. Due to declining federal financial assistance for affordable housing, the dissolution of the City's Redevelopment Agency, and a lack of a citywide inclusionary housing requirement, a menu of creative strategies is required to meet the affordable housing needs for the Plan Area. These strategies are presented below.

### Potential Funding Sources, Incentives and Approaches

Incentive programs may help to expand affordable housing opportunities. Although the market feasibility study conducted for this Plan concludes a relatively modest forecast for the likelihood of new housing being constructed in the next 5 to 10 years, this planning document has a planning horizon of 25 years, with ultimate build-out forecast to 2035. Thus, incorporating a phased system of incentives once the market picks up could be a component of the Specific Plan, however feasibility studies are needed to determine the impact of such programs.

Depending on the results of feasibility studies, future programs may be put in place to assist with meeting affordable housing goals. However, it is important that incentives and requirements for affordable housing be addressed on a citywide level. A comprehensive citywide policy would alleviate the concern that requiring affordable housing only in the Plan Area could over-burden developers and put this area at a competitive disadvantage compared to the rest of the City.

### Affordable Housing Unit Types

In 2011, the average household size in the Plan Area was 2.90 and 78.2% of Plan Area households rented their homes (compared to a Citywide average household size of 2.66 and a 58.4% renter occupancy rate). The Plan Area also includes proportionally fewer employed persons than in other parts of Oakland. Affordable units should be sized to support housing for seniors and families with children.

Developers of market-rate housing have tended to build a greater proportion of 1-2 bedroom units, and so development of larger units will need to be encouraged through zoning incentives and/or through affordable housing development, which includes requirements for 3+ bedroom units in family developments with City funds.

***Parking Incentives***

Affordable housing residents, particularly seniors, tend to have lower rates of car ownership. On a case by case basis it may be appropriate to allow lower parking requirements for affordable housing, particularly those with excellent transit access.

Affordable housing developers will need to apply for the State mandated density bonus program reduction. Reductions in required parking without a conditional use permit will also apply to senior housing.

***Affordable Housing Site Suitability***

Given the importance of Federal Low Income Housing Tax Credits (LIHTC) in financing affordable housing, sites that are good candidates to be eligible for such tax credits would assist with addressing the affordable housing target set out in this Plan. Sites most competitive to receive tax credits are those sites in close proximity to transit and services, such as grocery stores and medical services.

***Land Banking***

Although the housing market downturn of 2007 depressed land values, most landowners of underutilized sites are hesitant to sell their properties at lower prices, anticipating a higher rate of return when the market recovers.

Inflated property value expectations from landowners in the Plan Area impede efforts to develop housing, affordable and market rate, since high site acquisition costs often make development infeasible. Thus, attention should be paid to motivated sellers in the near term

that may be willing to sell land in the Plan Area based on current values.

The most important public funding sources have limits on land acquisition. Federal HOME funds cannot be used for land banking. The dissolution of the City’s Redevelopment Agency marked the end of a possible additional funding source. However, there are now several potential sites currently owned by the City as successor to the housing assets and functions of the Redevelopment Agency that can either be used for affordable housing and/or sold to generate funding for additional affordable housing units elsewhere. This includes lots at 7th and Campbell Streets, Wood Street and potentially others.

***Grant Funding***

Tremendous uncertainty exists around the future of affordable housing finance given California’s recent decision to eliminate Redevelopment Agencies in the state. To close the gap for which local funds have generally been needed to finance affordable units, additional funding sources must be identified. The City will continue to monitor and support State affordable housing legislation and identify alternative grant sources.

***Jobs/Housing Impact Fee and Affordable Housing Trust Fund.***

The Jobs/Housing Impact Fee was established in Oakland to assure that certain commercial development projects compensate and mitigate for the increased demand for affordable housing generated by such development projects within the City. A fee (in FY 2014, the current fee is \$4.74 per square foot) is assessed by the City on new office and warehouse/distribution developments to offset the cost of providing additional affordable housing for new lower-income resident employees who choose to reside in Oakland. Impact Fees collected go into a Housing Trust Fund, which is then made available to nonprofits to build affordable housing. To date, this Fee has generated just under \$1.5 million in funding since its inception—it’s a

welcome addition to the funding pool, but not a complete fix to the City's affordable housing funding.

### ***Affordable Housing Trust Fund Bolstered by "Boomerang" Funds***

Demonstrating a strong commitment to continue funding affordable housing, the Oakland City Council, at its October 1, 2013 meeting, adopted an ordinance to dedicate, on an ongoing basis, 25% of the former increment property tax it now receives as a taxing entity (termed "boomerang" funds) is deposited into the Affordable Housing Trust Fund. The ongoing deposit will commence with the budget cycle starting July 1, 2015. Any one-time boomerang funds (from the City's share of one-time proceeds whenever the Redevelopment Successor Agency sells property or other compensation) received by the City after July, 2013 would be subject to the Ordinance, with 25% of the City's distribution deposited into the Affordable Housing Trust Fund. The on-going allocation is projected to generate approximately \$4.2 million starting in Fiscal Year 2014-15, and increasing annually with property tax income from that point forward.

These funds will be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low income households. Funds may also be used to cover reasonable administrative or related expenses of the City not reimbursed through processing fees. Funds in the Affordable Housing Trust Fund must be used in accordance with the City's adopted General Plan Housing Element, the Consolidated Plan, and subsequent housing plans adopted by the City Council, to subsidize or assist the City, other government entities, nonprofit organizations, private organizations or firms, or individuals in the construction, preservation or substantial rehabilitation of affordable housing.

### **Anti-displacement Approaches**

Diligent enforcement of the City's Rent Adjustment and Just Cause for Eviction

ordinances will help existing renters remain in their units with modest rental increases as the West Oakland housing market heats up.

Preservation of the existing rental housing stock in the Plan Area will be achieved through various regulatory tools, such as the City's Condominium Conversion regulations. The City's Condominium Conversion Ordinance addresses the conversion of rental units to ownership condominiums. Currently, conversion of five or more units requires replacement units, which helps maintain the city's rental housing supply.

The City's Condominium Conversion Ordinance outlines tenant protections which are paraphrased as follows (see Oakland Municipal Code Section 16.36 for full ordinance):

- The right to terminate lease upon notification of intent to convert; right to continue occupancy for a period after conversion approved; limits on rent increases; limits on work to occupied units; exclusive right to purchase a unit in the building; and relocation assistance. Additionally, tenants 62 and older are offered lifetime leases and limitations on base rent and monthly rent increases.

As of the writing of this Specific Plan, there are discussions underway at the City Council level that contemplates additional protections for two- to four-unit properties.

The City's Single Room Occupancy (SRO) replacement ordinance, adopted in 2003, requires replacement of SRO housing units, preserving an important source of housing for extremely low income residents who would otherwise be in danger of homelessness. In restricted SRO housing, City staff is working with non-profit owners to tie in supportive services (health care, mental health services) to further stabilize residents' lives.

First Time Homebuyers can use the City, County and State programs previously identified in this Plan section to purchase homes in the community. Credit counseling programs can be used to help improve the credit of potential homebuyers, and the City and its partners can

help resident homeowners start to take over many foreclosed properties from investors.

Existing low to moderate income homeowners can use the City’s programs for rehabilitating units, take Unity Council classes on budgeting and maintenance, and if needed seek out assistance to avoid foreclosure in the event of financial crises.

Seniors can use the City’s residential lending programs for access improvements and local health care referrals to age in place to the greatest extent possible.

**Emphasis on Workforce Housing**

Given the desire to promote the use of transit and reduce vehicle trips, particular emphasis should be placed on providing workforce housing that is affordable to those who work in the area’s commercial and industrial businesses. The Urban Land Institute’s Terwilliger Center for Workforce Housing defines workforce households as those with incomes between 60 and 120% of area median income, adjusted for household size. In the Plan Area, in 2013, this equates to a three-person household earning between \$48,140 and \$96,350 of area median income.

Households in the Plan Area include proportionally fewer employed residents and lower household incomes than the rest of the City of Oakland. However, the high cost of new housing developments is challenging for “workforce” households (earning between 60 and 120% of area median income). These households struggle to secure housing that is often geared to higher income households.

Creative ways to finance housing for workforce households is essential to maintaining the diversity of the Plan Area, as well as the entire city. A citywide strategy is necessary to address this issue.

**Citywide Affordable Housing Policies**

A citywide affordable housing policy, which may include providing for community benefits (public facilities, jobs and/or affordable housing

requirements), could be an important component to providing affordable housing in the Plan Area. A comprehensive citywide policy will alleviate the concern that requiring affordable housing only in the Plan Area would over-burden developers and put this area at a competitive disadvantage compared to the rest of the City.

**State-mandated Bonus and Incentive Program**

Oakland Planning Code Chapter 17.107 already includes a bonus and incentive program, as mandated by California Government Code 65915, for the production of housing affordable to a range of incomes, as well as a bonus and incentive program for the creation of senior housing and for the provision of day care facilities. This existing Bonus and Incentive Program allows a developer to receive additional development rights (via height or density bonus or relaxation of requirements, such as parking or open space) in exchange for provision of affordable housing.

Following is a comprehensive list of proposed strategies.

**AFFORDABLE HOUSING STRATEGIES**

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**Intent:** Ensure continued availability of affordable housing options for lower and moderate income households in West Oakland.

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**AH-1:** Prepare to accommodate existing residents in the West Oakland Specific Plan.

- Project housing growth for a population of diverse incomes by 2035. (E.g. West Oakland will be a mixed income community with the AMI \$50,000 by 2035.)
- Tailor marketing for future residential projects in view of this mixed income community demographic.

**AH-2:** Prioritize preservation of subsidized affordable housing.

- Seek out sources of funding to continue the City of Oakland’s program of

rehabbing existing affordable developments and extending affordability terms accordingly.

- Continue vigorous monitoring of the existing affordable housing portfolio.
- Ensure access to home improvement/blight reduction programs for existing small properties by exploring ways to preserve and expand funding to existing Residential Rehabilitation programs to provide funds for low to moderate income homebuyers.
- Continue coordination of counseling and referral services for homeowners and renters.
- Continue seeking out programs to reduce the cost and energy usage of operating housing units to thereby reduce overall operating expenses and/or tenant utility payments. Such programs include as Pacific Gas and Electric (PG&E) programs, that subsidize energy efficient appliances and fixtures, energy audits for property owners, federal programs to reduce energy usage and costs.
- Continue and consider expanding Rent Adjustment outreach to tenants, enforcement of rent adjustment regulations regarding rent increases, and Just Cause eviction regulations. Secure a funding source to fill the feasibility gap (the difference between housing costs and the financial ability to pay) which has averaged as much as \$40,000 per unit in the recent past if the former Redevelopment Agency's tax increment set-aside funds are no longer available.

AH-3: In addition to providing market-rate new units, expand, stabilize, and improve affordable housing opportunities for extremely low to moderate income renters and homebuyers.

- Explore options to fund new affordable housing – rental and ownership – in select areas, especially in the Transit-Oriented Development TOD near BART and major corridors with excellent transit

and retail and social service, such as along the San Pablo Avenue corridor. Possible sources of funding to explore include: designated portions of the real estate transfer tax or the City's portion of the former redevelopment tax increment to affordable housing, applying to the state for matching grants for local housing trust funds as available.

- Utilize the Jobs/Housing Impact Fee to offset the cost of providing affordable housing.
- Specifically target development and marketing resources along West Oakland's major corridors (i.e., West Grand Avenue, the West Oakland BART station at 7<sup>th</sup> Street, and San Pablo Avenue), which are easily accessible to transit, jobs, shopping, and services.
- Promote a mix of housing types, including homeownership, multifamily rental housing, and housing for seniors and persons with special needs, and developing and promoting programs and mechanisms to expand opportunities for lower-income households to become homeowners.
- Continue to refine and implement programs to permit projects to exceed the maximum allowable density set by zoning if they include units set aside for occupancy by very low, low-, and moderate-income households and/or seniors.
- Pursue a comprehensive Citywide housing policy that addresses concerns from all constituents.
- Expand opportunities for homeownership by low to moderate income homebuyers by seeking expanded funding for the First-time Homebuyers Mortgage Assistance program, "sweat-equity" housing programs (e.g. Habitat for Humanity) and Limited Housing Equity Cooperatives.
- Explore regulatory incentives for promoting affordable housing opportunities, such as gearing existing zoning regulations to make use of



density bonus law more attractive to provide for infill affordable housing in new developments (mostly mixed affordable/market rate). This could also involve exploring processes to foster developer agreements with potential developers.

- Review and revise residential development regulations with the intent of encouraging and sustaining a diverse mix of housing types and densities throughout the City for all income levels.
- On a case-by-case basis it may be appropriate to allow lower parking requirements for affordable housing, particularly those with excellent transit access.
- As a long-term action item, encourage Employer Assisted Housing Program for employees in West Oakland.
- Consider creating set-asides in low-home ownership districts to increase the rate of ownership in these districts, especially by low income households.

AH-4: Promote intergovernmental coordination in review and approval of residential development proposals when more than one governmental agency has jurisdiction.

- Continue to implement permit processes that facilitate the provision of housing.
- Annually review and revise permit approval processes, allow flexibility in the application of zoning, building, and other regulations to reduce the cost of development through reasonable fees and improvement standards.

AH-5: Expand opportunities for affordable homeownership and rentals, while balancing the needs for both additional market rate and affordable housing.

- Retain and improve existing housing units within the Opportunity Areas.
- Allow limited and carefully selected industrial sites to be re-zoned to accommodate new residential development. Criteria by which residential infill may be allowed include

sites within already established residential patterns.

AH-6: Ensure continued availability of safe and affordable housing options for lower income and moderate income households.

- Ensure access to home improvement/blight reduction programs for existing small properties by exploring ways to preserve and expand funding to existing Residential Rehabilitation programs to provide funds for low to moderate income homebuyers.
- Work with owners of assisted projects that have substantial needs for capital improvements to maintain the use of the properties as decent affordable housing and continuing to administer programs to protect existing tenants from unreasonable rent increases.
- Continue and consider expanding Rent Adjustment outreach to tenants, enforcement of rent adjustment regulations regarding rent increases, and Just Cause eviction regulations.
- Continue coordination of counseling and referral services for homeowners and renters.
- Continue seeking out programs to reduce the cost and energy usage of operating housing units: PG&E programs to subsidize more energy efficient appliances and fixtures, energy audits for property owners, federal programs to reduce energy usage and costs.
- Support and facilitate the construction of secondary units in residential zones and recognize these units as an important affordable housing option.
- Use Federal Low Income Housing Tax Credits (LIHTC) in financing affordable housing. Sites most competitive to receive tax credits are those sites in close proximity to transit and services, such as grocery stores and medical services.
- Utilize land banking for sites currently owned by the City as successor to the Redevelopment Agency that can either be used for affordable housing and/or

sold to create funding for additional affordable housing units elsewhere.

- Continue to utilize the Condominium Conversion Ordinance to preserve existing rental housing stock in the Plan area.
- Review the Condominium Conversion Ordinance for possibilities to strengthen protections for renters, including replacement units for two-four unit conversions.
- Help resident homeowners' access credit counseling programs and help improve the credit of potential homebuyers, and the City and its partners.
- Help existing low to moderate income homeowners use the City's programs for rehabilitating units, take Unity Council classes on budgeting and maintenance, and if needed seek out assistance to avoid foreclosure in the event of financial crises.
- Increase coordination between rent adjustment and code enforcement to advise tenants regarding landlord anti-harassment policies. Consider strengthening to cover current and educating tenants.
- Strengthen local relocation policies to ensure that any resident displaced as a result of a no-fault eviction, including building closure due to uninhabitable conditions, or publicly funded development activity receives just compensation and comprehensive relocation assistance.
- Explore legal mechanisms for getting non-responsive owners to address code violations.
- Study the feasibility to enact a "right of first refusal" policy, where not in place, to require that housing units that are renovated through redevelopment, rehabilitation (including due to code enforcement activities), to be offered to existing tenants first, before being sold or re-rented on the private market.

AH-7: Take steps to reduce the vulnerability to foreclosures of existing owners and renters, and to ensure that new owners of foreclosed properties become responsible stewards of the properties

- Continue to hold events and provide referrals to in-trouble homeowners to financial and debt counseling, as well as programs designed to re-structure underwater mortgages (HARP/HAMP programs on the federal level), provide mortgage payment subsidies during unexpected periods of unemployment (Keep Your Home California program sponsored by the California Housing Finance Agency).
- Restoring Ownership Opportunity Today (ROOT) program (homeowners): Seek to minimize displacement of homeowners by purchasing troubled mortgages and re-structuring loans to qualified homeowners to avoid foreclosures in a revolving loan program.
- Ensure upkeep and maintenance of foreclosed properties owned by investors and lenders through required registry and inspection programs.
- Continue outreach and coordination of counseling programs to renters impacted by foreclosures in order to protect their rights as renters pre- and post-foreclosure.

AH-8: Increase public access to information through technology.

- Update City policies, programs, regulations, permit processes, and the status of specific parcels through electronic means and expand the availability of information regarding meetings, hearings, programs, policies and housing-related issues through development and improvement of its web site.
- Update the City's Geographic Information System (GIS) to provide more accurate and user-friendly access to information about parcels and neighborhoods.

AH-9: Conserve and improve older housing and neighborhoods

- Abate blighting conditions through a combination of code enforcement, financial assistance, and public investment.
- Support preservation and rehabilitation of existing housing stock with an emphasis on housing occupied by senior citizen, disabled, and low-income populations using principles described in “Rehab Right”.
- Encouraging the relocation of structurally sound housing units scheduled for demolition to compatible neighborhoods, when appropriate land can be found.
- Provide varieties of loan programs to assist with the rehabilitation of owner-occupied and rental housing for very low and low-income households and assist senior citizen and disabled population with housing rehabilitation so that they may remain in their homes.

AH-10: Preserve the affordability of subsidized rental housing for lower-income households that may be at-risk of converting to market rate housing.

- Seek mechanisms for protecting and improving the existing stock of residential hotels, which provide housing of last resort for extremely low-income households and continuing to use regulatory controls to limit the loss of housing and rental housing units due to their conversion to non-residential use.
- Boomerang funds will be used to increase, improve, and preserve the supply of affordable housing in the City, with priority given to housing for very low income households and must be used in the construction, preservation or substantial rehabilitation of affordable housing.

AH-11: Promote equal housing opportunity.

- Provide reasonable accommodations to persons with disabilities in access to public facilities, programs, and services.
- Actively support efforts to provide education and counseling regarding housing discrimination, to investigate discrimination complaints, and to pursue enforcement when necessary.
- Encourage future regional housing allocations by the Association of Bay Area Governments (ABAG) to avoid over-concentration of low income housing in communities with high percentages of such housing.
- Work to promote fair lending practices throughout the City to ensure that low-income and minority residents have fair access to capital resources needed to acquire and maintain housing.
- Continue to provide access for seniors to the City’s residential lending programs for access improvements and local health care referrals to age in place to the greatest extent possible.

AH-12: Develop and Promote sustainable development and sustainable communities that in turn create more disposable income for housing.

- Continue to direct development toward existing communities and encouraging infill development that is compatible with the surrounding communities.
- Work with developers to encourage construction of new housing that, where feasible, reduces the footprint of the building and landscaping, preserves green spaces, and supports ecological systems.
- Encourage linkage of land use planning with public health planning as a way to improve the health of Oakland's residents, reduce personal and government health costs and liabilities, and create more disposable income for housing.
- Reduce the housing cost burden for neighborhood residents through local economic development, including

targeting workforce development for existing West Oakland residents to increase household income over time without displacement.

- Consider establishing a forum to support community-based training for residents to participate in planning and development processes.
- Explore ways to evaluate and mitigate displacement by individual development projects.

**Table 10.1.6** below illustrates some of the many potential pathways to affordable housing for existing and future low to moderate income West Oakland residents, building on opportunities already available in and around West Oakland. The goal for equitable economic development in West Oakland is to engage opportunities for existing low to moderate income residents to improve their earnings potential through access to better training and employment, which in turn allow these households to better weather increasing housing costs. However, this should be undertaken while also promoting retention and development of new affordable housing opportunities, to provide resources for residents with a broad range of incomes in the area, in order to reduce displacement.

### Affordable Housing and Community Benefits:

The City will analyze, as part of a citywide policy, requiring large developments in those areas throughout the city that are most prime for development, such as Priority Development Areas (PDAs), to make contributions to assist in the development of affordable housing and other community benefits, such as open space. Options that may be included, but not limited to, are: impact fees, land dedication, and a Housing Overlay Zone (HOZ). Among other actions, the City will conduct a nexus study and an economic feasibility study to evaluate new programs to achieve this objective, including inclusionary zoning and impact fees for new housing development.

Criteria to consider as part of this analysis are:

- Study and selection of appropriate policy mechanisms to provide public benefits. The City will conduct a nexus study for the targeting of potential public benefits mechanism;
- Quantification of the costs of providing the desired benefits, as well as the value of corresponding bonuses and incentives;
- Creating a potential system of “tiers” of bonuses and incentives given and benefits provided, that could effectively phase requirements, prioritize benefits, and create effective evaluation criteria to improve the program delivery over time;
- Increasing benefit to developer as more benefits and amenities are added;
- Numerically linking the financial value of the bonus or incentive given (defined by value of gross floor area added) to the cost of benefit or amenity provided;
- Establishing a potential “points” system to link incentives and benefits. For example, the City may devise a menu of community benefits and amenities and assign points to each item. The points earned then determine the amount of bonus and/or incentive a development may claim;
- Identifying the economic feasibility of development to inform the amount of community benefits and amenities to be provided by a particular project in exchange for additional height or density; and
- Clear direction on the relationship between city-wide mechanisms and the implementation in specific plans.

**Figure 10.1.6. Potential Affordable Housing Pathways for West Oakland Residents**

Population	Initial Actions	Follow-up	Ideal Outcomes
<b>Homeless</b>	Transitional Housing/ SROs with services Operation Dignity (Veterans) East Bay Community Recover Project	Stabilize Health and Housing California Hotel East Bay Recovery Project	Self-sufficient residents with employment and/or access to benefits
<b>Potential Homebuyers</b>	Homebuyer Counseling Credit Repair and Counseling City, Unity Council	City First-Time Homebuyer Programs State / County Homebuyer Assistance Affordable Housing - long term restricted (Habitat, Density Bonus units, Land Trust)	Long-Term Stable Homeowners Unity Council programs re: Homeowner budgeting Foreclosure Prevention Counseling
<b>Low to Moderate Income Renters</b>	Increase Household Incomes through Better Access to Job Training and Employment See Equitable Economic Development section of this Chapter Enforce Rent Adjustment and Just Cause, Condominium Conversion ordinance City Rent Adjustment Continued development of affordable rental housing, City Housing Development	Renters with stable, healthy housing affordable to their household income (and a broader range of household incomes)	Rents stabilized; residents have more funds to spend on their families and in their communities
<b>Senior Homeowners</b>	Programs to Age in Place City Residential Lending rehab programs	Lifelong Medical	Referrals as needed to In-Home Health Services, continuum of care resources
<b>Senior Renters</b>	Rent Adjustment to stabilize Rents	Affordable Housing Referrals Housing Assistance Center	Affordable senior housing (including some with units adapted for live-in caretakers)
<b>Emancipated Foster Youth</b>	Pre-emancipation training	Short-term housing assistance (funding and referrals) First Place for Youth	Self-sufficient and healthy young adults, with stable housing

## 10.2: Equitable Economic Development

**Equitable economic development** refers to strategies that seek to empower existing residents and businesses to participate in and benefit from development, employment growth, and other new economic activity in a neighborhood, city, or region.

This section of the Specific Plan presents strategies for empowering existing residents and businesses to participate in, and benefit from, the new development and economic activity planned for West Oakland, by building on and connecting existing governmental and community-based equitable economic development programs. The section's goal is to benefit a range of stakeholders by:

- Empowering residents at a range of education and skill levels to find high quality, well-paying jobs, either in West Oakland or elsewhere in the region.

West Oakland is challenged by high unemployment, relatively low educational attainment, and a lack of local jobs that match the skills of residents. The community is eager to establish career pathways to connect local residents with the new jobs that are expected to accompany implementation of the Plan. At the same time, it is unlikely that West Oakland businesses can employ a majority of local residents given that most neighborhoods have some share of in- and out-commuting. West Oakland residents must therefore also be connected to employment opportunities throughout Oakland and the rest of the region.

- Supporting, developing, and retaining small businesses.

This includes locally-owned, neighborhood-serving businesses, as well as those in West Oakland's growing industrial arts and urban manufacturing sectors. West Oakland has a strong entrepreneurial culture and a growing urban manufacturing sector, with concentrations in the industrial arts, small-batch food production, construction, metal

fabrication, publishing, audio media, and fashion.

- Cultivating a business environment that contributes to the Plan Area's and the City's overall economic competitiveness.

West Oakland's competitively priced land and building space, central location in the region, and entrepreneurial and artistic atmosphere represent an opportunity to attract new businesses and jobs to the City. Chapter 3, Market Analysis identifies urban manufacturing, construction and related design and engineering, clean/green technology, the information sector, and life sciences/biotechnology as industries with substantial growth potential both at the regional level and within the Plan Area.

- Ensuring that households have access to neighborhood-serving retail and other goods and services to support a high quality of life.

As discussed in Chapter 3, West Oakland is currently underserved by businesses providing access to everyday goods and services, such as a full-service grocery store, pharmacy, and financial services institution. Expanding access to neighborhood-serving retail would greatly improve the quality of life in West Oakland, provide jobs, and help make the neighborhood more lively, safe, and attractive.

In some cases, the stakeholders identified above may have competing interests. For example, industrial uses may generate noise, pollution, and truck traffic that negatively affects residents; new businesses and commercial activity may lead to increased rents and place existing businesses at risk of displacement. Balancing these interests is one of the central challenges of land use planning. At the same time, however, many of the interests of the different stakeholders are inherently interconnected. For instance, workforce training and placement programs

could train and connect West Oakland residents with local businesses looking for skilled workers. Expanding access to retail and transportation and addressing the area’s infrastructure deficits, environmental contamination, and perceptions of crime and blight will benefit residents’ quality of life, facilitate the expansion and retention of existing businesses, and help attract new businesses. Supporting the industrial arts and urban manufacturing sector will be critical to cultivating and maintaining an atmosphere that is attractive to tech and biotech businesses, while new businesses can help expand employment opportunities for residents and contribute to the Plan Area’s and the City’s overall economic competitiveness. The strategies identified in this section seek to ensure that all West Oakland residents, workers and businesses have the opportunity to participate in and benefit from economic growth.

**EMERGING OPPORTUNITIES**

An effective strategy for promoting equitable development is to build on existing and emerging “hotspots” – i.e., areas of emerging activity generated by the private market, Community-Based Organizations, and local government. With that goal in mind, this section provides an overview of several of the key, short- and long-term opportunities in West Oakland, including existing areas of momentum within the community, as well as potential future growth opportunities. This section aims to build on and integrate these individual opportunities and efforts into a broader, area-wide equitable economic development strategy.

**Existing Equitable Economic Development Organizations and Resources**

West Oakland benefits from a large number of non-profit entities, business organizations, and city and regional public sector agencies that are already working to address job training, education, and small business development.

**Table 10.2.1** lists a selection of existing resources in and around West Oakland that

provide services that are directly related to equitable economic development, including youth programs, job training, job placement, referrals, and small business/entrepreneurship assistance. Some of the organizations listed in Table 10.2.1 operate programs that may be expanded over time, or can serve as models for future equitable economic development efforts. Beyond these direct service providers, many other West Oakland organizations serve as advocates or provide programming for critical neighborhood issues that are interrelated to economic development, such as childhood education, environmental health, or other needs. These existing community-based and public organizations will play a key role in implementing many of the strategies discussed below.

**Industrial Arts and Urban Manufacturing**

As noted above, West Oakland is home to a growing industrial arts and urban manufacturing sector and a renaissance of the small scale production that historically occurred in the district. Business owners report that the current building stock in West Oakland is well-suited to their needs – large, affordable industrial buildings zoned to accommodate manufacturing businesses – and cite the preservation of existing industrial buildings and zoning as a critical form of support for their businesses. This sector is critical to West Oakland’s economic vitality, and has the potential to contribute to short and long-term equitable economic development activity in several key ways.

First, some business owners have expressed an interest in hiring West Oakland residents with appropriate skills and training. This may represent an opportunity to better connect existing West Oakland residents to local jobs through youth education and workforce training programs – such as those provided by the Crucible targeted to industrial arts and other urban manufacturing businesses.

Second, the urban manufacturing and industrial arts sector contributes significantly to the entrepreneurial and artistic atmosphere in West Oakland, which is one of the area’s

greatest assets in attracting new businesses. Cultivating and maintaining this environment will be critical to attracting tech, biotech, and other new businesses.

### Neighborhood-Serving Retail and Service Development

Local businesses and Community-Based Organizations have begun to step in to provide access to the everyday goods and services that West Oakland lacks. For example, a number of community-based and/or locally-owned establishments have opened on 7th Street in recent years, including the Mandela Foods Cooperative, the Revolution Café coffee shop, and Bikes 4 Life bicycle store. The Community Trust Credit Union, which provides financial services to low-income and underserved communities, also has a location on 7th Street.

Meanwhile, People’s Community Market, a community organization, is working to develop a 12,000 square foot grocery store at the corner of Market Street and West Grand Avenue that could also eventually include a community health clinic and financial services institution. In the short-term, these new retail and service establishments provide much needed goods and services, community gathering places, and employment opportunities, while serving as models for other local entrepreneurs and community-based economic development efforts. In the longer term, these establishments have the potential to help attract additional, complementary retailers by creating more active shopping districts and demonstrating the depth of demand for new retail in West Oakland.

### Oakland Army Base Redevelopment

The City of Oakland signed a development agreement in 2012 that aims to transform the former army base into the Oakland Global Trade and Logistics Center. The redevelopment project is expected to directly generate approximately 1,500 temporary “construction” jobs and 850 permanent “operations” positions

for City residents.<sup>14</sup> Temporary jobs will be associated primarily with construction and job training, while most permanent jobs will be in the fields of logistics, distribution and warehousing. Of these jobs, approximately 420 temporary and 150 full-time positions are expected to go to West Oakland residents.<sup>15</sup>

The Community Jobs Policies (CJP) negotiated as part of this project include a 50% local hire requirement for construction and operations jobs, with a preference to West Oakland and Enterprise Zone 16 residents, and a non-discriminatory policy towards ex-offenders in hiring for these positions. The CJP also requires that 25% of operations jobs be reserved for disadvantaged workers, such as unemployed veterans and the long-term unemployed, and that 20% of all construction hours be worked by apprentices. 25% of apprentice hours must be worked by disadvantaged workers. All new apprentices must be Oakland residents.<sup>17</sup>

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<sup>14</sup> Source: IMPLAN OAB Job Creation Projections – Oakland, September 17<sup>th</sup>, 2010, <http://oaklandglobal.com/oww.php>

<sup>15</sup> Ibid

<sup>16</sup> The Oakland Enterprise Zone is a 27 square mile area which includes Downtown, the Oakland International Airport and the Port of Oakland, among other places. The goal of the zone is to stimulate business and economic growth in these targeted areas by providing tax incentives to businesses located within the zone; however, Governor Jerry Brown signed legislation in July 2013 that will phase out enterprise zones and replace them with different tax incentive programs.

<sup>17</sup> West Oakland Job Resource Center Request for Proposals, City of Oakland, April 2013



**Table 10.2.1: Selected Equitable Economic Development Resources**

<b>Name</b>	<b>Program</b>	<b>Description</b>
<b>Youth Programs</b>		
City Slickers Farms	Youth Crew Summer Program and Allyships	Introduces youth to urban agriculture and environmental justice and provides three-month internships for youth and young adults.
Mandela MarketPlace	Youth Development Programs	Year-round activities to engage youth, explore food and nutrition, and build public speaking and facilitation skills
Prescott Joseph Center for Community Enhancement	Youth Internship & Employment Training Program	After-school employment program for youth ages 15-18; provides job success training and worksite placement.
The Crucible	Youth camps, after-school, and weekend classes	Youth program aimed at building technical and leadership skills.
American Steel Studios	Youth internship programs	Quarterly internship programs teaching metalworking skills and the business of art.
<b>Educational Institutions</b>		
McClymonds High School	Global Trade Academy (GTA) and STEM Programs	GTA provides career pathways in international trade and business. STEM prepares students for careers in high-tech, high-skill industries.
Laney College	Associate Degrees and Certificate programs	Offers a range of Associate Degree and Certificate programs to prepare West Oakland residents for careers in Biotech, Manufacturing, Construction and other sectors.
<b>Job Training</b>		
Cypress Mandela Training Center	16 week pre-apprenticeship program	Hands-on and classroom training for skilled trades jobs in the construction industry and placement for graduates.
Civicorps	Learning Academy and Job Training Center	Full-time, paid job training on public service projects; students also take night and weekend classes to earn high school diplomas.
<b>Job Placement</b>		
West Oakland Job Resource Center	Career counseling and referral services	Connects residents to job training and employment opportunities associated with the Army Base redevelopment.
<b>Entrepreneurship/Small Business Development</b>		
Mandela MarketPlace	Mandela Foods Cooperative; Microfinance Initiative	Provided training for Mandela Food’s worker/owners; facilitates access to capital.
Oakland Business Development Corporation	Small business loans and pre-loan advising	Offers Small Business Administration microloans to West Oakland entrepreneurs as well as technical support in navigating the loan process.

### West Oakland Job Resource Center:

The Oakland Army Base Community Jobs Policies led to the creation of a Cooperation Agreement among community stakeholders, organized labor and the City, which requires that the City develop and support a West Oakland Job Resource Center (WOJRC). As originally envisioned, the Center is intended to connect West Oakland and other City residents to job training and employment opportunities associated with the Army Base redevelopment, with a focus on construction and logistics jobs. In order to help prepare residents for these jobs, the WOJRC is working closely with the Cypress Mandela Training Center see (**Inset 10.2.1**) and other service providers.

The City is also exploring opportunities to expand the Job Resource Center's focus beyond the Army Base by forming partnerships with other large, public employers with major construction projects and local hire requirements, and eventually to branch into other industries in addition to construction. The

Center is located on the second floor at the West Oakland Library, which is also planned to house a One-Stop Career Center and Alameda County CalWorks career counselors. Incorporating new and future technology, referring job seekers to business and logistics related education and training at the local Jobs Center will give schools a portal to begin to prepare students to enter the workforce or help them create economic development opportunities for themselves and their families.



#### **Inset 10.2.1: Cypress Mandela Training Center**

Cypress Mandela is a non-profit corporation located on Poplar Street in West Oakland that prepares workers for skilled trades jobs in the construction industry. The training center was originally created in 1993 to provide local residents with training and jobs related to rebuilding freeways damaged in the 1989 Loma Prieta earthquake. Today, Cypress Mandela offers a 16-week pre-apprenticeship program that includes class work and hands-on training in both technical and life skills. The program is intended to impact residents with multiple barriers, including individuals who do not have a high school degree, are underemployed or unemployed, or need assistance with child care or other challenges. Students can receive various certifications as well as college credit through the Peralta Community College District or University of California.

Over two decades, Cypress Mandela has developed relationships with local unions, contractors, and public employers including PG&E, EBMUD, and the Port of Oakland. These relationships and the center's excellent reputation as the gold standard in construction training – including five national awards for excellence – allow Cypress Mandela to place 98% of graduating students directly into jobs. Cypress Mandela has signed a Memorandum of Understanding (MOU) with the City of Oakland to provide support and training for clients of the West Oakland Job Resource Center interested in careers on construction.

Sources: Cypress Mandela Training Center, <http://www.cypressmandela.org/>; Interviews with Arthur Shanks (Executive Director, Cypress Mandela), August 22, 2013 and Al Auletta (Program Manager, City of Oakland), August 23, 2013.

**West Oakland BART Station**

The West Oakland BART station’s central location within the neighborhood and the region presents opportunities to attract new economic activity, and improve transportation access for West Oakland residents and workers. Chapter 4 of this Plan identifies the station area as a key opportunity for transformative residential and commercial development, and the City is in the early stages of negotiations with a private developer regarding future development of several publicly owned properties near the station (the West Oakland Transit Village project). As this proposal or other development proposals in the station area progress, there may be opportunities to incorporate neighborhood-serving retail and/or showcase West Oakland’s industrial arts community. At the same time, the BART station will play an important role in connecting residents to jobs throughout the region, and attracting new employers to West Oakland. Section 8.2 of this Plan identifies a series of strategies for enhancing transit connections within West Oakland and specifically to the BART station.

**Biotechnology, Green Technology and Information Technology Industries**

Chapter 3 of this Plan identifies urban manufacturing, clean/green technology, the information sector, life sciences/biotechnology, construction and related design and engineering industries as sectors with substantial growth potential both at the regional level and within the Plan Area. In order to capture life sciences/biotechnology industries in particular, however, updates to streetscape and infrastructure, environmental clean-up of contaminated sites, and improvements to the area’s image and perceptions of safety will be needed (as discussed in Chapter 7). In the long-term, as these barriers are addressed, these new industries may create significant employment opportunities in scientific, technical, and support fields (e.g., construction, maintenance, and administration). In order to fully benefit from this opportunity, West Oakland residents

must have adequate training in the fields of Science, Technology, Engineering, and Mathematics (STEM), as well as other skills.

**IMPLEMENTING AGENCIES, ORGANIZATIONS AND INSTITUTIONS**

Specific Plans typically provide recommendations for cities or other public sector agencies to implement the Plan’s goals and policies. However, equitable economic development incorporates not only actions that are traditionally performed by the public sector – such as planning, land use, infrastructure provision, workforce and economic development, and funding and financing – but also strategies that are more typically the domain of Community-Based Organizations (CBOs) and educational institutions. Indeed, as illustrated above in Table 10.2.1, a variety of public and non-profit organizations in West Oakland are already involved in equitable economic development. This section aims to build on existing capacity in and around West Oakland by recommending implementation strategies for a wider variety of actors, including educational institutions, Community-Based Organizations, and the City of Oakland.

This section briefly describes the general role that different types of organizations can play in implementing the strategies discussed below.

**The City of Oakland**

The City of Oakland supports equitable economic development through the following mechanisms:

***Planning, Land Use, and Infrastructure Provision***

The City of Oakland shapes the potential for growth within West Oakland through the General Plan, this Specific Plan, zoning designations, and other planning, policy, and regulatory documents. The City also maintains streets, sidewalks, and the other basic infrastructure that is critical to business success. This Plan aims to support equitable economic

development by addressing barriers such as blight, crime, infrastructure deficits, and contaminated brownfield sites; preserving and clarifying industrial land zoning designations; recognizing and fostering the creative industrial arts and urban manufacturing community; and enhancing transit, pedestrian, and other transportation options.

### ***Workforce and Economic Development***

The City plays a role in supporting and attracting businesses and helping job seekers gain employment. The City of Oakland directly operates or serves as a key partner in offering a number of economic development resources, including the Department of Economic & Workforce Development, the Workforce Investment Board, the Oakland Business Assistance Center, the Oakland Business Development Corporation, the West Oakland Job Resource Center, and the West Oakland Public Library. In general, these agencies tend to connect job seekers and businesses with funding and referrals for services, rather than directly providing job training, business technical support, or other programming. These services should be publicized in a manner that is accessible to Planning Area residents.

Connecting West Oakland residents and businesses to these existing resources is a major focus of the strategies recommended below.

### ***Public Funding and Financing***

The City administers public funding and financing programs to support community and economic development, such as federal Small Business Administration loans, Community Development Block Grants, and Workforce Investment Act funds. The City also has the ability to capture some of the value created by future development and growth in order to provide community benefits such as affordable housing, workforce training programs, small business support, or infrastructure improvements. These “value capture” strategies can include community benefits agreements,

developer agreements, assessment districts, and linkage and impact fees. However, it is important to note that value capture mechanisms rely on the strength of the private market. If implemented during a weak market, they can inhibit new development and stall economic growth. In addition, because such strategies rely on the private market, they are inherently uncertain; it can be difficult to predict the timing and scale of future development and therefore to plan for the resulting funding streams. As a result, value capture mechanisms are more useful for one-time capital improvements such as new sidewalks or affordable housing, rather than as a funding source for ongoing, programs.

### ***Community-Based Organizations***

While the City can lay the groundwork for new economic activity and connect residents and businesses with funding and services, CBOs can play a more direct role in real estate development and service provision, among other activities. The following functions are typically performed by Community-Based Organizations; many, but not all, are currently provided by CBOs in West Oakland. Note that many organizations perform more than one of these activities.

### ***Youth Education & Programs***

A number of programs in West Oakland are aimed at preparing youth for the workforce by teaching both soft skills (e.g., work ethic, time management, communication, and attitude) and technical skills, ranging from food production to metalworking. Table 10.2.1 lists some of the organizations with career-focused youth education and training programs in West Oakland.



### *Job Training & Readiness*

Job training programs are more directly aimed at training adults for employment in specific fields. **Table 10.2.2** shows some of the organizations that provide job training and readiness programs in West Oakland.

### *Small Business Support and Entrepreneurship Training*

Small business support can include entrepreneurship training classes that teach the skills needed to start and manage a business; technical assistance programs that provide training and/or direct assistance with management, bookkeeping, marketing, or other functions; and lending programs. For example, Mandela MarketPlace (see **Inset 10.2.2**) provides many of these services in West Oakland, targeted to the Mandela Foods Cooperative and other food-related enterprises. In other places, community development corporations (CDCs),<sup>18</sup> neighborhood economic development centers,<sup>19</sup> or other

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<sup>18</sup> Community development corporations (CDCs) are non-profit organizations dedicated to supporting community and economic development, typically within a targeted neighborhood.

<sup>19</sup> Neighborhood economic development corporations are non-profit organizations focused

non-profits may provide these types of services to a broader range of businesses within a neighborhood.



### *Real Estate Development*

Some Community-Based Organizations, typically incorporated as CDCs, develop real estate projects. CDC real estate projects can include affordable space for small businesses (known as small business incubators), artists, industrial users, or other non-profit organizations, as well as affordable housing.

### *Funding and Financing*

Common sources of funding associated with Community-Based Organizations include foundations, which typically provide grants for specific purposes; and community development financial institutions (CDFIs), which provide financial services in underserved neighborhoods. Oakland and the Bay Area are home to many foundations and CDFIs that provide grants and loans for economic development activities, such as the James Irvine Foundation and the Northern California Community Loan Fund.

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on promoting small business development in particular geographic areas.

### **Inset 10.2.2: Mandela MarketPlace**

Mandela MarketPlace is a non-profit organization dedicated to creating entrepreneurship opportunities for West Oakland residents and building a healthy local food system. The organization incorporated in 2005 in order to support a community-based plan to open a locally-owned grocery store. The 2,500 square foot grocery store – Mandela Foods Cooperative – opened as an independent, worker-owned business in 2009. Today, Mandela Marketplace continues to support the store, while running a number of other programs and enterprises related to equitable economic development and healthy food access. The non-profit's activities include:

**Entrepreneurship Training & Support:** Mandela MarketPlace created a three-phase training program for Mandela Food's future worker/owners that included courses in entrepreneurship, financial management, and grocery management, as well as hands-on experience in buying food from farmers and operating produce stands. Trainees were recruited from the West Oakland community in part through advertisements, but also through word of mouth and existing relationships built through an extensive community outreach process. Since the grocery store opened, Mandela Marketplace's focus has shifted to ongoing technical support. As of 2012, Mandela Marketplace supported 22 jobs/ownership opportunities through the grocery store and other enterprises.

**Facilitating Access to Capital:** Mandela MarketPlace worked with the City of Oakland, foundations and other organizations to raise funding to open Mandela Foods. As a non-profit, Mandela MarketPlace was able to access grant funding that would not otherwise have been available to the store. Moreover, by building relationships with funders and providing ongoing technical support for the worker/owners, the organization helped mitigate the risk of investing in a new, untested enterprise. Mandela MarketPlace also works with Kiva Zip, a micro-lending website, in order to connect local entrepreneurs with lenders. So far, Mandela MarketPlace has helped Mandela Foods raise \$5,000 through Kiva Zip for marketing and branding efforts, and helped Bestow Pesto – one of the 25 local food vendors that sells products at Mandela Foods – raise \$1,700 for commercial kitchen rental fees and container labels.

**Youth Development:** The organization's youth program, West Oakland Youth Standing Empowered (WYSE) began in 2007, when Mandela MarketPlace recruited West Oakland students to participate in a survey of local food quality, availability, and affordability. Following completion of the survey, the WYSE students worked with the City to get new bus benches, crosswalks, and trashcans installed in the neighborhood; helped clean up local parks; and hosted a nutrition education program at McClymonds High School. Mandela MarketPlace began working with a second class of students in the summer and fall of 2013.

**Building a Healthy Food Network:** In addition to establishing Mandela Foods Cooperative, Mandela MarketPlace has created the Healthy Neighborhood Store Alliance, a program that delivers produce to West Oakland corner stores, and Earth's Produce Distribution, an enterprise that is working to establish a produce distribution network to support small farmers and pass wholesale prices on to neighborhood and community-based stores. Together, Mandela MarketPlace's enterprises made 125,000 pounds of produce available in West Oakland in 2012.

Sources: Interview with Dana Harvey (Executive Director, Mandela MarketPlace) and Mariela Cedeño (Senior Manager, Social Enterprise & Communications, Mandela MarketPlace), August 13, 2013; Mandela MarketPlace, <http://www.mandelamarketplace.org/>.

### *Advocacy and Other Services and Programming*

Local non-profits serve a variety of functions including:

- Environmental justice
- Food justice/urban farming
- Childcare and after-school programs
- Educational Institutions

Educational institutions provide the academic groundwork and career-specific training required for placement in a wide variety of fields. Secondary educational institutions in West Oakland include McClymonds and Ralph Bunche High Schools. Laney College is located approximately one mile from the Plan Area.

### **EQUITABLE ECONOMIC DEVELOPMENT STRATEGIES**

Building on the opportunities and assets described above, this section describes additional recommended strategies for supporting equitable economic development in West Oakland. These strategies fall into five broad categories: employment and job training, industrial arts and urban manufacturing, community-based economic development, neighborhood-serving retail and services, and leveraging future development.



### **Employment and Job Training**

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**Intent: Develop training and career pathways to help West Oakland residents move from educational and training programs into paid positions.**

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Although Oakland and West Oakland are home to a wealth of Community-Based Organizations and educational institutions offering job readiness, training and placement programs for youth and adults, opportunities exist to better coordinate among organizations and establish career pathways. Career pathways are an integrated set of programs to help residents move from educational and training programs into paid positions within specific industries. The West Oakland Job Resource Center represents a particular opportunity for the City to work in partnership with Community-Based Organizations, educational institutions, and employers in order to connect residents with local and regional jobs. The strategies listed below build on the existing momentum both at the City of Oakland and within the West Oakland community to expand the role of the West Oakland Job Resource Center over time and establish strategic connections among a wider array of educational and Community-Based Organizations and potential employers.

#### *Expanding Opportunities in Construction and Operations*

Due to its association with the Army Base redevelopment, the West Oakland Job Resource Center is currently focused on career pathways in construction and logistics operations. In the short term, the City of Oakland should continue to build on this specialty using the strategies listed below.

**EED-1:** Continue to work with public agencies to identify additional job opportunities on major public construction and/or operations projects.

- The City of Oakland should continue to explore opportunities to partner with other public agencies, such as BART and the Port of Oakland, to increase the pipeline of construction and operations

positions available through the Job Resource Center.

EED-2: Continue to work with local job readiness, training, and placement organizations to establish career pathways in construction and operations and support the provision of local job training opportunities for jobs being developed both in the Planning Area and the region, particularly those accessible via the transit network.

- The City of Oakland has already established a Memorandum of Understanding (MOU) with the Cypress Mandela Training Center to provide support and training for clients of the West Oakland Job Resource Center interested in careers in construction. In the short term, similar partnerships with other organizations, such as offering construction and/or operations training could help to further expand the center's capacity.

#### *Expanding Other Employment Opportunities*

In addition to construction and operations jobs associated with the Army Base redevelopment, the West Oakland Job Resource Center also has the potential to connect residents to employment opportunities in a wider range of industries both within West Oakland and at the regional level.

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**Intent: Facilitate the preparation and referral of workers for jobs, not only at the former Oakland Army Base, but also throughout West Oakland's industrial areas.**

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The redevelopment of the Oakland Army Base into a large-scale working waterfront will generate short-term construction employment which can lead to careers in the building trades, as well as long-term employment in the transportation, distribution and logistics sectors.

EED-3: The mission of the Job Resource Center should be more broadly defined as

facilitating preparation and placement of traditionally disadvantaged workers throughout the industrial employers in all of West Oakland, starting with the construction sector in the short-term, and in other, more widely dispersed industrial sectors in the long-term.

- Include outreach to local high schools for training programs.

EED-4: Continue to work with public agencies to bring job training, placement and referral resources for an array of employment types to the West Oakland Job Resource Center.

- In the short term, the City of Oakland should continue efforts to expand the range of career development activities offered at the West Oakland Job Resource Center by bringing in additional resources and programs, such as a One-Stop Career Center funded through the Workforce Investment Act and additional career development resources through the Alameda County CalWorks program.

EED-5: Work with West Oakland employers, Community-Based Organizations, and educational institutions to establish career pathways for residents in a range of local industries. The West Oakland Jobs Resource Center is in a unique position to coordinate among educational institutions, Community-Based Organizations, and potential employers to establish career pathways for West Oakland residents. Just as the City has partnered with Cypress Mandela and the Army Base redevelopment to establish a career pathway for the construction sector, the potential exists to build on the neighborhood's existing assets and industries to establish a series of career pathways suitable to a range of skills and interests. See **Table 10.2.2** for an illustration of potential career pathways within West Oakland.



**Table 10.2.2: Potential Career Pathways for West Oakland Residents**

	<b>Youth Programs and Education</b>	<b>Job Training/Readiness</b>	<b>Job Opportunity</b>
Construction	Civicorps Learning Academy and Jobs Training Program	Cypress Mandela Pre-Apprenticeship Program	Building Trade Apprenticeship in Public Sector Construction (ex: Army Base)
Food Manufacturing	City Slicker Farms Youth Crew Summer Program	Laney College Culinary Arts Program City Slicker Farms Allyship Program	Chef or Food Manufacturer
Urban Manufacturing	McClymonds High School STEM Program The Crucible Youth Program	Laney College Welding Technology Program The Crucible Young Adult Program	Employment in Advanced or Custom Manufacturing; Small Business Owner or Artisan “Maker”
Bio-manufacturing	McClymonds High School STEM Program Prescott Joseph Center Youth Internship Program	Laney College Bio-manufacturing program	Biotech Firms

In the short term, outreach should include:

- Urban Manufacturing/Industrial Arts organizations and firms, including the Crucible, American Steel studios, and the Oakland Makers initiative.
- Food-based organizations and employers, such as Mandela MarketPlace, City Slickers, People’s Community Market, local food manufacturers, and restaurateurs.
- Educational institutions such as Laney College and the Science, Technology, Engineering, and Mathematics (STEM) program and Global Training Academy at McClymonds High School.

Establishing relationships today with organizations and institutions that train students for math and science-based careers, such as Laney College and the McClymonds

STEM program, will also prepare the West Oakland Jobs Resource Center and West Oakland residents for the types of industries that are expected to experience significant future growth in West Oakland. Chapter 3 identifies clean/green technology, the information sector, and life sciences/biotechnology as industries with substantial growth potential within West Oakland. Over the longer term, as new industries develop, the Jobs Resource Center should expand its outreach to include direct communication with new firms starting up or locating in West Oakland to identify the types of training programs needed to prepare local workers to fill emerging employment opportunities.

EED-6: Work with regional employers, Community-Based Organizations, educational institutions to establish career

pathways for residents in a range of industries at the regional level.

In addition to better connecting West Oakland residents to jobs within the neighborhood, the City should explore long-term opportunities to partner with regional employers, Community-Based Organizations, and educational institutions throughout the East Bay and other parts of the Bay Area.

This should include opportunities in industries that also exist in West Oakland, such as construction and manufacturing, as well as sectors projected to experience growth at the regional level, such as professional services, healthcare and educational services, and leisure and hospitality.<sup>20</sup> These sectors are expected to create employment opportunities at a range of wage and training levels. For example, jobs in the professional services will range from management positions to entry-level administrative support jobs that could start workers on a career pathway; occupations in the healthcare sector can include everything from doctors and nurse practitioners, to medical assistants and home health care aids.

Local businesses should be encouraged to offer internship, mentoring and apprenticeship programs to high school and college students.

### Industrial Arts and Urban Manufacturing

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**Intent: Retain industrial zoning and facilitate the preservation or adaptive reuse of existing industrial buildings in order to encourage the preservation of affordable space for industrial artists, urban manufacturing, and other small businesses.**

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Industrial artists and urban manufacturers play a key role in contributing to West Oakland's entrepreneurial and artistic culture, and may provide long-term employment opportunities for West Oakland residents. These small businesses are attracted to West Oakland in

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<sup>20</sup> ABAG and MTC, "Final Forecast of Jobs, Population and Housing," *Draft Plan Bay Area*, July 2013.

large part because of its historic industrial and warehousing buildings, which have low rents and large, flexible floor plates. Maintaining this space and allowing for adaptive reuse is critical to ensuring that industrial artists, urban manufacturers, and other small businesses can continue to locate and thrive in the Plan Area. In order to help preserve industrial space, this Plan recommends retaining the vast majority of industrially zoned land for industrial or business purposes, with only limited conversion to other uses. Additional strategies for preserving affordable industrial space are described below.

**EED-7:** Enact land use policies, zoning regulations, and design guidelines to protect historic, architecturally and structurally significant structures through adaptive reuse and encourage infill development between existing buildings.

Chapter 4 in this Plan recommends the establishment of a land use policy direction for the business areas of West Oakland located within this Plan's Opportunity Areas by identifying a set of new CIX-1 zone types:

- CIX-1A (Business Enhancement)
- CIX-1B (Low intensity Business)
- CIX-1C (High Intensity Business)
- CIX-1D (Retail Commercial Mix)

These new CIX zone designations are in addition to the proposed 7th Street Historic district provision regarding adaptive reuse described in Chapter 8 of this Plan.

Where it applies, these zones would encourage property owners and developers to preserve and reuse existing structures that are structurally sound and economically viable, and would encourage new development to take the form of lower-intensity, infill development.

**EED-8:** Encourage the preservation of affordable space for artists and/or small urban manufacturers.

The regulatory strategies discussed above will help preserve the types of space that industrial artists, urban manufacturers, and other small businesses require. However, as West Oakland attracts new industries that can afford to pay higher rents, rental rates are likely to rise. In the

long term, the only sure way for artists and small urban manufacturers to avoid displacement is to control their own space, either through ownership or by renting from a non-profit organization dedicated to artist space and/or industrial development.

Affordable space for artists and urban manufacturers typically falls into two general categories: work spaces that provide space solely for making art and/or small-scale manufacturing, and live/work spaces that provide housing and working space in the same unit. Work spaces and live/work spaces are typically treated differently under zoning regulations, and may have different ownership structures and funding sources. Work spaces that provide low-cost space to artists and/or small manufacturers are typically developed and managed by non-profit organizations dedicated to this explicit purpose. As non-profits, these organizations can provide long-term stability and access funding sources that are not available to individual artists or privately owned businesses, such as foundation grants and New Markets Tax Credits. Compared to live/work spaces, work spaces are more often able to take advantage of sources dedicated to economic development or community revitalization, such as New Market Tax Credits, Historic Preservation Tax Credits, Community Development Block Grants, or loans from CDFIs.<sup>21</sup>

In contrast to work space, live/work space can sometimes be developed and owned by artists themselves through a condominium or cooperative structure (e.g., the 45th Street Artist Cooperative, described in **Inset 10.2.3**).<sup>22</sup> However, given the Bay Area’s high property values, artists can rarely afford to develop buildings on their own. Moreover, it

can be challenging to control the mix of users and resale cost of units. A non-profit organization could ensure that the space remains affordable and occupied by artists over the long term, and could access a wider array of funding sources than can individuals. While work spaces developed by non-profits are often funded by sources related to economic development, non-profit developers of live/work space more typically rely on Low Income Housing Tax Credits and other state and federal affordable housing programs.<sup>23</sup>

Given these advantages, a non-profit structure is likely to be the best alternative for acquiring and developing permanently affordable artist/manufacturing space in West Oakland. Existing artists and urban manufacturers may wish to form their own non-profit organizations, and/or work in partnership with existing organizations in the Bay Area or nationally. As a first step towards forming such an organization, West Oakland artists/manufacturers should consult with existing non-profit developers and experts, who may be able to serve as partners or provide valuable expertise on funding, acquisition, and development.

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<sup>21</sup> Chris Walker, “Artist Space Development: Finance,” Urban Institute, 2007.

<sup>22</sup> Note that most of the existing live/work spaces in West Oakland were privately developed, and are not intended to be permanently affordable. As discussed in Chapter 6, many of the existing units are not currently occupied by artists.

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<sup>23</sup> Chris Walker, 2007.

### **Inset 10.2.3: Examples of Affordable Artist & Manufacturing Space Developers and Initiatives**

#### **45th Street Artists' Cooperative, Emeryville**

The 45th Street Artists' Cooperative began in the mid-1970s, when artists leased two warehouses in Emeryville and began subleasing to other artists as live/work space. In the 1980s, the residents formed a coop, bought the founding artists out of the remainder of their lease, and acquired and rehabilitated the properties. The coop has since converted a third warehouse space into live/work units. For more information, see <http://www.emeryvilleartistscoop.org/> and <http://www.americansforthearts.org/NAPD/files/8441/Live%20Work%20Space.pdf>.

#### **Artspace Places, Inc.**

Artspace is a national, non-profit real estate developer that specializes in developing and managing affordable space for artists and creative businesses. The organization operates 33 affordable arts facilities – including live/work housing, studios, art centers, and commercial space – in 13 states. In addition to property development and management, Artspace offers consulting services around the country. For more information, see <http://www.artspace.org/>.

#### **Community Arts Stabilization Trust (CAST)**

CAST is a new partnership among the City and County of San Francisco, the Kenneth Rainin Foundation, and Northern California Community Loan Fund (NCCLF) that is working with local community arts organizations to acquire permanently affordable artist space in the Central Market neighborhood of San Francisco using foundation funding and New Markets Tax Credits.

#### **Greenpoint Manufacturing and Design Center (GMDC):**

GMDC is a non-profit industrial developer in New York City that acquires, rehabilitates, and manages industrial buildings that provide affordable production space to small and midsize manufacturing businesses and artists. Since its establishment in 1992, GMDC has rehabilitated six buildings in North Brooklyn, which together account for more than 500,000 square feet of space for more than 100 businesses. Tenants include artists, designers, manufacturers, and other creative companies. For more information, see <http://www.gmdconline.org/>.

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#### **Intent: Support existing and attract new artists and arts-related businesses.**

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EED-9: Market West Oakland's arts and culture districts and unique "maker" identity.

- As described in Chapter 8 of this Plan, tools for marketing West Oakland's industrial arts environment include enhancing and expanding the [www.westoaklandworks.com](http://www.westoaklandworks.com) website, and supporting the growth and branding of [Oaklandmakers.org](http://Oaklandmakers.org).

EED-10: Include local art, design, and fabrication as integral components of new development.

Section 5.4 of this Plan recommends a number of strategies for ensuring that major public and private development projects incorporate locally-made art. These include using the City's 1.5% Public Art Ordinance Fund to support art in public and private development projects, including locally-contracted public art in City-sponsored streetscape projects, and working with community groups to install educational and interpretive signs, artwork, and landscaping that highlight West Oakland's historic and cultural features.

## Community-Based Economic Development

**Intent: Support local entrepreneurs and the development of community-based businesses.**

Supporting community-based small businesses and entrepreneurs can provide career opportunities and economic empowerment for residents. Many West Oakland residents have the vision and energy to start their own businesses, but entrepreneurship is challenging and can benefit from ongoing assistance. Many established small businesses could also benefit from technical assistance or access to capital in order to grow their businesses.

**EED-11:** Continue to offer and raise awareness of small business support opportunities for West Oakland businesses through the City of Oakland’s existing economic and workforce development programs.

The City of Oakland offers a number of programs designed to support small businesses. By ensuring that small businesses in West Oakland are aware of these programs, the City can ensure that West Oakland businesses benefit from these programs. Existing City programs include:

- City of Oakland, Office of Economic & Workforce Development, Business Development Unit: Oakland’s Business Developer Officers can address businesses’ concerns, help businesses find appropriate locations, and connect businesses to other resources.
- The Oakland Business Assistance Center: A one-stop information and referral center for businesses in Oakland.
- The Oakland Business Development Corporation: Offers U.S. Small Business Administration loans, referrals, and other resources.
- Additional supportive services that help to establish a strong, locally-owned small business capacity program include lease incentives, business management and entrepreneurship training and joint marketing programs.

- Work with local educational institutions to provide training that supports new entrepreneurs and small business owners with training.

**EED-12:** Establish a neighborhood economic development corporation to provide entrepreneurship training and small business support in West Oakland.

Neighborhood economic development corporations are community-based, non-profit organizations focused on promoting small business development in particular geographic areas. These organizations build long-term, ongoing relationships with local businesses and residents, while providing the capacity to support small businesses as they start up and expand over time. In West Oakland, a neighborhood economic development corporation could provide entrepreneurship training, technical assistance, small business lending, and/or real estate development of small business incubator space. The same organization could also potentially develop permanently affordable artist/manufacturing space (see EED-7 above).

A neighborhood economic development corporation in West Oakland could be formed as a new non-profit, or grow out of an existing community-based organization. Either way, one or more of West Oakland’s many existing community organizations are likely to be in the best position to lead the effort to establish this type of organization. First steps could include:

- Explore potential models, such as the Neighborhood Development Center in St. Paul, Minnesota (see **Inset 10.2.4**). Mandela Market Place is a local example that already provides many of the functions of a neighborhood economic development corporation, although focused specifically around food.
- Form a board of directors that fully represents West Oakland’s stakeholders, including members from existing community organizations and businesses, and residents.
- Develop a strategic plan for the organization.

- Apply for grants from private foundations and public agencies to fund activities.

#### **Inset 10.2.4: Neighborhood Development Center, St. Paul, Minnesota**

**The Neighborhood Development Center** (NDC) is a non-profit organization founded in 1993 to support local economic revitalization in core neighborhoods of Minneapolis and St. Paul. The NDC operates a range of programs and activities including:

**Entrepreneur Training Program:** Works with other community-based organizations to offer 11-week entrepreneur training courses. Topics include accounting, management, and creating a viable business plan.

**Small Business Consulting:** Provides eligible businesses with ongoing, one-on-one support and technical assistance in topics such as business management, accounting, marketing, and legal assistance.

**Small Business Lending:** Lends to small businesses that are unable to access traditional sources of capital. The average loan size is \$16,000.

**Real Estate Development of Small Business Incubator Space:** Has developed six formerly vacant or underutilized commercial properties into small business incubators that provide affordable space and connect tenants with NDC's other programs and services.

**Community Organization Capacity Building:** NDC supports local community-based organizations, and provides a variety of training and consulting programs to non-profits across the country that are interested in implementing NDC's community economic development strategies.

Source: Neighborhood Development Center, <http://www.ndc-mn.org/>.

### **Neighborhood-Serving Retail & Services**

**Intent: Support community-based efforts to improve West Oakland residents' access to everyday goods and services.**

Expanding access to everyday goods and services, such as a full-service grocery store, pharmacy, and financial services institution, would greatly improve the quality of life in West Oakland, and help make the neighborhood more lively, safe, and attractive. Community-based neighborhood-serving retail businesses may also create new entrepreneurship and job opportunities for West Oakland residents.

**EED-13:** Support the expansion of an existing grocery store and/or the establishment of new grocery stores in West Oakland.

As discussed in Chapter 3, the "leakage" of grocery store sales from West Oakland (i.e.,

demand for groceries from West Oakland residents that is currently being captured by stores located outside of the neighborhood) could support as much as 65,000 square feet of new grocery retail space. A full-service grocery store could be created by:

- Supporting the expansion of an existing, limited-service grocery store, such as Mandela MarketPlace; or
- Supporting the opening of new grocery stores, such as the proposed People's Community Market.

**EED-14:** Promote the development of community-based, neighborhood-serving retail and service businesses.

A new neighborhood economic development corporation, described above in EED-11, could support the development of locally owned businesses that provide much-needed goods and services to the neighborhood. A new or expanded grocery

store (EED-12) could serve as an anchor for smaller stores.

### Leveraging Future Development

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**Intent: Explore opportunities for future development to contribute to equitable growth.**

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EED-15: Identify vacant or underutilized publicly-owned land in West Oakland with the potential for community benefit.

- Working with other public agencies, the City should create a map of vacant or underutilized publicly-owned land with the potential to be developed for community benefit.
- This map should be made available to the West Oakland community and opportunities to develop land for community benefit through public-private partnership and other mechanisms should be explored.
- Potential uses might include affordable housing or industrial space, a small business incubator, or some combination of beneficial uses.

EED-16: Work with the developers of the West Oakland Transit Village project to include space for community-based businesses as part of the development.

- The City of Oakland should work with Caltrans and the developer of the West Oakland Transit Village project to include commercial space for the industrial arts, small-scale urban manufacturing, and/or community-based businesses, such as retailers serving local needs and/or selling locally-made goods.

EED-17: Explore long-term opportunities to leverage new development and industries for community benefit.

- The short-term priority for West Oakland should be to attract new employment, development, and businesses to the area in order to create jobs and other economic benefits.

- In the longer term, as the West Oakland market strengthens, the City should explore opportunities to use value capture tools such as developer agreements, linkage fees, and assessment districts to leverage new development for community benefits.
- Additional analysis may be necessary to determine the “threshold” at which the market is strong enough to support these kinds of measures without discouraging investor interest, and to determine which types of community benefits value capture might support.
- Because value capture strategies rely on the strength of the private market, it can be difficult to predict the timing and scale of future development and therefore to plan for the resulting funding streams. As a result, value capture mechanisms are more useful for one-time capital improvements such as new sidewalks or affordable housing, rather than as a funding source for ongoing programs.

EED-18: Encourage a mix of land uses and development that will generate a range of job and career opportunities, including permanent, well-paying, and green jobs (including short-term, prevailing wage construction jobs and living wage-permanent jobs) that could provide work for local residents.

EED-19: Encourage consideration of Project Labor Agreements (PLAs) for projects that involve City subsidy.